

**Yang Ming Marine Transport Corporation
and Subsidiaries**

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

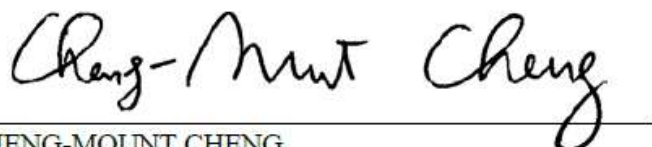
DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2021. Hence, we did prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YANG MING MARINE TRANSPORT CORPORATION

By:

A handwritten signature in black ink that reads "Cheng-Mount Cheng". The signature is written in a cursive style and is positioned above a horizontal line.

CHENG-MOUNT CHENG

March 14, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Audit of the Percentage-of-completion

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

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

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 25 to the accompanying consolidated financial statements.

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

Other Matter

We have audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with an emphasis of matter paragraphs.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chen-Hsiu Yang and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 57,448,678	15	\$ 24,518,721	13
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	76,048	-	1,743,413	1
Financial assets at amortized cost - current (Notes 4, 9, 34 and 35)	136,068,631	35	2,191,233	1
Contract assets, net (Notes 4, 25 and 34)	5,465,334	2	2,890,274	1
Notes receivable, net (Notes 4, 10 and 34)	5,124	-	8,245	-
Trade receivables, net (Notes 4, 10 and 25)	21,642,929	6	11,004,046	6
Trade receivables from related parties (Notes 4, 10, 25, and 34)	412,055	-	173,823	-
Finance lease receivables, net (Notes 4 and 11)	20,204	-	19,938	-
Shipping fuel (Notes 4 and 12)	3,408,707	1	2,189,744	1
Prepayments (Notes 4 and 34)	545,143	-	412,350	-
Prepayments to shipping agents (Note 34)	462,440	-	102,610	-
Other current assets (Notes 4, 27 and 34)	1,001,626	-	1,006,822	1
Total current assets	226,556,919	59	46,261,219	24
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 4 and 7)	13,871	-	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	497,931	-	1,998,531	1
Financial assets at amortized cost - non-current (Notes 4, 9, 34 and 35)	33,461	-	103,439	-
Investments accounted for using equity method (Notes 4 and 14)	11,081,905	3	6,972,400	3
Property, plant and equipment (Notes 4, 15, 34 and 35)	73,895,469	19	73,663,236	38
Right-of-use assets (Notes 4, 16 and 34)	63,139,955	17	55,853,713	29
Investment properties (Notes 4, 17, 34 and 35)	7,083,726	2	6,317,219	3
Other intangible assets (Note 4)	80,847	-	88,268	-
Deferred tax assets (Notes 4 and 27)	1,341,237	-	3,162,100	2
Prepayments for equipment (Notes 4 and 34)	295,430	-	127,805	-
Refundable deposits	219,109	-	199,452	-
Finance lease receivables - non-current (Notes 4 and 11)	127,016	-	147,220	-
Other financial assets - non-current (Note 4)	21,704	-	63,202	-
Other non-current assets	27,304	-	18,181	-
Total non-current assets	157,858,965	41	148,714,766	76
TOTAL	\$ 384,415,884	100	\$ 194,975,985	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 1,393,760	-	\$ 2,072,156	1
Short-term bills payable (Notes 18 and 34)	436,131	-	12,113,626	6
Financial liabilities for hedging - current (Notes 4, 16 and 33)	7,585,691	2	7,370,742	4
Contract liabilities - current (Notes 4, 25 and 34)	903,453	-	134,998	-
Notes payable	33,852	-	25,404	-
Trade payables (Note 20)	19,106,729	5	15,677,632	8
Trade payables to related parties (Notes 20 and 34)	376,954	-	425,388	-
Other payables (Notes 21 and 34)	7,846,672	2	4,328,266	2
Current tax liabilities (Notes 4 and 27)	29,497,739	8	264,165	-
Provisions - current (Notes 4 and 22)	56,307	-	-	-
Lease liabilities - current (Notes 4, 16 and 34)	3,306,188	1	2,146,472	1
Current portion of long-term liabilities (Notes 4, 18, 19, 34 and 35)	1,400,430	1	14,315,643	8
Other advance account	218,711	-	217,218	-
Other current liabilities	1,074,266	-	657,644	-
Total current liabilities	73,236,883	19	59,749,354	30
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 16 and 33)	33,835,186	9	40,383,562	21
Bonds payable (Notes 4, 19, 34 and 35)	10,822,014	3	4,945,877	3
Long-term borrowings (Notes 4, 18, 34 and 35)	5,068,879	1	41,096,387	21
Provisions - non-current (Notes 4 and 22)	1,348	-	1,396	-
Deferred tax liabilities (Notes 4 and 27)	6,143,436	2	2,573,337	1
Lease liabilities - non-current (Notes 4, 16 and 34)	17,236,619	4	6,089,430	3
Other advance account - non-current	84,431	-	163,942	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	2,828,346	1	3,027,709	2
Other non-current liabilities	836,076	-	610,139	-
Total non-current liabilities	76,856,335	20	98,891,779	51
Total liabilities	150,093,218	39	158,641,133	81
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	34,921,043	9	31,676,622	16
Capital surplus	27,975,030	7	384,106	-
Retained earnings				
Legal reserve	166,092	-	-	-
Special reserve	1,494,827	-	-	-
Unappropriated earnings	167,409,719	44	1,660,919	1
Total retained earnings	169,070,638	44	1,660,919	1
Other equity	1,724,563	1	1,956,585	1
Total equity attributable to owners of the Company	233,691,274	61	35,678,232	18
NON-CONTROLLING INTERESTS				
	631,392	-	656,620	1
Total equity	234,322,666	61	36,334,852	19
TOTAL	\$ 384,415,884	100	\$ 194,975,985	100

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 16, 25 and 34)	\$ 333,687,395	100	\$ 151,276,683	100
OPERATING COSTS (Notes 4, 12, 16, 26 and 34)	<u>120,556,335</u>	<u>36</u>	<u>125,192,367</u>	<u>83</u>
GROSS PROFIT	<u>213,131,060</u>	<u>64</u>	<u>26,084,316</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 10, 16, 25, 26 and 34)				
Selling and marketing expenses	8,209,836	2	5,889,749	4
General and administrative expenses	1,615,424	1	1,060,383	-
Expected credit loss	<u>150,499</u>	<u>-</u>	<u>35,547</u>	<u>-</u>
Total operating expenses	<u>9,975,759</u>	<u>3</u>	<u>6,985,679</u>	<u>4</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4 and 26)	<u>229,215</u>	<u>-</u>	<u>361,555</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>203,384,516</u>	<u>61</u>	<u>19,460,192</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16, 26 and 34)				
Interest income	308,249	-	133,458	-
Other income	94,730	-	144,889	-
Other gains and losses	(357,118)	-	(400,445)	-
Finance costs	(2,572,605)	(1)	(3,560,297)	(2)
Share of profit of associates and joint ventures	<u>1,518,973</u>	<u>1</u>	<u>372,246</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,007,771)</u>	<u>-</u>	<u>(3,310,149)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	202,376,745	61	16,150,043	11
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(36,774,864)</u>	<u>(11)</u>	<u>(3,963,255)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>165,601,881</u>	<u>50</u>	<u>12,186,788</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(58,881)	-	(603,380)	-
Unrealized gain on investments in equity instruments at FVTOCI	2,845,465	1	231,000	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	\$ (170,960)	-	\$ 22,098	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>11,776</u>	<u>-</u>	<u>120,832</u>	<u>-</u>
	<u>2,627,400</u>	<u>1</u>	<u>(229,450)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,027,307)	(1)	(559,738)	-
Gain on hedging instruments	641,742	-	2,237,303	1
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(456,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(842,099)</u>	<u>(1)</u>	<u>1,677,565</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>1,785,301</u>	<u>-</u>	<u>1,448,115</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 167,387,182</u>	<u>50</u>	<u>\$ 13,634,903</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 165,268,628	50	\$ 11,977,013	8
Non-controlling interests	<u>333,253</u>	<u>-</u>	<u>209,775</u>	<u>-</u>
	<u>\$ 165,601,881</u>	<u>50</u>	<u>\$ 12,186,788</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 167,177,697	50	\$ 13,476,092	9
Non-controlling interests	<u>209,485</u>	<u>-</u>	<u>158,811</u>	<u>-</u>
	<u>\$ 167,387,182</u>	<u>50</u>	<u>\$ 13,634,903</u>	<u>9</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 48.73</u>		<u>\$ 4.51</u>	
Diluted	<u>\$ 48.28</u>		<u>\$ 3.64</u>	

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Non-controlling Interests (Note 24)	Total Equity
	Share Capital (Notes 4, 19 and 24)		Capital Surplus (Notes 4, 19 and 24)	Retained Earnings (Accumulated Deficits) (Note 24)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 24)	Other Equity		Total		
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to Be Compensated)		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 24)	Gain (Loss) on Hedging Instruments (Notes 4 and 24)			
BALANCE AT JANUARY 1, 2020	2,601,336	\$ 26,013,357	\$ 1,939,381	\$ -	\$ -	\$ (11,462,514)	\$ (205,946)	\$ (1,039,266)	\$ 1,218,522	\$ 16,463,534	\$ 618,665	\$ 17,082,199
Capital surplus used to offset accumulated deficits	-	-	(1,630,616)	-	-	1,630,616	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	11,977,013	-	-	-	11,977,013	209,775	12,186,788
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(484,196)	(507,564)	253,536	2,237,303	1,499,079	(50,964)	1,448,115
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	11,492,817	(507,564)	253,536	2,237,303	13,476,092	158,811	13,634,903
Convertible bonds converted to ordinary shares	566,326	5,663,265	75,341	-	-	-	-	-	-	5,738,606	-	5,738,606
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(120,856)	(120,856)
BALANCE AT DECEMBER 31, 2020	3,167,662	31,676,622	384,106	-	-	1,660,919	(713,510)	(785,730)	3,455,825	35,678,232	656,620	36,334,852
Appropriation of 2020 earnings												
Legal reserve	-	-	-	166,092	-	(166,092)	-	-	-	-	-	-
Special reserve	-	-	-	-	1,494,827	(1,494,827)	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	165,268,628	-	-	-	165,268,628	333,253	165,601,881
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(47,336)	(540,488)	2,674,664	(177,771)	1,909,069	(123,768)	1,785,301
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	165,221,292	(540,488)	2,674,664	(177,771)	167,177,697	209,485	167,387,182
Issuance of ordinary shares for cash	160,000	1,600,000	27,520,000	-	-	-	-	-	-	29,120,000	-	29,120,000
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	-	-	-	-	-	-	1,663,972	-	1,663,972
Share-based payments (Note 29)	-	-	51,373	-	-	-	-	-	-	51,373	-	51,373
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by the Group, associates and joint ventures	-	-	-	-	-	2,188,427	-	(2,188,427)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(234,713)	(234,713)
BALANCE AT DECEMBER 31, 2021	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 166,092	\$ 1,494,827	\$ 167,409,719	\$ (1,253,998)	\$ (299,493)	\$ 3,278,054	\$ 233,691,274	\$ 631,392	\$ 234,322,666

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 202,376,745	\$ 16,150,043
Adjustments for:		
Depreciation expenses	17,454,705	17,149,693
Amortization expenses	55,923	52,192
Expected credit loss recognized	150,499	35,547
Net gain on fair value change of financial assets/liabilities at FVTPL	(12,704)	(65,415)
Finance costs	2,572,605	3,560,297
Interest income	(308,249)	(133,458)
Dividend income	(4,969)	(58,469)
Compensation cost of employee share options	51,373	-
Share of profit of associates and joint ventures	(1,518,973)	(372,246)
Gain on disposal of property, plant and equipment	(81,870)	(299,609)
Loss on disposal of associates	-	689
Impairment loss recognized on associates	623,259	1,027,207
(Reversal gain) impairment loss recognized on right-of-use assets	(593,059)	511,539
(Reversal of) write-downs of shipping fuel	(179,027)	172,303
Net gain on foreign currency exchange	(859,237)	(518,098)
Gain on changes in fair value of investment properties	(329,065)	(3,899)
(Gain) loss on lease modification	(9,524)	3,448
Recognized of provisions	56,307	30,620
Gain from bargain purchase	(3,171)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	1,655,002	(1,423,483)
Contract assets	(2,626,976)	(1,109,216)
Notes receivable	3,121	(3,453)
Trade receivables	(10,717,841)	(1,053,489)
Trade receivables from related parties	(238,232)	(28,082)
Shipping fuel	(1,038,236)	1,432,115
Prepayments	(107,307)	153,047
Prepayments to shipping agents	(359,830)	(21,295)
Other current assets	26,399	185,542
Financial liabilities held for trading	-	(9,987)
Notes payable	8,448	7,011
Trade payables	3,426,646	3,411,123
Trade payables to related parties	(48,434)	(46,037)
Other payables	3,136,508	613,236
Contract liabilities	768,455	13,172
Provision	-	(1,058,370)
Other advance account	(78,018)	37,301
Other current liabilities	481,750	145,734
Net defined benefit liabilities	(258,244)	(79,342)
Cash generated from operations	213,474,779	38,407,911
Interest received	264,959	148,402
Dividends received	909,805	356,200

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2021	2020
Interest paid	\$ (2,503,211)	\$ (3,431,303)
Income tax paid	<u>(2,571,567)</u>	<u>(438,584)</u>
Net cash generated from operating activities	<u>209,574,765</u>	<u>35,042,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(20,000)	-
Proceeds from sale of financial assets at FVTOCI	282	-
Capital reduction and withdrawal of shares of financial assets at FVTOCI	-	5,362
Purchase of financial assets at amortized cost	(137,386,246)	(1,888,352)
Proceeds from sale of financial assets at amortized cost	3,471,642	3,200,427
Acquisition of associates and joint ventures	(891)	(1,791)
Proceeds from disposal of associates	-	3,675
Net cash inflow on acquisition of subsidiary (Note 30)	8,442	-
Payments for property, plant and equipment	(7,028,669)	(8,396,372)
Proceeds from disposal of property, plant and equipment	134,724	1,160,981
Increase in refundable deposits	(19,657)	(57,715)
Payments for intangible assets	(56,376)	(21,992)
Payments for investment property	(3,074)	-
Decrease in financial lease receivables	19,938	19,675
Decrease in other financial assets	41,498	8,121
Increase in other non-current assets	(13,570)	(1,944)
Increase in prepayments for equipment	<u>(256,237)</u>	<u>(158,993)</u>
Net cash used in investing activities	<u>(141,108,194)</u>	<u>(6,128,918)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(678,396)	(2,548,878)
Repayments of short-term bills payable	(11,702,500)	(1,390,000)
Proceeds from issuance of bonds payable	5,900,000	-
Repayments of bonds payable	-	(5,900,000)
Proceeds from long-term borrowings	2,977,100	25,686,492
Repayments of long-term borrowings	(50,228,138)	(24,127,921)
Repayments of the principal portion of lease liabilities	(10,125,691)	(10,475,160)
Decrease in other financial liabilities	-	(2,671,657)
Increase in other non-current liabilities	240,937	324,113
Proceeds from issuance of ordinary shares	29,120,000	-
Net change in non-controlling interests	<u>(234,713)</u>	<u>(120,856)</u>
Net cash used in financing activities	<u>(34,731,401)</u>	<u>(21,223,867)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(805,213)</u>	<u>(348,459)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 32,929,957	\$ 7,341,382
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>24,518,721</u>	<u>17,177,339</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 57,448,678</u>	<u>\$ 24,518,721</u>

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

The Group applies the amendments from January 1, 2021.

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

(Continued)

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

(Concluded)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

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

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

f. Foreign currencies

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

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

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

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

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

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

g. 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.

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

For internal credit risk management purposes, the Group considers that when internal or external information 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 Group).

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group'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 other profit or loss. Fair value is determined in the manner described in Note 33.

ii. Financial guarantee contract

Financial guarantee contracts issued by the Group, 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 Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

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

5) Derivative financial instruments

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

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

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

n. Hedge accounting

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

Cash flow hedges

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

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

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

o. Provisions

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

p. Revenue recognition

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

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

1) Revenue from container shipping service

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

2) Other operating revenue

a) Terminal operating revenue

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

b) Forwarding agency revenue

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

c) Other service revenue

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

q. Leasing

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

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

1) The Group as lessor

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

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

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

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

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

2) The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, The Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

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

r. Borrowing costs

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

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

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

s. Government grants

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

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

u. Employee share options

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

v. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 323,766	\$ 202,651
Checking accounts and demand deposits	43,506,240	10,158,750
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	13,341,872	12,522,568
Repurchase agreements	<u>276,800</u>	<u>1,634,752</u>
	<u>\$ 57,448,678</u>	<u>\$ 24,518,721</u>

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

	<u>December 31</u>	
	2021	2020
Time deposits	0.04%-15.75%	0.10%-6.30%
Repurchase agreements	0.30%-0.42%	0.38%-0.55%

7. FINANCIAL INSTRUMENTS AT FVTPL

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

Financial assets at FVTPL - non-current

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

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

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

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Domestic investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd. (Note)	\$ -	\$ 1,492,999
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	477,936	496,702
Ordinary shares - United Stevedoring Corp.	5,315	6,024
Ordinary shares - United Raw Material Solutions Inc.	2,281	1,564
Ordinary shares - Ascentek Venture Capital Corporation	-	1,242
Ordinary shares - Pro-Ascentek Investment Corporation	<u>12,399</u>	<u>-</u>
	<u>\$ 497,931</u>	<u>\$ 1,998,531</u>

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

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Time deposits with original maturities of more than 3 months (a)	\$ 133,277,495	\$ 468,391
Restricted bank balance (Note 35)	117,493	271,779
Repurchase agreements (b)	2,707,104	1,534,502
Corporate bonds (c)	<u>-</u>	<u>20,000</u>
	<u>\$ 136,102,092</u>	<u>\$ 2,294,672</u>
Current	<u>\$ 136,068,631</u>	<u>\$ 2,191,233</u>
Non-current	<u>\$ 33,461</u>	<u>\$ 103,439</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.07%-6.85% and 0.01%-6.85% per annum as of December 31, 2021 and 2020, respectively.
- b. The ranges of interest rates for repurchase agreements were approximately 0.35%-0.44% and 0.50%-0.55% per annum as of December 31, 2021 and 2020, respectively.
- c. In June 2019, the Group purchased corporate bonds issued by Cathay Life Insurance Co., Ltd. at a par value of \$20,000 thousand with a coupon rate and an effective interest rate of 3.00%.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable - operating</u>	\$ 5,124	\$ 8,245
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 21,779,506	\$ 11,055,284
Trade receivable - related parties	412,055	173,823
Less: Allowance for impairment loss	<u>(136,577)</u>	<u>(51,238)</u>
	<u>\$ 22,054,984</u>	<u>\$ 11,177,869</u>

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

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

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

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

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

December 31, 2021

	No Signs of Default by Client					Signs of Default by Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.88%	0.50%-1.88%	0.50%-5.38%	0.50%-10.38%	0.50%-20.38%	100.00%	
Gross carrying amount	\$ 21,602,609	\$ 490,243	\$ 82,870	\$ 8,549	\$ 4,791	\$ 7,623	\$ 22,196,685
Loss allowance (Lifetime ECLs)	<u>(122,638)</u>	<u>(3,428)</u>	<u>(2,343)</u>	<u>(241)</u>	<u>(304)</u>	<u>(7,623)</u>	<u>(136,577)</u>
Amortized cost	<u>\$ 21,479,971</u>	<u>\$ 486,815</u>	<u>\$ 80,527</u>	<u>\$ 8,308</u>	<u>\$ 4,487</u>	<u>\$ -</u>	<u>\$ 22,060,108</u>

December 31, 2020

	No Signs of Default by Client					Signs of Default by Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0%-0.63%	0.50%-1.63%	0.50%-5.13%	0.50%-10.13%	0.50%-20.13%	100.00%	
Gross carrying amount	\$ 10,956,011	\$ 175,532	\$ 78,726	\$ 15,262	\$ 7,504	\$ 4,317	\$ 11,237,352
Loss allowance (Lifetime ECLs)	<u>(41,598)</u>	<u>(2,239)</u>	<u>(1,786)</u>	<u>(128)</u>	<u>(1,170)</u>	<u>(4,317)</u>	<u>(51,238)</u>
Amortized cost	<u>\$ 10,914,413</u>	<u>\$ 173,293</u>	<u>\$ 76,940</u>	<u>\$ 15,134</u>	<u>\$ 6,334</u>	<u>\$ -</u>	<u>\$ 11,186,114</u>

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

	December 31	
	2021	2020
Balance at January 1	\$ 51,238	\$ 50,419
Add: Acquisitions through business combinations	372	-
Add: Net remeasurement of loss allowance	98,309	28,328
Less: Amounts written off	(4,050)	(14,230)
Less: Reclassified to allowance of overdue receivables	(3,423)	(12,549)
Foreign exchange gains and losses	<u>(5,869)</u>	<u>(730)</u>
Balance at December 31	<u>\$ 136,577</u>	<u>\$ 51,238</u>

11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 22,011	\$ 22,011
Year 2	22,011	22,011
Year 3	22,011	22,011
Year 4	22,011	22,011
Year 5	22,011	22,011
Year 6 onwards	<u>44,019</u>	<u>66,030</u>
	154,074	176,085
Less: Unearned finance income	<u>(6,854)</u>	<u>(8,927)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 147,220</u>	<u>\$ 167,158</u>
Current	<u>\$ 20,204</u>	<u>\$ 19,938</u>
Non-current	<u>\$ 127,016</u>	<u>\$ 147,220</u>

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

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The interest rate inherent in the finance lease was approximately 1.33% per annum as of December 31, 2021 and 2020.

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

12. SHIPPING FUEL

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Shipping fuel	<u>\$ 3,408,707</u>	<u>\$ 2,189,744</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2021 and 2020 was \$16,705,942 thousand and \$16,335,986 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2021 and 2020 included reversals of shipping fuel write-downs of \$179,027 thousand and shipping fuel write-downs of \$172,303 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2021	2020	
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	Note a
"	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Ching Ming Investment Corp. (Ching Ming)	Investment	-	100.00	Note b
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	96.36	50.00	Note b
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	98.88	98.88	
"	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	100.00	79.17	Note b
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
Ching Ming	Honming	Terminal operation and stevedoring	-	20.83	Note b
"	Yes Logistics	Warehouse operation and forwarding agency	-	46.36	Note b
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	-	100.00	Note c
"	Topline Transportation, Inc.	Container transportation	-	100.00	Note c
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	Note d
"	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	97.84	-	Note e
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	-	-	Note a
YML-BV	Yangming-UK	Shipping agency, forwarding agency and shipping managers	2.16	100.00	Note e
"	Yang Ming Shipping Europe GmbH	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
"	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	
"	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
"	Yang Ming (Russia) LLC.	Shipping agency	60.00	60.00	
"	Yang Ming (Spain), S.L.	Shipping agency	60.00	60.00	
"	Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l.	Forwarding agency	60.00	60.00	
Yangming-UK	Corstor Ltd.	Warehouse management and container haulage services	100.00	-	Note f

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2021	2020	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping (B.V.I.) Inc. (YMS-BVI)	Forwarding agency and shipping agency	100.00	100.00	
"	Yangming (Japan) Co., Ltd. (Yangming-Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Sun-Baked Pte. Ltd.	Insurance	100.00	100.00	Note g
"	Yang Ming Line (Hong Kong) Ltd. (YML-Hong Kong)	Forwarding agency and shipping agency	1.44	100.00	Note h
"	Yangming Shipping (Singapore) Pte. Ltd. (Yangming-Singapore)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note i
"	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming (Korea) Co., Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming Anatolia Shipping Agency S.A. (Yang Ming Anatolia)	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
"	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Philippines, Inc.	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Latin America) Corp.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (Thailand) Co., Ltd. (YML-Thailand)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
"	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	49.00	49.00	
"	Yang Ming Insurance Co., Ltd.	Insurance	100.00	100.00	
"	PT Yang Ming Shipping Indonesia (PT Yang Ming Indonesia)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
"	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	51.00	51.00	
"	Yang Ming (France) SAS (Yangming-France)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	Note j
YML-Thailand	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	50.00	50.00	
Yang Ming Line shipping (Thailand) Co., Ltd.	YML-Thailand	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
Yangming (Japan)	Manwa & Co., Ltd.	Shipping agency and forwarding agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
"	YML-Hong Kong	Forwarding agency and shipping agency	98.56	-	Note h
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
"	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	69.80	69.80	
"	PT. YES Logistics Indonesia	Forwarding agency	51.00	51.00	
Yes-USA	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	30.20	30.20	
"	Golden Logistics USA Corporation	Container transportation	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
"	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			December 31		
			2021	2020	
Yes-ERO	Yes MLC GmbH	Import and export, storage and delivery, and other warehousing related business	100.00	100.00	
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Cargo consolidation service and forwarding agency	100.00	100.00	

(Concluded)

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

Note b: The Group's board of directors resolved in July 2021 to apply for a short-form merger of YMTC and Ching Ming in order to simplify the investment structure and integrate resources. The base date of the merger was November 1, 2021.

Note c: The Group's board of directors resolved in March 2020 to liquidate Triumph Logistics, Inc. and Topline Transportation, Inc. The liquidation had completed in May 2021.

Note d: The Group's board of directors resolved on August 12, 2021 to liquidate Yang Ming Line N.V.

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

Note f: The Group acquired 500 shares of Corstor Ltd. in the amount of GBP190 thousand in July 2021 and the shareholding ratio was increased from 50% to 100% after the acquisition. The Group obtained control of the abovementioned company and listed it as a subsidiary since July 2021. The information about acquisition is disclosed in Note 30.

Note g: The Group's board of directors resolved in January 2020 to liquidate Sun-Baked Pte. Ltd.

Note h: The Group's board of directors resolved in January 2021 to apply for capital increase of YML-Hong Kong by the accounts receivable of YMS-BVI to YML-Hong Kong. YMS-BVI acquired about 68,556 thousand shares of YML-Hong Kong in the amount of HK\$68,556 thousand and completed the registration in March 2021.

Note i: Due to operational strategy and management considerations, the board of directors of the Group approved an organizational restructuring in January 2022, and its parent company acquired 100% of the equity interest of Yangming-Singapore from YML-Singapore for US\$16,061 thousand.

Note j: The Group's board of directors resolved to establish Yangming-France in August 2018 and had completed registration in January 2020.

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

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investment in associates	\$ 10,697,507	\$ 6,602,649
Investments in joint ventures	<u>384,398</u>	<u>369,751</u>
	<u>\$ 11,081,905</u>	<u>\$ 6,972,400</u>

a. Investment in associates

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 4,928,086	\$ 4,759,757
Taiwan Navigation Co., Ltd. (Note a)	3,483,454	-
West Basin Container Terminal LLC	1,429,384	1,049,619
United Terminal Leasing LLC	269,593	271,175
Sino Trans PFS Cold Chain Logistics Co., Ltd.	68,524	108,384
Yunn Wang Investment Co., Ltd.	239,695	132,962
Taiwan Foundation International Pte. Ltd.	96,463	98,219
Shanghai United Cold Chain logistics Co., Ltd.	56,556	51,882
Yang Ming Shipping (Egypt) S.A.E.	50,351	49,170
Yang Ming (U.A.E.) LLC	40,942	43,616
Yang Ming (Australia) Pty. Ltd.	29,250	23,938
Corstor Ltd. (Note b)	-	8,513
PT. Formosa Sejati Logistics	5,209	5,414
Yang Ming (Vietnam) Corp. (Note c)	<u>-</u>	<u>-</u>
	<u>\$ 10,697,507</u>	<u>\$ 6,602,649</u>

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

Note b: The Group acquired Corstor Ltd. in July 2021 and the shareholding ratio increased from 50% to 100% after acquisition. The Group obtained control of Corstor Ltd. and listed it as a subsidiary since July 2021.

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

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

All the associates are accounted for using the equity method.

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Group's share of:		
Net profit for the year	\$ 1,502,597	\$ 369,113
Other comprehensive income (loss)	<u>(171,144)</u>	<u>22,249</u>
Total comprehensive income for the year	<u>\$ 1,331,453</u>	<u>\$ 391,362</u>

On December 31, 2021, the carrying amount of associates that are not individually material, Taiwan Navigation Co., Ltd and Sino Trans PFS Cold Chain Logistics Co., Ltd. was higher than recoverable amount which was measured by determining the value in use of the investments using the income approach with the discounted cash flow method at the discount rate of 8.70%-12.70%. An impairment loss recognized for the year ended December 31, 2021 was \$623,259 thousand.

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

b. Investments in joint ventures

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	\$ 275,202	\$ 273,663
YES LIBERAL Logistics Corp.	77,227	74,430
LogiTrans Technology Private Limited	19,982	18,886
Jambatan Merah Formosa Depot Sdn Bhd. (Note)	2,933	1,733
Yes And HQL Logistics Company	<u>9,054</u>	<u>1,039</u>
	<u>\$ 384,398</u>	<u>\$ 369,751</u>

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

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

Aggregate information of joint ventures that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Group's share of:		
Net profit for the year	\$ 16,376	\$ 3,133
Other comprehensive income (loss)	<u>184</u>	<u>(151)</u>
Total comprehensive income for the year	<u>\$ 16,560</u>	<u>\$ 2,982</u>

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	\$ 65,739,551	\$ 66,746,767
Assets leased under operating leases	<u>8,155,918</u>	<u>6,916,469</u>
	<u>\$ 73,895,469</u>	<u>\$ 73,663,236</u>

a. Assets used by the Group

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2021	\$ 697,586	\$ 1,511,544	\$ 24,866,453	\$ 88,649,976	\$ 285,249	\$ 3,221,794	\$ 1,591,930	\$ 120,824,532
Additions	-	428	2,455,957	998,477	43,022	154,430	3,187,564	6,839,878
Disposals	-	-	(393,182)	(182,243)	(12,861)	(565,718)	-	(1,154,004)
Transfers from assets leased under operating leases	-	-	-	503,735	-	7,445	-	511,180
Transfers to assets leased under operating leases	-	-	-	(2,206,497)	-	-	-	(2,206,497)
Acquisitions through business combinations	-	-	-	-	-	3,934	-	3,934
Reclassification	-	-	-	4,863,824	-	1,314	(4,779,494)	85,644
Effects of foreign currency exchange differences	(996)	(18,981)	(34)	(5,166)	(3,581)	(24,365)	-	(53,123)
Balance at December 31, 2021	<u>\$ 696,590</u>	<u>\$ 1,492,991</u>	<u>\$ 26,929,194</u>	<u>\$ 92,622,106</u>	<u>\$ 311,829</u>	<u>\$ 2,798,834</u>	<u>\$ -</u>	<u>\$ 124,851,544</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 568,553	\$ 14,095,711	\$ 36,424,426	\$ 248,339	\$ 2,740,736	\$ -	\$ 54,077,765
Disposals	-	-	(345,368)	(182,243)	(11,881)	(496,530)	-	(1,036,022)
Transfers from assets leased under operating leases	-	-	-	292,225	-	7,445	-	299,670
Transfers to assets leased under operating leases	-	-	-	(261,961)	-	-	-	(261,961)
Depreciation expenses	-	31,650	1,571,226	4,295,821	16,746	143,656	-	6,059,099
Acquisitions through business combinations	-	-	-	-	-	3,934	-	3,934
Effects of foreign currency exchange differences	-	(6,528)	-	(1,479)	(2,289)	(20,196)	-	(30,492)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 593,625</u>	<u>\$ 15,321,569</u>	<u>\$ 40,566,789</u>	<u>\$ 250,915</u>	<u>\$ 2,379,045</u>	<u>\$ -</u>	<u>\$ 59,111,993</u>
Carrying amounts at December 31, 2021	<u>\$ 696,590</u>	<u>\$ 899,316</u>	<u>\$ 11,607,625</u>	<u>\$ 52,055,317</u>	<u>\$ 60,914</u>	<u>\$ 419,789</u>	<u>\$ -</u>	<u>\$ 65,739,551</u>
Cost								
Balance at January 1, 2020	\$ 697,331	\$ 1,529,835	\$ 23,773,568	\$ 87,389,224	\$ 566,091	\$ 3,384,184	\$ 2,851,888	\$ 120,192,121
Additions	-	4,166	1,740,950	511,189	10,685	103,565	5,941,271	8,311,826
Disposals	-	(2,485)	(840,995)	(6,453,870)	(290,519)	(262,155)	-	(7,850,024)
Transfers from assets leased under operating leases	-	-	-	(75,685)	-	-	-	(75,685)
Reclassification	-	-	193,004	7,428,892	-	2,299	(7,201,229)	422,966
Effects of foreign currency exchange differences	255	(19,972)	(74)	(149,774)	(1,008)	(6,099)	-	(176,672)
Balance at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 1,511,544</u>	<u>\$ 24,866,453</u>	<u>\$ 88,649,976</u>	<u>\$ 285,249</u>	<u>\$ 3,221,794</u>	<u>\$ 1,591,930</u>	<u>\$ 120,824,532</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 547,236	\$ 13,239,912	\$ 38,300,508	\$ 486,100	\$ 2,854,325	\$ -	\$ 55,428,081
Disposals	-	(2,227)	(743,417)	(5,683,772)	(290,518)	(232,686)	-	(6,952,620)
Transfers from assets leased under operating leases	-	-	-	(7,884)	-	-	-	(7,884)
Depreciation expenses	-	32,323	1,599,216	3,931,454	53,195	123,949	-	5,740,137
Effects of foreign currency exchange differences	-	(8,779)	-	(115,880)	(438)	(4,852)	-	(129,949)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 568,553</u>	<u>\$ 14,095,711</u>	<u>\$ 36,424,426</u>	<u>\$ 248,339</u>	<u>\$ 2,740,736</u>	<u>\$ -</u>	<u>\$ 54,077,765</u>
Carrying amounts at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 942,991</u>	<u>\$ 10,770,742</u>	<u>\$ 52,225,550</u>	<u>\$ 36,910</u>	<u>\$ 481,058</u>	<u>\$ 1,591,930</u>	<u>\$ 66,746,767</u>

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

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

The dry dock is a significant component of ships.

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

b. Assets leased under operating leases

	Ship	Miscellaneous Equipment	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 10,144,723	\$ 7,445	\$ 10,152,168
Additions	74,932	-	74,932
Disposals	(63,428)	-	(63,428)
Transfers from assets used by the Group	2,206,497	-	2,206,497
Transfers to assets used by the Group	(503,735)	(7,445)	(511,180)
Reclassification	2,774	-	2,774
Effects of foreign currency exchange differences	<u>(173,875)</u>	<u>-</u>	<u>(173,875)</u>
Balance at December 31, 2021	<u>\$ 11,687,888</u>	<u>\$ -</u>	<u>\$ 11,687,888</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 3,228,254	\$ 7,445	\$ 3,235,699
Disposals	(63,428)	-	(63,428)
Transfers from assets used by the Group	261,961	-	261,961
Transfers to assets used by the Group	(292,225)	(7,445)	(299,670)
Depreciation expenses	469,781	-	469,781
Effects of foreign currency exchange differences	<u>(72,373)</u>	<u>-</u>	<u>(72,373)</u>
Balance at December 31, 2021	<u>\$ 3,531,970</u>	<u>\$ -</u>	<u>\$ 3,531,970</u>
Carrying amounts at December 31, 2021	<u>\$ 8,155,918</u>	<u>\$ -</u>	<u>\$ 8,155,918</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 10,391,147	\$ 7,445	\$ 10,398,592
Transfers from assets used by the Group	75,685	-	75,685
Effects of foreign currency exchange differences	<u>(322,109)</u>	<u>-</u>	<u>(322,109)</u>
Balance at December 31, 2020	<u>\$ 10,144,723</u>	<u>\$ 7,445</u>	<u>\$ 10,152,168</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 2,896,505	\$ 7,445	\$ 2,903,950
Transfers from assets used by the Group	7,884	-	7,884
Depreciation expenses	449,521	-	449,521
Effects of foreign currency exchange differences	<u>(125,656)</u>	<u>-</u>	<u>(125,656)</u>
Balance at December 31, 2020	<u>\$ 3,228,254</u>	<u>\$ 7,445</u>	<u>\$ 3,235,699</u>
Carrying amounts at December 31, 2020	<u>\$ 6,916,469</u>	<u>\$ -</u>	<u>\$ 6,916,469</u>

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

	December 31	
	2021	2020
Year 1	\$ 1,568,842	\$ 651,800
Year 2	9,313	16,807
Year 3	1,811	9,833
Year 4	-	1,912
Year 5 onwards	<u>-</u>	<u>-</u>
	<u>\$ 1,579,966</u>	<u>\$ 680,352</u>

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

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

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

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

The dry dock is a significant component of ships.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 41,710	\$ 50,412
Buildings	2,086,132	2,400,451
Container and chassis	2,598,243	121,302
Ships	58,329,877	53,214,935
Miscellaneous equipment	<u>83,993</u>	<u>66,613</u>
	<u>\$ 63,139,955</u>	<u>\$ 55,853,713</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 17,860,598</u>	<u>\$ 10,235,839</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,703	\$ 8,674
Buildings	476,899	477,688
Container and chassis	184,978	324,986
Ships	10,221,384	10,113,852
Miscellaneous equipment	<u>33,861</u>	<u>34,835</u>
	<u>\$ 10,925,825</u>	<u>\$ 10,960,035</u>
Income from the subleasing of right-of-use assets (presented in operating revenue and other income)	<u>\$ 968,469</u>	<u>\$ 825,505</u>

Foreseeing the recoverable in bulk shipping market price in 2021, the Group expected the future cash flows from right-of-use assets of bulk shipping department to increase. Therefore, the recoverable amount will be higher than the carrying amount after recognizing an impairment loss. The review led to the recognition of an impairment reversal gain of \$593,059 thousand which was recognized as a reduction of operating costs for the year ended December 31, 2021. The Group determined the recoverable amounts of the relevant right-of-assets on the basis of their value in use. The range of discount rate used in measuring the value in use was 7.93%-8.45% per annum in 2021.

As a result of the continued decline in bulk shipping market price, the Group expected the future cash flows from right-of-use assets of bulk shipping department to decrease. Therefore, the recoverable amount will be lower than the carrying amount. The review led to the recognition of an impairment loss of \$511,539 thousand, which were recognized in operating costs for the year ended December 31, 2020. The Group determined the recoverable amounts of the relevant right-of-use assets on the basis of their value in use. The range of discount rate used in measuring the value in use was 7.33%-8.02% per annum in 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	<u>\$ 3,306,188</u>	<u>\$ 2,146,472</u>
Non-current	<u>\$ 17,236,619</u>	<u>\$ 6,089,430</u>
Lease liabilities designated as hedging (included in financial liabilities for hedging)		
Current	<u>\$ 7,585,691</u>	<u>\$ 7,370,742</u>
Non-current	<u>\$ 33,835,186</u>	<u>\$ 40,383,562</u>

Financial liabilities designated as hedging

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

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

Impact on comprehensive income (loss):

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

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

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

	December 31	
	2021	2020
Land	1.12%-1.49%	1.12%-1.49%
Buildings	0.85%-10.00%	0.85%-10.00%
Container and chassis	0.08%-1.47%	3.65%-3.87%
Ships	0.09%-7.24%	1.51%-7.24%
Miscellaneous equipment	0.84%-13.00%	1.23%-13.00%

c. Material lease-in activities and terms

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

Containership Department	Lease Liabilities Recognized (Discounted)	Potential Future Lease Payments and Purchase Option Not Included in Lease Liabilities (Discounted)	Historical Rate of Exercise of Extension and Purchase Options
<u>December 31, 2021</u>			
Ships	<u>\$ 47,809,568</u>	<u>\$ 20,756,101</u>	0.91%
<u>December 31, 2020</u>			
Ships	<u>\$ 42,961,304</u>	<u>\$ 18,406,588</u>	0%

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

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

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

d. Subleases

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

Sublease of right-of-use assets

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

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

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

	December 31	
	2021	2020
Year 1	\$ 339,630	\$ 300,031
Year 2	7	662
Year 3 onwards	<u>-</u>	<u>-</u>
	<u>\$ 339,637</u>	<u>\$ 300,693</u>

e. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 992,501</u>	<u>\$ 1,726,889</u>
Expenses relating to low-value asset leases	<u>\$ 3,250,080</u>	<u>\$ 3,645,707</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (77,207)</u>	<u>\$ (97,147)</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 3,586,186</u>	<u>\$ 3,418,248</u>
Total cash outflow for leases	<u>\$ (20,239,348)</u>	<u>\$ (21,583,112)</u>

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

The amounts of lease commitments for short-term leases and low-value asset lease for which the recognition exemption is applied were \$8,710,202 thousand and \$14,844,828 thousand as of December 31, 2021 and 2020, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$19,478,096 thousand and \$18,242,252 thousand as of December 31, 2021 and 2020, respectively.

17. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2020	\$ 6,313,320
Additions	-
Gain on change in fair value of investment properties	<u>3,899</u>
Balance at December 31, 2020	6,317,219
Additions	437,442
Gain on change in fair value of investment properties	<u>329,065</u>
Balance at December 31, 2021	<u>\$ 7,083,726</u>

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

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

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

	December 31	
	2021	2020
Year 1	\$ 69,348	\$ 56,384
Year 2	50,820	37,490
Year 3	23,124	18,852
Year 4	12,257	9,186
Year 5	5,241	5,671
Year 6 onwards	<u>3,200</u>	<u>4,114</u>
	<u>\$ 163,990</u>	<u>\$ 131,697</u>

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

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

	December 31	
	2021	2020
Independent valuation	\$ 7,083,726	\$ 6,309,844
Valuation by the Group	<u>-</u>	<u>7,375</u>
	<u>\$ 7,083,726</u>	<u>\$ 6,317,219</u>

As of December 31, 2021, the fair value was based on the valuations carried out on January 14, 2022, by independent qualified professional valuers, certified real estate appraisers in the ROC and real estate appraisal firm from China Credit Information Service Limited.

As of December 31 2020, the fair value was based on the valuations carried out on January 12, 2021 by independent qualified professional valuers, Mr. Zhang, Yi-Zhi, Mr. Zhang, Hong-Kai and Ms. Ye, Yu-Fen, all Certified Real Estate Appraisers in the ROC, from Savills, Real Estate Appraisal Firm.

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

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

	Keelung	Taipei	Kaohsiung	Total
Balance at January 1, 2020	\$ 330,240	\$ 5,384,168	\$ 598,912	\$ 6,313,320
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(7,184)	2,310	8,773	3,899
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	323,056	5,386,478	607,685	6,317,219
Recognized in profit or loss (gain arising from the change in fair value of investment property)	56,400	189,600	83,065	329,065
Addition	<u>3,074</u>	<u>434,368</u>	<u>-</u>	<u>437,442</u>
Balance at December 31, 2021	<u>\$ 382,530</u>	<u>\$ 6,010,446</u>	<u>\$ 690,750</u>	<u>\$ 7,083,726</u>

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

	December 31	
	2021	2020
Expected future cash inflows	\$ 5,215,203	\$ 4,975,722
Expected future cash outflows	<u>(350,609)</u>	<u>(409,697)</u>
Expected future cash inflows, net	<u>\$ 4,864,594</u>	<u>\$ 4,566,025</u>
Discount rate	1.995%-3.900%	3.595%-4.095%

The market rentals in the area where the investment property is located were between \$0.4-\$2.1 thousand and \$0.5-\$3 thousand per ping in 2021 and 2020, respectively. The market rentals for comparable properties were between \$0.4-\$2.7 thousand and \$0.4-\$2.5 thousand per ping in 2021 and 2020, respectively.

The expected future cash inflows generated by investment property included rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Group's current rental rate, taking into account the annual rental growth rate; the income analysis covers 4-year to 10-year period, the interest income on rental deposits was extrapolated using the average deposit interest rate of the top five banks announced by the Central Bank of the Republic of China for a year; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment property included expenditure such as land value taxes, house taxes, insurance premium, and maintenance costs. The expenditure was extrapolated on the basis of the current level of expenditure, taking into account the future adjustment to the government-announced land value, the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and any asset-specific risk premiums of 0.4%-2.3%.

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

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

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

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

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

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

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,151,760	\$ 1,401,276
Loans from related parties (Note 34)	<u>242,000</u>	<u>670,880</u>
	<u>\$ 1,393,760</u>	<u>\$ 2,072,156</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.30%-2.50% and 1.35%-2.50% per annum as of December 31, 2021 and 2020, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rates were 1.28%-1.50% and 1.32%-2.20% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ 387,500	\$ 9,940,000
Less: Unamortized discount on bills payable	<u>1,282</u>	<u>17,575</u>
	<u>386,218</u>	<u>9,922,425</u>
Loans from related parties (Note 34)	50,000	2,200,000
Less: Unamortized discount on bills payable	<u>87</u>	<u>8,799</u>
	<u>49,913</u>	<u>2,191,201</u>
	<u><u>\$ 436,131</u></u>	<u><u>\$ 12,113,626</u></u>

Interest rates of the outstanding short-term bills payable were 1.39% and 0.69%-2.27% per annum as of December 31, 2021 and 2020, respectively.

Interest rates of the outstanding related parties' short-term bills payable were 1.39% and 1.02%-2.00% per annum as of December 31, 2021 and 2020, respectively.

c. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 35)		
Secured bank loans	\$ 415,396	\$ 2,331,332
Loans from related parties (Note 34)	4,236,308	15,197,848
Other borrowings	<u>317,324</u>	<u>469,644</u>
	<u>4,969,028</u>	<u>17,998,824</u>
Unsecured borrowings		
Line of credit borrowings	100,798	371,043
Loans from related parties (Note 34)	<u>99,839</u>	<u>13,743,344</u>
	<u>200,637</u>	<u>14,114,387</u>
Commercial paper		
Line of credit borrowings	1,300,000	20,150,000
Less: Unamortized discount on bills payable	<u>356</u>	<u>23,735</u>
	<u>1,299,644</u>	<u>20,126,265</u>
Loans from related parties (Note 34)	-	1,500,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>1,255</u>
	<u>-</u>	<u>1,498,745</u>
	<u>1,299,644</u>	<u>21,625,010</u>
	6,469,309	53,738,221
Less: Current portion	<u>1,400,430</u>	<u>12,641,834</u>
Long-term borrowings	<u><u>\$ 5,068,879</u></u>	<u><u>\$ 41,096,387</u></u>

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

	<u>December 31</u>	
	2021	2020
<u>NT\$</u>		
Amount	\$ 4,416,452	\$ 48,480,221
Interest rate	1.12%-4.00%	1.02%-4.00%
Contract term	2016/03/25- 2031/10/26	2012/08/10- 2031/05/15
<u>US\$</u>		
Foreign currency amount	73,808	184,147
New Taiwan dollar amount	\$ 2,043,028	\$ 5,245,008
Interest rate	1.16%-2.81%	1.00%-2.84%
Contract term	2015/01/07- 2027/01/13	2011/04/19- 2028/02/09
<u>MYR</u>		
Foreign currency amount	1,353	1,707
New Taiwan dollar amount	\$ 8,964	\$ 12,098
Interest rate	3.25%	3.25%
Contract term	2019/08/26- 2034/04/01	2019/08/26- 2034/04/01
<u>CAD</u>		
Foreign currency amount	40	40
New Taiwan dollar amount	\$ 865	\$ 894
Interest rate	5.00%	5.00%
Contract term	2020/06/03- 2022/12/31	2020/06/03- 2022/12/31

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars, MYR and New Taiwan dollars. The loans are repayable in installment at varying amounts before April 1, 2034. Interest rates were 1.33%-3.25% and 1.25%-3.25% on December 31, 2021 and 2020, respectively. The Group's buildings, ships, containers, and investment properties are pledged as collaterals for the secured loans.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities. The loans are repayable in installment at varying amounts before October 26, 2031. Interest rates were 1.12%-1.47% and 1.13%-1.83% on December 31, 2021 and 2020, respectively. The Group's buildings, ships, containers and investment properties are pledged as collaterals for the secured loans.

3) Other borrowings

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

Unsecured borrowings

1) Line of credit borrowings

The Group's unsecured bank loans will be repaid in New Taiwan dollars, U.S. dollars and CAD dollars in installments at very amounts or repaid in one-lump sum payment at maturity as the borrowing terms. The loans are expected to be fully repaid before November 21, 2024. Interest rates were 1.45%-5.00% and 1.00%-5.00% on December 31, 2021 and 2020, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in installments at varying amounts or repaid in one-lump sum payment as the borrowing terms. The loans are expected to be fully repaid before September 24, 2022. Interest rates were 1.50% and 1.02%-2.46% on December 31, 2021 and 2020, respectively.

In accordance with the "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications, "Operational Guides on Relief Loan Guarantees for Ailing Marine Industry Affected by Severe Pneumonia with Novel Pathogens", and the "Operational Guides on Subsidized Interest of Relief Loan for Marine Industry Affected by Severe Pneumonia with Novel Pathogens", the Group applied for project finance loans from financial institutions to maintain its operations. Special funds, credit guarantees along with subsidized interest rates at 1-Year Time Variable Savings Deposits Rate posted by Chunghwa Post Co., Ltd. till June 30, 2021 were provided by the government. The total amount of the loans is \$8,500,000 thousand, which shall be repaid within 2 years from the date of initial drawdown. The Group has made a drawdown of \$99,839 thousand with the same amount available as of December 31, 2021, and \$7,636,500 thousand with \$8,500,000 thousand available as of December 31, 2020. The loan had been repaid in the amount of \$7,500,000 thousand on January 25, 2021.

Commercial paper

YMTC signed 3 years underwriting contracts for the issuance of commercial paper with a bill finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before May 2023. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2021 and 2020, YMTC had met the above requirements.

1) Line of credit borrowings

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

2) Loans from related parties

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

19. BONDS PAYABLE

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

a. Secured domestic bonds

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

The bond features and terms are as follows:

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

The October 2015 bonds had been fully repaid.

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

The bond features and terms are as follows:

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

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

The bond features and terms are as follows:

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

(Continued)

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

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

(Concluded)

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

b. Domestic unsecured bonds

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

The bond features and terms were as follows:

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

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

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

The November 2013 Bonds had been fully repaid.

c. Domestic secured convertible bonds

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

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

The initial conversion price was \$10.40 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus - share warrants of \$308,765 thousand. The bondholders could request YMTC to repurchase bonds at par value before 30 days of the issuance for 3 years. There were \$7,600,000 thousand of bonds converted into 730,768 thousand ordinary shares as of March 12, 2021.

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

20. TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 19,106,729	\$ 15,677,632
Trade payables - related parties	<u>376,954</u>	<u>425,388</u>
	<u>\$ 19,483,683</u>	<u>\$ 16,103,020</u>
Payable for cost of voyage in sailing	\$ 10,219,909	\$ 10,656,203
Payable for fuel	2,029,203	1,735,049
Payable for space hire	6,844,147	3,263,589
Payable for freight expenses	310,566	347,550
Payable for stevedoring expenses	75,049	95,829
Payable for management expenses	<u>4,809</u>	<u>4,800</u>
	<u>\$ 19,483,683</u>	<u>\$ 16,103,020</u>

21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payable for container lease	\$ 558,222	\$ 889,476
Payable for salary and bonus	4,496,556	1,188,057
Payable for interest expenses	125,917	75,517
Payable for equipment M&R expenses	106,021	211,143
Payable for annual leave	130,097	220,137
Payable for vessel charter hire	49,156	142,381
Payable for equipment	93,089	214,910
Others	<u>2,287,614</u>	<u>1,386,645</u>
	<u>\$ 7,846,672</u>	<u>\$ 4,328,266</u>

22. PROVISIONS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Restoration cost for leased assets (a)	\$ 1,348	\$ 1,396
Others (b)	<u>56,307</u>	<u>-</u>
	<u>\$ 57,655</u>	<u>\$ 1,396</u>
Current	\$ 56,307	\$ -
Non-current	<u>1,348</u>	<u>1,396</u>
	<u>\$ 57,655</u>	<u>\$ 1,396</u>

	Restoration Cost for Leased Assets	Others	Total
Balance at January 1, 2021	\$ 1,396	\$ -	\$ 1,396
Additional provision recognized	-	56,307	56,307
Effect of foreign currency exchange differences	<u>(48)</u>	<u>-</u>	<u>(48)</u>
Balance at December 31, 2021	<u>\$ 1,348</u>	<u>\$ 56,307</u>	<u>\$ 57,655</u>
Balance at January 1, 2020	\$ 1,444	\$ 1,032,332	\$ 1,033,776
Additional provision recognized	-	49,176	49,176
Amount used	-	(1,058,370)	(1,058,370)
Reversal of unused balance	-	(18,556)	(18,556)
Effect of foreign currency exchange differences	<u>(48)</u>	<u>(4,582)</u>	<u>(4,630)</u>
Balance at December 31, 2020	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ 1,396</u>

- a. When returning operating leased assets, lessees have legal or construction obligation to restore operating leased assets to original status. Lessees need to accrue restoration costs provision over the lease term on a straight-line basis.
- b. Other provisions are mainly due to (1) The possible fine of \$56,307 thousand which the Group may be punished by The Korea Fair Trade Commission for violating the Korea Fair Trade Act. After receiving the award, the Group will take further measures to ensure maximum benefit. (2) The Group did not enforce the right to repurchase ships. When the lease expires, the Group assesses the risk arises from compensation of the unpaid principal and interest of the shipowner's creditor bank. Please refer to Note 16(3) for the possible loss if the Group terminated the capital lease agreements of ship before expiration.

23. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

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

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

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

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

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

b. Defined benefit plans

1) Pension plan of the Group

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

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

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

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

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

2) Pension plan of subsidiaries

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

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

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 3,746,590	\$ 3,865,364
Fair value of plan assets	<u>(918,244)</u>	<u>(837,655)</u>
Net defined benefit liability	<u>\$ 2,828,346</u>	<u>\$ 3,027,709</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	\$ <u>3,328,129</u>	\$ <u>(824,458)</u>	\$ <u>2,503,671</u>
Service cost			
Current service cost	83,470	-	83,470
Past service cost	153	-	153
Net interest expense (income)	<u>25,719</u>	<u>(6,234)</u>	<u>19,485</u>
Recognized in profit or loss	<u>109,342</u>	<u>(6,234)</u>	<u>103,108</u>
Remeasurement			
Return on plan assets	-	(28,520)	(28,520)
Actuarial loss			
Changes in demographic assumptions	79	-	79
Changes in financial assumptions	139,550	-	139,550
Experience adjustments	<u>492,271</u>	<u>-</u>	<u>492,271</u>
Recognized in other comprehensive loss (income)	<u>631,900</u>	<u>(28,520)</u>	<u>603,380</u>
Contributions from the employer	-	(17,719)	(17,719)
Benefits paid	(213,159)	39,276	(173,883)
Exchange differences on foreign plans	<u>9,152</u>	<u>-</u>	<u>9,152</u>
Balance at December 31, 2020	<u>3,865,364</u>	<u>(837,655)</u>	<u>3,027,709</u>
Service cost			
Current service cost	86,721	-	86,721
Past service cost	4,196	-	4,196
Net interest expense (income)	<u>15,432</u>	<u>(3,045)</u>	<u>12,387</u>
Recognized in profit or loss	<u>106,349</u>	<u>(3,045)</u>	<u>103,304</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets	\$ -	\$ (12,188)	\$ (12,188)
Actuarial loss (gain)			
Changes in demographic assumptions	86,472	-	86,472
Changes in financial assumptions	(145,013)	-	(145,013)
Experience adjustments	<u>129,610</u>	<u>-</u>	<u>129,610</u>
Recognized in other comprehensive income (loss)	<u>71,069</u>	<u>(12,188)</u>	<u>58,881</u>
Contributions from the employer	-	(131,211)	(131,211)
Benefits paid	(280,438)	65,855	(214,583)
Exchange differences on foreign plans	<u>(15,754)</u>	<u>-</u>	<u>(15,754)</u>
Balance at December 31, 2021	<u>\$ 3,746,590</u>	<u>\$ (918,244)</u>	<u>\$ 2,828,346</u> (Concluded)

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

	For the Year Ended December 31	
	2021	2020
Current service cost	\$ 86,721	\$ 83,470
Past service cost	4,196	153
Net interest expense	<u>12,387</u>	<u>19,485</u>
	<u>\$ 103,304</u>	<u>\$ 103,108</u>
An analysis by function		
Operating costs	\$ 57,741	\$ 57,099
Selling and marketing expenses	36,359	37,735
General and administrative expenses	<u>9,204</u>	<u>8,274</u>
	<u>\$ 103,304</u>	<u>\$ 103,108</u>

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

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

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

	December 31	
	2021	2020
Discount rates	0.50%-0.90%	0.40%-0.90%
Expected rates of salary increase	1.50%-2.50%	1.50%-2.50%

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

	December 31	
	2021	2020
Discount rates		
0.25%-0.50% increase	<u>\$ (174,262)</u>	<u>\$ (182,559)</u>
0.25%-0.50% decrease	<u>\$ 188,671</u>	<u>\$ 198,281</u>
Expected rates of salary increase		
0.25%-0.50% increase	<u>\$ 184,768</u>	<u>\$ 193,329</u>
0.25%-0.50% decrease	<u>\$ (172,516)</u>	<u>\$ (180,014)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 134,382</u>	<u>\$ 18,050</u>
The average duration of the defined benefit obligation	6.3-16.5 years	6.9-16.1 years

- c. In an effort to encourage employee retirement, improve human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of \$27,669 thousand and \$54,421 thousand for the years ended December 31, 2021 and 2020, respectively.

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,492,104</u>	<u>3,167,662</u>
Shares issued	<u>\$ 34,921,043</u>	<u>\$ 31,676,622</u>

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

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

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

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

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

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

2) Preference shares

The board of directors resolved on May 6, 2020 to privately place Type A preference shares with a limit of 300,000,000 shares and approved by 2020 Annual Shareholders Meeting. However, this plan was not executed and became unnecessary as YMTC's financial status has been significantly improving.

3) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. The board of directors resolved to cancel the GDRs on August 13, 2019 and delisted them on December 5, 2019. There were no outstanding GDRs after June 2020.

b. Capital surplus

	May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)	May Be Used to Offset a Deficit Only Changes in Percentage of Ownership Interests in Subsidiaries (2)	May Not Be Used for Any Purpose Share Warrants	Total
Balance at January 1, 2020	\$ 1,630,593	\$ 23	\$ 308,765	\$ 1,939,381
Convertible bonds converted to ordinary shares	314,626	-	(239,285)	75,341
Capital surplus used to offset accumulated deficit	<u>(1,630,593)</u>	<u>(23)</u>	<u>-</u>	<u>(1,630,616)</u>
Balance at December 31, 2020	<u>\$ 314,626</u>	<u>\$ -</u>	<u>\$ 69,480</u>	<u>\$ 384,106</u>
Balance at January 1, 2021	\$ 314,626	\$ -	\$ 69,480	\$ 384,106
Convertible bonds converted to ordinary shares	89,031	-	(69,480)	19,551
Share-based payment	-	-	51,373	51,373
Issuance of ordinary shares for cash	<u>27,571,373</u>	<u>-</u>	<u>(51,373)</u>	<u>27,520,000</u>
Balance at December 31, 2021	<u>\$ 27,975,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,975,030</u>

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and then any remaining profit together with any undistributed retained earnings, distributed at least 25%, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 26 h. compensation of employees and remuneration of directors.

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

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

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

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

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

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

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

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

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

d. Special reserves

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

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

e. Others equity items

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ (713,510)	\$ (205,946)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(903,467)	(507,531)
Related income tax	362,979	-
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	-	(33)
Other comprehensive income (loss) recognized for the year	<u>(540,488)</u>	<u>(507,564)</u>
Balance at December 31	<u>\$ (1,253,998)</u>	<u>\$ (713,510)</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ (785,730)	\$ (1,039,266)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	2,845,439	230,984
Share from associates and joint ventures accounted for using the equity method	(170,775)	22,552
Other comprehensive income recognized for the year	<u>2,674,664</u>	<u>253,536</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings	(2,175,784)	-
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates and joint ventures	<u>(12,643)</u>	<u>-</u>
Balance at December 31	<u>\$ (299,493)</u>	<u>\$ (785,730)</u>

3) Gain (loss) on hedging instruments

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

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 656,620	\$ 618,665
Share of profit for the year	333,253	209,775
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign entities	(123,840)	(52,174)
Unrealized gain on financial assets at FVTOCI	26	16
Remeasurement of the defined benefit liability	39	1,200
Share in other comprehensive income (loss) of joint ventures accounted for using the equity method	7	(6)
Increasing in non-controlling interests by establishing foreign subsidiaries	-	2,016
Cash dividends distributed by subsidiaries	<u>(234,713)</u>	<u>(122,872)</u>
Balance at December 31	<u>\$ 631,392</u>	<u>\$ 656,620</u>

25. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Cargo revenue	\$ 314,054,308	\$ 136,459,454
Rental revenue on vessel	3,030,879	2,640,645
Rental income		
Slottage revenue	2,515,438	2,025,636
Other operating revenue	<u>14,086,770</u>	<u>10,150,948</u>
	<u>\$ 333,687,395</u>	<u>\$ 151,276,683</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 10)	<u>\$ 22,054,984</u>	<u>\$ 11,177,869</u>	<u>\$ 10,111,347</u>
Contract assets			
Cargo revenue	\$ 5,533,228	\$ 2,906,252	\$ 1,797,036
Less: Allowance for impairment loss	<u>(67,894)</u>	<u>(15,978)</u>	<u>(8,898)</u>
Contract assets	<u>\$ 5,465,334</u>	<u>\$ 2,890,274</u>	<u>\$ 1,788,138</u>
Contract liabilities - current			
Advance on contract	<u>\$ 903,453</u>	<u>\$ 134,998</u>	<u>\$ 121,826</u>

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

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 15,978	\$ 8,898
Add: Net remeasurement of loss allowance	52,190	7,219
Foreign exchange gains and losses	<u>(274)</u>	<u>(139)</u>
Balance at December 31	<u>\$ 67,894</u>	<u>\$ 15,978</u>

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

b. Disaggregation of revenue

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

26. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Gain on disposal and retirement of property, plant and equipment	\$ 81,870	\$ 299,609
Reimbursement income	<u>147,345</u>	<u>61,946</u>
	<u>\$ 229,215</u>	<u>\$ 361,555</u>

b. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 289,053	\$ 114,379
Net investments in leases	2,073	2,336
Short-term bills	15,873	9,280
Others	<u>1,250</u>	<u>7,463</u>
	<u>\$ 308,249</u>	<u>\$ 133,458</u>

c. Other income

	For the Year Ended December 31	
	2021	2020
Rental income - operating leases	\$ 86,590	\$ 86,420
Dividends	4,969	58,469
Gain from bargain purchases on acquisition of subsidiaries	<u>3,171</u>	<u>-</u>
	<u>\$ 94,730</u>	<u>\$ 144,889</u>

d. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains (loss)	\$ (74,687)	\$ 728,885
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	12,704	7,853
Financial liabilities held for trading	-	57,562
Loss on disposal of associates	-	(689)
Gain (loss) arising from lease modifications	9,524	(3,448)
Gain arising from the change in fair value of investment properties	329,065	3,899
Impairment loss recognized on associates (Note 14)	(623,259)	(1,027,207)
Others	<u>(10,465)</u>	<u>(167,300)</u>
	<u>\$ (357,118)</u>	<u>\$ (400,445)</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 315,773	\$ 586,117
Interest on lease liabilities (including U.S. dollar lease contracts designated as hedging instruments)	1,935,296	2,248,252
Other interest expenses	<u>329,498</u>	<u>765,574</u>
	2,580,567	3,599,943
Less: Amounts included in the cost of qualifying assets	<u>(7,962)</u>	<u>(39,646)</u>
	<u>\$ 2,572,605</u>	<u>\$ 3,560,297</u>

Information about capitalized interest is as follow:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 7,962	\$ 39,646
Capitalization rate	0.99%-1.47%	1.14%-1.76%

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Right-of-use assets	\$ 10,925,825	\$ 10,960,035
Property, plant and equipment	6,528,880	6,189,658
Intangible assets	<u>55,923</u>	<u>52,192</u>
	<u>\$ 17,510,628</u>	<u>\$ 17,201,885</u>
 An analysis of depreciation by function		
Operating costs	\$ 17,098,584	\$ 16,785,562
Operating expenses	<u>356,121</u>	<u>364,131</u>
	<u>\$ 17,454,705</u>	<u>\$ 17,149,693</u>
 An analysis of amortization by function		
Operating costs	\$ 6,799	\$ 7,894
Operating expenses	<u>49,124</u>	<u>44,298</u>
	<u>\$ 55,923</u>	<u>\$ 52,192</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 284,386	\$ 288,161
Defined benefit plans (Note 23)	103,304	103,108
Termination benefits	27,669	54,421
Other employee benefits	<u>11,872,664</u>	<u>8,000,561</u>
Total employee benefits expense	<u>\$ 12,288,023</u>	<u>\$ 8,446,251</u>
 An analysis of employee benefits by function		
Operating costs	\$ 4,113,878	\$ 3,025,530
Operating expenses	<u>8,174,145</u>	<u>5,420,721</u>
	<u>\$ 12,288,023</u>	<u>\$ 8,446,251</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 1%-5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if there were accumulated deficit, the Company should reserve offset amount in advance.

The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 14, 2022 and March 25, 2021 are as follows:

Accrual rate

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

Amount

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

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

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

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

27. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follow:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 31,694,583	\$ 586,265
Income tax on unappropriated earnings	881	-
Adjustments for prior years	<u>130,535</u>	<u>(6,163)</u>
	<u>31,825,999</u>	<u>580,102</u>
Deferred tax		
In respect of the current year	4,961,116	3,380,783
Adjustments for prior years	<u>(12,251)</u>	<u>2,370</u>
	<u>4,948,865</u>	<u>3,383,153</u>
Income tax expense recognized in profit or loss	<u>\$ 36,774,864</u>	<u>\$ 3,963,255</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 202,376,745</u>	<u>\$ 16,150,043</u>
Tax expense calculated at the statutory rate	\$ 42,731,855	\$ 3,315,201
Nondeductible expenses in determining taxable income	8,747	6,948
Tax-exempt income	(172,621)	393,990
Unrecognized loss carryforwards and deductible temporary differences	(5,040,084)	(629,684)
Offshore income tax	1,034,642	150,765
Income tax on unappropriated earnings	881	-
Subsidiaries capital reduction used to offset accumulated deficits	(633,979)	-
Adjustments for prior years' tax	130,535	(6,163)
Others	<u>(1,285,112)</u>	<u>732,198</u>
Income tax expense recognized in profit or loss	<u>\$ 36,774,864</u>	<u>\$ 3,963,255</u>

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

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (362,979)	\$ -
Remeasurement on defined benefit plans	(11,776)	(120,832)
Cash flow hedges	<u>819,513</u>	<u>-</u>
	<u>\$ 444,758</u>	<u>\$ (120,832)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 81,955</u>	<u>\$ 105,276</u>
Current tax liabilities		
Income tax payable	<u>\$ 29,497,739</u>	<u>\$ 264,165</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 2,443,124	\$ (2,392,947)	\$ -	\$ -	\$ 50,177
Temporary differences					
Unrealized shipping fuel valuation losses	15,087	(15,087)	-	-	-
Loss on investments accounted for using the equity method	45,561	(13,327)	-	-	32,234
Defined benefit plan	571,907	7,143	11,776	-	590,826
Unrealized loss on voyage in sailing	8,374	(8,374)	-	-	-
Payable for annual leave	28,297	(7,876)	-	-	20,421
Exchange differences on translating the financial statements of foreign operations	-	-	362,979	-	362,979
Unrealized loss on foreign currency exchange	2,782	191,809	-	-	194,591
Others	46,968	43,041	-	-	90,009
	<u>\$ 3,162,100</u>	<u>\$ (2,195,618)</u>	<u>\$ 374,755</u>	<u>\$ -</u>	<u>\$ 1,341,237</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 1,746,021	\$ 2,662,657	\$ -	\$ -	\$ 4,408,678
Unrealized gain on financial instrument	-	4,538	-	-	4,538
Reserve for land value increment tax	660,713	(725)	-	-	659,988
Investment properties	16,210	134,183	-	-	150,393
Property, plant and equipment	30,754	1,466	-	-	32,220
Gain on hedge instrument	-	-	819,513	-	819,513
Unrealized gain on foreign currency exchange	104,727	(54,550)	-	-	50,177
Others	14,912	5,678	-	(2,661)	17,929
	<u>\$ 2,573,337</u>	<u>\$ 2,753,247</u>	<u>\$ 819,513</u>	<u>\$ (2,661)</u>	<u>\$ 6,143,436</u>

For the year ended December 31, 2020

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

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

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

	December 31	
	2021	2020
Loss carryforwards		
Expire in 2021	\$ -	\$ 59,413
Expire in 2022	230,994	230,994
Expire in 2023	348,864	5,692,310
Expire in 2024	381,489	381,489
Expire in 2025	528,293	4,921,391
Expire in 2026	513,155	13,344,470
Expire in 2027	273,119	1,757,965
Expire in 2028	253,383	253,383
Expire in 2029	451,340	451,340
Expire in 2030	<u>281,776</u>	<u>173,435</u>
	<u>\$ 3,262,413</u>	<u>\$ 27,266,190</u>
Deductible temporary differences	<u>\$ 1,094,717</u>	<u>\$ 2,291,360</u>

- f. Information about unused loss carryforward

As of December 31, 2021, unused loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 230,994	2022
348,864	2023
381,489	2024
528,293	2025
513,155	2026
273,119	2027
253,383	2028
451,340	2029
517,737	2030
<u>14,923</u>	2031
<u>\$ 3,513,297</u>	

g. Income tax assessments

<u>Company</u>	<u>Year</u>
Yang Ming Marine Transport Corporation	2019
Kuang Ming Shipping Corp.	2019
Honming Terminal & Stevedoring Co., Ltd.	2019
Jing Ming Transportation Co., Ltd.	2019
YES Logistics Corp.	2019

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net Profit for the Year

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

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

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

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

29. SHARE-BASED PAYMENT ARRANGEMENT

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

Information on employee share options was as follows:

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

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

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

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Corstor Ltd.	Storage management and trailer transportation	July 13, 2021	50.00	<u>\$ 7,325</u>

Corstor Ltd. was acquired in order to pursue the growth and continue the expansion of the Group's activities.

b. Consideration transferred

Corstor Ltd.

Cash	<u>\$ 7,325</u>
------	-----------------

c. Assets acquired and liabilities assumed at the date of acquisition

Corstor Ltd.

Current assets	
Cash	\$ 15,767
Trade receivables	10,059
Prepayments	2,865
Other current assets	1,165
Current liabilities	
Trade payables	(2,451)
Other payables	(3,951)
Current tax liabilities	<u>(2,463)</u>
	<u>\$ 20,991</u>

d. Bargain purchase gain recognized on acquisitions

Corstor Ltd.

Consideration transferred - cash	\$ 7,325
Fair value of the equity held previously by the Group at the acquisition date	10,495
Less: Fair value of identifiable net assets acquired	<u>(20,991)</u>
	<u>\$ (3,171)</u>

e. Net cash inflow on acquisition of subsidiaries

Corstor Ltd.

Consideration paid in cash	\$ (7,325)
Sub: Cash balances acquired	<u>15,767</u>
	<u>\$ 8,442</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates were as follows:

Corstor Ltd.

Operating revenue	<u>\$ 24,065</u>
Net profit for the period	<u>\$ 4,104</u>

Had Corstor Ltd. concluded the acquisition at the beginning of 2021, the Group's consolidated revenue and profit for the year ended December 31, 2021 would have been \$333,719,410 thousand and \$165,608,903 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year in 2021, nor is it intended to be a projection of future results.

31. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 2,072,156	\$ (678,396)	\$ -	\$ -	\$ 1,393,760
Short-term bills payable	12,113,626	(11,702,500)	-	25,005	436,131
Long-term borrowings	53,738,221	(47,251,038)	-	(17,874)	6,469,309
Bonds payable	6,619,686	5,900,000	-	(1,697,672)	10,822,014
Lease liabilities	55,990,206	(10,125,691)	17,860,598	(1,761,429)	61,963,684
Other non-current liabilities	610,139	240,937	-	(15,000)	836,076
	<u>\$ 131,144,034</u>	<u>\$ (63,616,688)</u>	<u>\$ 17,860,598</u>	<u>\$ (3,466,970)</u>	<u>\$ 81,920,974</u>

For the year ended December 31, 2020

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

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

32. CAPITAL MANAGEMENT

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

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

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

	December 31	
	2021	2020
Debt (a)	\$ 150,093,218	\$ 158,641,133
Cash and cash equivalents	<u>(57,448,678)</u>	<u>(24,518,721)</u>
Net debt	<u>\$ 92,644,540</u>	<u>\$ 134,122,412</u>
Equity (b)	<u>\$ 234,322,666</u>	<u>\$ 36,334,852</u>
Net debt to equity ratio	<u>39.54%</u>	<u>369.13%</u>

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

33. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Finance lease receivables	<u>\$ 147,220</u>	<u>\$ -</u>	<u>\$ 148,107</u>	<u>\$ -</u>	<u>\$ 148,107</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	<u>\$ 10,822,014</u>	<u>\$ -</u>	<u>\$ 10,827,105</u>	<u>\$ -</u>	<u>\$ 10,827,105</u>

December 31, 2020

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 70,016	\$ -	\$ -	\$ 70,016
Mutual funds	6,032	-	-	6,032
Domestic limited partnership	<u>-</u>	<u>-</u>	<u>13,871</u>	<u>13,871</u>
	<u>\$ 76,048</u>	<u>\$ -</u>	<u>\$ 13,871</u>	<u>\$ 89,919</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,931</u>	<u>\$ 497,931</u>

December 31, 2020

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

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, 2021

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

**Equity
Instruments**

Financial assets at FVTOCI

Balance at January 1, 2021	\$ 505,532
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(27,319)
Purchases	20,000
Repayments/settlements	(282)
Balance at December 31, 2021	<u>\$ 497,931</u>

For the year ended December 31, 2020

	<u>Derivative Call Option of Bonds</u>
<u>Financial assets at FVTPL</u>	
Balance at January 1, 2020	\$ -
Recognized in profit or loss (included in other gains and losses)	24,010
Sales/settlements	(15,374)
Transfers out of Level 3	-
Balance at December 31, 2020	<u>\$ 8,636</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 24,010</u>

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2020	\$ 516,934
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(6,040)
Received from capital reductions	<u>(5,362)</u>
Balance at December 31, 2020	<u>\$ 505,532</u>

	<u>Derivatives</u>		Total
	Cross-currency Swap Option	Put Option of bonds	
<u>Financial liabilities at FVTPL</u>			
Balance at January 1, 2020	\$ -	\$ 67,549	\$ 67,549
Recognized in profit or loss (included in other gains and losses)	9,987	(67,549)	(57,562)
Repayments/settlements	(9,987)	-	(9,987)
Transfers out of Level 3	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unrealized gain for the current year included in profit or loss relating to liabilities held at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 89,919	\$ 1,743,413
Financial assets at amortized cost (1)	215,947,435	38,266,073
Financial assets at FVTOCI		
Equity instruments	497,931	1,998,531
<u>Financial liabilities</u>		
Financial liabilities for hedging	41,420,877	47,754,304
Amortized cost (2)	41,858,768	93,592,185

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, repurchase agreements, restricted bank balance, notes receivable, 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, notes and trade payables (including related parties), other payables, bonds payable and other financial liabilities.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

Profit (Loss)/Equity of 1% Variation	For the Year Ended December 31	
	2021	2020
Profit (loss) (i)		
U.S. dollars	\$ 699,521	\$ (58,814)
CNY	9,107	4,330
GBP	3,411	575
EUR	91,317	983
HKD	3,168	6,812
Equity (ii)		
U.S. dollars	(414,209)	(477,543)

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

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

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

Hedge accounting

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

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

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

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

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 150,381,509	\$ 7,449,866
Financial liabilities	74,496,783	89,437,508
Cash flow interest rate risk		
Financial assets	41,536,739	18,472,785
Financial liabilities	6,588,115	41,096,387

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the year ended December 31, 2021 would have increased/decreased by \$34,949 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

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

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2021 would have increased/decreased by \$3,501 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the years ended December 31, 2021 would have increased/decreased by \$24,897 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

If limited partnership and mutual funds had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2021 would have increased/decreased by \$995 thousand, as a result of the changes in fair value of financial assets at FVTPL.

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

The Group's sensitivity to price decreased/increased during the current year mainly due to the increase in equity instruments measured at FVTPL and to the decreased in equity instruments measured at FVTOCI. The Group's sensitivity to limited partnership and mutual funds price decreased during the current year mainly due to the decrease in mutual funds measured at FVTPL.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized bank loans facilities of \$14,292,257 thousand and \$15,972,373 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 27,364,207	\$ 734,550	\$ -
Lease liabilities	11,788,382	38,290,068	15,993,939
Variable interest rate liabilities	860,152	3,830,914	1,728,641
Fixed interest rate liabilities	2,220,990	9,653,815	1,410,290
Short-term and low value lease commitment	3,547,379	5,162,823	-
Lease commitment for future service costs	3,648,704	11,132,578	4,696,814
Financial guarantee liabilities	<u>171,997</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,601,811</u>	<u>\$ 68,804,748</u>	<u>\$ 23,829,684</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>11,788,382</u>	\$ <u>38,290,068</u>	\$ <u>15,927,639</u>	\$ <u>66,300</u>	\$ <u>-</u>	\$ <u>-</u>

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 20,456,690	\$ 514,763	\$ -
Lease liabilities	11,729,133	36,678,058	13,681,064
Variable interest rate liabilities	5,621,172	43,841,475	4,132,128
Fixed interest rate liabilities	16,171,617	5,413,673	-
Short-term and low value lease commitment	4,500,303	10,344,525	-
Lease commitment for future service costs	3,285,868	11,476,870	3,479,514
Financial guarantee liabilities	<u>176,968</u>	<u>-</u>	<u>-</u>
	<u>\$ 61,941,751</u>	<u>\$ 108,269,364</u>	<u>\$ 21,292,706</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>\$ 11,729,133</u>	<u>\$ 36,678,058</u>	<u>\$ 13,655,999</u>	<u>\$ 22,574</u>	<u>\$ 2,491</u>	<u>\$ -</u>

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

b) Derivative instruments

The Group did not have outstanding derivative instruments contracts for the years ended December 31, 2021 and 2020.

34. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 32.06% and 39.11% of the ordinary shares of YMTC as of December 31, 2021 and 2020, respectively. Over 50% of the members of YMTC's board of directors were appointed by the MOTC, National Development Fund, and Taiwan International Ports Corporation, Ltd. Therefore, the Group is a government-related entity, which is controlled by the central government. Transactions with other government-related entities were mainly bank deposits, borrowings and guarantees with government-related banks (see Notes 18 and 19), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 16), operating commission contracts signed with Taiwan Power Company (TPC) Corporation (see Note 36), properties allocation agreement signed with Chunghwa Post Co., Ltd. (see Note 17), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 36).

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

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Formosa International Development Corporation	Associate
Yang Ming (U.A.E.) LLC	Associate
Yang Ming (Australia) Pty. Ltd.	Associate
West Basin Container Terminal LLC	Associate
Corstor Ltd.	Associate (since YMTC has acquired the remaining equity of Corstor Ltd. in July 2021, the relationship with the Group is changed from associate to subsidiary)
Yang Ming Shipping (Egypt) S.A.E.	Associate
Kao Ming Container Terminal Corp.	Associate
Yunn Wang Investment Co., Ltd.	Associate
Taiwan Navigation Co., Ltd.	Associate (since YMTC has significant influence on Taiwan Navigation Co., Ltd. from July 2021, the relationship with the Group is changed from government-related party to associate)
LogiTrans Technology Private Limited	Joint venture
Chang Ming Logistics Group Limited	Joint venture
YES LIBERAL Logistics Corp.	Joint venture
YES and HQL Logistics Group	Joint venture
Chunghwa Telecom Co., Ltd.	Government - related party
Taiwan International Ports Corporation, Ltd.	Government - related party
Chunghwa Post Co., Ltd.	Government - related party
Agricultural Bank of Taiwan	Government - related party
Taipei Exchange	Government - related party
First Commercial Bank	Government - related party
Mega International Commercial Bank Co., Ltd.	Government - related party
Chung Kuo Insurance Group, Limited	Government - related party
Mega Bills Finance Co., Ltd.	Government - related party
Bank of Taiwan	Government - related party
Bank Taiwan Securities Co., Ltd.	Government - related party
Land Bank of Taiwan	Government - related party
The Export-Import Bank of the Republic of China	Government - related party
Taiwan Cooperative Bank Co., Ltd.	Government - related party
Taiwan Cooperative Bills Finance Co., Ltd.	Government - related party
Taiwan Business Bank Co., Ltd.	Government - related party
Chang Hwa Bank Ltd.	Government - related party
Taiwan Power Group	Government - related party
Taiwan Water Corporation	Government - related party
China Steel Corporation	Government - related party
CPC Corporation, Taiwan	Government - related party

(Continued)

<u>Related Party Name</u>	<u>Relationship with the Group</u>
CSBC Corporation, Taiwan	Government - related party
Hua Nan Commercial Bank, Ltd.	Government - related party
Taiwan Stock Exchange Corporation	Government - related party
South China Insurance Co., Ltd.	Government - related party
First Financial Holding Co., Ltd.	Government - related party
National Property Administration, MOF	Government - related party
Leader Container Transportation Co., Ltd.	Investor that have significant influence over the subsidiaries
Marine Container Services India Pvt. Ltd.	Investor that have significant influence over the subsidiaries
UNICORN ENTERPRISES	Investor that have significant influence over the subsidiaries
Bay Container Terminal Private Limited	Investor that have significant influence over the subsidiaries
Marine Container Services (South) Private Limited	Investor that have significant influence over the subsidiaries
Omega Intermodal Container Services Private Limited	Investor that have significant influence over the subsidiaries
Yang Ming Cultural Foundation	Other related party

(Concluded)

b. Operating transaction

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Operating revenue	Associates	\$ 250,872	\$ 222,541
	Joint ventures	2,532	3,478
	Government - related parties	<u>235,664</u>	<u>326,633</u>
		<u>\$ 489,068</u>	<u>\$ 552,652</u>
Operating cost	Associates	\$ 1,952,712	\$ 2,674,557
	Joint ventures	100,868	74,677
	Government - related parties	326,542	177,340
	Investors that have significant influence over the subsidiaries	<u>348,075</u>	<u>340,668</u>
		<u>\$ 2,728,197</u>	<u>\$ 3,267,242</u>
Operating expenses	Joint ventures	\$ 43,035	\$ 66,565
	Government - related parties	38,350	30,304
	Investors that have significant influence over the subsidiaries	355	947
	Other related parties	<u>18,175</u>	<u>15,724</u>
		<u>\$ 99,915</u>	<u>\$ 113,540</u>

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

c. Bank deposits

Bank deposits on reporting period (including financial assets at amortized cost, restricted bank balance and pledged time deposits) were as follows:

Related Party Category/Name	December 31	
	2021	2020
Government - related parties		
Land Bank of Taiwan	\$ 17,002,953	\$ 4,984,106
Bank of Taiwan	57,198,417	1,136,350
Taiwan Cooperative Bank Co., Ltd.	1,233,730	1,116,310
Others	<u>11,563,210</u>	<u>1,737,313</u>
	<u>\$ 86,998,310</u>	<u>\$ 8,974,079</u>

d. Contract assets

Line Item	Related Party Category/Name	December 31	
		2021	2020
Contract assets	Associates	<u>\$ 191,689</u>	<u>\$ 94,760</u>

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

e. Contract liabilities

Line Item	Related Party Category/Name	December 31	
		2021	2020
Contract liabilities	Government - related parties	<u>\$ -</u>	<u>\$ 491</u>

f. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Notes receivable	Investors that have significant influence over the subsidiaries	<u>\$ -</u>	<u>\$ 3</u>
Trade receivables	Associates	\$ 278,164	\$ 172,632
	Joint ventures	4,759	901
	Government - related parties	<u>129,132</u>	<u>290</u>
		<u>\$ 412,055</u>	<u>\$ 173,823</u>
Other receivables (included in other current assets)	Associates	\$ 15,702	\$ 17,935
	Government - related parties	29,595	21,308
	Investors that have significant influence over the subsidiaries	961	-
	Other related parties	<u>3,243</u>	<u>2,753</u>
		<u>\$ 49,501</u>	<u>\$ 41,996</u>

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Associates	\$ 257,509	\$ 327,318
	Joint ventures	19,451	6,742
	Government - related parties	-	3,393
	Investors that have significant influence over the subsidiaries	<u>99,994</u>	<u>87,935</u>
		<u>\$ 376,954</u>	<u>\$ 425,388</u>
Other payables	Associates	\$ 11,437	\$ 44,480
	Joint ventures	-	772
	Government - related parties	<u>463,792</u>	<u>30,666</u>
		<u>\$ 475,229</u>	<u>\$ 75,918</u>

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

g. Financial assets at amortized cost

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

Related Party Category/Name	December 31	
	2021	2020
Government - related parties	<u>\$ 138,400</u>	<u>\$ 391,181</u>

h. Prepayments

Line Item	Related Party Category/Name	December 31	
		2021	2020
Prepayments to shipping agents	Associates		
	Yang Ming Shipping (Egypt) S.A.E.	\$ 96,619	\$ 87,389
	Yang Ming (Australia) Pty. Ltd.	16,690	-
	Others	<u>-</u>	<u>4</u>
		<u>\$ 113,309</u>	<u>\$ 87,393</u>
Prepayments	Associates	\$ 1,499	\$ 771
	Government - related parties	<u>-</u>	<u>2,564</u>
		<u>\$ 1,499</u>	<u>\$ 3,335</u>
Prepayments for equipment	Government - related parties	<u>\$ -</u>	<u>\$ 480</u>

i. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Acquisition of right-of-use assets	Associates	\$ -	\$ 4,624
	Government - related parties	16,386	710,207
	Investors that have significant influence over the subsidiaries	<u>-</u>	<u>10,237</u>
		<u>\$ 16,386</u>	<u>\$ 725,068</u>

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease liabilities	Associates	\$ 2,815	\$ 3,726
	Government - related parties	1,007,639	1,154,176
	Investors that have significant influence over the subsidiaries	<u>8,216</u>	<u>13,541</u>
		<u>\$ 1,018,670</u>	<u>\$ 1,171,443</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Interest expense	Associates	\$ 41	\$ 55
	Government - related parties	16,758	8,969
	Investors that have significant influence over the subsidiaries	<u>910</u>	<u>1,321</u>
		<u>\$ 17,709</u>	<u>\$ 10,345</u>

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

j. Bonds payable

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

Note: Original investment amount of domestic bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Short-term borrowings	Government - related parties		
	Land Bank of Taiwan	\$ 240,000	\$ 300,000
	Others	<u>2,000</u>	<u>370,880</u>
		<u>\$ 242,000</u>	<u>\$ 670,880</u>
Short-term bills payable	Government - related parties		
	Mega Bills Finance Co., Ltd.	<u>\$ 49,913</u>	<u>\$ 2,191,201</u>
Long-term borrowings Secured borrowings	Government - related parties		
	Mega International Commercial Bank Co., Ltd.	\$ 218,471	\$ 2,757,237
	Taiwan Cooperative Bank Co., Ltd.	2,033,696	3,271,691
	Hua Nan Commercial Bank Ltd.	795,000	614,000
	Others	<u>1,189,141</u>	<u>8,554,920</u>
		<u>\$ 4,236,308</u>	<u>\$ 15,197,848</u>
Unsecured borrowings	Government - related parties	<u>\$ 99,839</u>	<u>\$ 13,743,344</u>
Commercial papers	Government - related parties	<u>\$ -</u>	<u>\$ 1,498,745</u>

l. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Rental income	Associates	\$ 137	\$ 114
	Other related parties	<u>2,619</u>	<u>2,738</u>
		<u>\$ 2,756</u>	<u>\$ 2,852</u>
Interest income	Government - related parties	<u>\$ 82,937</u>	<u>\$ 15,000</u>
Dividends	Government - related parties Taiwan Navigation Co., Ltd.	<u>\$ -</u>	<u>\$ 56,607</u>
Finance cost	Government - related parties	<u>\$ 392,402</u>	<u>\$ 634,675</u>

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

m. Remuneration of key management personnel

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

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

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:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Restricted bank balance (included in financial assets at amortized cost)	\$ 117,493	\$ 271,779
Property, plant and equipment, net	10,421,535	45,751,447
Investment properties, net	<u>-</u>	<u>4,698,219</u>
	<u>\$ 10,539,028</u>	<u>\$ 50,721,445</u>

36. COMMITMENTS AND CONTINGENT LIABILITY

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

- a. Kuang Ming Shipping Corp. signed a contract for operating commission with Taiwan Power Group, Ltd. since January 2017 and the contract term is five years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Group. The contract was not renewed after it expired in January 2022.
- b. The Group signed ship lease contracts with other companies in 2018, which are effective in 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2021 and 2020, rentals for contracts that were not yet in effect were ranging from US\$543,000 thousand to US\$654,000 thousand and from US\$1,206,000 thousand to US\$1,454,000 thousand, respectively.
- c. The Group's shipping and port business were secured by the letter of guarantee issued by a bank for \$485,410 thousand and \$556,034 thousand as of December 31, 2021 and 2020, respectively.
- d. The Group signed shipbuilding contracts with government-related parties, which had been fully delivered and settled as of December 31, 2021. As of December 31, 2020, unpaid amounts for these contracts were \$1,477,251 thousand and US\$47,944 thousand. The Group's related property transactions in 2021 and 2020 amounted to \$4,724,229 thousand and \$12,100,526 thousand, respectively, were included in property, plant and equipment.

37. OTHER ITEMS

The Group did not consider COVID-19 pandemic to have a significant impact on the business scale and financial situation of the Group since both containers and bulk shipping markets have obviously recovered since the second half of 2020 and the global economic has an accelerated recovery in 2021.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 3,630,799	27.6800	(USD:NTD)	\$ 100,500,525
CNY	349,207	4.3419	(CNY:NTD)	1,516,209
USD	18,415	12.8490	(USD:TRY)	509,729
EUR	328,870	31.2964	(EUR:NTD)	10,292,457
GBP	37,293	37.2781	(GBP:NTD)	1,390,203
HKD	89,265	3.5494	(HKD:NTD)	316,833
JPY	7,249,368	0.2404	(JPY:NTD)	1,742,391
USD	53,069	6.3752	(USD:CNY)	1,468,939
CAD	32,180	21.6191	(CAD:NTD)	695,694
Non-monetary items				
Investments accounted for using the equity method				
USD	64,864	27.6800	(USD:NTD)	1,795,440
AUD	1,456	20.0860	(AUD:NTD)	29,250
AED	5,433	7.5361	(AED:NTD)	40,942
INR	53,715	0.3720	(INR:NTD)	19,982
CNY	92,191	4.3419	(CNY:NTD)	400,282
IDR	2,741,579	0.0019	(IDR:NTD)	5,209
VND	7,545,000	0.0012	(VND:NTD)	9,054
EGP	28,579	1.7618	(EGP:NTD)	50,351
MYR	443	6.6260	(MYR:NTD)	2,933
<u>Financial liabilities</u>				
Monetary items				
USD	2,612,862	27.6800	(USD:NTD)	72,324,016
CNY	139,469	4.3419	(CNY:NTD)	605,555
EUR	37,090	31.2964	(EUR:NTD)	1,160,788
USD	11,849	12.8490	(USD:TRY)	327,973
JPY	1,113,467	0.2404	(JPY:NTD)	267,623
GBP	28,212	37.2781	(GBP:NTD)	1,051,680
USD	46,820	6.3752	(USD:CNY)	1,295,972
CAD	8,807	21.6191	(CAD:NTD)	190,404

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 401,382	28.4800	(USD:NTD)	\$ 11,431,351
CNY	264,225	4.3548	(CNY:NTD)	1,150,649
USD	20,166	7.3892	(USD:TRY)	574,321
EUR	32,134	35.0033	(EUR:NTD)	1,124,789
GBP	5,232	38.8781	(GBP:NTD)	203,394
HKD	186,284	3.6740	(HKD:NTD)	684,406
JPY	1,643,278	0.2761	(JPY:NTD)	453,648
USD	13,596	6.5399	(USD:CNY)	387,227
CAD	2,720	22.3451	(CAD:NTD)	60,772
Non-monetary items				
Investments accounted for using the equity method				
USD	49,825	28.4800	(USD:NTD)	1,419,013
AUD	1,091	21.9396	(AUD:NTD)	23,938
AED	5,625	7.7539	(AED:NTD)	43,616
INR	48,450	0.3898	(INR:NTD)	18,886
GBP	219	38.8781	(GBP:NTD)	8,513
CNY	99,644	4.3548	(CNY:NTD)	433,929
IDR	2,707,000	0.0020	(IDR:NTD)	5,414
VND	865,833	0.0012	(VND:NTD)	1,039
EGP	27,151	1.8110	(EGP:NTD)	49,170
MYR	244	7.0881	(MYR:NTD)	1,733
Financial instruments at FVTPL				
USD	1,594	28.4800	(USD:NTD)	45,408
CNY	2,565	4.3548	(CNY:NTD)	11,173
<u>Financial liabilities</u>				
Monetary items				
USD	2,298,838	28.4800	(USD:NTD)	65,470,914
CNY	164,801	4.3548	(CNY:NTD)	717,677
EUR	29,325	35.0033	(EUR:NTD)	1,026,461
USD	5,542	7.3892	(USD:TRY)	157,834
JPY	1,848,196	0.2761	(JPY:NTD)	510,218
GBP	3,754	38.8781	(GBP:NTD)	145,941
USD	14,041	6.5399	(USD:CNY)	399,880
HKD	870	3.6740	(HKD:NTD)	3,197
CAD	7,548	22.3451	(CAD:NTD)	168,670

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$(74,687) thousand and \$728,885 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: See Table A attached;
- 2) Endorsement/guarantee provided: See Table B attached;
- 3) Marketable securities held: See Table C attached;
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table D attached;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 8) Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table E attached;
- 9) Trading in derivative instruments: See Note 7;
- 10) Intercompany relationships and significant intercompany transactions: See Table F attached;
- 11) Information on investees: See Table G attached;

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table H attached;
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table F attached;
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table I attached.

40. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

	For the Year Ended December 31, 2021				
	Containership Department	Bulk Shipping Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	\$ 315,457,132	\$ 3,731,619	\$ 14,498,644	\$ -	\$ 333,687,395
Intercompany sales	<u>8,564,434</u>	<u>-</u>	<u>1,497,958</u>	<u>(10,062,392)</u>	<u>-</u>
Total revenue	<u>\$ 324,021,566</u>	<u>\$ 3,731,619</u>	<u>\$ 15,996,602</u>	<u>\$ (10,062,392)</u>	<u>\$ 333,687,395</u>
Segment operating income	<u>\$ 202,148,746</u>	<u>\$ 1,203,782</u>	<u>\$ 718,249</u>	<u>\$ 110,490</u>	\$ 204,181,267
Administration cost					(1,025,966)
Other operating income and expenses					229,215
Interest income					308,249
Other income					94,730
Other gains and losses					(357,118)
Financial costs					(2,572,605)
Share of profit of associates and joint ventures					<u>1,518,973</u>
Profit before income tax					<u>\$ 202,376,745</u>

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

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

b. Segment assets and liabilities

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

c. Geographical information

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

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

	Revenue From External Customers	Noncurrent Assets
	For the Year Ended December 31, 2021	December 31, 2021
Domestic	\$ 10,510,878	\$ 10,046,973
America	108,841,465	245,448
Europe	158,139,355	474,038
Asia	56,186,146	715,335
Others	9,551	3,858
	<u>\$ 333,687,395</u>	11,485,652
Containers		14,200,538
Ships and construction in progress		<u>118,836,541</u>
		<u>\$ 144,522,731</u>
	Revenue From External Customers	Noncurrent Assets
	For the Year Ended December 31, 2020	December 31, 2020
Domestic	\$ 8,321,735	\$ 9,568,419
America	62,882,817	176,154
Europe	51,167,290	592,097
Asia	28,890,125	764,773
Others	14,716	4,556
	<u>\$ 151,276,683</u>	11,105,999
Containers		10,885,734
Ships and construction in progress		<u>114,076,689</u>
		<u>\$ 136,068,422</u>

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

d. Information about major customers

No single customer accounted for at least 10% of the Group's total operating revenue for the years ended December 31, 2021 and 2020.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period (Note C)	Ending Balance (Note C)	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note B)	Aggregate Financing Limits (Note B)
													Item	Value		
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Other receivables	Y	\$ 2,880,435	\$ 2,880,435	\$ 2,880,435	0.7681%-2.9949%	1	\$ -	-	\$ -	-	\$ -	\$ 93,476,509	\$ 116,845,636
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	179,920 (US\$ 6,500 thousand)	96,880 (US\$ 3,500 thousand)	96,880 (US\$ 3,500 thousand)	1.3000%	2	-	Obtain working capital	-	-	-	767,271	2,301,813
		All Oceans Transportation, Inc.	Other receivables	Y	276,800 (US\$ 10,000 thousand)	276,800 (US\$ 10,000 thousand)	276,800 (US\$ 10,000 thousand)	1.2451%	2	-	Obtain working capital	-	-	-	3,836,355	3,836,355
		Yang Ming (France) SAS	Other receivables	Y	9,915 (EUR 317 thousand)	9,915 (EUR 317 thousand)	9,915 (EUR 317 thousand)	1.7000%	2	-	Obtain working capital	-	-	-	767,271	2,301,813
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	12,783 (THB 15,400 thousand)	8,301 (THB 10,000 thousand)	8,301 (THB 10,000 thousand)	2.4513%	2	-	Obtain working capital	-	-	-	767,271	2,301,813
		Kuang Ming Shipping Corp.	Other receivables	Y	238,048 (US\$ 8,600 thousand)	238,048 (US\$ 8,600 thousand)	238,048 (US\$ 8,600 thousand)	1.3000%	2	-	Obtain working capital	-	-	-	767,271	2,301,813
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	81,656 (US\$ 2,950 thousand)	78,888 (US\$ 2,850 thousand)	78,888 (US\$ 2,850 thousand)	1.4888%	2	-	Obtain working capital	-	-	-	3,836,355	3,836,355
2	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	Y	69,200 (US\$ 2,500 thousand)	69,200 (US\$ 2,500 thousand)	-	-	2	-	Obtain working capital	-	-	-	196,743	590,229
3	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	34,938 (EUR 1,116 thousand)	33,060 (EUR 1,056 thousand)	33,060 (EUR 1,056 thousand)	1.7000%-1.8500%	1	62,838	-	-	-	-	90,213	815,699
		Yes Logistics Europe GmbH	Other receivables	Y	53,204 (EUR 1,700 thousand)	40,685 (EUR 1,300 thousand)	40,685 (EUR 1,300 thousand)	0.6000%	2	-	Obtain working capital	-	-	-	81,569	163,139
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	120,814 (US\$ 3,000 thousand)	120,814 (US\$ 3,000 thousand)	120,814 (US\$ 3,000 thousand)	2.7800%-3.8500%	1	603,493	-	-	-	-	244,709	815,699
		Yes Logistics Benelux B.V.	Other receivables	Y	8,700 (and CNY 3,286 thousand)	8,700 (and CNY - thousand)	8,700 (and CNY - thousand)	-	1	80,435	-	-	-	-	124,663	815,699
		YES MLC GmbH	Other receivables	Y	37,556 (EUR 1,200 thousand)	31,296 (EUR 1,000 thousand)	31,296 (EUR 1,000 thousand)	0.6000%	2	-	Obtain working capital	-	-	-	81,569	163,139
4	Yang Ming Line Holding Co.	Kung Ming (Liberia) Corp	Other receivables	Y	179,920 (US\$ 6,500 thousand)	179,920 (US\$ 6,500 thousand)	179,920 (US\$ 6,500 thousand)	1.3000%	2	-	Obtain working capital	-	-	-	304,845	914,537
		Kuang Ming Corp.	Other receivables	Y	249,120 (US\$ 9,000 thousand)	249,120 (US\$ 9,000 thousand)	249,120 (US\$ 9,000 thousand)	1.3000%	2	-	Obtain working capital	-	-	-	304,845	914,537
		Yang Ming (America) Co.	Other receivables	Y	276,800 (US\$ 10,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	1,524,228	1,524,228

(Continued)

Notes:

A. Nature of financing:

1. The Company has transactions with the borrower.
 2. The borrower needs short-term financing.
- B.
1. Yang Ming Marine Transport Corporation: The maximum financing amount is 60% of the net assets of the Company. For borrowers with transactions with the Company, maximum financing is 50% of the net assets of the Company. For the borrower with transactions with the Company, maximum financing is the lower of 15% of the net assets of the Company or the total amount of transactions between the Company and the borrower in the last two years. For a borrower that is a subsidiary of the Company, maximum financing is the lower of 40% of the latest net assets audited or reviewed by CPA of the Company or the total amount of transactions between the Company and the subsidiary in the last five years. For borrowers with short-term financing need, the maximum is 10% of the net assets of the Company. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Company.
 2. Yang Ming Line (Singapore) Pte. Ltd.: The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, maximum financing is 50% of the net total assets.
 3. Kuang Ming Shipping Corp.: The maximum financing amount is 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender, maximum financing is 30% of the latest net assets. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing maximum financing is 10% of the net assets of the lender.
 4. Yes Logistics Corp.: The maximum financing amount is the 70% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender, maximum financing is the lower of 40% of the latest net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For borrowers with short-term financing need, the maximum is 20% of the net assets of the lender. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.
 5. Yang Ming Line Holding Co.: The maximum financing amount is 80% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For borrowers needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, maximum financing is 50% of the net total assets. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, maximum financing is 50% of the net total assets.
- C. United States dollars, Thai Baht, Euros and Chinese Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$27.68, THB1= NT\$0.8301, EUR1= NT\$31.2964 and CNY1= NT\$4.3419 as of December 31, 2021.

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note A)	Maximum Amount Endorsed/ Guaranteed During the Period (Note B)	Outstanding Endorsement/ Guarantee at the End of the Period (Note B)	Actual Borrowing Amount (Note B)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note A)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 373,906,037	\$ 2,258,716 (US\$ 81,601 thousand)	\$ 521,675 (US\$ 18,847 thousand)	\$ 521,675 (US\$ 18,847 thousand)	\$ -	0.22	\$ 701,073,820	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	373,906,037	6,341,237 (US\$ 78,260 thousand and NT\$ 4,175,000 thousand)	4,137,896 (US\$ 58,450 thousand and NT\$ 2,520,000 thousand)	2,685,724 (US\$ 22,576 thousand and NT\$ 1,633,000 thousand)	-	1.77	701,073,820	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	373,906,037	1,730,342 (US\$ 62,512 thousand)	301,060 (US\$ 10,876 thousand)	301,060 (US\$ 10,876 thousand)	-	0.13	701,073,820	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	373,906,037	221,440 (US\$ 8,000 thousand)	83,040 (US\$ 3,000 thousand)	-	-	0.04	701,073,820	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	1,260,174	123,138 (US\$ 4,449 thousand)	123,138 (US\$ 4,449 thousand)	50,474 (US\$ 1,823 thousand)	-	0.05	1,575,217	N	N	N
		United Terminal Leasing LLC	Investments in associates	1,260,174	48,859 (US\$ 1,765 thousand)	48,859 (US\$ 1,765 thousand)	18,691 (US\$ 675 thousand)	-	0.02	1,575,217	N	N	N
2	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	33,426,514	6,874,688	2,385,000	2,385,000	2,385,000 (Note 3)	1.02	38,997,600	N	Y	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	24,056,856	775,040 (US\$ 28,000 thousand)	775,040 (US\$ 28,000 thousand)	443,697 (US\$ 16,030 thousand)	-	0.33	30,071,070	N	N	N
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	5,286,643	26,504 (MYR 4,000 thousand)	26,504 (MYR 4,000 thousand)	8,964 (MYR 1,353 thousand)	-	0.01	6,608,304	N	N	N
5	Karlman Properties Limited	Yang Ming Marine Transport Corporation	Parent	327,831	201,500	-	-	-	-	409,789	N	Y	N

Notes:

- A. 1. Represents 300% of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation"). Represents 160% of the amount as aforementioned.
2. Represents 400% of the latest net assets audited or reviewed by CPA of the Company and subsidiaries. Represents 180% of the amount as aforementioned.
3. Represents 50% of assets of Yang Ming Line Holding Co. Represents 80% of the amount as aforementioned.
4. Represents 700% of asset of All Oceans Transportation, Inc. Represents 600% of the amount as aforementioned.
5. Represents 400% of asset of Kuang Ming Shipping Corp. Represents 320% of the amount as aforementioned.
6. Represents 50% of asset of Yang Ming Line (Singapore) Pte. Ltd. Represents 40% of the amount as aforementioned.
7. Represents 500% of assets of Karlman Properties Limited. Represents 400% of the amount as aforementioned.

(Continued)

B. United States dollars and Malaysian ringgit translated into New Taiwan dollars at the exchange rates of US\$1=\$27.68 and MYR1=6.6260 as of December 31, 2021.

C. Represents 14 ships used as guarantees, with carrying value of \$3,414,577 thousand as of December 31, 2021.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yang Ming Marine Transport Corporation	<u>Domestic unlisted shares</u>							
	Taipei Port Container Terminal Co., Ltd.	-	Financial assets at FVTOCI - non-current	51,000,000	\$ 477,936	9.81	\$ 477,936	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	5,315	10.00	5,315	
	Pro-Ascentek Investment Corporation	-	Financial assets at FVTOCI - non-current	2,000,000	12,399	1.67	12,399	
	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTPL - current	1,165,000	70,016	-	70,016	
	<u>Mutual funds</u>							
	Hua Nan Multi-Assets Balanced Income Fund TWD (Original: Hua Nan Sele Inc Multi-Asset Fd MD TWD)	-	Financial assets at FVTPL - current	355,849	6,032	-	6,032	
<u>Domestic Limited Partnership</u>								
Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	13,871	3.30	13,871		
<u>Corporate bonds</u>								
Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Subsidiary		Financial assets at amortized cost - non-current	-	600,000	-	600,000	
Yes Logistics Corp.	<u>Domestic unquoted shares</u>							
	United Raw Material Solutions Inc./URMS	-	Financial assets at FVTOCI - non-current	319,751	2,281	2.76	2,281	

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corporation	Mutual funds Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	70,245,928	\$ 1,050,000	-	\$ -	70,245,928	\$ 1,050,454	\$ 1,050,000	\$ 454	\$ -	-	\$ -

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2021

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	Subsidiary	\$ 3,051,264 (Note A)	-	\$ -	-	\$ -	\$ -
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	5,536,000 (Note D)	-	-	-	5,536,000	-
	Yang Ming (Japan) Co., Ltd.	Subsidiary	101,005	-	-	-	101,005	-
	Yang Ming Anatolia Shipping Agency S.A.	Subsidiary	165,515	-	-	-	165,515	-
	Yang Ming (Belgium) N.V.	Subsidiary	120,132	-	-	-	120,132	-
	Yang Ming (Netherlands) B.V.	Subsidiary	158,008	-	-	-	158,008	-
	Yang Ming Shipping Europe GmbH	Subsidiary	133,585	-	-	-	133,585	-
	Yang Ming (Italy) S.p.A.	Subsidiary	646,151	-	-	-	646,151	-
	Yang Ming (UK) Ltd.	Subsidiary	174,809	-	-	-	174,809	-
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	110,883	-	-	-	110,883	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary	1,100,090	-	-	-	1,100,090	-
	Yang Ming (France) SAS	Subsidiary	192,631	-	-	-	192,631	-
	YES Logistics Corp.	Subsidiary	539,426 (Note B)	-	-	-	12,600	-
Hong Ming Terminal & Stevedoring Corp.	Yang Ming Marine Transport Corp.	Parent company	131,238	-	-	-	131,238	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corp.	Parent company	135,638	-	-	-	47,821	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	The same parent company	276,800 (Note A)	-	-	-	276,800	-
	Kuang Ming Shipping Corp.	The same parent company	238,048 (Note A)	-	-	-	238,048	-
	Yang Ming (Singapore) Pte. Ltd.	The same parent company	5,536,000 (Note D)	-	-	-	5,536,000	-
Yang Ming (Singapore) Pte. Ltd.	Yang Ming Marine Transport Corp.	Parent company	551,903	-	-	-	551,903	-
	Yang Ming (UK) Ltd.	The same parent company	242,600	-	-	-	242,600	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	The same parent company	167,483	-	-	-	132,941	-
	Yang Ming (Spain), S.L	The same parent company	570,142	-	-	-	570,142	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	The same parent company	1,454,401	-	-	-	1,454,401	-
	Yang Ming (Australia) Pty. Ltd.	Associate	125,898	-	-	-	125,898	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Shipping (Vietnam) Co., Ltd.	Yang Ming Marine Transport Corp.	Parent company	\$ 149,894	-	\$ -	-	\$ 149,894	\$ -
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Marine Transport Corp.	Parent company	146,314	-	-	-	146,314	-
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yang Ming (Singapore) Pte. Ltd.	The same parent company	279,885	-	-	-	279,885	-
	Yes Logistics (Shanghai) Corp.	The same parent company	1,272,166	-	-	-	704,757	-
Yang Ming Line Holding Corp.	Kuang Ming Shipping Corp.	The same parent company	249,120 (Note A)	-	-	-	249,120	-
	Kuang Ming (Liberia) Shipping Corp.	The same parent company	179,920 (Note A)	-	-	-	179,920	-
YES Logistics Corp.	Yes Logistics (Shanghai) Corp.	Subsidiary	134,356 (Note C)	-	-	-	34,066	-
Yang Ming Shipping Europe GmbH	Yang Ming Marine Transport Corp.	Parent company	135,889	-	-	-	135,889	-
Yang Ming (UK) Ltd.	Yang Ming Marine Transport Corp.	Parent company	1,073,274	-	-	-	1,073,274	-
	Yang Ming Line (India) Pvt. Ltd.	The same parent company	139,314	-	-	-	139,314	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	The same parent company	110,207	-	-	-	110,207	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	The same parent company	155,430	-	-	-	155,430	-

Notes:

- A. Interest receivable and financing provided.
- B. Finance lease receivables and other receivables.
- C. Financing provided, interest receivable, and collection of freight and fees between related parties.
- D. Dividends receivable
- E. Collections between related parties made according to “Agency Accounting Procedure” by the Company and local business conventions.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			% to Total Sales or Assets
				Financial Statement Accounts	Amount (Note C)	Payment Terms	
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Right-of-use assets	\$ 21,884,114	Conducted as agreed terms	0.06
				Long-term notes receivable and trade receivables	3,051,264	Conducted as agreed terms	0.01
				Lease liabilities	4,912,490	Conducted as agreed terms	0.01
		Hong Ming Terminal & Stevedoring Corp.	1	Operating cost	4,301,820	Conducted as agreed terms	0.01
				Other payables	131,238	Conducted as agreed terms	-
				Operating cost	496,626	Conducted as agreed terms	-
		Jing Ming Transportation Co., Ltd.	1	Other payables	135,638	Conducted as agreed terms	-
				Operating cost	619,192	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	1	Other receivables	5,536,000	Conducted as agreed terms	0.01
		Yang Ming Line (Hong Kong) Ltd.	1	Operating cost	190,546	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Operating cost	162,792	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Trade receivables	101,005	Conducted as agreed terms	-
				Operating cost	176,243	Conducted as agreed terms	-
		Yang Ming (Singapore) Pte. Ltd.	1	Trade receivables	110,883	Conducted as agreed terms	-
				Accounts payable	537,021	Conducted as agreed terms	-
				Operating revenue	6,828,147	Conducted as agreed terms	0.02
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Contract assets	1,062,247	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Payables to shipping agents	149,894	Conducted as agreed terms	-
				Contract assets	131,040	Conducted as agreed terms	-
				Trade receivables	165,515	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	1	Operating cost	272,360	Conducted as agreed terms	-
				Payables to shipping agents	146,314	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	Contract assets	2,238,264	Conducted as agreed terms	0.01
				Trade receivables	1,100,090	Conducted as agreed terms	-
		Yang Ming (France) SAS	1	Operating cost	769,188	Conducted as agreed terms	-
				Contract assets	132,644	Conducted as agreed terms	-
		Yang Ming (America) Corp.	1	Trade receivables	192,631	Conducted as agreed terms	-
				Operating cost	1,106,696	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Trade receivables	120,132	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Contract assets	207,335	Conducted as agreed terms	-
Trade receivables	158,008			Conducted as agreed terms	-		
Yang Ming Shipping Europe GmbH	1	Contract assets	168,284	Conducted as agreed terms	-		
		Trade receivables	133,585	Conducted as agreed terms	-		
		Payables to shipping agents	135,889	Conducted as agreed terms	-		
Yang Ming (Italy) S.p.A.	1	Operating cost	257,459	Conducted as agreed terms	-		
		Contract assets	441,981	Conducted as agreed terms	-		
		Trade receivables	646,151	Conducted as agreed terms	-		

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming (UK) Ltd.	1	Contract assets	\$ 185,063	Conducted as agreed terms	-
				Trade receivables	174,809	Conducted as agreed terms	-
				Accounts payable	1,073,274	Conducted as agreed terms	-
				Operating revenue	2,799,088	Conducted as agreed terms	0.01
				Operating cost	674,368	Conducted as agreed terms	-
		Kuang Ming Shipping Corp.	1	Financial assets at amortized cost - non-current	600,000	Conducted as agreed terms	-
		YES Logistics Corp.	1	Long-term lease receivable	500,521	Conducted as agreed terms	-
				Operating revenue	1,246,026	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	1	Operating revenue	368,365	Conducted as agreed terms	-
		Yes Logistics (Shanghai) Corp.	1	Operating revenue	6,931,364	Conducted as agreed terms	0.02
1	All Oceans Transportation, Inc.	Yang Ming Line (Singapore) Pte. Ltd.	2	Other payables	276,800	Conducted as agreed terms	-
		Yang Ming Insurance Co., Ltd.	2	Operating cost	146,028	Conducted as agreed terms	-
2	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming (Singapore) Pte. Ltd.	2	Other receivables	5,536,000	Conducted as agreed terms	0.01
		Kuang Ming Shipping Corp.	2	Long-term notes receivable and trade receivables	238,048	Conducted as agreed terms	-
3	Yang Ming Line (India) Pvt. Ltd.	Yang Ming (UK) Ltd.	2	Accounts payable	162,273	Conducted as agreed terms	-
4	Yang Ming (Singapore) Pte. Ltd.	Yang Ming Shipping (Vietnam) Co., Ltd.	2	Contract assets	179,437	Conducted as agreed terms	-
				Trade receivables	167,483	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Contract assets	1,147,695	Conducted as agreed terms	-
				Trade receivables	1,454,401	Conducted as agreed terms	-
				Payables to shipping agents	279,885	Conducted as agreed terms	-
		Yang Ming (Spain), S.L	2	Contract assets	198,679	Conducted as agreed terms	-
				Trade receivables	570,142	Conducted as agreed terms	-
		Yang Ming (UK) Ltd.	2	Contract assets	185,028	Conducted as agreed terms	-
				Trade receivables	242,600	Conducted as agreed terms	-
				Operating cost	490,055	Conducted as agreed terms	-
5	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yes Logistics (Shanghai) Corp.	2	Trade receivables	1,272,166	Conducted as agreed terms	-
6	Yang Ming Line Holding Corp.	Kuang Ming Shipping Corp.	2	Other receivables	249,120	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	179,920	Conducted as agreed terms	-
7	Yang Ming (UK) Ltd.	Yang Ming Line (India) Pvt. Ltd.	2	Trade receivables	139,314	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	2	Trade receivables	110,207	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Contract assets	181,292	Conducted as agreed terms	-
				Trade receivables	155,430	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Operating cost	105,501	Conducted as agreed terms	-
8	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	224,228	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
9	YES Logistics Corp.	Yes Logistics Corp. (USA)	2	Operating revenue	\$ 204,736	Conducted as agreed terms	-
				Operating cost	368,503	Conducted as agreed terms	-
		Yes Logistics (Shanghai) Corp.	2	Long-term notes receivable and trade receivables	120,814	Conducted as agreed terms	-
				Operating revenue	158,420	Conducted as agreed terms	-
				Operating cost	603,493	Conducted as agreed terms	-

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

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

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

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

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note	
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Amount				
Yang Ming Marine Transport Corporation	Kao Ming Container Terminal Corp.	Taiwan	Terminal operation and stevedoring	\$ 3,181,313	\$ 3,181,313	323,000,000	47.50	\$ 4,928,086	\$ 454,994 (Note B)	\$ 216,122 (Note B)	Investments in associates	
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	555,266	3,272,005	1,757	100.00	7,658,079	6,899,221	6,829,817	Subsidiary	
	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	1,510,079	710,562	710,562	Subsidiary	
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857 (Note P)	8,927,857 (Note P)	98,882,111 (Note P)	98.88	1,847,847	1,097,797	1,062,588	Subsidiary	
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	7,674,208	43,461,198	43,462,497	Subsidiary	
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	3,048,457	845,723	845,723	Subsidiary	
	Ching Ming Investment Corp.	Taiwan	Investment	- (Note AA)	1,098,388	- (Note AA)	- (Note AA)	-	-	-	-	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	1,500,181 (Note V)	3,235	1,000 (Note V)	100.00	1,099,647	67,445	(104,042)	Subsidiary	
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	1,141,691 (Note AA)	593,404	115,630,977 (Note AA)	96.36 (Note AA)	1,441,453	408,148	363,140	Subsidiary	
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	104,261 (Note AA)	79,273	10,000,000 (Note AA)	100.00 (Note AA)	161,875	14,472	14,497	Subsidiary	
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	134,197	10,626	5,437	Subsidiary	
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	239,695	9,738	4,845	Investments in associates	
Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	96,463	4,536	1,542	Investments in associates		
Taiwan Navigation Co., Ltd.	Taiwan	Shipping agency, forwarding agency, shipping managers and shipping lines	4,366,674 (Note Y)	-	70,783,243	16.96	3,483,454	351,928	59,687	Investments in associates		
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	- (Note AA)	24,988	- (Note AA)	- (Note AA)	-	-	-	Subsidiary	
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	- (Note AA)	548,286	- (Note AA)	- (Note AA)	-	-	-	Subsidiary	
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	229,464	12,966	-	Subsidiary	
	Triumph Logistics, Inc.	U.S.A.	Container transportation	- (Note W)	13,223	- (Note W)	-	-	-	-	Subsidiary	
	Topline Transportation Inc.	U.S.A.	Container transportation	- (Note X)	4,860	- (Note X)	-	-	-	-	Subsidiary	
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	326	200	100.00	214	(12)	-	Subsidiary	
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	23,791	648	-	Subsidiary	
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40.00	1,429,384	2,856,991	-	Investments in associates	
United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note E)	40.00	269,593	15,274	-	Investments in associates		
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	42,038	41,235	1,528,803	100.00	(465) (Note C)	(660)	-	Subsidiary	
	Yang Ming (UK) Ltd.	U.K.	Shipping agency, forwarding agency and shipping managers	2,633,724 (Note U)	-	68,097,591	97.84	7,347,953	7,350,406	-	Subsidiary	
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	20,503	(823)	-	Subsidiary	
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	15,285	15,285	400,000	100.00	96,352	71,394	-	Subsidiary	
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	4,319	4,319	125,000	50.00	35,353	35,168	-	Subsidiary	
	Yang Ming (UK) Ltd.	U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	2.16	161,851	7,350,406	-	Subsidiary	
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note F)	100.00	159,546	3,375	-	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Amount			
	YangMing (Russia) LLC.	Russia	Shipping agency	\$ 3,017	\$ 3,017	(Note G)	60.00	\$ 16,660	\$ 24,582	\$ -	Subsidiary
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	197,518	148,249	-	Subsidiary
	Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	Greece	Shipping agency, forwarding agency and shipping managers	39,379	39,379	11,000	100.00	37,403	1,214	-	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	50,351	83,934	-	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	2,298	(823)	-	Subsidiary
Yang Ming (UK) Ltd.	Corstor Ltd. (Note Z)	U.K.	Storage management and trailer transportation	7,411	25	1,000	100.00	24,138	4,104	-	Subsidiary
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	1,695 (Note R)	1,695 (Note R)	(Note H)	60.00	4,085	2,616	-	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	247,772	247,772	1,000	100.00	58,753	21,675	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	1.44	(771)	8,647	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	2,040	(3,329)	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	33,383	3,278	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	203,381	(5,413)	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	6,821	(19,711)	-	Subsidiary
	Yang Ming (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	21,285,000	100.00	5,352,480	43,090,612	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	54,880	1,996	-	Subsidiary
	Sun-Banked Pte. Ltd.	Singapore	Insurance	2,271	2,271	350,000	100.00	6,458	(3,270)	-	Subsidiary
	Yang Ming Anatolia Shipping Agency S.A.	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	133,670	390,797	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	246,818	246,818	(Note I)	30.00	-	-	-	Investments in associates
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note J)	49.00	40,942	38,965	-	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note K)	100.00	80,924	31,393	-	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	29,250	30,088	-	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	19,982	4,606	-	Investments in joint ventures
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	6,435	99,995	100.00	(8,262)	2,412	-	Subsidiary
	Yang Ming (Latin America) Corp.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	7,407	280	-	Subsidiary
	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	17,212	5,865	-	Subsidiary
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	10,499	4,274	-	Subsidiary
	Yang Ming Insurance Co., Ltd.	Bermuda	Insurance	7,740	7,740	250,000	100.00	144,846	91,549	-	Subsidiary
	PY Yang Ming Shipping Indonesia	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	40,946	18,865	49.00	38,503	1,722	-	Subsidiary
	PT. Formosa Seijati Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	5,209	545	-	Investments in associates
	Yang Ming (France) SAS	France	Shipping agency, forwarding agency and shipping managers	3,025	3,025	90,000	60.00	14,726	21,720	-	Subsidiary
	Jambatan Merah Formosa Depot Sdn Bhd	Malaysia	Storage and stevedoring	1,743	1,743	250,000	25.00	2,933	5,385	-	Investments in joint ventures
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,328	2,328	2,500	50.00	10,714	4,274	-	Subsidiary
Yang Ming Line shipping (Thailand) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,678	3,678	3,920	49.00	17,212	5,865	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,174	65	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	80,595	92	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	249,953 (Note T)	-	68,556,347	98.56	(52,831) (Note C)	8,647	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Amount			
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	\$ 6,032,544 (Note Q)	\$ 6,026,744 (Note Q)	5	100.00	\$ 2,669,475	\$ 737,084	\$ -	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	170,047	162,961	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	37,263	37,263	1,607,984	100.00	33,454	11,876	-	Subsidiary
	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	510,000	51.00	11,083	2,594	-	Subsidiary
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	75,000	7,500,000	50.00	77,227	8,436	-	Investments in joint ventures
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70.00	3,849	7,119	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	19,942	(1,112)	-	Subsidiary
	YES and HQL Logistics Company	Vietnam	Forwarding agency	3,128	3,128	(Note O)	51.00	9,054	15,835	-	Investments in joint ventures
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	3,794	818	-	Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note L)	100.00	(73,192) (Note C)	24,584	-	Subsidiary
YES Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	10,826	(Note M)	100.00	(23,051) (Note C)	18,930	-	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	(Note N)	100.00	(91) (Note C)	(70)	-	Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,231) (Note C)	-	-	Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- D. This is equivalent to US\$3,800 thousand, and no shares were issued.
- E. This is equivalent to US\$1,000 thousand, and no shares were issued.
- F. This equivalent to EUR818 thousand and no shares were issued.
- G. This equivalent to US\$92 thousand and no shares were issued.
- H. This is equivalent to EUR6 thousand, and no shares were issued.
- I. This is equivalent to US\$7,700 thousand, and no shares were issued.
- J. This is equivalent to AED245 thousand, and no shares were issued.
- K. This is equivalent to US\$300 thousand and no shares were issued.
- L. This is equivalent to EUR1,025 thousand, and no shares were issued.
- M. This is equivalent to EUR290 thousand, and no shares were issued.
- N. This is equivalent to EUR35 thousand, and no shares were issued.
- O. This is equivalent to US\$102 thousand and no shares were issued.
- P. The original investment amount did not deduct the amount of offsetting the deficit of \$3,000,000 thousand and \$4,701,339 thousand in May 2021 and May 2017, respectively.
- Q. The original investment amount did not deduct the amount of offsetting the deficit of \$2,139,659 thousand in June 2017.
- R. The original investment amount did not deduct the amount of offsetting the deficit of \$1,457 thousand in May 2020.

(Continued)

- S. The Group reorganized the organization in December 2020 and adjusted the holding structure of the Group in Europe. YMTC acquired equity of YML-BV from YML-NV.
- T. Yang Ming Shipping (B.V.I.) applied for the capital increase of Yang Ming Line (Hong Kong) Ltd. by the accounts receivable of Yang Ming Shipping (B.V.I.) to Yang Ming Line (Hong Kong) in March 2021, the amount is \$249,953 thousand.
- U. Yang Ming Line (B.V.I.) Holding Co., Ltd. applied for the capital increase of Yang Ming (UK) by the accounts receivable of Yang Ming Line (B.V.I.) Holding Co., Ltd. to Yang Ming (UK) in March 2021, the amount is \$2,633,724 thousand.
- V. All Ocean Transportation applied for the capital increase by cash of \$112,276 thousand, \$83,790 thousand and \$1,300,880 thousand in July 2021, May 2021 and March 2021, respectively.
- W. The Group completed the liquidation of Triumph Logistics, Inc. in May 2021.
- X. The Group completed the liquidation of Topline Transportation, Inc. in May 2021.
- Y. The Group obtained two directors after the directors re-election in the shareholders' meeting of Taiwan Navigation Co., Ltd. on July 12, 2021. The Group has had a significant influence on the company.
- Z. The Group acquired the remain shares of Corstor Ltd. in July 2021. The Group obtained control of the mentioned company and listed it as the subsidiary since July 2021.
- AA. The Group's board of directors resolved in July 2021 to apply for the short-form merger of YMTC and Ching Ming Investment Crop. and the base date of merger was November 1, 2021. The subsidiaries' share had been transferred to YMTC from Ching Ming Investment Crop.
- AB. The information on investments in mainland China is provided in Table H.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note J)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2021 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2021
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd. (Note H)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note I)	Indirect investment through Singapore-based subsidiary's direct investment in mainland China	\$ -	\$ -	\$ -	\$ -	\$ 9,426	51.00	\$ 4,807	\$ 20,682	\$ -
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Direct investment in mainland China	(CNY 22,617 thousand)	-	-	(CNY 22,617 thousand)	(46,376)	6.67	(2,678)	22,820	-
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US\$ 4,300 thousand	Indirect investment through US based subsidiary's direct investment in mainland China.	(US\$ 221,440 thousand)	-	-	(US\$ 221,440 thousand)	221,529	96.36	203,829	381,764	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	CNY 144,800 thousand	Investee's direct investment in Mainland China.	(US\$ 257,452 thousand)	-	-	(US\$ 257,452 thousand)	4,425	47.22	2,089	275,202	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	(US\$ 170,620 thousand)	-	-	(US\$ 170,620 thousand)	(46,376)	12.85	(5,959)	45,704	-
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and related service	CNY 50,000 thousand	Investee's direct investment in mainland China	(CNY 43,419 thousand)	-	-	(CNY 43,419 thousand)	24,149	19.27	4,654	56,556	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note J)	Investment Amounts Authorized by Investment Commission, MOEA (Note J)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transportation Corporation (Note D)	\$ 22,617 (CNY 5,209 thousand)	\$ 221,387 (US\$ 7,181 thousand) (CNY 5,209 thousand)	\$140,593,600
Yes Logistics Corp. (Note C)	695,987 (US\$ 17,301 thousand) (CNY 50,000 thousand)	695,987 (US\$ 17,301 thousand) (CNY 50,000 thousand)	- (Note F)

Notes:

- A. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006, December 26, 2006 and August 31, 2016.
- B. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- C. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on December 16, 2013.
- D. The Company was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on August 25, 2021.
- E. Calculated by the % ownership of direct or indirect investment.
- F. Yes Logistics Corp. applied for and obtained the Business Operations Headquarters letter on September 16, 2019, and the term for the letter is to September 15, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- G. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on May 12, 2017.
- H. The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019.
- I. Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte. Ltd.
- J. United States dollars and Chinese Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$27.68 and CNY1=NT\$4.3419 as of December 31, 2021.

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

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

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

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