

**Yang Ming Marine Transport Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (hereinafter referred to as YMTC) and its subsidiaries (the "Group") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standards (IAS) 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the accompanying consolidated financial statements, the financial statements of some non-significant subsidiaries were not reviewed. As of June 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$26,913,316 thousand and NT\$ 22,517,710 thousand, respectively, representing 5.25% and 9.38%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$6,548,629 thousand and NT\$5,971,042 thousand, respectively, representing 2.82% and 4.26%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$1,423,831 thousand, NT\$692,077 thousand, NT\$3,522,022 thousand and NT\$1,113,568 thousand, respectively, representing 2.58%, 1.84%, 3.05% and 1.79% respectively, of the consolidated total comprehensive income. As also disclosed in Note 14, as of June 30, 2022 and 2021, the investments accounted for using the equity method were NT\$7,704,467 thousand and NT\$7,533,816 thousand, respectively; and for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the amounts of the Group's share of the profit of such investments accounted for using the equity method were NT\$341,025 thousand, NT\$571,332 thousand, NT\$745,776 thousand and NT\$845,867 thousand, respectively. The information about investees disclosed in Note 38 and aforementioned in Note 14 were based on the subsidiaries', associates' and joint ventures' financial statements which have not been reviewed.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for by using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 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’ review 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’ review report and consolidated financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 33)	\$ 170,035,892	33	\$ 57,448,678	15	\$ 60,320,499	25
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	74,280	—	76,048	—	209,662	—
Financial assets at amortized cost - current (Notes 9, 33 and 34)	112,070,439	22	136,068,631	35	1,073,547	—
Financial assets for hedging - current (Notes 6, 32 and 33)	29,720,000	6	—	—	—	—
Contract assets, net (Notes 25 and 33)	7,285,792	2	5,465,334	2	4,353,345	2
Notes receivable, net (Note 10 and 33)	12,600	—	5,124	—	18,580	—
Trade receivables, net (Notes 10 and 25)	24,119,400	5	21,642,929	6	19,004,535	8
Trade receivables from related parties (Notes 10, 25 and 33)	302,370	—	412,055	—	294,655	—
Finance lease receivables, net (Note 11)	1,222,573	—	20,204	—	20,070	—
Shipping fuel (Note 12)	5,771,614	1	3,408,707	1	2,805,579	1
Prepayments (Note 33)	502,470	—	545,143	—	430,523	—
Prepayments to shipping agents (Note 33)	447,588	—	462,440	—	181,661	—
Other current assets (Note 33)	1,631,967	—	1,001,626	—	1,288,146	1
Total current assets	353,196,985	69	226,556,919	59	90,000,802	37
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (FVTPL) - non-current (Note 7)	14,686	—	13,871	—	25,000	—
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	515,098	—	497,931	—	5,110,720	2
Financial assets at amortized cost - non-current (Notes 9, 33 and 34)	38,434	—	33,461	—	53,533	—
Investments accounted for using equity method (Note 14)	11,106,361	2	11,081,905	3	7,533,816	3
Property, plant and equipment (Notes 15, 34 and 35)	73,733,077	15	73,895,469	19	73,094,413	31
Right-of-use assets (Notes 16 and 33)	65,183,879	13	63,139,955	17	56,220,254	23
Investment properties (Notes 17 and 34)	7,039,177	1	7,083,726	2	6,317,143	3
Other intangible assets	125,766	—	80,847	—	82,410	—
Deferred tax assets (Note 4)	686,763	—	1,341,237	—	1,043,136	1
Prepayments for equipment (Note 33)	318,599	—	295,430	—	191,385	—
Refundable deposits	216,006	—	219,109	—	202,073	—
Finance lease receivables - non-current (Note 11)	239,879	—	127,016	—	137,152	—
Other financial assets - non-current	19,701	—	21,704	—	57,740	—
Other non-current assets	30,245	—	27,304	—	48,099	—
Total non-current assets	159,267,671	31	157,858,965	41	150,116,874	63
TOTAL	\$ 512,464,656	100	\$ 384,415,884	100	\$ 240,117,676	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 33)	\$ 1,540,000	—	\$ 1,393,760	—	\$ 1,619,222	1
Short-term bills payable (Notes 18 and 33)	899,404	—	436,131	—	487,121	—
Financial liabilities for hedging - current (Notes 16 and 32)	8,311,747	2	7,585,691	2	7,552,724	3
Contract liabilities - current (Note 25)	902,580	—	903,453	—	418,942	—
Notes payable	32,178	—	33,852	—	23,179	—
Trade payables (Note 20)	22,925,606	5	19,106,729	5	19,123,691	8
Trade payables to related parties (Notes 20 and 33)	394,522	—	376,954	—	402,009	—
Other payables (Notes 21 and 33)	78,739,454	15	7,846,672	2	4,986,928	2
Current tax liabilities (Note 4)	29,332,674	6	29,497,739	8	5,678,555	3
Provisions - current (Note 22)	56,307	—	56,307	—	—	—
Lease liabilities - current (Notes 16 and 33)	4,314,822	1	3,306,188	1	2,013,859	1
Current portion of long-term liabilities (Notes 18, 33 and 34)	204,470	—	1,400,430	1	8,820,901	4
Other advance account	113,091	—	218,711	—	207,460	—
Other current liabilities	1,704,809	—	1,074,266	—	766,454	—
Total current liabilities	149,471,664	29	73,236,883	19	52,101,045	22
NON-CURRENT LIABILITIES						
Financial liabilities for hedging - non-current (Notes 16 and 32)	32,149,212	6	33,835,186	9	37,928,745	16
Bonds payable (Notes 19 and 33)	10,825,226	2	10,822,014	3	10,820,988	4
Long-term borrowings (Notes 18, 33 and 34)	2,235,302	—	5,068,879	1	21,333,085	9
Provisions - non-current (Note 22)	1,406	—	1,348	—	1,343	—
Deferred tax liabilities (Note 4)	10,559,915	2	6,143,436	2	6,766,943	3
Lease liabilities - non-current (Notes 16 and 33)	24,049,069	5	17,236,619	4	7,465,598	3
Other advance account - non-current	70,359	—	84,431	—	124,186	—
Net defined benefit liabilities - non-current (Notes 4 and 24)	2,352,779	1	2,828,346	1	2,874,068	1
Other non-current liabilities	867,740	—	836,076	—	645,703	—
Total non-current liabilities	83,111,008	16	76,856,335	20	87,960,659	36
Total liabilities	232,582,672	45	150,093,218	39	140,061,704	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital - ordinary shares	34,921,043	7	34,921,043	9	33,321,043	14
Capital surplus	27,975,030	6	27,975,030	7	424,206	—
Retained earnings						
Legal reserve	16,907,064	3	166,092	—	166,092	—
Special reserve	3,713,230	1	1,494,827	—	1,494,827	1
Unappropriated earnings	194,710,643	38	167,409,719	44	59,052,055	25
Total retained earnings	215,330,937	42	169,070,638	44	60,712,974	26
Other equity	862,848	—	1,724,563	1	5,013,852	2
Total equity attributable to owners of the Company	279,089,858	55	233,691,274	61	99,472,075	42
NON-CONTROLLING INTERESTS	792,126	—	631,392	—	583,897	—
Total equity	279,881,984	55	234,322,666	61	100,055,972	42
TOTAL	\$ 512,464,656	100	\$ 384,415,884	100	\$ 240,117,676	100

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

(With Deloitte & Touche auditors' review report dated August 11, 2022)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 16, 25 and 33)	\$ 109,447,578	100	\$ 73,271,250	100	\$ 216,151,750	100	\$ 135,553,705	100
OPERATING COSTS (Notes 12, 16, 26 and 33)	36,974,628	34	29,184,318	40	68,363,728	32	59,736,147	44
GROSS PROFIT	72,472,950	66	44,086,932	60	147,788,022	68	75,817,558	56
OPERATING EXPENSES (Notes 26 and 33)								
Selling and marketing expenses	2,287,291	2	1,703,905	2	4,810,173	2	3,713,457	3
General and administrative expenses	493,292	—	(1,701)	—	1,028,680	1	687,284	—
Expected credit loss	20,388	—	42,680	—	25,740	—	61,765	—
Total operating expenses	2,800,971	2	1,744,884	2	5,864,593	3	4,462,506	3
OTHER OPERATING INCOME AND EXPENSES (Notes 16 and 26)	1,276,527	1	7,292	—	1,330,508	1	81,546	—
PROFIT FROM OPERATIONS	70,948,506	65	42,349,340	58	143,253,937	66	71,436,598	53
NON-OPERATING INCOME AND EXPENSES (Notes 16, 26 and 33)								
Interest income	498,280	—	43,013	—	718,225	—	67,917	—
Other income	20,609	—	21,940	—	43,455	—	45,163	—
Other gains and losses	4,043,452	4	36,368	—	8,215,757	4	29,552	—
Finance costs	(565,182)	—	(649,441)	(1)	(1,126,139)	—	(1,341,420)	(1)
Share of profit or loss of associates and joint ventures	476,640	—	370,030	—	846,914	—	619,393	—
Total non-operating income and expenses	4,473,799	4	(178,090)	(1)	8,698,212	4	(579,395)	(1)
PROFIT BEFORE INCOME TAX	75,422,305	69	42,171,250	57	151,952,149	70	70,857,203	52
INCOME TAX EXPENSE (Notes 4 and 27)	(19,780,846)	(18)	(7,552,485)	(10)	(35,628,197)	(16)	(11,651,494)	(8)
NET PROFIT FOR THE PERIOD	55,641,459	51	34,618,765	47	116,323,952	54	59,205,709	44
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 24 and 27)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at FVTOCI	(6,195)	—	2,915,518	4	17,167	—	3,092,471	2
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(320,187)	(1)	253,474	—	(283,662)	—	271,292	—
	(326,382)	(1)	3,168,992	4	(266,495)	—	3,363,763	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	1,238,896	1	(558,683)	(1)	2,249,534	1	(536,924)	—
Gain(loss) on hedging instruments	(1,563,053)	(1)	978,061	2	(3,111,628)	(2)	736,388	—
Income tax related to items that may be reclassified subsequently to profit or loss	93,641	—	(554,920)	(1)	234,614	—	(554,920)	—
	(230,516)	—	(135,542)	—	(627,480)	(1)	(355,456)	—
Other comprehensive income(loss) for the period, net of income tax	(556,898)	(1)	3,033,450	4	(893,975)	(1)	3,008,307	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 55,084,561	50	\$ 37,652,215	51	\$ 115,429,977	53	\$ 62,214,016	46
NET PROFIT ATTRIBUTABLE TO :								
Owners of the Company	\$ 55,533,471	51	\$ 34,535,060	47	\$ 116,110,637	54	\$ 59,052,111	44
Non-controlling interests	107,988	—	83,705	—	213,315	—	153,598	—
	\$ 55,641,459	51	\$ 34,618,765	47	\$ 116,323,952	54	\$ 59,205,709	44
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :								
Owners of the Company	\$ 54,994,687	50	\$ 37,623,629	51	\$ 115,240,669	53	\$ 62,109,322	46
Non-controlling interests	89,874	—	28,586	—	189,308	—	104,694	—
	\$ 55,084,561	50	\$ 37,652,215	51	\$ 115,429,977	53	\$ 62,214,016	46
ERNINGS PER SHARE (Note 28)								
Basic	\$ 15.90		\$ 10.36		\$ 33.25		\$ 17.88	
Diluted	\$ 15.82		\$ 10.35		\$ 33.02		\$ 17.70	

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

(With Deloitte & Touche auditors' review report dated August 11, 2022)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
	Equity Attributable to Owners of the Company						Other Equity					
	Share Capital (Note 24)		Capital Surplus (Note 24)	Retained Earnings (Note 24)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 24)	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 24)	Gain (Loss) on Hedging Instruments (Note 24)	Total	Non-controlling Interests (Note 24)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	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 six months ended June 30, 2021	—	—	—	—	—	59,052,111	—	—	—	59,052,111	153,598	59,205,709
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	—	—	—	—	—	—	(204,462)	3,363,728	(102,055)	3,057,211	(48,904)	3,008,307
Total comprehensive income (loss) for the six months ended June 30, 2021	—	—	—	—	—	59,052,111	(204,462)	3,363,728	(102,055)	62,109,322	104,694	62,214,016
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	—	—	—	—	—	—	1,663,972	—	1,663,972
Share-based payment (Note 29)	—	—	20,549	—	—	—	—	—	—	20,549	—	20,549
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss)	—	—	—	—	—	(56)	—	56	—	—	—	—
Decrease in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(177,417)	(177,417)
BALANCE AT JUNE 30, 2021	3,332,104	\$ 33,321,043	\$ 424,206	\$ 166,092	\$ 1,494,827	\$ 59,052,055	\$ (917,972)	\$ 2,578,054	\$ 3,353,770	\$ 99,472,075	\$ 583,897	\$ 100,055,972
BALANCE AT JANUARY 1, 2022	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 166,092	\$ 1,494,827	\$ 167,409,719	\$ (1,253,998)	\$ (299,493)	\$ 3,278,054	\$ 233,691,274	\$ 631,392	\$ 234,322,666
Appropriation of 2021 earnings												
Legal reserve	—	—	—	16,740,972	—	(16,740,972)	—	—	—	—	—	—
Special reserve	—	—	—	—	2,218,403	(2,218,403)	—	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	(69,842,085)	—	—	—	(69,842,085)	—	(69,842,085)
Net profit for the six months ended June 30, 2022	—	—	—	—	—	116,110,637	—	—	—	116,110,637	213,315	116,323,952
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	—	—	—	—	—	—	1,885,828	(266,493)	(2,489,303)	(869,968)	(24,007)	(893,975)
Total comprehensive income (loss) for the six months ended June 30, 2022	—	—	—	—	—	116,110,637	1,885,828	(266,493)	(2,489,303)	115,240,669	189,308	115,429,977
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	—	—	—	—	—	(8,253)	—	8,253	—	—	—	—
Decrease in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(28,574)	(28,574)
BALANCE AT JUNE 30, 2022	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 16,907,064	\$ 3,713,230	\$ 194,710,643	\$ 631,830	\$ (557,733)	\$ 788,751	\$ 279,089,858	\$ 792,126	\$ 279,881,984

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

(With Deloitte & Touche auditors' review report dated August 11, 2022)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 151,952,149	\$ 70,857,203
Adjustments for :		
Depreciation expenses	9,642,650	8,452,432
Amortization expenses	30,177	26,759
Expected credit loss recognized	25,740	61,765
Net loss (gain) on fair value change of financial assets/liabilities at FVTPL	953	(21,929)
Finance costs	1,126,139	1,341,420
Interest income	(718,225)	(67,917)
Dividend income	—	(1,889)
Share-based payment cost	—	20,549
Share of profit of associates and joint ventures	(846,914)	(619,393)
Gain on disposal of property, plant and equipment	(10,569)	(53,273)
Impairment loss (reversal gain) recognized on right-of-use assets	—	(592,426)
Reversal of shipping fuel	—	(170,552)
Net gain on foreign currency exchange	(5,635,771)	(399,597)
Loss on changes in fair value of investment properties	4	76
Gain on lease modification	(206)	(7,587)
Gain on right-of-use assets sublease	(1,145,472)	—
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	—	1,519,484
Contract assets	(1,823,700)	(1,484,024)
Notes receivable	(7,476)	(10,335)
Trade receivables	(509,570)	(8,039,211)
Trade receivables from related parties	109,685	(120,832)
Shipping fuel	(2,362,907)	(444,212)
Prepayments	36,888	(14,863)
Prepayments to shipping agents	14,852	(79,051)
Other current assets	(129,503)	(186,258)
Notes payable	(1,674)	(2,225)
Trade payables	1,030,239	3,446,059
Trade payables to related parties	17,568	(23,379)
Other payables	(669,029)	664,017

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YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Current liabilities	\$ (873)	\$ 283,944
Other advance account	(119,692)	(49,514)
Other current liabilities	630,965	141,924
Net defined benefit liabilities	(475,567)	(153,641)
Cash generated from operations	150,160,861	74,273,524
Interest received	459,441	64,398
Dividends received	619,702	201,462
Interest paid	(1,118,867)	(1,298,883)
Income tax paid	(30,574,798)	(483,947)
Net cash generated from operating activities	119,546,339	72,756,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	—	(20,000)
Proceeds from sale of financial assets at FVTOCI	—	282
Purchase of financial assets at amortized cost	(108,374,387)	(780,042)
Proceeds from sale of financial assets at amortized cost	138,062,900	1,936,061
Acquisition of financial assets for hedging	(29,670,000)	—
Acquisition of investments accounted for using the equity method	(330)	—
Payments for property, plant and equipment	(489,598)	(2,805,894)
Proceeds from disposal of property, plant and equipment	16,901	120,493
Decrease (Increase) in refundable deposits	3,103	(2,621)
Payments for intangible assets	(75,473)	(22,967)
Payments for investment property	(449,368)	—
Decrease in financial lease receivables	104,635	9,936
Decrease in other financial assets	2,003	5,462
Increase in other non-current assets	(14,360)	(30,504)
Increase in prepayments for equipment	(274,195)	(85,828)
Net cash used in investing activities	(1,158,169)	(1,675,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	146,240	(452,934)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Proceeds from (repayments of) short-term bills payable	\$ 462,500	\$ (11,652,500)
Proceeds from issuance of bonds payable	—	5,900,000
Proceeds from long-term borrowings	—	1,287,690
Repayments of long-term borrowings	(4,220,358)	(24,811,023)
Repayments of the principal portion of lease liabilities	(5,958,634)	(4,976,181)
Increase in other non-current liabilities	31,664	35,564
Net change in non-controlling interests	(19,838)	(177,417)
Net cash used in financing activities	(9,558,426)	(34,846,801)
 EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	 3,757,470	 (432,353)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 112,587,214	 35,801,778
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	 57,448,678	 24,518,721
 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	 \$ 170,035,892	 \$ 60,320,499

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

(With Deloitte & Touche auditors' review report dated August 11, 2022)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)**

1. GENERAL INFORMATION

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

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

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

To simplify the investment structure and integrate resource, YMTC plans to restructure the Group. In July 2021, the board of directors resolved to merger 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 FINANCIAL STATEMENTS

The consolidated financial statements were approved by YMTC’s board of directors on August 11, 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)

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.

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: 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 3: 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 “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 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 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 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 financial statements would otherwise not understand those material transactions, other events or conditions.
- 2) 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.

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

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

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

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

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

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by

a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosures required in a full set of annual consolidated financial statements.

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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Group (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.

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

d. Other significant accounting policies

Unless the below mentioned, the summary of significant accounting policies for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 10,988	\$ 12,155	\$ 12,853
Checking accounts and demand deposits	47,210,025	43,817,851	36,059,330
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	121,105,979	13,341,872	21,036,058
Repurchase agreements	1,708,900	276,800	3,212,258
	<u>\$ 170,035,892</u>	<u>\$ 57,448,678</u>	<u>\$ 60,320,499</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits	0.24%~17.50%	0.04%~15.75%	0.05%~6.20%
Repurchase agreements	1.15%~1.60%	0.30%~0.42%	0.30%~0.53%

Financial assets designated as hedging

The Group designated certain USD-denominated demand deposits and time deposits as hedging instruments to hedge future volatility of USD-denominated prepayments for ship purchase, and the accounting treatment is applicable to cash flow hedges. The information on the contracts is summarized as follow:

	Maturity Period	Account	Carrying Amount
June 30, 2022	2022/09/29	Financial assets for hedging	\$29,720,000

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income
For the three months ended June 30, 2022	\$ 50,000
For the six months ended June 30, 2022	\$ 50,000

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

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
- Oil option contract	\$ —	\$ —	\$ 756
Non-derivative financial assets			
- Domestic listed shares	69,085	70,016	136,962
- Foreign listed shares	—	—	4,655
- Mutual funds	5,195	6,032	67,289

	June 30, 2022	December 31, 2021	June 30, 2021
	<u>\$ 74,280</u>	<u>\$ 76,048</u>	<u>\$ 209,662</u>

Financial assets at FVTPL -
non-current

Financial assets mandatorily
classified as at FVTPL

Non-derivative financial
assets

- Domestic limited
partnership

	<u>\$ 14,686</u>	<u>\$ 13,871</u>	<u>\$ 25,000</u>
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The Group's purpose for trading oil option contract was to reduce the cost burden from oil price increase. The Group entered into oil option contract. The contract was settled every month. Hedge accounting was not applied.

Outstanding oil option contract at the end of the reporting period was as follows:

	Maturity Date	Unsettled Amount	
		Notional Amount	Fair Value
June 30, 2021	December 31, 2021	USD\$1,770 thousand	\$756

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Domestic investments in equity instruments</u>			
Listed shares and emerging market shares			
Ordinary shares - Taiwan Navigation Co., Ltd. (Note)	\$ —	\$ —	\$ 4,634,665
Unlisted shares			
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	496,527	477,936	455,763
Ordinary shares - United Stevedoring Corp.	5,128	5,315	5,578

	June 30, 2022	December 31, 2021	June 30, 2021
Ordinary shares - United Raw Material Solutions Inc.	2,222	2,281	2,523
Ordinary shares - Pro-Ascentek Investment Corporation	11,221	12,399	12,191
	<u>\$ 515,098</u>	<u>\$ 497,931</u>	<u>\$ 5,110,720</u>

Note: The Group obtained two directors after the director 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits with original maturity of more than 3 months	\$ 111,429,203	\$ 133,277,495	\$ 630,283
Restricted bank balance (Note 34)	165,514	117,493	58,897
Repurchase agreements	514,156	2,707,104	417,900
Corporate bonds	—	—	20,000
	<u>\$ 112,108,873</u>	<u>\$ 136,102,092</u>	<u>\$ 1,127,080</u>
Current	<u>\$ 112,070,439</u>	<u>\$ 136,068,631</u>	<u>\$ 1,073,547</u>
Non-current	<u>\$ 38,434</u>	<u>\$ 33,461</u>	<u>\$ 53,533</u>

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable - operating	<u>\$ 12,600</u>	<u>\$ 5,124</u>	<u>\$ 18,580</u>

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade receivables</u>			
At amortized cost			
Trade receivables - non-related parties	\$ 24,269,912	\$ 21,779,506	\$ 19,092,325
Trade receivables - related parties	302,370	412,055	294,655
Less : Allowance for impairment loss	(150,512)	(136,577)	(87,790)
	<u>\$ 24,421,770</u>	<u>\$ 22,054,984</u>	<u>\$ 19,299,190</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 receivables and contract asset that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

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

June 30, 2022

	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%	

	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		
Gross carrying amount	\$ 24,090,161	\$ 336,207	\$ 111,210	\$ 41,370	\$ 2,193	\$ 3,741	\$ 24,584,882
Loss allowance (Lifetime ECLs)	(138,324)	(1,304)	(4,513)	(2,418)	(212)	(3,741)	(150,512)
Amortized cost	<u>\$ 23,951,837</u>	<u>\$ 334,903</u>	<u>\$ 106,697</u>	<u>\$ 38,952</u>	<u>\$ 1,981</u>	<u>\$ —</u>	<u>\$ 24,434,370</u>

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)	(122,638)	(3,428)	(2,343)	(241)	(304)	(7,623)	(136,577)
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>

June 30, 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%-0.73%	0.50%-1.73%	0.50%-5.23%	0.50%-10.23%	0.50%-20.23%	100.00%	
Gross carrying amount	\$ 18,916,470	\$ 350,947	\$ 108,916	\$ 12,879	\$ 11,775	\$ 4,573	\$ 19,405,560
Loss allowance (Lifetime ECLs)	(76,699)	(1,986)	(3,659)	(603)	(270)	(4,573)	(87,790)
Amortized cost	<u>\$ 18,839,771</u>	<u>\$ 348,961</u>	<u>\$ 105,257</u>	<u>\$ 12,276</u>	<u>\$ 11,505</u>	<u>\$ —</u>	<u>\$ 19,317,770</u>

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 136,577	\$ 51,238
Add : Net remeasurement of loss allowance	24,223	40,669
Less : Amounts written off	(1,883)	(2,170)
Less : Amounts reclassified to allowance of overdue receivables	(10,855)	—
Foreign exchange gains and losses	2,450	(1,947)
Balance at June 30	<u>\$ 150,512</u>	<u>\$ 87,790</u>

11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Undiscounted lease payments			

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 1,236,335	\$ 22,011	\$ 22,011
Year 2	145,106	22,011	22,011
Year 3	22,011	22,011	22,011
Year 4	22,011	22,011	22,011
Year 5	22,011	22,011	22,011
Year 6 onwards	33,015	44,019	55,025
	<u>1,480,489</u>	<u>154,074</u>	<u>165,080</u>
Less : Unearned finance income	<u>(18,037)</u>	<u>(6,854)</u>	<u>(7,858)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,462,452</u>	<u>\$ 147,220</u>	<u>\$ 157,222</u>
Current	<u>\$ 1,222,573</u>	<u>\$ 20,204</u>	<u>\$ 20,070</u>
Non-current	<u>\$ 239,879</u>	<u>\$ 127,016</u>	<u>\$ 137,152</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 Group has been subleasing its ship with daily fixed lease payments of USD \$112 thousand. As the Group subleases the ship 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%~1.80%, 1.33% and 1.33% as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Shipping fuel	<u>\$ 5,771,614</u>	<u>\$ 3,408,707</u>	<u>\$ 2,805,579</u>

The cost of shipping fuel recognized as operating cost for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were \$6,851,221 thousand, \$4,279,721 thousand, \$11,947,857 thousand and \$7,858,177 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the three months ended June 30, 2021 and for the six months ended June 30, 2021 included reversals of shipping fuel write-downs of \$160,076 thousand and \$170,552 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
			June 30, 2022	December 31, 2021	June 30, 2021	
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	100.00	
"	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Line (Singapore) Pte Ltd (YML-Singapore)	Investment, shipping service, sale and purchase of ships, chartering and forwarding agency	100.00	100.00	100.00	Note i
"	Ching Ming Investment Corp. (Ching Ming)	Investment	—	—	100.00	Note a
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	YES Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	96.36	96.36	50.00	Note a
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	98.88	98.88	98.88	
"	Hong Ming Terminal & Stevedoring Corp. (Hong Ming)	Terminal operation and stevedoring	100.00	100.00	79.17	Note a
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	50.98	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming (Singapore) Pte. Ltd. (YM-Singapore)	Shipping agency, forwarding agency, shipping managers and shipping lines	100.00	—	—	Note b
Ching Ming	Hong Ming	Terminal operation and stevedoring	—	—	20.83	Note a
"	YES Logistics Corp.	Warehouse operation and forwarding agency	—	—	46.36	Note a
YML Holding	Yang Ming (America) Corp. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	—	—	—	Note c
"	Topline Transportation, Inc.	Container transportation	—	—	—	Note c
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	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	100.00	Note d
"	Yang Ming (UK) Ltd (Yangming-UK)	Shipping agency, forwarding agency, shipping managers and shipping lines	97.84	97.84	97.84	Note e

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
YML-BV	Yangming-UK	Shipping agency, forwarding agency, shipping managers and shipping lines	2.16	2.16	2.16	Note e
"	Yang Ming Shipping Europe GmbH	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	50.00	
"	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	100.00	
"	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	89.92	
"	Yang Ming (Russia) LLC	Shipping agency	60.00	60.00	60.00	
"	Yang Ming (Spain), S.L.	Shipping agency	60.00	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	100.00	
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	10.08	
Yang Ming-Italy	Yang Ming (Naples) S.r.l.	Forwarding agency	60.00	60.00	60.00	
Yangming-UK	Corstor Ltd.	Warehouse management and container haulage services	100.00	100.00	—	Note f
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Shipping (B.V.I.) Inc.	Forwarding agency and shipping agency	100.00	100.00	100.00	
"	Yangming (Japan) Co., Ltd. (Yangming-Japan)	Shipping services, sale and purchase of ships, chartering and forwarding agency	100.00	100.00	100.00	
"	Sun-Baked Pte. Ltd.	Insurance	100.00	100.00	100.00	Note g
"	Yang Ming Line (Hong Kong) Ltd. (YML-HK)	Forwarding agency and shipping agency	1.44	1.44	1.44	Note h
"	YM-Singapore	Shipping agency, forwarding agency, shipping managers and shipping lines	—	100.00	100.00	Note b
"	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	60.00	
"	Yang Ming (Korea) Co. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	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	50.00	
"	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Shipping Philippines, Inc. (Yang Ming Philippines)	Forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming (Latin America) Corp.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yang Ming Line (Thailand) Co., Ltd. (YML-Thailand)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	49.00	
"	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	49.00	49.00	49.00	
"	Yang Ming Insurance Co., Ltd.	Insurance	100.00	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
"	PT Yang Ming Shipping Indonesia (PT Yang Ming Indonesia)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	49.00	
"	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	51.00	51.00	51.00	
"	Yang Ming (France) SAS	Shipping agency, forwarding agency and shipping managers	60.00	60.00	60.00	
YML-Thailand	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	50.00	50.00	50.00	
Yang Ming Line shipping (Thailand) Co., Ltd.	YML-Thailand	Shipping agency, forwarding agency and shipping managers	49.00	49.00	49.00	
Yangming (Japan)	Manwa Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	100.00	
"	YML-HK	Forwarding agency and shipping agency	98.56	98.56	98.56	Note h
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	100.00	
YES Logistics Corp.	Yes Logistics Corporation USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	100.00	
"	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	69.80	69.80	69.80	
"	PT. YES Logistics Indonesia	Forwarding agency	51.00	51.00	51.00	
Yes-USA	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	30.20	30.20	30.20	
"	Golden Logistics USA Corporation	Container transportation	100.00	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	100.00	
Yes-Singapore	Yes Logistics Company Ltd.	Forwarding agency	100.00	100.00	100.00	
"	Yes-ERO	Import and export, storage and delivery, and other warehousing related business	100.00	100.00	100.00	
YES MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Cargo consolidation service and forwarding agency	100.00	100.00	100.00	

(Concluded)

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

Note b: Due to the consideration of operational strategies and management purpose, the Group's board of directors approved an organizational restructuring in January 2022 to acquire 100% of YM-Singapore's share from YML-Singapore for US\$16,061 thousand and completed the registration in February 2022.

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

Note d: The Group's board of directors resolved in August 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 the accounts receivable of YML-BVI to YM (UK). YML-BVI acquired about 68,098 thousand shares of YM (UK) in the amount of GBP 68,098 thousand and completed the registration in March 2021.

Note f: The Group acquired 500 shares of Corstor Ltd. in the amount of GBP 190 thousand in July, 2021 and the shareholding ratio was increased from 50% to 100% after acquisition. The Group obtained control of the mentioned company and listed it as the subsidiary since July, 2021.

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: The Group's board of directors resolved in July 2022 to process capital increase of YML-Singapore by cash in the amount of US\$1,100,000 thousand.

Although YMTC directly or indirectly owns no more than 50% of shares with voting rights of Yang Ming-Italy, Yang Ming Anatolia Shipping Agency S.A. and PT Yang Ming Shipping Indonesia, it should regard the investees as its subsidiaries and incorporate the investees into the consolidated group under certain premises which are as follows:

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

Except for the accompanying consolidated financial statements of YML-BVI, AOT, Yangming-UK, YM-Singapore, Kuang Ming, and Kuang Ming (Liberia) Corp. for the six months ended June 30, 2022 and 2021, the financial statements of other non-significant subsidiaries were not reviewed.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Investment in associates	\$ 10,699,778	\$ 10,697,507	\$ 7,154,548
Investment in joint ventures	406,583	384,398	379,268
	<u>\$ 11,106,361</u>	<u>\$ 11,081,905</u>	<u>\$ 7,533,816</u>

- a. Investment in associates

	June 30, 2022	December 31, 2021	June 30, 2021
Associates that are not individually material			
Kao Ming Container Terminal Corp.	\$ 5,007,883	\$ 4,928,086	\$ 4,762,683
Taiwan Navigation Co., Ltd. (Note a)	3,401,894	3,483,454	—
West Basin Container Terminal LLC	1,486,783	1,429,384	1,362,655
United Terminal Leasing LLC	295,538	269,593	267,522
Sino Trans PFS Cold Chain Logistics Co., Ltd.	68,645	68,524	105,890
Yunn Wang Investment Co., Ltd.	180,414	239,695	399,596
Taiwan Foundation International Pte. Ltd.	102,156	96,463	95,651
Shanghai United Cold Chain logistics Co., Ltd.	53,074	56,556	54,189
Yang Ming Shipping (Egypt) S.A.E.	44,857	50,351	32,412
Yang Ming (U.A.E.) LLC	29,349	40,942	35,470
Yang Ming (Australia) Pty. Ltd.	22,591	29,250	23,656
Corstor Ltd. (Note b)	—	—	9,711
PT. Formosa Sejati Logistics	6,594	5,209	5,113
	<u>\$ 10,699,778</u>	<u>\$ 10,697,507</u>	<u>\$ 7,154,548</u>

Note a : 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 a significant influence over Taiwan Navigation Co., Ltd.

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

Except for Taiwan Navigation Co., Ltd. for the six months ended June 30, 2022, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the six months ended June 30, 2022 and 2021 were based on the associates' financial statements which have not been reviewed.

All the associates are accounted for using the equity method.

b. Investments in joint ventures

	June 30, 2022	December 31, 2021	June 30, 2021
Joint ventures that are not individually material			
Chang Ming Logistics Company Limited	\$ 282,284	\$ 275,202	\$ 278,432
YES LIBERAL Logistics Corp.	80,747	77,227	75,518
LogiTrans Technology Private Limited	26,218	19,982	19,405
Jambatan Merah Formosa Depot Sdn Bhd.	2,728	2,933	2,744
Yes And HQL Logistics Company	14,606	9,054	3,169
	<u>\$ 406,583</u>	<u>\$ 384,398</u>	<u>\$ 379,268</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the joint ventures' financial statements which have not been reviewed.

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

15. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2022	December 31, 2021	June 30, 2021
Assets used by the Group	\$ 67,381,227	\$ 65,739,551	\$ 66,637,790
Assets leased under operating leases	6,351,850	8,155,918	6,456,623
	<u>\$ 73,733,077</u>	<u>\$ 73,895,469</u>	<u>\$ 73,094,413</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, 2022	\$ 696,590	\$ 1,492,991	\$ 26,929,194	\$ 92,622,106	\$ 311,829	\$ 2,798,834	\$ —	\$ 124,851,544
Additions	—	—	2,155,716	375,026	7,005	75,321	—	2,613,068
Disposals	—	—	(13,412)	(100,784)	—	(97,187)	—	(211,383)
Transfers from assets leased under operating leases	—	—	—	2,202,678	—	—	—	2,202,678
Transfers from investment properties	26,860	17,685	—	—	—	—	—	44,545
Reclassification	—	—	—	246,303	2,370	—	—	248,673
Effects of foreign currency exchange differences	(253)	30,454	82	40,114	3,957	6,098	—	80,452

Balance at June 30, 2022	\$ 723,197	\$ 1,541,130	\$ 29,071,580	\$ 95,385,443	\$ 325,161	\$ 2,783,066	\$ —	\$ 129,829,577
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ —	\$ 593,675	\$ 15,321,569	\$ 40,566,789	\$ 250,915	\$ 2,379,045	\$ —	\$ 59,111,993
Disposals	—	—	(9,991)	(100,783)	—	(93,855)	—	(204,629)
Transfers from assets leased under operating leases	—	—	—	364,643	—	—	—	364,643
Depreciation expenses	—	15,958	772,201	2,286,422	6,111	67,680	—	3,148,372
Effects of foreign currency exchange differences	—	13,567	—	8,398	1,157	4,849	—	27,971
Balance at June 30, 2022	\$ —	\$ 623,200	\$ 16,083,779	\$ 43,125,469	\$ 258,183	\$ 2,357,719	\$ —	\$ 62,448,350
Balance at June 30, 2022, net value	\$ 723,197	\$ 917,930	\$ 12,987,801	\$ 52,259,974	\$ 66,978	\$ 425,347	\$ —	\$ 67,381,227
Balance at December 31, 2021 and January 1, 2022, net value	\$ 696,590	\$ 899,316	\$ 11,607,625	\$ 52,055,317	\$ 60,914	\$ 419,789	\$ —	\$ 65,739,551
	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	—	—	—	251,425	1,352	51,648	2,451,838	2,756,263
Disposals	—	—	(340,275)	(82,818)	—	(451,063)	—	(874,156)
Transfers from assets leased under operating leases	—	—	—	503,735	—	7,445	—	511,180
Transfers to assets leased under operating leases	—	—	—	(3,819)	—	—	—	(3,819)
Reclassification	—	—	—	3,609,728	—	525	(3,590,859)	19,394
Effects of foreign currency exchange differences	(555)	(16,011)	(27)	(2,693)	(2,115)	(14,576)	—	(35,977)
Balance at June 30, 2021	\$ 697,031	\$ 1,495,533	\$ 24,526,151	\$ 92,925,534	\$ 284,486	\$ 2,815,773	\$ 452,909	\$ 123,197,417
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	—	—	(300,382)	(82,818)	—	(390,622)	—	(773,822)
Transfers from assets leased under operating leases	—	—	—	292,225	—	7,445	—	299,670
Depreciation expenses	—	15,813	800,130	2,089,170	5,908	63,901	—	2,974,922
Effects of foreign currency exchange differences	—	(4,923)	—	(781)	(1,458)	(11,746)	—	(18,908)
Balance at June 30, 2021	\$ —	\$ 579,443	\$ 14,595,459	\$ 38,722,222	\$ 252,789	\$ 2,409,714	\$ —	\$ 56,559,627
Balance at June 30, 2021, net value	\$ 697,031	\$ 916,090	\$ 9,930,692	\$ 54,203,312	\$ 31,697	\$ 406,059	\$ 452,909	\$ 66,637,790

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 34.

b. Assets leased under operating leases

	Ship	Miscellaneous Equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 11,687,888	\$ —	\$ 11,687,888
Additions	40,042	—	40,042
Disposals	(36,616)	—	(36,616)
Transfers to assets used by the Group	(2,202,678)	—	(2,202,678)
Reclassification	2,499	—	2,499
Effects of foreign currency exchange differences	437,710	—	437,710
Balance at June 30, 2022	<u>\$ 9,928,845</u>	<u>\$ —</u>	<u>\$ 9,928,845</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 3,531,970	\$ —	\$ 3,531,970
Disposals	(36,616)	—	(36,616)
Transfers to assets used by the Group	(364,643)	—	(364,643)
Depreciation expenses	250,361	—	250,361
Effects of foreign currency exchange differences	195,923	—	195,923
Balance at June 30, 2022	<u>\$ 3,576,995</u>	<u>\$ —</u>	<u>\$ 3,576,995</u>
Balance at June 30, 2022, net value	<u>\$ 6,351,850</u>	<u>\$ —</u>	<u>\$ 6,351,850</u>
Balance at December 31, 2021 and January 1, 2022, net value	<u>\$ 8,155,918</u>	<u>\$ —</u>	<u>\$ 8,155,918</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 10,144,723	\$ 7,445	\$ 10,152,168
Additions	37,485	—	37,485
Disposals	(45,951)	—	(45,951)
Transfers from assets used by the Group	3,819	—	3,819

	Ship	Miscellaneous Equipment	Total
Transfers to assets used by the Group	(503,735)	(7,445)	(511,180)
Reclassification	2,791	—	2,791
Effects of foreign currency exchange differences	(136,122)	—	(136,122)
Balance at June 30, 2021	<u>\$ 9,503,010</u>	<u>\$ —</u>	<u>\$ 9,503,010</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 3,228,254	\$ 7,445	\$ 3,235,699
Disposals	(45,951)	—	(45,951)
Transfers to assets used by the Group	(292,225)	(7,445)	(299,670)
Depreciation expenses	211,810	—	211,810
Effects of foreign currency exchange differences	(55,501)	—	(55,501)
Balance at June 30, 2021	<u>\$ 3,046,387</u>	<u>\$ —</u>	<u>\$ 3,046,387</u>
Balance at June 30, 2021, net value	<u>\$ 6,456,623</u>	<u>\$ —</u>	<u>\$ 6,456,623</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 1,445,493	\$ 1,568,842	\$ 599,921
Year 2	19,023	9,313	9,192
Year 3	—	1,811	6,383
Year 4	—	—	—
Year 5 onwards	—	—	—
	<u>\$ 1,464,516</u>	<u>\$ 1,579,966</u>	<u>\$ 615,496</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 34.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Land	\$ 38,848	\$ 41,710	\$ 46,061
Buildings	1,960,204	2,086,132	2,197,555
Container and chassis	5,817,104	2,598,243	11,545
Ships	57,281,854	58,329,877	53,892,172
Miscellaneous equipment	85,869	83,993	72,921
	<u>\$ 65,183,879</u>	<u>\$ 63,139,955</u>	<u>\$ 56,220,254</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 5,003,490</u>	<u>\$ 2,603,405</u>	<u>\$ 8,291,776</u>	<u>\$ 5,169,241</u>
Depreciation expenses for right-of-use assets				
Land	\$ 2,244	\$ 2,175	\$ 4,442	\$ 4,351
Buildings	117,830	114,419	237,162	234,235
Container and chassis	217,992	50,830	351,030	109,758
Ships	2,871,414	2,435,630	5,632,049	4,901,287
Miscellaneous equipment	<u>10,074</u>	<u>7,693</u>	<u>19,234</u>	<u>16,069</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	\$ 3,219,554	\$ 2,610,747	\$ 6,243,917	\$ 5,265,700
Income from the subleasing of right-of-use assets (presented in operating revenue and other income)	\$ 267,356	\$ 240,189	\$ 449,881	\$ 447,461

Foreseeing the recoverable in bulk shipping market price in middle 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 \$592,426 thousand which was recognized in operating costs for the three months ended June 30, 2021 and for the six months ended June 30, 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 were 8.15%-8.65% per annum for the reporting period.

The significant subleasing of the right-of-use assets recorded for the three months ended June 30, 2022 and for the six months ended June 30, 2022 are set out in Note 11.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Current	\$ 4,314,822	\$ 3,306,188	\$ 2,013,859
Non-current	\$ 24,049,069	\$ 17,236,619	\$ 7,465,598
Lease liabilities designated as hedging (presented in financial liabilities for hedging)			
Current	\$ 8,311,747	\$ 7,585,691	\$ 7,552,724
Non-current	\$ 32,149,212	\$ 33,835,186	\$ 37,928,745

Financial liabilities designated as hedging

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

	Maturity Period	Account	Carrying Amount
June 30, 2022	2025/01/31-2031/01/31	Financial liabilities for hedging	\$ 40,460,959
December 31, 2021	2025/01/31-2031/01/31	Financial liabilities for hedging	41,420,877
June 30, 2021	2025/01/31-2031/01/31	Financial liabilities for hedging	45,481,469

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the three months ended June 30, 2022	\$ (1,513,306)	\$ (99,747)
For the six months ended June 30, 2022	\$ (2,882,681)	\$ (278,947)
For the three months ended June 30, 2021	\$ 1,143,612	\$ (165,551)
For the six months ended June 30, 2021	\$ 1,040,105	\$ (303,717)

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.12%-1.49%	1.12%-1.49%	1.12%-1.49%
Buildings	0.85%-10.00%	0.85%-10.00%	0.85%-10.00%
Container and chassis	0.08%-2.16%	0.08%-1.47%	3.65%
Ships	0.09%-7.24%	0.09%-7.24%	0.09%-7.24%
Miscellaneous equipment	0.84%-8.64%	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 Ratio for Exercising Extension and Purchase Options
<u>June 30, 2022</u>			
Ships	<u>\$ 51,456,873</u>	<u>\$ 23,491,885</u>	0.86%
<u>December 31, 2021</u>			
Ships	<u>\$ 47,809,568</u>	<u>\$ 20,756,101</u>	0.91%
<u>June 30, 2021</u>			
Ships	<u>\$ 42,593,549</u>	<u>\$ 19,112,856</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 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 tones, respectively, and the administration fees will be adjusted according to the annual Wholesale Price Index in Taiwan.

d. Subleases

In addition to those 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 470,640	\$ 339,630	\$ 462,193
Year 2	82,489	7	84,024
Year 3 onwards	—	—	—
	<u>\$ 553,129</u>	<u>\$ 339,637</u>	<u>\$ 546,217</u>

e. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 370,642</u>	<u>\$ 229,029</u>	<u>\$ 665,105</u>	<u>\$ 460,199</u>
Expenses relating to low-value asset leases	<u>\$ 780,422</u>	<u>\$ 851,907</u>	<u>\$ 1,506,846</u>	<u>\$ 1,732,509</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (48,691)</u>	<u>\$ (43,640)</u>	<u>\$ (41,093)</u>	<u>\$ (41,417)</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 996,162</u>	<u>\$ 875,294</u>	<u>\$ 1,945,616</u>	<u>\$ 1,753,843</u>
Total cash outflow for leases			<u>\$ (10,907,133)</u>	<u>\$ (10,282,090)</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 \$5,307,889 thousand, \$6,373,035 thousand and \$7,424,052 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$20,644,793 thousand, \$19,478,096 thousand and \$17,936,833 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

17. INVESTMENT PROPERTIES

	June 30, 2022	December 31, 2021	June 30, 2021
Completed Investment Property	<u>\$ 7,039,177</u>	<u>\$ 7,083,726</u>	<u>\$ 6,317,143</u>

Expect for the recognition of the changes in fair value and reclassified to property, plant and equipment, there are not significant additions, disposals and impairment losses for the six months ended June 30, 2022 and 2021.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Independent valuation	\$ 7,039,177	\$ 7,083,726	\$ 6,309,844
Valuation by the Group	—	—	7,299
	<u>\$ 7,039,177</u>	<u>\$ 7,083,726</u>	<u>\$ 6,317,143</u>

The maturity analysis of lease payments receivable under operating lease of investment properties as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 64,166	\$ 69,348	\$ 72,912
Year 2	49,189	50,820	57,467
Year 3	29,376	23,124	37,537
Year 4	18,244	12,257	14,432
Year 5	6,597	5,241	8,867
Year 6 onwards	2,743	3,200	5,034
	<u>\$ 170,315</u>	<u>\$ 163,990</u>	<u>\$ 196,249</u>

The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group were reflected in Note 34.

18. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 1,440,000	\$ 1,151,760	\$ 1,199,222
Loans from related parties (Note 33)	100,000	242,000	420,000
	<u>\$ 1,540,000</u>	<u>\$ 1,393,760</u>	<u>\$ 1,619,222</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.35%-1.54%, 1.30%-2.50% and 1.47%-1.50% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rates were 1.48%, 1.28%-1.50% and 1.32%-1.50% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ 400,000	\$ 387,500	\$ 300,000
Less : Unamortized discount on bills payable	290	1,282	190
	<u>399,710</u>	<u>386,218</u>	<u>299,810</u>
Loans from related parties (Note 33)	500,000	50,000	187,500
Less : Unamortized discount on bills payable	306	87	189
	<u>499,694</u>	<u>49,913</u>	<u>187,311</u>
	<u>\$ 899,404</u>	<u>\$ 436,131</u>	<u>\$ 487,121</u>

Interest rates of the outstanding short-term bills payable were 1.48%-1.50%, 1.39% and 1.48%-1.49% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Interest rates of the outstanding related parties' short-term bills payable were 1.49%, 1.39% and 1.48% per annum as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

c. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u> (Note 34)			
Secured bank loans	\$ 8,006	\$ 415,396	\$ 1,148,876
Loans from related parties (Note 33)	2,408,602	4,236,308	15,381,592
Other borrowings	—	317,324	394,242
	<u>2,416,608</u>	<u>4,969,028</u>	<u>16,924,710</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	23,164	100,798	167,639
Loans from related parties (Note 33)	—	99,839	3,122,012
	<u>23,164</u>	<u>200,637</u>	<u>3,289,651</u>

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Commercial paper</u>			
Line of credit borrowings	—	1,300,000	8,950,000
Less : Unamortized discount on bills payable	—	356	9,396
	—	1,299,644	8,940,604
<u>Loans from related parties (Note 33)</u>			
Less : Unamortized discount on bills payable	—	—	979
	—	—	999,021
	—	1,299,644	9,939,625
Total	2,439,772	6,469,309	30,153,986
Less : Current portion	204,470	1,400,430	8,820,901
Long-term borrowings	<u>\$2,235,302</u>	<u>\$ 5,068,879</u>	<u>\$ 21,333,085</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:

	June 30, 2022	December 31, 2021	June 30, 2021
<u>NT\$</u>			
Amount	\$ 1,991,533	\$ 4,416,452	\$ 25,672,288
Interest rate	1.30%-1.66%	1.12%-4.00%	1.13%-4.00%
Contract term	2020/02/27-2031/10/26	2016/03/25-2031/10/26	2014/04/24-2031/05/15

<u>US\$</u>			
Foreign currency amount	14,783	73,808	160,461
New Taiwan dollar amount	\$ 439,312	\$ 2,043,028	\$ 4,470,424
Interest rate	2.44%-4.15%	1.16%-2.81%	1.15%-2.80%
Contract term	2019/11/14-2026/09/28	2015/01/07-2027/01/13	2015/01/07-2028/02/09

<u>MYR</u>			
Foreign currency amount	1,187	1,353	1,547
New Taiwan dollar amount	\$ 8,006	\$ 8,964	\$ 10,376
Interest rate	3.50%	3.25 %	3.25 %
Contract term	2019/08/26-2034/04/01	2019/08/26-2034/04/01	2019/08/26-2034/04/01

CAD

	June 30, 2022	December 31, 2021	June 30, 2021
Foreign currency amount	40	40	40
New Taiwan dollar amount	\$ 921	\$ 865	\$ 898
Interest rate	5.00%	5.00 %	5.00 %
Contract term	2020/06/03-2022/12/31	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 3.50%, 1.33%-3.25% and 1.24%-3.25% on June 30, 2022, December 31, 2021 and June 30, 2021, 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 1.30%-3.35%, 1.12%-1.47% and 1.13%-1.76% on June 30, 2022, December 31, 2021 and June 30, 2021, 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 June 30, 2021, respectively. 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 4.15%-5.00%, 1.45%-5.00% and 1.59%-5.00% on June 30, 2022, December 31, 2021 and June 30, 2021, 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 fully

repaid on February 25, 2022. Interest rates were 1.50% and 1.18%-1.50% on December 31, 2021 and June 30, 2021, 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 had repaid all the drawdown made as of June 30, 2022, \$99,839 thousand with the same amount available as of December 31, 2021, and \$300,000 thousand with the same amount available as of June 30, 2021, respectively.

Commercial paper

The Group signed 3 years underwriting contracts for the issuance of commercial paper with a bill finance institution. The Group can issue the commercial papers in a revolving scheme during the period of the financing contracts. During the issuance period, the Group’s short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) are required maintained at a certain level specified in the contracts. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had met the above requirements.

1) Line of credit borrowings

The Group’s commercial paper has been fully repaid in the New Taiwan dollar before May 24, 2022. Interest rates were 1.43%-1.59% on December 31, 2021 and June 30, 2021, 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 loan has been fully repaid on August 23, 2021. Interest rates were 1.43% on June 30, 2021.

19. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
Secured domestic bonds	\$ 10,825,226	\$ 10,822,014	\$ 10,820,988
Domestic secured convertible bonds	—	—	—
	<u>10,825,226</u>	<u>10,822,014</u>	<u>10,820,988</u>

a. Secured domestic bonds

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

The bond features and terms are as follows:

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

Type B - aggregate par value: \$1,500,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.

Type C - aggregate par value: \$1,000,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.

Type D - aggregate par value: \$1,000,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.

Type E - aggregate par value: \$500,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.

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

The bond features and terms are as follows:

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

Type B - aggregate par value: \$1,000,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

Type C - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

Type D - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

Type E - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

Type F - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

Type G - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

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

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

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

b. Domestic secured convertible bonds

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

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

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

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

20. TRADE PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade payables - operating</u>			

	June 30, 2022	December 31, 2021	June 30, 2021
Trade payables - non-related parties	\$ 22,925,606	\$ 19,106,729	\$ 19,123,691
Trade payables - related parties	394,522	376,954	402,009
	<u>\$ 23,320,128</u>	<u>\$ 19,483,683</u>	<u>\$ 19,525,700</u>
Payable for cost of voyage in sailing	\$ 11,584,424	\$ 10,219,909	\$ 10,616,288
Payable for fuel	4,202,963	2,029,203	2,083,045
Payable for space hire	6,983,565	6,844,147	6,166,347
Payable for freight expenses	370,823	310,566	497,309
Payable for stevedoring expenses	173,190	75,049	157,905
Payable for management expenses	5,163	4,809	4,806
	<u>\$ 23,320,128</u>	<u>\$ 19,483,683</u>	<u>\$ 19,525,700</u>

21. OTHER PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Payable for container lease	\$ 575,531	\$ 558,222	\$ 615,316
Payable for salary and bonus	3,727,864	4,496,556	2,147,859
Payable for interest expenses	122,763	125,917	89,693
Payable for equipment M&R expenses	36,738	106,021	206,933
Payable for annual leave	139,908	130,097	221,319
Payable for vessel charter hire	111,014	49,156	101,038
Payable for equipment	2,256,601	93,089	195,379
Payable for dividends	69,852,698	1,877	4,062
Others	1,916,337	2,285,737	1,405,329
	<u>\$ 78,739,454</u>	<u>\$ 7,846,672</u>	<u>\$ 4,986,928</u>

22. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Restoration cost for leased assets (a)	\$ 1,406	\$ 1,348	\$ 1,343
Others (b)	56,307	56,307	—
	<u>\$ 57,713</u>	<u>\$ 57,655</u>	<u>\$ 1,343</u>
Current	\$ 56,307	\$ 56,307	\$ —

	June 30, 2022	December 31, 2021	June 30, 2021
Non-current	1,406	1,348	1,343
	<u>\$ 57,713</u>	<u>\$ 57,655</u>	<u>\$ 1,343</u>

	Restoration Cost for Leased Assets	Others	Total
Balance at January 1, 2022	\$ 1,348	\$ 56,307	\$ 57,655
Effect of foreign currency exchange differences	58	—	58
Balance at June 30, 2022	<u>\$ 1,406</u>	<u>\$ 56,307</u>	<u>\$ 57,713</u>
Balance at January 1, 2021	\$ 1,396	\$ —	\$ 1,396
Effect of foreign currency exchange differences	(53)	—	(53)
Balance at June 30, 2021	<u>\$ 1,343</u>	<u>\$ —</u>	<u>\$ 1,343</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 the estimated possible fine of \$56,307 thousand which the Group may be fined by The Korea Fair Trade Commission for violating the Korea Fair Trade Act. The aforementioned amount has been paid in July, 2022. The Group will continue to evaluate following measures to ensure maximum benefit.

23. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, employee benefits expenses in respect of the Group's defined benefit retirement plan were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020, the amounts are \$24,471 thousand, \$25,782 thousand, \$48,572 thousand and \$51,809 thousand, respectively.

24. EQUITY

- a. Share capital
 - 1) Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Numbers of shares authorized (in thousands)	4,500,000	4,500,000	4,500,000
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Numbers of shares issued and fully paid (in thousands)	3,492,104	3,492,104	3,332,104
Shares issued	<u>\$ 34,921,043</u>	<u>\$ 34,921,043</u>	<u>\$ 33,321,043</u>

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

The board of directors resolved 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 FSC on June 23, 2021. The board of directors had determined the subscription base date to be July 16, 2021 and completed change registration in August 2021.

The secured domestic convertible bonds had been converted into YMTC's ordinary shares in the amount of \$1,644,421 thousand (164,442 thousand shares) for the six months ended June 30, 2021. The board of directors had determined the subscription base date to be May 12, 2021 and completed change registration in June 2021.

On June 30, 2021, there were still 697,394 thousand privately placed ordinary shares not converted into publicly placed shares. The board of directors resolved to covert 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 placed ordinary shares are the same as those of the issuance of ordinary shares, except for a restriction on negotiation in accordance with the Securities and Exchange Act and the application for public listing after 3 years from the trade date.

2) Preference shares

The board of directors resolved on May 6, 2020 to privately place Type A preference shares with a limit of 300,000,000 shares and approved by 2020 Annual Shareholders Meeting. However, this plan was not executed and became unnecessary as the Company's financial status has been significantly improving from the 2nd half of year 2020.

b. Capital surplus

	May Be Used to Offset a Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)	May Not Be Used for Any Purpose	Total
	Issuance of Ordinary Shares	Share Warrants	
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	—	20,549	20,549
Balance at June 30, 2021	<u>\$ 403,657</u>	<u>\$ 20,549</u>	<u>\$ 424,206</u>
Balance at January 1 and June 30, 2022	<u>\$ 27,975,030</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).

c. Retained earnings and dividend policy

The Company's shareholders' meeting resolved to amend the Articles on May 27, 2022. Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, at least 25% of the remaining profit should be distributed as dividends after the profit has been utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and distributing dividends for preference shares. Company's board of directors should consider long-term financial plans, the change in the environment of the industry, capital expenditures, the working capital for operation and the shareholders' interests as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. At least 20% of the amount declared as dividends for ordinary shares should be in the form of cash as opposed to stock.

Under the dividend policy as set forth in the Articles before amending, 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 YMTC, costs, expenditures and the working capital for operation in proposing stock dividend appropriation plan. YMTC shall declare at least 20% of the amount declared as dividends in the form of cash as opposed to stock.

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

The Company's shareholders' meeting resolved in May 27, 2022 to amend the Articles to appropriate special reserve from the balance of retained earnings of the prior period against the full amount of “the cumulative net increases in fair value of investment properties in the prior period” and “the cumulative net decrease of other equity in the prior period”. If the amount of retained earnings of the prior period is not enough for such appropriation, the Group should further make up the gap by the net profit after tax and the balances of other equity items of current period. Before amending the Articles, the Company appropriated by law from retained earnings of the prior period.

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

	Appropriation of Earnings
Legal reserve	\$ 166,092
Special reserve	\$ 1,494,827

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

	Appropriation of Earnings
Legal reserve	\$ 16,740,972
Special reserve	\$ 2,218,403
Cash dividends	\$ 69,842,085
Cash dividends per share (NT\$)	\$ 20

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

e. Others equity items

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ (1,253,998)	\$ (713,510)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	2,273,539	(487,985)
Related income tax	(387,711)	283,523
Reclassification adjustment		
Other comprehensive income recognized for the period	1,885,828	(204,462)
Balance at June 30	\$ 631,830	\$ (917,972)

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

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ (299,493)	\$ (785,730)
Recognized for the period		
Unrealized gain (loss) Equity instruments	17,169	3,092,436
Share from associates and joint ventures accounted for using the equity method	(283,662)	271,292
Other comprehensive income recognized for the period	(266,493)	3,363,728
Cumulative unrealized loss of equity instruments transferred to retained earnings	—	56
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	8,253	—
Balance at June 30	\$ (557,733)	\$ 2,578,054

3) Gain on hedging instruments

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 3,278,054	\$ 3,455,825
Recognized for the period		

	For the Six Months Ended June 30	
	2022	2021
Foreign currency risk- lease liabilities	(2,882,681)	1,040,105
Foreign currency risk- time deposit	50,000	—
Related income tax	622,325	(838,443)
Reclassification adjustments		
Foreign currency risk- operating revenue	(278,947)	(303,717)
Other comprehensive income recognized for the period	(2,489,303)	(102,055)
Balance at June 30	<u>\$ 788,751</u>	<u>\$ 3,353,770</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 631,392	\$ 656,620
Share of profit for the period	213,315	153,598
Other comprehensive income (loss) during the period		
Exchange difference on translating the financial statements of foreign entities	(24,005)	(48,939)
Unrealized (loss) gain on financial assets at FVTOCI	(2)	35
Cash dividends distributed by subsidiaries	(28,574)	(177,417)
Balance at June 30	<u>\$ 792,126</u>	<u>\$ 583,897</u>

25. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Cargo revenue	\$ 102,313,927	\$ 68,095,177	\$ 202,329,041	\$ 125,880,154
Slottage revenue	1,494,427	933,940	2,527,458	1,849,486
Rental income				
Rental revenue on vessel	1,017,305	563,459	1,793,088	1,049,589
Other operating revenue	4,621,919	3,678,674	9,502,163	6,774,476
	<u>\$ 109,447,578</u>	<u>\$ 73,271,250</u>	<u>\$ 216,151,750</u>	<u>\$ 135,553,705</u>

a. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Trade receivables (Note 10)	<u>\$ 24,421,770</u>	<u>\$ 22,054,984</u>	<u>\$ 19,299,190</u>	<u>\$ 11,177,869</u>
Contract assets				
Cargo revenue	\$ 7,356,928	\$ 5,533,228	\$ 4,390,276	\$ 2,906,252
Less : Allowance for impairment loss	<u>(71,136)</u>	<u>(67,894)</u>	<u>(36,931)</u>	<u>(15,978)</u>
Contract assets	<u>\$ 7,285,792</u>	<u>\$ 5,465,334</u>	<u>\$ 4,353,345</u>	<u>\$ 2,890,274</u>
Contract liabilities - current				
Advance on contract	<u>\$ 902,580</u>	<u>\$ 903,453</u>	<u>\$ 418,942</u>	<u>\$ 134,998</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 Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 67,894	\$ 15,978
Add : Net remeasurement of loss allowance	1,517	21,096
Foreign exchange gains and losses	1,725	(143)
Balance at June 30	<u>\$ 71,136</u>	<u>\$ 36,931</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 39 for information about disaggregation of revenue.

26. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Gain on disposal and retirement of property, plant and equipment	\$ 7,888	\$ (12,951)	\$ 10,569	\$ 53,273
Reimbursement income	123,167	20,243	174,467	28,273
Gain arising from the subleasing of right-of-use assets	1,145,472	—	1,145,472	—
	<u>\$ 1,276,527</u>	<u>\$ 7,292</u>	<u>\$ 1,330,508</u>	<u>\$ 81,546</u>

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	\$ 490,022	\$ 35,406	\$ 706,707	\$ 57,560
Net investments in leases	2,376	526	2,853	1,069
Short-term bills	5,716	6,806	8,485	8,685
Others	166	275	180	603
	<u>\$498,280</u>	<u>\$ 43,013</u>	<u>\$ 718,225</u>	<u>\$67,917</u>

c. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income - operating leases	\$ 20,609	\$ 20,116	\$ 43,455	\$ 43,274
Dividends	—	1,824	—	1,889
	<u>\$ 20,609</u>	<u>\$ 21,940</u>	<u>\$ 43,455</u>	<u>\$ 45,163</u>

d. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net foreign exchange gains (losses)	\$ 3,996,928	\$ 39,785	\$ 8,127,062	\$ 24,535
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	(1,656)	10,055	(953)	21,929
Gain (loss) arising from lease modifications	174	(53)	206	7,587
Loss arising from the change in fair value of investment properties	—	(38)	(4)	(76)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Others	48,006	(13,381)	89,446	(24,423)
	<u>\$ 4,043,452</u>	<u>\$ 36,368</u>	<u>\$ 8,215,757</u>	<u>\$ 29,552</u>

e. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 20,818	\$ 87,069	\$ 40,164	\$ 195,117
Interest on lease liabilities (including U.S. dollar lease contracts designated as hedging instruments)	482,196	482,051	952,849	981,060
Other interest expenses	62,168	83,397	133,126	172,628
	565,182	652,517	1,126,139	1,348,805
Less : Amounts included in the cost of qualifying assets	—	(3,076)	—	(7,385)
	<u>\$ 565,182</u>	<u>\$ 649,441</u>	<u>\$ 1,126,139</u>	<u>\$ 1,341,420</u>

Information about capitalized interest is as follow:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Capitalized interest amount	\$ —	\$ 3,076	\$ —	\$ 7,385
Capitalization rate	—	1.09%-1.47%	—	1.09%-1.47%

f. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Right-of -use assets	\$ 3,219,554	\$ 2,610,747	\$ 6,243,917	\$ 5,265,700
Property, plant and equipment	1,717,906	1,610,769	3,398,733	3,186,732
Intangible assets	16,261	13,503	30,177	26,759
	<u>\$ 4,953,721</u>	<u>\$4,235,019</u>	<u>\$ 9,672,827</u>	<u>\$ 8,479,191</u>
An analysis of depreciation by function				
Operating costs	\$ 4,843,621	\$ 4,139,542	\$ 9,457,580	\$ 8,283,122
Operating expenses	93,839	81,974	185,070	169,310
	<u>\$ 4,937,460</u>	<u>\$ 4,221,516</u>	<u>\$ 9,642,650</u>	<u>\$ 8,452,432</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
An analysis of amortization by function				
Operating costs	\$ 727	\$ 1,621	\$ 1,460	\$ 3,104
Operating expenses	15,534	11,882	28,717	23,655
	<u>\$ 16,261</u>	<u>\$ 13,503</u>	<u>\$ 30,177</u>	<u>\$ 26,759</u>

g. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 74,499	\$ 68,362	\$ 150,142	\$ 141,301
Defined benefit plans (Note 23)	24,471	25,782	48,572	51,809
Termination benefits	8,487	6,083	17,547	12,141
Other employee benefits	3,398,796	2,099,073	7,419,901	5,227,956
Total employee benefits expense	<u>\$ 3,506,253</u>	<u>\$ 2,199,300</u>	<u>\$ 7,636,162</u>	<u>\$ 5,433,207</u>
An analysis of employee benefits by function				
Operating costs	\$ 1,158,210	\$ 842,249	\$ 2,604,026	\$ 1,749,431
Operating expenses	2,348,043	1,357,051	5,032,136	3,683,776
	<u>\$3,506,253</u>	<u>\$ 2,199,300</u>	<u>\$7,636,162</u>	<u>\$5,433,207</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 three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors	—	—

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	\$ 747,995	\$ 416,648	\$ 1,513,106	\$ 707,525
Remuneration of directors	\$ —	\$ (290,877)	\$ —	\$ —

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.

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

Amount

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

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, 2021 and 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 13,118,640	\$ 5,737,596	\$ 26,523,092	\$ 5,874,197

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Income tax on unappropriated earnings	3,969,468	1,648	3,969,468	1,648
Adjustments for prior years	(91,202)	15,916	(163,237)	15,916
	<u>16,996,906</u>	<u>5,755,160</u>	<u>30,329,323</u>	<u>5,891,761</u>
Deferred tax				
In respect of the current period	2,783,940	1,809,576	5,298,874	5,771,984
Adjustments for prior years	—	(12,251)	—	(12,251)
	<u>2,783,940</u>	<u>1,797,325</u>	<u>5,298,874</u>	<u>5,759,733</u>
Income tax expense recognized in profit or loss	<u>\$ 19,780,846</u>	<u>\$ 7,552,485</u>	<u>\$ 35,628,197</u>	<u>\$ 11,651,494</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period				
- Translation of foreign operations	\$ 218,969	\$ (283,523)	\$ 387,711	\$ (283,523)
- Cash flow hedges	(312,610)	838,443	(622,325)	838,443
Income tax recognized in other comprehensive income (loss)	<u>\$ (93,641)</u>	<u>\$ 554,920</u>	<u>\$ (234,614)</u>	<u>\$ 554,920</u>

c. Income tax assessments

Company	Year
Yang Ming Marine Transport Corporation	2019
Kuang Ming Shipping Corp.	2019
Hong Ming Terminal & Stevedoring Corp.	2019
Jing Ming Transportation Co., Ltd.	2019
YES Logistics Corp.	2020

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

For the Three Months Ended June 30		For the Six Months Ended June 30	
2022	2021	2022	2021

Basic earnings per share	<u>\$ 15.90</u>	<u>\$ 10.36</u>	<u>\$ 33.25</u>	<u>\$ 17.88</u>
Diluted earnings per share	<u>\$ 15.82</u>	<u>\$ 10.35</u>	<u>\$ 33.02</u>	<u>\$ 17.70</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 Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic earnings per share	\$ 55,533,471	\$ 34,535,060	\$ 116,110,637	\$ 59,052,111
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds (after tax)	—	—	—	1,198
Earnings used in the computation of diluted earnings per share	<u>\$ 55,533,471</u>	<u>\$ 34,535,060</u>	<u>\$ 116,110,637</u>	<u>\$ 59,053,309</u>

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,492,104	3,332,104	3,492,104	3,302,034
Effect of potentially dilutive ordinary shares:				
Convertible bonds	—	—	—	30,070
Compensation of employees	18,385	3,877	24,788	4,662
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,510,489</u>	<u>3,335,981</u>	<u>3,516,892</u>	<u>3,336,766</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 was reserved and subscribed by employees. The subscribed numbers of shares and prices were determined in June and July, 2021. According to IFRS 2 "Share-based Payment", the fair value at the grant date of the employee share

options is expensed as the remuneration cost (presented in salaries expenses) and capital surplus – employee share options of \$51,373 thousand. As of June 30, 2021, the expense recognized is \$20,549 thousand.

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

	<u>Employee Option Rights</u>
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. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2022

	January 1, 2022	Cash Flows	Non-Cash Changes		June 30, 2022
			New Leases	Others (Note)	
Short-term borrowings	\$ 1,393,760	\$ 146,240	\$ —	\$ —	\$ 1,540,000
Short-term bills payable	436,131	462,500	—	773	899,404
Long-term borrowings	6,469,309	(4,220,358)	—	190,821	2,439,772
Bonds payable	10,822,014	—	—	3,212	10,825,226
Lease liabilities	61,963,684	(5,958,634)	8,291,776	4,528,024	68,824,850
Other non-current liabilities	836,076	31,664	—	—	867,740
	<u>\$ 81,920,974</u>	<u>\$ (9,538,588)</u>	<u>\$ 8,291,776</u>	<u>\$ 4,722,830</u>	<u>\$ 85,396,992</u>

For the six months ended June 30, 2021

	January 1, 2021	Cash Flows	Non-Cash Changes		June 30, 2021
			New Leases	Others (Note)	
Short-term borrowings	\$ 2,072,156	\$ (452,934)	\$ —	\$ —	\$ 1,619,222
Short-term bills payable	12,113,626	(11,652,500)	—	25,995	487,121
Long-term borrowings	53,738,221	(23,523,333)	—	(60,902)	30,153,986
Bonds payable	6,619,686	5,900,000	—	(1,698,698)	10,820,988
Lease liabilities	55,990,206	(4,976,181)	5,169,241	(1,222,340)	54,960,926
Other non-current liabilities	610,139	35,564	—	—	645,703
	<u>\$ 131,144,034</u>	<u>\$ (34,669,384)</u>	<u>\$ 5,169,241</u>	<u>\$ (2,955,945)</u>	<u>\$ 98,687,946</u>

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

31. 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Debt (a)	\$ 232,582,672	\$ 150,093,218	\$ 140,061,704
Cash and cash equivalents	(170,035,892)	(57,448,678)	(60,320,499)
Net debt	<u>\$ 62,546,780</u>	<u>\$ 92,644,540</u>	<u>\$ 79,741,205</u>
Equity (b)	<u>\$ 279,881,984</u>	<u>\$ 234,322,666</u>	<u>\$ 100,055,972</u>
Net debt to equity ratio	<u>22.35%</u>	<u>39.54%</u>	<u>79.70%</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.

32. FINANCIAL INSTRUMENTS

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

June 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Finance lease receivables	<u>\$ 1,462,452</u>	<u>\$ —</u>	<u>\$ 1,450,656</u>	<u>\$ —</u>	<u>\$ 1,450,656</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Secured domestic bonds	<u>\$ 10,825,226</u>	<u>\$ —</u>	<u>\$ 10,798,367</u>	<u>\$ —</u>	<u>\$ 10,798,367</u>

December 31, 2021

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

June 30, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Finance lease receivables	\$ 157,222	\$ —	\$ 158,123	\$ —	\$ 158,123
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Secured domestic bonds	\$ 10,820,988	\$ —	\$ 10,827,140	\$ —	\$ 10,827,140

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

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 69,085	\$ —	\$ —	\$ 69,085
Mutual funds	5,195	—	—	5,195
Domestic limited partnership	—	—	14,686	14,686
Total	\$ 74,280	\$ —	\$ 14,686	\$ 88,966
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Unlisted shares	\$ —	\$ —	\$ 515,098	\$ 515,098

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 70,016	\$ —	\$ —	\$ 70,016
Mutual funds	6,032	—	—	6,032
Domestic limited partnership	—	—	13,871	13,871
Total	<u>\$ 76,048</u>	<u>\$ —</u>	<u>\$ 13,871</u>	<u>\$ 89,919</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Unlisted shares	\$ —	\$ —	\$ 497,931	\$ 497,931

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets				
- Oil option contract	\$ —	\$ —	\$ 756	\$ 756
Domestic listed shares	136,962	—	—	136,962
Foreign listed shares	4,655	—	—	4,655
Mutual funds	67,289	—	—	67,289
Domestic limited partnership	—	—	25,000	25,000
Total	<u>\$ 208,906</u>	<u>\$ —</u>	<u>\$ 25,756</u>	<u>\$ 234,662</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Listed shares	\$ 4,634,665	\$ —	\$ —	\$ 4,634,665
- Unlisted shares	—	—	476,055	476,055
Total	<u>\$ 4,634,665</u>	<u>\$ —</u>	<u>\$ 476,055</u>	<u>\$ 5,110,720</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 six months ended June 30, 2022

Financial assets at FVTPL

	<u>Other Instruments</u>
	<u>Domestic Limited Partnership</u>
Balance at January 1, 2022	\$ 13,871
Recognized in profit or loss(included in other gains and losses)	815
Transfers out of Level 3	<u>—</u>

	<u>Other Instruments</u> <u>Domestic Limited Partnership</u>
Balance at June 30, 2022	<u>\$ 14,686</u>
Unrealized gain or loss for the current period included in profit or loss relating to assets held at the end of the period	<u>\$ 815</u>

Financial assets at FVTOCI

	<u>Equity Instruments</u>
Balance at January 1, 2022	\$ 497,931
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	17,167
Balance at June 30, 2022	<u>\$ 515,098</u>

For the six months ended June 30, 2021

Financial assets at FVTPL

	<u>Other Instruments</u>	<u>Derivative</u>		<u>Total</u>
	<u>Domestic Limited Partnership</u>	<u>Oil Option Contract</u>	<u>Call Option of Bonds</u>	
Balance at January 1, 2021	\$ —	\$ —	\$ 8,636	\$ 8,636
Recognized in profit or loss (included in other gains and losses)	—	(163)	2,560	2,397
Purchase	25,000	919	—	25,919
Sales/settlements	—	—	(11,196)	(11,196)
Transfers out of Level 3	—	—	—	—
Balance at June 30, 2021	<u>25,000</u>	<u>756</u>	<u>—</u>	<u>25,756</u>
Unrealized gain or loss for the current period included in profit or loss relating to assets held at the end of the period	<u>\$ —</u>	<u>\$ (163)</u>	<u>\$ —</u>	<u>\$ (163)</u>

Financial assets at FVTOCI

	<u>Equity Instruments</u>
Balance at January 1, 2021	\$ 505,532
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(49,195)
Purchase	20,000
Sales/settlements	(282)
Balance at June 30, 2021	<u>\$ 476,055</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 Balck-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>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 88,966	\$ 89,919	\$ 234,662
Financial assets at amortized cost (1)	307,136,369	215,947,435	81,114,723
Financial assets for hedging	29,720,000	—	—
Financial assets at FVTOCI			
Equity instruments	515,098	497,931	5,110,720

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial liabilities</u>			
Financial liabilities for hedging	40,460,959	41,420,877	45,481,469
Amortized cost (2)	44,075,692	41,856,891	65,243,884

- 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.
- 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, and lease 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 37.

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

Profit (loss)/Equity of 1% Variation	For the Six Months Ended June 30	
	2022	2021
Profit (loss) (i)		
U.S. dollars	\$ 788,790	\$ 59,163
CNY	23,375	4,158
GBP	30,594	3,322
EUR	153,056	21,645
HKD	(14)	(1,033)
Equity(ii)		
U.S. dollars	(107,410)	(454,815)

- 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 USD demand (Time) deposit and 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, EUR and CNY monetary net assets caused by the increase in U.S. dollars, GBP, EUR and CNY monetary assets ; decrease in HKD monetary net liabilities was caused by the decrease in HKD.

Hedge accounting

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

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

If the USD-denominated prepayment for ship purchase is not highly likely, the possibility of hedge ineffectiveness in these hedging relationships may occur.

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 6 and 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
- Financial assets	\$ 262,886,409	\$ 150,381,509	\$ 15,525,614
- Financial liabilities	82,089,480	74,496,783	76,709,158
Cash flow interest rate risk			
- Financial assets	48,832,956	41,536,739	44,578,284
- Financial liabilities	2,439,772	6,588,115	21,333,085

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 six months ended June 30, 2022 would have increased/decreased by \$23,197 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings 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 six months ended June 30, 2021 would have increased/decreased by \$11,623 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings 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 oil-related derivatives, limited partnership and mutual funds. 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 six months ended June 30, 2022 would have increased/decreased by \$3,454 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the six months ended June 30, 2022 would have increased/decreased by \$25,755 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 six months ended June 30, 2021 would have increased/decreased by \$7,081 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the six months ended June 30, 2021 would have increased/decreased by \$255,536 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 six months ended June 30, 2022 would have increased/decreased by \$994 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If limited partnership and mutual funds had been 5% higher/lower, pre-tax profit (loss) for the six months ended June 30, 2021 would have increased/decreased by \$4,614 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If oil option contract price had been 5% higher/lower, the fair value of the derivative financial assets - oil option contract (the purpose for hedge but not applied for the hedge

accounting) for the six months ended June 30, 2021 would have varied by \$38 thousand (USD \$1.36 thousand).

The Group's sensitivity to equity instrument price decreased during the current period mainly due to the decrease in financial assets at FVTPL and to the decrease in financial assets at FVTOCI. The Group's sensitivity to limited partnership and mutual funds price decreased during the current period 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 June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized bank loans facilities of \$13,196,432 thousand, \$14,292,257 thousand and \$14,675,807 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.

June 30, 2022

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
Non-interest bearing	\$ 102,091,760	\$ 806,801	\$ —
Lease liabilities	14,518,917	43,067,470	17,470,147
Variable interest rate liabilities	240,494	1,220,366	1,139,877
Fixed interest rate liabilities	2,508,191	10,333,565	703,430
Short-term and low value lease commitment	2,615,516	2,458,639	233,734
Lease commitment for future service costs	4,009,681	11,614,445	5,020,667
Financial guarantee liabilities	52,459	—	—
	<u>\$ 126,037,018</u>	<u>\$ 69,501,286</u>	<u>\$ 24,567,855</u>

Additional information about the maturity analysis for lease liabilities :

	<u>Less than 1 Year</u>	<u>1~5 Years</u>	<u>5~10 Years</u>	<u>10~15 Years</u>	<u>15~20 Years</u>	<u>20+Years</u>
Lease liabilities	\$ 14,518,917	\$ 43,067,470	\$ 17,429,476	\$ 40,671	\$ —	\$ —
Variable interest rate liabilities	240,494	1,220,366	1,139,877	—	—	—
Fixed interest rate liabilities	2,508,191	10,333,565	703,430	—	—	—
Short-term and low value lease commitment	2,615,516	2,458,639	233,734	—	—	—
Lease commitment for future service costs	4,009,681	11,614,445	5,020,667	—	—	—
	<u>\$ 23,892,799</u>	<u>\$ 68,694,485</u>	<u>\$ 24,527,184</u>	<u>\$ 40,671</u>	<u>\$ —</u>	<u>\$ —</u>

December 31, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
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

	Less than 1 Year	1-5 Years	5+ Years
Short-term and low value lease commitment	2,919,870	3,144,608	308,557
Lease commitment for future service costs	3,648,704	11,132,578	4,696,814
Financial guarantee liabilities	171,997	—	—
	\$ 48,974,302	\$ 66,786,533	\$ 24,138,241

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	\$ 11,788,382	\$ 38,290,068	\$ 15,927,639	\$ 66,300	\$ —	\$ —
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	2,919,870	3,144,608	308,557	—	—	—
Lease commitment for future service costs	3,648,704	11,132,578	4,696,814	—	—	—
	\$ 21,438,098	\$ 66,051,983	\$ 24,071,941	\$ 66,300	\$ —	\$ —

June 30, 2021

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing Lease liabilities	\$ 24,535,807	\$ 563,213	\$ —
Variable interest rate liabilities	11,395,878	35,511,851	13,351,042
Fixed interest rate liabilities	5,400,632	21,161,484	4,278,263
Short-term and low value lease commitment	4,291,108	9,690,815	1,410,290
Lease commitment for future service costs	3,006,867	4,098,189	318,996
Financial guarantee liabilities	3,379,844	10,978,358	3,578,631
	173,115	—	—
	\$ 52,183,251	\$ 82,003,910	\$ 22,937,222

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	\$ 11,395,878	\$ 35,511,851	\$ 13,329,626	\$ 20,586	\$ 830	\$ —
Variable interest rate liabilities	5,400,632	21,161,484	4,136,006	142,257	—	—
Fixed interest rate liabilities	4,291,108	9,690,815	1,410,290	—	—	—
Short-term and low value lease commitment	3,006,867	4,098,189	318,996	—	—	—
Lease commitment for future service costs	3,379,844	10,978,358	3,578,631	—	—	—
	<u>\$ 27,474,329</u>	<u>\$ 81,440,697</u>	<u>\$ 22,773,549</u>	<u>\$ 162,843</u>	<u>\$ 830</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 as of June 30, 2022 and December 31, 2021. The maturity date of all the derivative instruments held by the Group as of June 30, 2021 is within one year.

33. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 31.16%, 32.06% and 33.60% of the ordinary shares of YMTC as of June 30, 2022, December 31, 2021 and June 30, 2021, 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 35), properties allocation agreement signed with Chunghwa Post Co., Ltd. (see Note 17), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 35).

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

Related Party Name	Relationship with the Group
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 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)
Taiwan Foundation International Pte. Ltd.	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
Mega Securities	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

(continued)

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Taiwan Water Corporation	Government – related party
China Steel Corporation	Government – related party
CPC Corporation, Taiwan	Government – related party
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
Northern Region Branch, National Property Administration, MOF	Government – related party
Leader Container Transportation Co., Ltd.	Investor that has significant influence over the subsidiaries
Marine Container Services India Private Limited	Investor that has significant influence over the subsidiaries
Unicorn Enterprises	Investor that has significant influence over the subsidiaries
Bay Container Terminal Private Limited	Investor that has significant influence over the subsidiaries
Marine Container Services (South) Private Limited	Investor that has significant influence over the subsidiaries
Omega Intermodal Container Services Private Limited	Investor that has significant influence over the subsidiaries
Yang Ming Cultural Foundation	Other related party

(concluded)

b. Operating transaction

Line Item	Related Party Category/ Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Operating revenue	Associates	\$ 69,234	\$ 70,490	\$ 135,355	\$ 121,262
	Joint ventures	648	503	1,211	1,227
	Government – related parties	38,791	68,504	87,216	135,070
		<u>\$ 108,673</u>	<u>\$ 139,497</u>	<u>\$ 223,782</u>	<u>\$ 257,559</u>
Operating cost	Associates	\$ 698,741	\$ 568,180	\$ 1,301,009	\$ 1,090,671
	Joint ventures	34,381	22,386	69,737	48,311
	Government – related parties	20,888	27,862	42,309	71,115
	Investors that have significant influence over the subsidiaries	91,948	86,274	180,497	166,628
		<u>\$ 845,958</u>	<u>\$ 704,702</u>	<u>\$ 1,593,552</u>	<u>\$ 1,376,725</u>
Operating expenses	Joint ventures	\$ 25,283	\$ 13,186	\$ 35,400	\$ 14,782
	Government – related parties	13,409	7,963	21,730	15,204
	Investors that have significant influence over the subsidiaries	169	222	333	238

Line Item	Related Party Category/ Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
	Other related parties	5,849	5,768	10,476	12,815
		<u>\$ 44,710</u>	<u>\$ 27,139</u>	<u>\$ 67,939</u>	<u>\$ 43,039</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 and pledged time deposits as of June 30, 2022, December 31, 2021 and June 30, 2021) were as follows:

Related Party Category/ Name	June 30, 2022	December 31, 2021	June 30, 2021
Government – related parties			
Land Bank of Taiwan	\$ 38,647,908	\$ 27,770,953	\$ 11,669,335
Others	72,168,129	59,227,357	10,447,381
	<u>\$ 110,816,037</u>	<u>\$ 86,998,310</u>	<u>\$ 22,116,716</u>

d. Contract assets

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Contract assets	Associates	<u>\$ 195,532</u>	<u>\$ 191,689</u>	<u>\$ 134,031</u>

For the six months ended June 30, 2022 and 2021, no impairment losses were recognized for contract assets from related parties.

e. Receivables and payables from related parties

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	Investors that have significant influence over the subsidiaries	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 3</u>
Trade receivables	Associates	\$ 301,565	\$ 278,164	\$ 270,815
	Joint ventures	744	4,759	367
	Government – related parties	61	129,132	23,473
		<u>\$ 302,370</u>	<u>\$ 412,055</u>	<u>\$ 294,655</u>
Other receivables	Associates			

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
(included in other current assets)	Kao Ming Container Terminal Corp.	\$ 60	\$ —	\$ 48,450
	Taiwan Navigation Co., Ltd.	141,586	—	—
	Others	36,917	15,702	52,231
		<u>178,563</u>	<u>15,702</u>	<u>100,681</u>
	Joint ventures	290	—	—
	Government – related parties	130,018	29,595	22,137
	Investors that have significant influence over the subsidiaries	—	961	—
	Other related parties	—	3,243	36
		<u>\$ 308,871</u>	<u>\$ 49,501</u>	<u>\$ 122,854</u>
	Trade payables	Associates	\$ 281,054	\$ 257,509
	Joint ventures	18,235	19,451	3,202
	Investors that have significant influence over the subsidiaries	95,233	99,994	90,606
		<u>\$ 394,522</u>	<u>\$ 376,954</u>	<u>\$ 402,009</u>
Other payables	Associates	\$ 11,026	\$ 11,437	\$ 40,190
	Joint ventures	10,856	—	10,060
	Government – related parties	37,260	463,792	155,029
		<u>\$ 59,142</u>	<u>\$ 475,229</u>	<u>\$ 205,279</u>

For the six months ended June 30, 2022 and 2021, no impairment losses were recognized for notes receivable, trade receivables and other receivables from related parties.

f. Financial assets at amortized cost

Repurchase agreements on reporting period (including repurchase agreements under cash and cash equivalents as of June 30, 2022, December 31, 2021 and June 30, 2021) were as follows:

Related Party Category/ Name	June 30, 2022	December 31, 2021	June 30, 2021
Government – related parties	<u>\$ —</u>	<u>\$ 138,400</u>	<u>\$ 139,300</u>

g. Prepayments

Line Item	Related Party Category/ Name	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments to shipping agents	Associates			
	Yang Ming (Australia) Pty. Ltd.	\$ 41,799	\$ 16,690	\$ 40,690
	Yang Ming Shipping (Egypt) S.A.E.	13,090	96,619	111,689
		<u>\$ 54,889</u>	<u>\$ 113,309</u>	<u>\$ 152,379</u>
Prepayments	Associates	<u>\$ 806</u>	<u>\$ 1,499</u>	<u>\$ 754</u>
Prepayments for equipment	Government – related parties	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 385</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Acquisition of right-of-use	Government – related parties	\$ 1,580	\$ 16,386	\$ 1,580	\$ 16,386
	Investors that have significant influence over the subsidiaries	—	—	462	—
		<u>\$ 1,580</u>	<u>\$ 16,386</u>	<u>\$ 2,042</u>	<u>\$ 16,386</u>

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Lease liabilities	Associates	\$ 1,891	\$ 2,815	\$ 2,815
	Government – related parties	910,611	1,007,639	1,075,777
	Investors that have significant influence over the subsidiaries	6,216	8,216	10,687
		<u>\$ 918,718</u>	<u>\$ 1,018,670</u>	<u>\$ 1,089,279</u>

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Interest expense	Associates	\$ 28	\$ 41	\$ 28	\$ 41
	Government – related parties	3,577	4,172	7,337	8,499
	Investors that have significant influence over the subsidiaries	190	241	358	514
		<u>\$ 3,795</u>	<u>\$ 4,454</u>	<u>\$ 7,723</u>	<u>\$ 9,054</u>

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

i. Bonds payable

Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Government – related parties			
Taiwan Cooperative Bank Co., Ltd.	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Hua Nan Commercial Bank, Ltd.	1,200,000	1,200,000	1,200,000
Others	900,000	900,000	900,000
	<u>\$ 3,900,000</u>	<u>\$ 3,900,000</u>	<u>\$ 3,900,000</u>

Note: Original investment amount of domestic bonds.

j. Loans from related parties

Line Item	Related Party Category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Short-term borrowings	Government – related parties			
	Land Bank of Taiwan	\$ —	\$ 240,000	\$ 300,000
	Others	100,000	2,000	120,000
		<u>\$ 100,000</u>	<u>\$ 242,000</u>	<u>\$ 420,000</u>
Short-term bills payable	Government – related parties			
	Mega Bills Finance Co., Ltd.	\$ 499,694	\$ 49,913	\$ 187,311
		<u>\$ 499,694</u>	<u>\$ 49,913</u>	<u>\$ 187,311</u>
Long-term borrowings				
Secured borrowings	Government – related parties			
	Mega International Commercial Bank Co., Ltd.	\$ —	\$ 218,471	\$ 2,491,765
	Taiwan Cooperative Bank Co., Ltd.	1,609,569	2,033,696	2,786,708
	Chang Hwa Bank Ltd.	—	239,644	2,501,214
	Hua Nan Commercial Bank, Ltd.	596,250	795,000	2,072,000
	Others	202,783	949,497	5,529,905
		<u>\$ 2,408,602</u>	<u>\$ 4,236,308</u>	<u>\$ 15,381,592</u>
Unsecured borrowings	Government – related parties	\$ —	\$ 99,839	\$ 3,122,012
Commercial papers	Government – related parties	\$ —	\$ —	\$ 999,021

k. Others

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Rental income	Associates	\$ 35	\$ 35	\$ 69	\$ 69
	Other related parties	714	714	1,190	1,190
		<u>\$ 749</u>	<u>\$ 749</u>	<u>\$ 1,259</u>	<u>\$ 1,259</u>
Interest income	Government – related parties	<u>\$ 130,430</u>	<u>\$ 6,284</u>	<u>\$ 196,156</u>	<u>\$ 9,126</u>
Finance cost	Government – related parties	<u>\$ 45,325</u>	<u>\$ 107,338</u>	<u>\$ 88,552</u>	<u>\$ 226,400</u>

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

l. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 41,631	\$ (277,285)	\$ 100,199	\$ 49,288
Post-employment benefits	609	560	1,218	1,120
	<u>\$ 42,240</u>	<u>\$ (276,725)</u>	<u>\$ 101,417</u>	<u>\$ 50,408</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2022	December 31, 2021	June 30, 2021
Restricted bank balance (included in financial assets at amortized cost)	\$ 165,514	\$ 117,493	\$ 58,897
Property, plant and equipment, net	5,787,883	10,421,535	35,265,256
Investment properties, net	—	—	4,698,219
	<u>\$ 5,953,397</u>	<u>\$ 10,539,028</u>	<u>\$ 40,022,372</u>

35. 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 June 30, 2022, December 31, 2021 and June 30, 2021, rentals for contracts that were not yet in effect were ranging from US\$326,000 thousand to US\$393,000 thousand, from US\$543,000 thousand to US\$654,000 thousand and from US\$977,000 thousand to US\$1,178,000 thousand.
- c. The Group's shipping and port business were secured by the letter of guarantee issued by a bank for \$440,227 thousand, \$485,410 thousand and \$507,751 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- d. The Group signed shipbuilding contracts with government - related parties, which had been fully delivered and settled as of June 30, 2022 and December 31, 2021. As of June 30, 2021, unpaid amounts for these contracts were \$397,721 thousand and US\$12,908 thousand. The Group's related property transactions for the six months ended June 30, 2021 amounted to \$3,549,817 thousand and were included in property, plant and equipment.
- e. The Group signed container building contracts with other companies. As of June 30, 2022, unpaid amounts for these contracts were US\$116,200 thousand.

36. OTHER ITEMS

The Company did not consider COVID-19 pandemic posing significant impact on the business scale and financial situation of the Group, since both containers and bulk shipping markets have been obviously booming due to the accelerating recovery of global economic.

37. 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:

June 30, 2022

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 5,206,736	29.7200	(USD : NTD)	\$ 154,744,196
GBP	70	1.2142	(GBP : USD)	2,542
CNY	663,080	4.4395	(CNY : NTD)	2,943,744
USD	20,911	16.6772	(USD : TRY)	621,477
EUR	519,257	31.0113	(EUR : NTD)	16,102,864
GBP	90,616	36.0860	(GBP : NTD)	3,269,975
JPY	10,821,398	0.2182	(JPY : NTD)	2,360,888
USD	38,828	6.6945	(USD : CNY)	1,153,969
HKD	90,146	3.7883	(HKD : NTD)	341,494
CAD	23,595	23.0111	(CAD : NTD)	542,936
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	63,408	29.7200	(USD : NTD)	1,884,477
AUD	1,104	20.4578	(AUD : NTD)	22,591
AED	3,627	8.0915	(AED : NTD)	29,349
INR	69,673	0.3763	(INR : NTD)	26,218
CNY	91,002	4.4395	(CNY : NTD)	404,003
IDR	3,297,000	0.0020	(IDR : NTD)	6,594
VND	11,235,385	0.0013	(VND : NTD)	14,606
EGP	28,365	1.5814	(EGP : NTD)	44,857
MYR	405	6.7426	(MYR : NTD)	2,728
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,937,341	29.7200	(USD : NTD)	87,297,788
CNY	136,547	4.4395	(CNY : NTD)	606,200
EUR	25,709	31.0113	(EUR : NTD)	797,275
USD	8,265	16.6772	(USD : TRY)	245,641
JPY	2,142,430	0.2182	(JPY : NTD)	467,411
GBP	5,907	36.0860	(GBP : NTD)	213,147
USD	28,201	6.6945	(USD : CNY)	838,144
HKD	90,521	3.7883	(HKD : NTD)	342,922
CAD	6,991	23.0111	(CAD : NTD)	160,864

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
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
<u>Non-monetary items</u>				
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>				
<u>Monetary items</u>				
USD	2,612,862	27.6800	(USD : NTD)	72,324,016
CNY	139,469	4.3419	(CNY : NTD)	608,555
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

June 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 974,214	27.8600	(USD : NTD)	\$ 27,141,604
GBP	70	1.3837	(GBP : USD)	2,714
CNY	251,385	4.3116	(CNY : NTD)	1,083,869
USD	13,052	8.6929	(USD : TRY)	363,637
EUR	102,926	33.1353	(EUR : NTD)	3,410,477
GBP	14,424	38.5513	(GBP : NTD)	556,069
JPY	4,421,182	0.2522	(JPY : NTD)	1,115,051
USD	32,900	6.4617	(USD : CNY)	916,582
HKD	110,680	3.5880	(HKD : NTD)	397,123
CAD	4,341	22.4469	(CAD : NTD)	97,449
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	61,946	27.8600	(USD : NTD)	1,725,828
AUD	1,131	20.9089	(AUD : NTD)	23,656
AED	4,676	7.5852	(AED : NTD)	35,470
INR	51,843	0.3743	(INR : NTD)	19,405
GBP	252	38.5513	(GBP : NTD)	9,711
CNY	101,705	4.3116	(CNY : NTD)	438,511
IDR	2,691,053	0.0019	(IDR : NTD)	5,113
VND	2,640,833	0.0012	(VND : NTD)	3,169
EGP	18,262	1.7748	(EGP : NTD)	32,412
MYR	409	6.7088	(MYR : NTD)	2,744
Financial asset at FVTPL				
USD	1,057	27.8600	(USD : NTD)	29,449
CNY	1,565	4.3116	(CNY : NTD)	6,749
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,416,691	27.8600	(USD : NTD)	67,328,998
CNY	154,942	4.3116	(CNY : NTD)	668,049
EUR	37,602	33.1353	(EUR : NTD)	1,245,946
USD	1,473	8.6929	(USD : TRY)	41,028

(continued)

June 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
JPY	1,705,624	0.2522	(JPY : NTD)	430,170
GBP	5,877	38.5513	(GBP : NTD)	226,559
USD	22,144	6.4617	(USD : CNY)	616,925
HKD	139,480	3.5880	(HKD : NTD)	500,458
CAD	12,383	22.4469	(CAD : NTD)	277,967
				(concluded)

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$3,996,928 thousand, \$39,785 thousand, \$8,127,062 thousand and \$24,535 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.

38. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees
 - 1) Financing provided to others: See Table A attached;
 - 2) Endorsement/guarantee provided: See Table B attached;
 - 3) Marketable securities held: See Table C attached;
 - 4) Marketable securities acquired 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: None;
 - 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.

39. SEGMENT INFORMATION

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

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

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

For the Six Months Ended June 30, 2022					
	Containership Segment	Bulk Shipping Segment	Other Segments	Adjustment and Eliminations	Combined
Operating revenue					
Sales to customers	\$ 205,046,513	\$ 2,967,663	\$ 8,137,574	\$ —	\$ 216,151,750
Intercompany sales	4,922,646	—	797,277	(5,719,923)	—
Total revenue	<u>\$ 209,969,159</u>	<u>\$ 2,967,663</u>	<u>\$ 8,934,851</u>	<u>\$ (5,719,923)</u>	<u>\$ 216,151,750</u>
Segment operating income (loss)	<u>\$ 141,601,500</u>	<u>\$ 638,197</u>	<u>\$ 408,519</u>	<u>\$ 28,849</u>	\$ 142,677,065
Administration cost					(753,636)
Other operating income and expenses					1,330,508
Interest income					718,225
Other income					43,455
Other gains and losses					8,215,757
Financial costs					(1,126,139)
Share of profit of associates and joint ventures					846,914
Profit before income tax					<u>\$ 151,952,149</u>

For the Six Months Ended June 30, 2021					
	Containership Segment	Bulk Shipping Segment	Other Segments	Adjustment and Eliminations	Combined
Operating revenue					
Sales to customers	\$ 128,724,254	\$ 1,238,347	\$ 5,591,104	\$ —	\$ 135,553,705
Intercompany sales	2,606,591	—	625,746	(3,232,337)	—
Total revenue	<u>\$ 131,330,845</u>	<u>\$ 1,238,347</u>	<u>\$ 6,216,850</u>	<u>\$ (3,232,337)</u>	<u>\$ 135,553,705</u>
Segment operating income (loss)	<u>\$ 70,617,481</u>	<u>\$ 811,632</u>	<u>\$ 258,576</u>	<u>\$ 83,987</u>	\$ 71,771,676
Administration cost					(416,624)
Other operating income and expenses					81,546
Interest income					67,917
Other income					45,163
Other gains and losses					29,552
Financial costs					(1,341,420)
Share of profit of associates and joint ventures					619,393
Profit before income tax					<u>\$ 70,857,203</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.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

TABLE A

Unit : In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

No.	Lender	Borrower	Financial Statement Account	Related 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	\$ 2,588,847	\$ 2,588,847	0.6924%~2.9949%	1	\$ —	-	\$ —	—	\$ —	\$ 111,635,943	\$ 139,544,928
1	Yang Ming Line (Singapore) Pte Ltd	Kuang Ming (Liberia) Corp.	Other receivables	Y	104,020 (USD 3,500 thousand)	104,020 (USD 3,500 thousand)	104,020 (USD 3,500 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	382,124	1,146,374
		All Oceans Transportation Inc.	Other receivables	Y	596,480 (USD 20,070 thousand)	299,280 (USD 10,070 thousand)	299,280 (USD 10,070 thousand)	4.7000%	2	—	Obtain working capital	—	—	—	1,910,623	1,910,623
		Yang Ming (France) SAS	Other receivables	Y	9,824 (EUR 317 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	382,124	1,146,374
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	8,422 (THB 10,000 thousand)	5,895 (THB 7,000 thousand)	5,895 (THB 7,000 thousand)	2.4513%	2	—	Obtain working capital	—	—	—	382,124	1,146,374
		Kuang Ming Shipping Corp.	Other receivables	Y	344,752 (USD 11,600 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	382,124	1,146,374
		Yangming (Japan) Co., Ltd.	Other receivables	Y	5,171 (USD 174 thousand)	5,171 (USD 174 thousand)	—	—	2	—	Obtain working capital	—	—	—	1,910,623	1,910,623
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	78,758 (USD 2,650 thousand)	78,758 (USD 2,650 thousand)	78,758 (USD 2,650 thousand)	1.5000%	2	—	Obtain working capital	—	—	—	1,910,623	1,910,623
2	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Other receivables	Y	74,300 (USD 2,500 thousand)	74,300 (USD 2,500 thousand)	—	—	2	—	Obtain working capital	—	—	—	254,999	764,998
3	YES Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	31,518 (EUR 1,016 thousand)	31,518 (EUR 1,016 thousand)	31,518 (EUR 1,016 thousand)	1.1100%~1.7500%	1	62,838	-	—	—	—	90,213	853,006
		Yes Logistics Europe GmbH	Other receivables	Y	40,315 (EUR 1,300 thousand)	34,112 (EUR 1,100 thousand)	34,112 (EUR 1,100 thousand)	0.6000%	2	—	Obtain working capital	—	—	—	85,300	170,601
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	127,784 (USD 3,000 thousand and CNY 8,700 thousand)	127,784 (USD 3,000 thousand and CNY 8,700 thousand)	127,784 (USD 3,000 thousand and CNY 8,700 thousand)	2.7800%~3.8500%	1	603,493	-	—	—	—	255,901	853,006
		YES MLC GmbH	Other receivables	Y	31,011 (EUR 1,000 thousand)	31,011 (EUR 1,000 thousand)	31,011 (EUR 1,000 thousand)	0.6000%	2	—	Obtain working capital	—	—	—	85,300	170,601
4	Yang Ming Line Holding Co.	Kuang Ming (Liberia) Corp.	Other receivables	Y	193,180 (USD 6,500 thousand)	193,180 (USD 6,500 thousand)	193,180 (USD 6,500 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	366,655	1,099,965
		Kuang Ming Shipping Corp.	Other receivables	Y	267,480 (USD 9,000 thousand)	267,480 (USD 9,000 thousand)	267,480 (USD 9,000 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	366,655	1,099,965
5	Yang Ming Line B.V.	Kuang Ming Shipping Corp.	Other receivables	Y	118,880 (USD 4,000 thousand)	118,880 (USD 4,000 thousand)	118,880 (USD 4,000 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	179,185	537,556

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 two 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 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 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For borrowers with short-term financing need, the maximum is 10% of the net assets of the lender. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the lender.
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 two 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.
6. Yang Ming Line B.V.: 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 two 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\$29.72, THB1= NT\$0.8422, EUR1= NT\$31.0113 and CNY1= NT\$4.4395 as of June 30, 2022.
- D. Except for Yang Ming Line (B.V. I.) Holding Co., Ltd., All Oceans Transportation Inc., Yang Ming (UK) Ltd., Yang Ming (Singapore) Pte. Ltd., Kuang Ming Shipping Corp., and Kuang Ming (Liberia) Corp., others were based on the investees' financial statements which have not been reviewed.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
ENDORSEMENT/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022

TABLE B

Unit : 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	\$ 446,543,772	\$ 560,122 (USD 18,847 thousand)	\$ —	\$ —	\$ —	—	\$ 837,269,573	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	446,543,772	4,157,134 (USD 58,450 thousand and NTD 2,420,000 thousand)	670,000	203,500	—	0.24%	837,269,573	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	446,543,772	305,881 (USD 10,292 thousand)	221,288 (USD 7,446 thousand)	221,288 (USD 7,446 thousand)	—	0.08%	837,269,573	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	446,543,772	89,160 (USD 3,000 thousand)	89,160 (USD 3,000 thousand)	—	—	0.03%	837,269,573	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	1,508,716	132,214 (USD 4,449 thousand)	—	—	—	—	1,885,895	N	N	N
		United Terminal Leasing LLC	Investments in associates	1,508,716	52,459 (USD 1,765 thousand)	52,459 (USD 1,765 thousand)	17,193 (USD 578 thousand)	—	0.02%	1,885,895	N	N	N
2	All Oceans Transportation Inc.	Yang Ming Marine Transport Corporation	Parent	29,014,552	2,186,250	1,788,750	1,788,750	1,788,750 (Note C)	0.64%	33,850,311	N	Y	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	24,501,054	832,160 (USD 28,000 thousand)	832,160 (USD 28,000 thousand)	417,068 (USD 14,033 thousand)	—	0.30%	30,626,318	N	N	N
4	Yang Ming Line (Singapore) Pte Ltd	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	1,534,666	26,970 (MYR 4,000 thousand)	26,970 (MYR 4,000 thousand)	8,006 (MYR 1,187thousand)	—	0.01%	1,918,333	N	N	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.
- B. United States dollars and Malaysian ringgit translated into New Taiwan dollars at the exchange rates of US\$1 = \$29.72 and MYR\$1 = 6.7426 as of June 30, 2022.
- C. Represents 3 ships used as guarantees, with carrying value of \$3,322,254 thousand as of June 30, 2022.
- D. Except for Yang Ming Line (B.V. I.) Holding Co., Ltd., All Oceans Transportation Inc., Yang Ming (UK) Ltd., Yang Ming (Singapore) Pte. Ltd., Kuang Ming Shipping Corp., and Kuang Ming (Liberia) Corp., others were based on the investees' financial statements which have not been reviewed.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2022

TABLE C

Unit : 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	June 30, 2022				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	\$ 496,527	9.81	\$ 496,527	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	5,128	10.00	5,128	
	Pro-Ascentek Investment Corporation	-	Financial assets at FVTOCI - non-current	2,000,000	11,221	1.67	11,221	
	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTPL - current	1,165,000	69,085	—	69,085	
	<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	5,195	—	5,195	
<u>Domestic limited partnership</u>								
Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	—	14,686	3.30	14,686		
<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 unlisted shares</u>							
United Raw Material Solutions Inc./URMS	-	Financial assets at FVTOCI - non-current	319,751	2,222	2.76	2,222		

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 SIX MONTHS ENDED JUNE 30, 2022

TABLE D

Unit : In Thousands of New Taiwan Dollars

Company Name (Note A)	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Yang Ming Marine Transport Corporation	Yang Ming (Singapore) Pte. Ltd.	Investments accounted for using the equity method	Yang Ming Line (Singapore) Pte Ltd	Subsidiary	—	\$ —	21,285,000	\$ 444,930	—	\$ —	\$ —	\$ —	21,285,000	\$ 18,534,255
Yang Ming Line (Singapore) Pte Ltd	Yang Ming (Singapore) Pte. Ltd.	Investments accounted for using the equity method	Yang Ming Marine Transport Corporation	Parent	21,285,000	5,352,480	—	—	21,285,000	444,930	444,930	—	—	—
						(Note B)					(Note B)			(Note B)

Notes:

A. The Group reorganized the organization in January 2022 and adjusted the holding structure of the Group. YMTC acquired equity of Yang Ming (Singapore) Pte. Ltd. from Yang Ming Line (Singapore) Pte Ltd.

B. The balance of investments accounted for using the equity method.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20 OF THE PAID-IN CAPITAL
JUNE 30, 2022

TABLE E

Unit : In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation Inc.	Subsidiary	\$ 2,588,847 (Note A)	—	\$ —	-	\$ —	\$ —
	Yang Ming Shipping Europe GmbH	Subsidiary	170,628	—	—	-	170,628	—
	YES Logistics Corp.	Subsidiary	752,188 (Note D)	—	—	-	12,600	—
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary	580,783	—	—	-	580,783	—
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	123,648	—	—	-	123,648	—
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	Parent company	131,301	—	—	-	53,763	—
Yang Ming (Singapore) Pte. Ltd.	Yang Ming Marine Transport Corporation	Parent company	6,808,151	—	—	-	6,553,319	—
	Yang Ming (Netherlands) B.V.	The same parent company	179,805	—	—	-	176,194	—
	Yang Ming Shipping Europe GmbH	The same parent company	124,056	—	—	-	124,056	—
	Yang Ming (Italy) S.p.A.	The same parent company	697,922	—	—	-	697,922	—
	Yang Ming (UK) Ltd	The same parent company	114,340	—	—	-	114,340	—
	Yang Ming (Spain), S.L.	The same parent company	503,389	—	—	-	503,389	—
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	The same parent company	1,136,566	—	—	-	1,136,566	—
	Yang Ming (France) SAS	The same parent company	244,468	—	—	-	244,468	—
Yang Ming Line (Singapore) Pte Ltd	All Oceans Transportation Inc.	The same parent company	299,554 (Note A)	—	—	-	299,554	—
	Kuang Ming (Liberia) Corp.	The same parent company	104,700 (Note A)	—	—	-	104,700	—
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	Parent company	108,006	—	—	-	108,006	—
Yang Ming Anatolia Shipping Agency S.A.	Yang Ming Marine Transport Corporation	Parent company	182,907	—	—	-	182,907	—
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yang Ming Marine Transport Corporation	Parent company	159,124	—	—	-	159,123	—
	Yang Ming (Singapore) Pte. Ltd.	The same parent company	268,060	—	—	-	268,060	—
	Yes Logistics (Shanghai) Corp.	The same parent company	815,095	—	—	-	483,783	—
Yang Ming Line Holding Co.	Kuang Ming Shipping Corp.	The same parent company	269,228 (Note A)	—	—	-	269,228	—
	Kuang Ming (Liberia) Corp.	The same parent company	194,443 (Note A)	—	—	-	194,443	—
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	Parent company	281,590	—	—	-	281,590	—
	Yang Ming (UK) Ltd	The same parent company	140,890	—	—	-	140,890	—
Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent company	423,976	—	—	-	423,976	—
YES Logistics Corp.	Yes Logistics (Shanghai) Corp.	Subsidiary	130,066 (Note B)	—	—	-	2,333	—
Yang Ming Line B.V.	Kuang Ming Shipping Corp.	The same parent company	109,156	—	—	-	109,156	—
Yang Ming (UK) Ltd	Yang Ming Marine Transport Corporation	Parent company	747,582	—	—	-	747,582	—
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	The same parent company	191,527	—	—	-	191,527	—
	Yang Ming (Singapore) Pte. Ltd.	The same parent company	289,656	—	—	-	289,656	—
Yang Ming Marine Transport Corporation	Taiwan Navigation Co., Ltd.	Associate	141,586 (Note C)	—	—	-	141,586	—

Notes:

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

TABLE F

Unit : In Thousands of New Taiwan Dollars

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details					
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets		
0	Yang Ming Marine Transport Corporation	All Oceans Transportation Inc.	1	Right-of-use assets	\$ 20,909,725	Conducted as agreed terms	0.04		
				Long-term notes receivable and trade receivables	2,588,847	Conducted as agreed terms	0.01		
				Lease liabilities	4,734,773	Conducted as agreed terms	0.01		
				Operating cost	2,570,246	Conducted as agreed terms	0.01		
		Hong Ming Terminal & Stevedoring Corp.	1	Jing Ming Transportation Co., Ltd.	1	Operating cost	257,240	Conducted as agreed terms	—
						Other payables	131,301	Conducted as agreed terms	—
		Yang Ming Line (Hong Kong) Ltd.	1	Yangming (Japan) Co., Ltd.	1	Operating cost	337,436	Conducted as agreed terms	—
						Payables to shipping agents	108,006	Conducted as agreed terms	—
		Yang Ming (Singapore) Pte. Ltd.	1	Yang Ming (Singapore) Pte. Ltd.	1	Operating cost	105,472	Conducted as agreed terms	—
						Trade receivables	123,648	Conducted as agreed terms	—
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Yang Ming Anatolia Shipping Agency S.A.	1	Trade payables	512,204	Conducted as agreed terms	—
						Other payables	6,295,947	Conducted as agreed terms	0.01
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	Operating revenue	18,459,089	Conducted as agreed terms	0.09
						Contract assets	218,504	Conducted as agreed terms	—
		Yang Ming (America) Corp.	1	Yang Ming (America) Corp.	1	Payables to shipping agents	182,907	Conducted as agreed terms	—
						Operating cost	180,970	Conducted as agreed terms	—
		Yang Ming (Netherlands) B.V.	1	Yang Ming Shipping Europe GmbH	1	Contract assets	1,142,440	Conducted as agreed terms	—
						Trade receivables	580,783	Conducted as agreed terms	—
		Yang Ming (UK) Ltd	1	Yang Ming (UK) Ltd	1	Payables to shipping agents	159,124	Conducted as agreed terms	—
						Operating cost	257,587	Conducted as agreed terms	—
		Kuang Ming Shipping Corp.	1	Kuang Ming Shipping Corp.	1	Payables to shipping agents	281,590	Conducted as agreed terms	—
						Operating cost	521,547	Conducted as agreed terms	—
		YES Logistics Corp.	1	YES Logistics Corp.	1	Contract assets	173,873	Conducted as agreed terms	—
						Contract assets	128,112	Conducted as agreed terms	—
		Yes Logistics Corporation USA	1	Yes Logistics (Shanghai) Corp.	1	Trade receivables	170,628	Conducted as agreed terms	—
						Trade payables	747,582	Conducted as agreed terms	—
		Yang Ming Line (Singapore) Pte Ltd	2	Kuang Ming (Liberia) Corp.	2	Operating revenue	8,150,175	Conducted as agreed terms	0.04
Operating cost	470,463					Conducted as agreed terms	—		
All Oceans Transportation Inc.	1	Yang Ming Line (Singapore) Pte Ltd	2	Financial assets at amortized cost - non-current	600,000	Conducted as agreed terms	—		
				Other receivables	231,264	Conducted as agreed terms	—		
Yang Ming Line (Singapore) Pte Ltd	2	Kuang Ming (Liberia) Corp.	2	Long-term lease receivables	481,075	Conducted as agreed terms	—		
				Operating revenue	889,097	Conducted as agreed terms	—		
Kuang Ming (Liberia) Corp.	2	Kuang Ming (Liberia) Corp.	2	Operating revenue	192,377	Conducted as agreed terms	—		
				Operating revenue	3,828,781	Conducted as agreed terms	0.02		
Kuang Ming (Liberia) Corp.	2	Kuang Ming (Liberia) Corp.	2	Other payables	299,554	Conducted as agreed terms	—		
				Other receivables	104,700	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
3	Yang Ming (Singapore) Pte. Ltd.	Yang Ming Shipping (Vietnam) Co., Ltd.	2	Contract assets	\$ 143,802	Conducted as agreed terms	—
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Contract assets	2,132,303	Conducted as agreed terms	—
				Trade receivables	1,136,566	Conducted as agreed terms	—
				Payables to shipping agents	268,060	Conducted as agreed terms	—
				Operating cost	115,492	Conducted as agreed terms	—
		Yang Ming (France) SAS	2	Contract assets	146,491	Conducted as agreed terms	—
				Trade receivables	244,468	Conducted as agreed terms	—
		Yang Ming (Netherlands) B.V.	2	Contract assets	147,759	Conducted as agreed terms	—
				Trade receivables	179,805	Conducted as agreed terms	—
		Yang Ming Shipping Europe GmbH	2	Trade receivables	124,056	Conducted as agreed terms	—
		Yang Ming (Spain), S.L.	2	Contract assets	314,464	Conducted as agreed terms	—
				Trade receivables	503,389	Conducted as agreed terms	—
		Yang Ming (Italy) S.p.A.	2	Contract assets	340,901	Conducted as agreed terms	—
				Trade receivables	697,922	Conducted as agreed terms	—
		Yang Ming (UK) Ltd	2	Contract assets	136,717	Conducted as agreed terms	—
				Trade receivables	114,340	Conducted as agreed terms	—
				Trade payables	289,656	Conducted as agreed terms	—
				Operating cost	1,779,802	Conducted as agreed terms	0.01
4	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yes Logistics (Shanghai) Corp.	2	Trade receivables	815,095	Conducted as agreed terms	—
5	Yang Ming Line Holding Co.	Kuang Ming Shipping Corp.	2	Other receivables	269,228	Conducted as agreed terms	—
		Kuang Ming (Liberia) Corp.	2	Other receivables	194,443	Conducted as agreed terms	—
6	Yang Ming Line B.V.	Kuang Ming Shipping Corp.	2	Other receivables	109,156	Conducted as agreed terms	—
7	Yang Ming (UK) Ltd	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Contract assets	112,264	Conducted as agreed terms	—
				Trade receivables	191,527	Conducted as agreed terms	—
		Yang Ming (America) Corp.	2	Payables to shipping agents	140,890	Conducted as agreed terms	—
8	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	2	Other payables	423,976	Conducted as agreed terms	—
				Operating revenue	314,571	Conducted as agreed terms	—
9	YES Logistics Corp.	Yes Logistics Corporation USA	2	Operating revenue	107,697	Conducted as agreed terms	—
				Operating cost	279,181	Conducted as agreed terms	—
		Yes Logistics (Shanghai) Corp.	2	Long-term notes receivable and trade receivables	127,784	Conducted as agreed terms	—
				Operating cost	324,217	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 Yang Ming Marine Transport Corp.

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022

TABLE G

Unit : In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Kao Ming Container Terminal Corp.	Taiwan	Terminal operation and stevedoring	\$ 3,181,313	\$ 3,181,313	323,000,000	47.50	\$ 5,007,883	\$ 167,994	\$ 79,797	Investments in associates
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	555,266	555,266	1,757	100.00	13,413,959	(Note B) 5,083,411	(Note B) 5,048,994	Subsidiary
	Yang Ming Line B.V.	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	—	—	2,500	100.00	1,791,854	273,749	273,749	Subsidiary
	(Note S) Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857	8,927,857	98,882,111	98.88	2,423,753	375,390	371,054	Subsidiary
	Yang Ming Line (Singapore) Pte Ltd	Singapore	Investment, shipping service, sale and purchase of ships, chartering and forwarding agency	(Note P) 1,113,356	(Note P) 1,113,356	(Note P) 60,130,000	100.00	3,823,047	243,939	244,242	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	3,666,553	380,538	380,538	Subsidiary
	All Oceans Transportation Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	1,500,181	1,500,181	1,000	100.00	1,298,089	188,173	198,442	Subsidiary
	YES Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	(Note V) 1,141,691	(Note V) 1,141,691	(Note V) 115,630,977	96.36	1,513,419	285,417	275,096	Subsidiary
	Hong Ming Terminal & Stevedoring Corp.	Taiwan	Terminal operation and stevedoring	(Note Y) 104,261	(Note Y) 104,261	(Note Y) 10,000,000	100.00	182,477	33,700	33,706	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	(Note Y) 35,844	(Note Y) 35,844	(Note Y) 8,615,923	50.98	131,027	2,221	1,136	Subsidiary
Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	180,414	831	414	Investments in associates	

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Line Holding Co.	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	\$ 103,802	\$ 103,802	3,400,000	34.00	\$ 102,156	\$ (1,183)	\$ (402)	Investments in associates
	Taiwan Navigation Co., Ltd.	Taiwan	Shipping agency, forwarding agency, shipping managers and shipping lines	4,367,005	4,366,674	70,793,243	16.96	3,401,894	1,132,889	192,138	Investments in associates
	Yang Ming (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency, shipping managers and shipping lines	(Note W) 444,930	(Note W) —	21,285,000	100.00	18,534,255	26,074,421	26,074,421	Subsidiary
	(Note Z) Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	278,107	30,675	—	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	326	200	100.00	224	(6)	—	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	25,558	231	—	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40.00	1,486,783	1,320,628	—	Investments in associates
Yang Ming Line (B.V.I.) Holding Co., Ltd.	United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note E)	40.00	295,538	14,686	—	Investments in associates
	Yang Ming Line N.V.	Curaçao	Investment, shipping agency, forwarding agency and shipping managers	42,038	42,038	1,528,803	100.00	—	—	—	Subsidiary
Yang Ming Line B.V.	Yang Ming (UK) Ltd	U.K.	Shipping agency, forwarding agency, shipping managers and shipping lines	2,633,724	2,633,724	68,097,591	97.84	13,136,302	5,195,844	—	Subsidiary
	(Note U) Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	29,595	10,446	—	Subsidiary
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	15,285	15,285	400,000	100.00	86,259	37,388	—	Subsidiary
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	4,319	4,319	125,000	50.00	24,983	11,051	—	Subsidiary
	Yang Ming (UK) Ltd	U.K.	Shipping agency, forwarding agency, shipping managers and shipping lines	70,709	70,709	1,500,000	2.16	289,350	5,195,844	—	Subsidiary
	Yang Ming Shipping Europe GmbH	Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note F)	100.00	147,273	(10,953)	—	Subsidiary
	Yang Ming (Russia) LLC	Russia	Shipping agency	3,017	3,017	(Note G)	60.00	37,023	14,465	—	Subsidiary
Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	251,807	94,630	—	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
	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	\$ 37,609	\$ 552	\$ —	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	44,857	46,171	—	Investments in associates
Yang Ming (UK) Ltd	Yang Ming (Belgium) N.V. Corstor Ltd.	Belgium U.K.	Shipping agency Warehouse management and container haulage services	1,900 7,411	1,900 7,411	62 1,000	10.08 100.00	3,318 26,289	10,446 3,019	— —	Subsidiary Subsidiary
	(Note X)										
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	1,695	1,695	(Note H)	60.00	4,074	44	—	Subsidiary
				(Note R)	(Note R)						
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	71,736	8,750	—	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	1.44	(732)	6,131	—	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	(5,826)	(13,170)	—	Subsidiary
	Yang Ming (Korea) Co. Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	(Note C) 37,066	7,145	—	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	214,987	(3,271)	—	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services, sale and purchase of ships, chartering and forwarding agency	36,235	36,235	3,000	100.00	11,983	6,198	—	Subsidiary
	Yang Ming (Singapore) Pte. Ltd. (Note Z)	Singapore	Shipping agency, forwarding agency, shipping managers and shipping lines	—	18,851	—	0.00	—	—	—	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	64,723	8,853	—	Subsidiary
	Sun-Baked Pte. Ltd.	Singapore	Insurance	2,271	2,271	350,000	100.00	6,917	(16)	—	Subsidiary
	Yang Ming Anatolia Shipping Agency S.A.	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	233,009	265,011	—	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	246,818	246,818	(Note I)	30.00	—	—	—	Investments in associates

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
	Yang Ming (U.A.E.) LLC	U.A.E.	Shipping agency, forwarding agency and shipping managers	\$ 2,140	\$ 2,140	(Note J)	49.00	\$ 29,349	\$ 11,888	\$ —	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note K)	100.00	90,453	5,263	—	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	22,591	9,398	—	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	26,218	10,211	—	Investments in joint ventures
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	6,435	99,995	100.00	(14,680)	(6,569)	—	Subsidiary
	Yang Ming (Latin America) Corp.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	8,067	110	—	Subsidiary
	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	19,184	3,553	—	Subsidiary
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	11,739	2,244	—	Subsidiary
	Yang Ming Insurance Co., Ltd.	Bermuda	Insurance	7,740	7,740	250,000	100.00	198,344	41,396	—	Subsidiary
	PT Yang Ming Shipping Indonesia	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	40,946	18,865	49.00	35,694	(7,846)	—	Subsidiary
	PT. Formosa Sejati Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	6,594	6,626	—	Investments in associates
	Yang Ming (France) SAS	France	Shipping agency, forwarding agency and shipping managers	3,025	3,025	90,000	60.00	27,692	22,103	—	Subsidiary
	Jambatan Merah Formosa Depot Sdn Bhd.	Malaysia	Storage and stevedoring	1,743	1,743	250,000	25.00	2,728	2,442	—	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	11,979	2,244	—	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	19,184	3,553	—	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	249,953	249,953	68,556,347	98.56	(50,151)	6,131	—	Subsidiary
	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	86,133	110	—	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,025	56	—	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Republic of Liberia	Forwarding agency	6,032,544	6,032,544	5	100.00	3,180,612	303,964	—	Subsidiary
YES Logistics Corp.	Yes Logistics Corporation USA	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	259,834	76,143	—	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	\$ 37,263	\$ 37,263	1,607,984	100.00	\$ 47,198	\$ 8,869	\$ —	Subsidiary
	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	510,000	51.00	14,198	8,278	—	Subsidiary
	YES LIBERAL Logistics Corp.	Taiwan	Warehouse operation	75,000	75,000	7,500,000	50.00	80,747	6,283	—	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	7,959	6,510	—	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	20,659	(605)	—	Subsidiary
	Yes And HQL Logistics Company	Vietnam	Forwarding agency	3,128	3,128	(Note O)	51.00	14,606	9,821	—	Investments in joint ventures
Yes Logistics Corporation USA	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	3,602	(456)	—	Subsidiary
	Yes Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note L)	100.00	(52,603)	20,170	—	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	(9,182)	13,827	—	Subsidiary
								(Note C)			
YES MLC GmbH	Merlin Logistics GmbH	Austria	Warehouse operation and logistics	1,380	1,380	(Note N)	100.00	(90)	—	—	Subsidiary
								(Note C)			
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,210)	—	—	Subsidiary
								(Note C)			

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 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 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.
- 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 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.
- X. 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.
- Y. The Group's board of directors resolved in July 2021 to apply for the short-form merger of YMTC and Ching Ming Investment Corp. and the base date of merger was November 1, 2021. The subsidiary's shares had been transferred to YMTC from Ching Ming Investment Corp.
- Z. The Group reorganized the organization in January 2022 and adjusted the holding structure of the Group. YMTC acquired equity of Yang Ming (Singapore) Pte. Ltd. from Yang Ming Line (Singapore) Pte Ltd.
- AA. 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 SIX MONTHS ENDED JUNE 30, 2022

TABLE H

Unit : In Thousands of New Taiwan Dollars,
Unless Stated Otherwise

Company Name	Investee Company	Main Business and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022 (Note J)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of June 30, 2022 (Note E)	Accumulated Repatriation of Investment Income as of June 30, 2022
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency (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	\$ —	\$ —	\$ —	\$ —	\$ 15,130	51.00%	\$ 7,716	\$ 28,873	\$ —
	Sino Trans PFS Cold Chain Logistics Co., Ltd. (Note D)	Storage facilities construction and operation as well as providing supporting services related	US\$ 46,242 thousand	The Company direct investment in Mainland China	23,125	—	—	23,125	1,268	6.67%	85	22,879	—
					(CNY 5,209 thousand)			(CNY 5,209 thousand)					
YES Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	Forwarding agency	US\$ 4,300 thousand	Investee's direct & indirect investment through US based subsidiary's direct investment in Mainland China	237,760	—	—	237,760	71,690	96.36%	69,080	462,764	—
					(US\$ 8,000 thousand)			(US\$ 8,000 thousand)					
	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	276,426	—	—	276,426	1,821	47.22%	860	282,284	—
					(US\$ 9,301 thousand)			(US\$ 9,301 thousand)					
	Sino Trans PFS Cold Chain Logistics Co., Ltd.	Storage facilities construction and operation as well as providing supporting services related	US\$ 46,242 thousand	Investee's direct investment in Mainland China	183,194	—	—	183,194	1,268	12.85%	163	45,766	—
					(US\$ 6,164 thousand)			(US\$ 6,164 thousand)					
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Storage facilities construction and operation as well as providing supporting services related	CNY 50,000 thousand	Investee's direct investment in Mainland China	44,395	—	—	44,395	(23,737)	19.27%	(4,574)	53,074	—
					(CNY 10,000 thousand)			(CNY 10,000 thousand)					

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022 (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 Transport Corporation (Note D)	\$23,125 (CNY 5,209 thousand)	\$236,545 (US\$ 7,181 thousand) (CNY 5,209 thousand)	\$167,929,190
YES Logistics Corp. (Note C)	\$736,161 (US\$ 17,301 thousand) (CNY 50,000 thousand)	\$736,161 (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 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\$29.72 and CNY1=NT\$4.4395 as of June 30, 2022.

YANG MINT MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022

TABLE I

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
The Ministry of Transportation and Communications R.O.C.	467,682,372	13.39
National Development Fund	460,000,000	13.17

Note A: 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 B: 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.