

**Yang Ming Marine Transport Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine 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 September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$35,372,884 thousand and NT\$ 32,914,402 thousand, respectively, representing 7.02% and 10.05%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$11,404,349 thousand and NT\$13,153,120 thousand, respectively, representing 6.64% and 8.86%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$1,424,189 thousand, NT\$1,513,610 thousand, NT\$4,946,211 thousand and NT\$2,627,178 thousand, respectively, representing 2.73%, 3.03%, 2.95% and 2.34% respectively, of the consolidated total comprehensive income. As also disclosed in Note 14, as of September 30, 2022 and 2021, the investments accounted for using the equity method were NT\$7,465,643 thousand and NT\$7,840,429 thousand, respectively; and for the three months ended September 30, 2022 and 2021 and for the nine months ended September 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\$518,440 thousand, NT\$314,345 thousand, NT\$1,264,216 thousand and NT\$1,160,212 thousand, respectively. The information about investees disclosed in Note 39 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 September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its cash flows for the nine months ended September 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

November 10, 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	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 34)	\$ 181,880,167	36	\$ 57,448,678	15	\$ 90,124,977	28
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	66,405	—	76,048	—	86,095	—
Financial assets at amortized cost - current (Notes 9, 34 and 35)	80,741,366	16	136,068,631	35	52,342,328	16
Financial assets for hedging - current (Notes 6, 33 and 34)	35,395,376	7	—	—	—	—
Contract assets, net (Notes 25 and 34)	3,984,410	1	5,465,334	2	7,225,703	2
Notes receivable, net (Note 10)	7,770	—	5,124	—	23,945	—
Trade receivables, net (Notes 10 and 25)	21,841,830	5	21,642,929	6	20,951,068	7
Trade receivables from related parties (Notes 10, 25 and 34)	532,523	—	412,055	—	326,040	—
Finance lease receivables, net (Note 11)	1,114,635	—	20,204	—	20,137	—
Shipping fuel (Note 12)	5,720,103	1	3,408,707	1	3,245,623	1
Prepayments (Note 34)	797,458	—	545,143	—	480,930	—
Prepayments to shipping agents (Note 34)	802,122	—	462,440	—	169,640	—
Other current assets (Note 34)	1,579,907	—	1,001,626	—	1,100,217	—
Total current assets	<u>334,464,072</u>	<u>66</u>	<u>226,556,919</u>	<u>59</u>	<u>176,096,703</u>	<u>54</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (FVTPL) - non-current (Note 7)	368,225	—	13,871	—	15,097	—
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	504,164	—	497,931	—	506,801	—
Financial assets at amortized cost - non-current (Notes 9, 34 and 35)	832,043	—	33,461	—	53,605	—
Investments accounted for using equity method (Note 14)	10,877,210	2	11,081,905	3	11,843,834	4
Property, plant and equipment (Notes 15, 35 and 36)	74,692,551	15	73,895,469	19	72,639,032	22
Right-of-use assets (Notes 16 and 34)	73,113,325	15	63,139,955	17	58,002,009	18
Investment properties (Notes 17 and 35)	7,039,177	2	7,083,726	2	6,317,106	2
Other intangible assets	126,287	—	80,847	—	88,903	—
Deferred tax assets (Note 4)	1,067,780	—	1,341,237	—	1,047,686	—
Prepayments for equipment (Note 34)	251,207	—	295,430	—	552,319	—
Refundable deposits	213,910	—	219,109	—	202,867	—
Finance lease receivables - non-current (Note 11)	111,686	—	127,016	—	132,092	—
Other financial assets - non-current	19,863	—	21,704	—	56,986	—
Other non-current assets	32,913	—	27,304	—	24,216	—
Total non-current assets	<u>169,250,341</u>	<u>34</u>	<u>157,858,965</u>	<u>41</u>	<u>151,482,553</u>	<u>46</u>
TOTAL	<u>\$ 503,714,413</u>	<u>100</u>	<u>\$ 384,415,884</u>	<u>100</u>	<u>\$ 327,579,256</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 34)	\$ 2,170,000	—	\$ 1,393,760	—	\$ 1,560,000	—
Short-term bills payable (Notes 18 and 34)	899,371	—	436,131	—	536,744	—
Financial liabilities at FVTPL - current (Note 7)	5,850	—	—	—	—	—
Financial liabilities for hedging - current (Notes 16 and 33)	8,835,891	2	7,585,691	2	7,598,370	2
Contract liabilities - current (Note 25)	551,322	—	903,453	—	1,031,910	—
Notes payable	30,043	—	33,852	—	26,505	—
Trade payables (Note 20)	22,468,258	5	19,106,729	5	21,370,357	7
Trade payables to related parties (Notes 20 and 34)	356,555	—	376,954	—	342,687	—
Other payables (Notes 21 and 34)	8,271,830	2	7,846,672	2	6,580,833	2
Current tax liabilities (Note 4)	22,845,404	5	29,497,739	8	15,696,003	5
Provisions - current (Note 22)	—	—	56,307	—	—	—
Lease liabilities - current (Notes 16 and 34)	5,439,415	1	3,306,188	1	2,285,693	1
Current portion of long-term liabilities (Notes 18, 34 and 35)	149,170	—	1,400,430	1	5,537,925	2
Other advance account	93,538	—	218,711	—	175,301	—
Other current liabilities	1,443,250	—	1,074,266	—	1,103,872	—
Total current liabilities	<u>73,559,897</u>	<u>15</u>	<u>73,236,883</u>	<u>19</u>	<u>63,846,200</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Financial liabilities for hedging - non-current (Notes 16 and 33)	36,306,682	7	33,835,186	9	35,997,539	11
Bonds payable (Notes 19 and 34)	10,850,892	2	10,822,014	3	10,846,718	3
Long-term borrowings (Notes 18, 34 and 35)	1,376,104	—	5,068,879	1	15,668,119	5
Provisions - non-current (Note 22)	1,458	—	1,348	—	1,326	—
Deferred tax liabilities (Note 4)	15,289,755	3	6,143,436	2	7,517,809	2
Lease liabilities - non-current (Notes 16 and 34)	31,013,725	6	17,236,619	4	11,094,378	4
Other advance account - non-current	63,323	—	84,431	—	104,309	—
Net defined benefit liabilities - non-current (Notes 4 and 23)	2,321,138	1	2,828,346	1	2,786,008	1
Other non-current liabilities	910,220	—	836,076	—	633,149	—
Total non-current liabilities	<u>98,133,297</u>	<u>19</u>	<u>76,856,335</u>	<u>20</u>	<u>84,649,355</u>	<u>26</u>
Total liabilities	<u>171,693,194</u>	<u>34</u>	<u>150,093,218</u>	<u>39</u>	<u>148,495,555</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital - ordinary shares	34,921,043	7	34,921,043	9	34,921,043	11
Capital surplus	27,975,030	5	27,975,030	7	27,975,030	8
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	244,458,369	49	167,409,719	44	112,065,601	34
Total retained earnings	<u>265,078,663</u>	<u>53</u>	<u>169,070,638</u>	<u>44</u>	<u>113,726,520</u>	<u>35</u>
Other equity	3,131,822	1	1,724,563	1	1,884,272	1
Total equity attributable to owners of the Company	<u>331,106,558</u>	<u>66</u>	<u>233,691,274</u>	<u>61</u>	<u>178,506,865</u>	<u>55</u>
NON-CONTROLLING INTERESTS	<u>914,661</u>	<u>—</u>	<u>631,392</u>	<u>—</u>	<u>576,836</u>	<u>—</u>
Total equity	<u>332,021,219</u>	<u>66</u>	<u>234,322,666</u>	<u>61</u>	<u>179,083,701</u>	<u>55</u>
TOTAL	<u>\$ 503,714,413</u>	<u>100</u>	<u>\$ 384,415,884</u>	<u>100</u>	<u>\$ 327,579,256</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 10, 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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 16, 25 and 34)	\$ 99,812,731	100	\$ 95,452,440	100	\$ 315,964,481	100	\$ 231,006,145	100
OPERATING COSTS (Notes 12, 16, 26 and 34)	39,555,556	40	30,687,227	32	107,919,284	34	90,423,374	39
GROSS PROFIT	60,257,175	60	64,765,213	68	208,045,197	66	140,582,771	61
OPERATING EXPENSES (Notes 26 and 34)								
Selling and marketing expenses	1,938,614	2	1,910,878	2	6,748,787	2	5,624,335	2
General and administrative expenses	469,200	—	344,553	—	1,497,880	1	1,031,837	1
Expected credit loss (gain)	(27,488)	—	30,721	—	(1,748)	—	92,486	—
Total operating expenses	2,380,326	2	2,286,152	2	8,244,919	3	6,748,658	3
OTHER OPERATING INCOME AND EXPENSES (Notes 16 and 26)	138,465	—	43,093	—	1,468,973	1	124,639	—
PROFIT FROM OPERATIONS	58,015,314	58	62,522,154	66	201,269,251	64	133,958,752	58
NON-OPERATING INCOME AND EXPENSES (Notes 16, 26 and 34)								
Interest income	1,077,267	1	74,063	—	1,795,492	1	141,980	—
Other income	22,235	—	28,164	—	65,690	—	73,327	—
Other gains and losses	3,802,127	4	191,422	—	12,017,884	4	220,974	—
Finance costs	(602,619)	(1)	(632,003)	(1)	(1,728,758)	(1)	(1,973,423)	(1)
Share of profit or loss of associates and joint ventures	453,669	1	502,835	1	1,300,583	—	1,122,228	1
Total non-operating income and expenses	4,752,679	5	164,481	—	13,450,891	4	(414,914)	—
PROFIT BEFORE INCOME TAX	62,767,993	63	62,686,635	66	214,720,142	68	133,543,838	58
INCOME TAX EXPENSE (Notes 4 and 27)	(12,898,012)	(13)	(11,792,283)	(13)	(48,526,209)	(15)	(23,443,777)	(10)
NET PROFIT FOR THE PERIOD	49,869,981	50	50,894,352	53	166,193,933	53	110,100,061	48
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	(10,934)	—	(238,136)	—	6,233	—	2,854,335	1
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(160,660)	—	(480,510)	(1)	(444,322)	—	(209,218)	—
	(171,594)	—	(718,646)	(1)	(438,089)	—	2,645,117	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	3,750,705	4	(113,064)	—	6,000,239	2	(649,988)	—
Gain(loss) on hedging instruments	(786,553)	(1)	(163,939)	—	(3,898,181)	(2)	572,449	—
Income tax related to items that may be reclassified subsequently to profit or loss	(523,445)	(1)	55,812	—	(288,831)	—	(499,108)	—
	2,440,707	2	(221,191)	—	1,813,227	—	(576,647)	—
Other comprehensive income(loss) for the period, net of income tax	2,269,113	2	(939,837)	(1)	1,375,138	—	2,068,470	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 52,139,094	52	\$ 49,954,515	52	\$ 167,569,071	53	\$ 112,168,531	49
NET PROFIT ATTRIBUTABLE TO :								
Owners of the Company	\$ 49,747,726	50	\$ 50,825,854	53	\$ 165,858,363	53	\$ 109,877,965	48
Non-controlling interests	122,255	—	68,498	—	335,570	—	222,096	—
	\$ 49,869,981	50	\$ 50,894,352	53	\$ 166,193,933	53	\$ 110,100,061	48
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :								
Owners of the Company	\$ 52,016,700	52	\$ 49,883,966	52	\$ 167,257,369	53	\$ 111,993,288	49
Non-controlling interests	122,394	—	70,549	—	311,702	—	175,243	—
	\$ 52,139,094	52	\$ 49,954,515	52	\$ 167,569,071	53	\$ 112,168,531	49
ERNINGS PER SHARE (Note 28)								
Basic	\$ 14.25		\$ 14.66		\$ 47.50		\$ 32.73	
Diluted	\$ 14.11		\$ 14.62		\$ 46.97		\$ 32.42	

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

(With Deloitte & Touche auditors' review report dated November 10, 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											
	Retained Earnings (Note 24)						Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital (Note 24)		Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments			
	Shares (In Thousands)	Amount	(Note 24)							(Note 24)	(Note 24)	(Note 24)
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 nine months ended September 30, 2021	—	—	—	—	—	109,877,965	—	—	—	109,877,965	222,096	110,100,061
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	—	—	—	—	—	—	(296,562)	2,645,091	(233,206)	2,115,323	(46,853)	2,068,470
Total comprehensive income (loss) for the nine months ended September 30, 2021	—	—	—	—	—	109,877,965	(296,562)	2,645,091	(233,206)	111,993,288	175,243	112,168,531
Issuance of ordinary shares for cash	160,000	1,600,000	27,520,000	—	—	—	—	—	—	29,120,000	—	29,120,000
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	—	—	—	—	—	—	1,663,972	—	1,663,972
Share-based payment (Note 29)	—	—	51,373	—	—	—	—	—	—	51,373	—	51,373
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by the Group, associates and joint ventures	—	—	—	—	—	2,187,636	—	(2,187,636)	—	—	—	—
Decrease in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(255,027)	(255,027)
BALANCE AT SEPTEMBER 30, 2021	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 166,092	\$ 1,494,827	\$ 112,065,601	\$ (1,010,072)	\$ (328,275)	\$ 3,222,619	\$ 178,506,865	\$ 576,836	\$ 179,083,701
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 nine months ended September 30, 2022	—	—	—	—	—	165,858,363	—	—	—	165,858,363	335,570	166,193,933
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	—	—	—	—	—	—	4,955,638	(438,087)	(3,118,545)	1,399,006	(23,868)	1,375,138
Total comprehensive income (loss) for the nine months ended September 30, 2022	—	—	—	—	—	165,858,363	4,955,638	(438,087)	(3,118,545)	167,257,369	311,702	167,569,071
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	—	—	—	—	—	—	—	—	—	—	(28,433)	(28,433)
BALANCE AT SEPTEMBER 30, 2022	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 16,907,064	\$ 3,713,230	\$ 244,458,369	\$ 3,701,640	\$ (729,327)	\$ 159,509	\$ 331,106,558	\$ 914,661	\$ 332,021,219

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

(With Deloitte & Touche auditors' review report dated November 10, 2022)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

CASH FLOWS FROM OPERATING ACTIVITIES	For the Nine Months Ended September 30	
	2022	2021
Income before income tax	\$ 214,720,142	\$ 133,543,838
Adjustments for :		
Depreciation expenses	14,740,583	12,820,090
Amortization expenses	48,466	41,192
Expected credit (gain) loss recognized	(1,748)	92,486
Net loss (gain) on fair value change of financial assets/liabilities at FVTPL	22,693	(13,589)
Finance costs	1,728,758	1,973,423
Interest income	(1,795,492)	(141,980)
Dividend income	(2,109)	(4,475)
Share-based payment cost	—	51,373
Share of profit of associates and joint ventures	(1,300,583)	(1,122,228)
Gain on disposal of property, plant and equipment	(13,994)	(64,930)
Impairment loss (reversal gain) recognized on right-of-use assets	—	(591,211)
Reversal of shipping fuel	—	(179,249)
Net gain on foreign currency exchange	(3,953,158)	(560,230)
Loss on changes in fair value of investment properties	4	3,187
Gain on lease modification	(3,553)	(6,730)
Gain on right-of-use assets sublease	(1,167,799)	—
Bargain purchase gain	—	(3,171)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(361,554)	1,644,614
Contract assets	1,506,105	(4,368,579)
Notes receivable	(2,646)	(15,700)
Trade receivables	2,171,900	(9,992,839)
Trade receivables from related parties	(120,468)	(152,217)
Shipping fuel	(2,311,396)	(875,152)
Prepayments	(258,167)	(59,393)
Prepayments to shipping agents	(339,682)	(67,030)
Other current assets	(212,461)	(37,072)
Notes payable	(3,809)	1,101
Trade payables	(330,537)	5,690,274

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2022	2021
Trade payables to related parties	\$ (20,399)	\$ (82,701)
Other payables	111,730	1,488,329
Current liabilities	(352,131)	896,912
Provisions	(56,307)	—
Other advance account	(146,281)	(101,550)
Other current liabilities	381,555	488,019
Net defined benefit liabilities	(507,208)	(241,701)
Cash generated from operations	222,170,454	140,053,111
Interest received	1,492,902	116,671
Dividends received	1,540,719	349,753
Interest paid	(1,690,030)	(1,812,042)
Income tax paid	(46,124,182)	(1,482,263)
Net cash generated from operating activities	177,389,863	137,225,230
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	(179,897,778)	(52,617,936)
Proceeds from sale of financial assets at amortized cost	239,920,962	2,462,003
Acquisition of financial assets for hedging	(33,217,783)	—
Acquisition of investments accounted for using the equity method	(330)	—
Acquisition of subsidiary (Note 30)	—	8,442
Payments for property, plant and equipment	(4,389,381)	(3,303,258)
Proceeds from disposal of property, plant and equipment	10,377	130,260
Decrease (Increase) in refundable deposits	5,199	(3,415)
Payments for intangible assets	(94,090)	(47,495)
Payments for investment property	(449,368)	(3,074)
Decrease in financial lease receivables	408,216	14,929
Decrease in other financial assets	1,841	6,216
Increase in other non-current assets	(5,587)	(6,844)
Increase in prepayments for equipment	(210,702)	(476,195)
Net cash used in investing activities	22,081,576	(53,856,085)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	\$ 776,240	\$ (512,156)
Proceeds from (repayments of) short-term bills payable	462,500	(11,602,500)
Proceeds from issuance of bonds payable	—	5,900,000
Proceeds from long-term borrowings	—	1,380,244
Repayments of long-term borrowings	(5,140,903)	(33,857,255)
Repayments of the principal portion of lease liabilities	(9,243,929)	(7,459,246)
Increase in other non-current liabilities	74,144	23,010
Cash Dividend	(69,842,085)	—
Issuance of ordinary shares for cash	—	29,120,000
Net change in non-controlling interests	(28,433)	(255,027)
Net cash used in financing activities	(82,942,466)	(17,262,930)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	7,902,516	(499,959)
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,431,489	65,606,256
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	\$ 181,880,167	\$ 90,124,977

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

(With Deloitte & Touche auditors' review report dated November 10, 2022)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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. The Company issued global depository receipts (GDRs), which have been listed on the London Stock Exchange (ticker symbol: YMTD) since November 1996. The GDRs listed on 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 November 10, 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 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
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 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

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

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction—that satisfies the requirements in IFRS 15 to be accounted for as a sale—is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease 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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 11,622	\$ 12,155	\$ 13,049
Checking accounts and demand deposits	32,705,405	43,817,851	48,271,053
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	146,518,490	13,341,872	39,431,850
Repurchase agreements	2,644,650	276,800	2,409,025
	<u>\$ 181,880,167</u>	<u>\$ 57,448,678</u>	<u>\$ 90,124,977</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits	0.25%~17.50%	0.04%~15.75%	0.08%~18.50%
Repurchase agreements	0.85%~3.60%	0.30%~0.42%	0.30%~0.43%

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 and container purchase, and the accounting treatment is applicable to cash flow hedges. The information on the transactions is summarized as follow:

	<u>Maturity Period</u>	<u>Account</u>	<u>Carrying Amount</u>
September 30, 2022	2022/12/29	Financial assets for hedging	\$35,395,376

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income
For the three months ended September 30, 2022	\$ 2,127,593
For the nine months ended September 30, 2022	\$ 2,177,593

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

7. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
- Oil derivatives	\$ —	\$ —	\$ 384
Non-derivative financial assets			
- Domestic listed shares	66,405	70,016	—
- Mutual funds	—	6,032	85,711
	<u>\$ 66,405</u>	<u>\$ 76,048</u>	<u>\$ 86,095</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Domestic limited partnership	\$ 15,079	\$ 13,871	\$ 15,097
- Domestic listed shares	268,800	—	—
- Mutual funds	84,346	—	—
	<u>\$ 368,225</u>	<u>\$ 13,871</u>	<u>\$ 15,097</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			

	September 30, 2022	December 31, 2021	September 30, 2021
Derivative financial liabilities (not under hedge accounting)			
- Oil derivatives	\$ 5,850	\$ —	\$ —

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

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

	Maturity Date	Unsettled Amount	
		Notional Amount	Fair Value
September 30, 2022	December 31, 2022	USD\$1,920 thousand	\$ (5,850)
September 30, 2021	December 31, 2021	USD\$885 thousand	384

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Domestic investments in equity instruments</u>			
Listed shares and emerging market shares			
Ordinary shares - Taiwan Navigation Co., Ltd. (Note)	\$ —	\$ —	\$ —
Unlisted shares			
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	485,724	477,936	487,234
Ordinary shares - United Stevedoring Corp.	4,846	5,315	5,410
Ordinary shares - United Raw Material Solutions Inc.	2,222	2,281	2,264

	September 30, 2022	December 31, 2021	September 30, 2021
Ordinary shares - Pro-Ascentek Investment Corporation	11,372	12,399	11,893
	<u>\$ 504,164</u>	<u>\$ 497,931</u>	<u>\$ 506,801</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.

Dividends of \$1,724 thousand, \$693 thousand, \$1,724 thousand and \$2,480 thousand were recognized for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits with original maturity of more than 3 months	\$ 80,627,188	\$ 133,277,495	\$ 50,810,279
Restricted bank balance (Note 35)	158,719	117,493	58,969
Repurchase agreements	—	2,707,104	1,506,685
Corporate bonds	787,502	—	20,000
	<u>\$ 81,573,409</u>	<u>\$ 136,102,092</u>	<u>\$ 52,395,933</u>
Current	<u>\$ 80,741,366</u>	<u>\$ 136,068,631</u>	<u>\$ 52,342,328</u>
Non-current	<u>\$ 832,043</u>	<u>\$ 33,461</u>	<u>\$ 53,605</u>

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable - operating	<u>\$ 7,770</u>	<u>\$ 5,124</u>	<u>\$ 23,945</u>

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Trade receivables</u>			
At amortized cost			
Trade receivables - non-related parties	\$ 22,009,292	\$ 21,779,506	\$ 21,055,110
Trade receivables - related parties	532,523	412,055	326,040
Less : Allowance for impairment loss	(167,462)	(136,577)	(104,042)
	<u>\$ 22,374,353</u>	<u>\$ 22,054,984</u>	<u>\$ 21,277,108</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.

September 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	\$ 22,020,542	\$ 387,845	\$ 90,713	\$ 29,794	\$ 16,935	\$ 3,756	\$ 22,549,585
Loss allowance (Lifetime ECLs)	(153,864)	(1,763)	(2,299)	(5,684)	(96)	(3,756)	(167,462)
Amortized cost	<u>\$ 21,866,678</u>	<u>\$ 386,082</u>	<u>\$ 88,414</u>	<u>\$ 24,110</u>	<u>\$ 16,839</u>	<u>\$ —</u>	<u>\$ 22,382,123</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>

September 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	\$ 20,737,530	\$ 568,258	\$ 80,105	\$ 9,903	\$ 5,124	\$ 4,175	\$ 21,405,095
Loss allowance (Lifetime ECLs)	(94,362)	(2,479)	(2,537)	(395)	(94)	(4,175)	(104,042)
Amortized cost	<u>\$ 20,643,168</u>	<u>\$ 565,779</u>	<u>\$ 77,568</u>	<u>\$ 9,508</u>	<u>\$ 5,030</u>	<u>\$ —</u>	<u>\$ 21,301,053</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 136,577	\$ 51,238
Add : Acquired in a business combination	—	372
Add : Net remeasurement of loss allowance	26,283	59,195
Add : Reclassified of allowance of overdue receivables	835	—
Less : Amounts written off	(3,174)	(3,444)
Foreign exchange gains and losses	6,941	(3,319)
Balance at September 30	<u>\$ 167,462</u>	<u>\$ 104,042</u>

11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 1,123,799	\$ 22,011	\$ 22,011
Year 2	22,011	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	27,513	44,019	49,522
	<u>1,239,356</u>	<u>154,074</u>	<u>159,577</u>
Less : Unearned finance income	<u>(13,035)</u>	<u>(6,854)</u>	<u>(7,348)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,226,321</u>	<u>\$ 147,220</u>	<u>\$ 152,229</u>
Current	<u>\$ 1,114,635</u>	<u>\$ 20,204</u>	<u>\$ 20,137</u>
Non-current	<u>\$ 111,686</u>	<u>\$ 127,016</u>	<u>\$ 132,092</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 September 30, 2022, December 31, 2021 and September 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

	September 30, 2022	December 31, 2021	September 30, 2021
Shipping fuel	<u>\$ 5,720,103</u>	<u>\$ 3,408,707</u>	<u>\$ 3,245,623</u>

The cost of shipping fuel recognized as operating cost for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 were \$7,852,936 thousand, \$4,148,359 thousand, \$19,800,793 thousand and \$12,006,536 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the three months ended September 30, 2021 and for the nine months ended September 30, 2021 included reversals of shipping fuel write-downs of \$8,697 thousand and \$179,249 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
			September 30, 2022	December 31, 2021	September 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
			September 30, 2022	December 31, 2021	September 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	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
			September 30, 2022	December 31, 2021	September 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 Logistics Benelux B.V.	Forwarding agency	70.00	70.00	70.00	
Yes-ERO	YES MLC GmbH	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. The liquidation was completed in October 2022.

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 and again in November 2022 to process cash capital increase of YML-Singapore with an amount no more than 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, Yamgming-UK, and YM-Singapore for the nine months ended September 30, 2022 and 2021, the financial statements of other non-significant subsidiaries were not reviewed.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2022	December 31, 2021	September 30, 2021
Investment in associates	\$ 10,467,736	\$ 10,697,507	\$ 11,457,765
Investment in joint ventures	409,474	384,398	386,069
	<u>\$ 10,877,210</u>	<u>\$ 11,081,905</u>	<u>\$ 11,843,834</u>

- a. Investment in associates

	September 30, 2022	December 31, 2021	September 30, 2021
Associates that are not individually material			
Kao Ming Container Terminal Corp.	\$ 4,757,461	\$ 4,928,086	\$ 4,805,733
Taiwan Navigation Co., Ltd. (Note a)	3,411,567	3,483,454	4,003,405
West Basin Container Terminal LLC	1,455,351	1,429,384	1,726,745
United Terminal Leasing LLC	319,026	269,593	269,092
Sino Trans PFS Cold Chain Logistics Co., Ltd.	72,750	68,524	104,321
Yunn Wang Investment Co., Ltd.	167,101	239,695	282,736
Taiwan Foundation International Pte. Ltd.	109,541	96,463	96,876
Shanghai United Cold Chain logistics Co., Ltd.	49,295	56,556	53,673
Yang Ming Shipping (Egypt) S.A.E.	50,767	50,351	40,106
Yang Ming (U.A.E.) LLC	35,663	40,942	42,015
Yang Ming (Australia) Pty. Ltd.	31,735	29,250	27,863
PT. Formosa Sejati Logistics	7,479	5,209	5,200
Corstor Ltd. (Note b)	—	—	—
	<u>\$ 10,467,736</u>	<u>\$ 10,697,507</u>	<u>\$ 11,457,765</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 nine months ended September 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 nine months ended September 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

	September 30, 2022	December 31, 2021	September 30, 2021
Joint ventures that are not individually material			
Chang Ming Logistics Company Limited	\$ 283,964	\$ 275,202	\$ 279,319
YES LIBERAL Logistics Corp.	79,678	77,227	77,261
LogiTrans Technology Private Limited	26,764	19,982	19,871
Jambatan Merah Formosa Depot Sdn Bhd.	3,516	2,933	2,925
Yes And HQL Logistics Company	15,552	9,054	6,693
	<u>\$ 409,474</u>	<u>\$ 384,398</u>	<u>\$ 386,069</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the nine months ended September 30, 2022 and 2021 were based on the joint ventures' financial statements which have not been reviewed.

The Group's board of directors resolved in October 2020 to establish a joint-venture Yes Easyway Logistics (Thailand) Co., Ltd. scheduled to operate in October 2022. YMTC directly or indirectly owns 49% of its share.

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

15. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022	December 31, 2021	September 30, 2021
Assets used by the Group	\$ 68,213,556	\$ 65,739,551	\$ 64,364,128
Assets leased under operating leases	6,478,995	8,155,918	8,274,904
	<u>\$ 74,692,551</u>	<u>\$ 73,895,469</u>	<u>\$ 72,639,032</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	—	87	4,218,401	729,999	14,677	146,305	—	5,109,469
Disposals	—	—	(22,402)	(254,604)	—	(107,931)	—	(384,937)
Transfers from assets leased under operating leases	—	—	—	2,202,678	—	—	—	2,202,678

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
Transfers from investment properties	26,860	17,685	—	—	—	—	—	44,545
Reclassification	—	—	—	248,752	2,351	1,467	—	252,570
Effects of foreign currency exchange differences	(197)	60,743	165	80,032	7,926	14,922	—	163,591
Balance at September 30, 2022	<u>\$ 723,253</u>	<u>\$ 1,571,506</u>	<u>\$ 31,125,358</u>	<u>\$ 95,628,963</u>	<u>\$ 336,783</u>	<u>\$ 2,853,597</u>	<u>\$ —</u>	<u>\$ 132,239,460</u>
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	—	—	(16,741)	(254,604)	—	(104,638)	—	(375,983)
Transfers from assets leased under operating leases	—	—	—	364,643	—	—	—	364,643
Depreciation expenses	—	24,253	1,231,819	3,493,730	9,840	102,754	—	4,862,396
Effects of foreign currency exchange differences	—	27,962	—	20,143	2,385	12,365	—	62,855
Balance at September 30, 2022	<u>\$ —</u>	<u>\$ 645,890</u>	<u>\$ 16,536,647</u>	<u>\$ 44,190,701</u>	<u>\$ 263,140</u>	<u>\$ 2,389,526</u>	<u>\$ —</u>	<u>\$ 64,025,904</u>
Balance at September 30, 2022, net value	<u>\$ 723,253</u>	<u>\$ 925,616</u>	<u>\$ 14,588,711</u>	<u>\$ 51,438,262</u>	<u>\$ 73,643</u>	<u>\$ 464,071</u>	<u>\$ —</u>	<u>\$ 68,213,556</u>
Balance at December 31, 2021 and January 1, 2022, net value	<u>\$ 696,590</u>	<u>\$ 899,316</u>	<u>\$ 11,607,625</u>	<u>\$ 52,055,317</u>	<u>\$ 60,914</u>	<u>\$ 419,789</u>	<u>\$ —</u>	<u>\$ 65,739,551</u>
Cost								
Balance at January 1, 2021	\$ 697,586	\$ 1,511,544	\$ 24,866,453	\$ 88,649,976	\$ 285,249	\$ 3,221,794	\$ 1,591,930	\$ 120,824,532
Additions	—	428	—	620,729	3,192	116,559	3,188,472	3,929,380
Disposals	—	—	(367,862)	(116,824)	(374)	(517,972)	—	(1,003,032)
Transfers from assets leased under operating leases	—	—	—	503,735	—	7,445	—	511,180
Transfers to assets leased under operating leases	—	—	—	(2,206,497)	—	—	—	(2,206,497)
Acquired in a business combination	—	—	—	—	—	835	—	835
Reclassification	—	—	—	3,638,381	—	1,314	(3,590,859)	48,836
Effects of foreign currency exchange differences	(733)	(16,867)	(28)	(2,742)	(3,195)	(19,225)	(47)	(42,837)
Balance at September 30, 2021	<u>\$ 696,853</u>	<u>\$ 1,495,105</u>	<u>\$ 24,498,563</u>	<u>\$ 91,086,758</u>	<u>\$ 284,872</u>	<u>\$ 2,810,750</u>	<u>\$ 1,189,496</u>	<u>\$ 122,062,397</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ —	\$ 568,553	\$ 14,095,711	\$ 36,424,426	\$ 248,339	\$ 2,740,736	\$ —	\$ 54,077,765
Disposals	—	—	(323,916)	(116,824)	(374)	(454,797)	—	(895,911)
Transfers from assets leased under operating leases	—	—	—	297,809	—	7,445	—	305,254
Transfers to assets leased under operating leases	—	—	—	(261,961)	—	—	—	(261,961)
Depreciation expenses	—	23,731	1,169,452	3,181,522	8,846	113,188	—	4,496,739
Acquired in a business combination	—	—	—	—	—	835	—	835
Effects of foreign currency exchange differences	—	(5,282)	—	(850)	(2,262)	(16,058)	—	(24,452)

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
Balance at September 30, 2021	\$ —	\$ 587,002	\$ 14,941,247	\$ 39,524,122	\$ 254,549	\$ 2,391,349	\$ —	\$ 57,698,269
Balance at September 30, 2021, net value	\$ 696,853	\$ 908,103	\$ 9,557,316	\$ 51,562,636	\$ 30,323	\$ 419,401	\$ 1,189,496	\$ 64,364,128

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

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

The dry dock is a significant component of ships.

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

b. Assets leased under operating leases

	Ship	Miscellaneous Equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 11,687,888	\$ —	\$ 11,687,888
Additions	40,822	—	40,822
Disposals	(36,984)	—	(36,984)
Transfers to assets used by the Group	(2,202,678)	—	(2,202,678)
Reclassification	2,548	—	2,548
Effects of foreign currency exchange differences	875,041	—	875,041
Balance at September 30, 2022	\$ 10,366,637	\$ —	\$ 10,366,637

Accumulated depreciation and impairment

Balance at January 1, 2022	\$ 3,531,970	\$ —	\$ 3,531,970
Disposals	(36,984)	—	(36,984)
Transfers to assets used by the Group	(364,643)	—	(364,643)
Depreciation expenses	357,743	—	357,743

	Ship	Miscellaneous Equipment	Total
Effects of foreign currency exchange differences	399,556	—	399,556
Balance at September 30, 2022	<u>\$ 3,887,642</u>	<u>\$ —</u>	<u>\$ 3,887,642</u>
Balance at September 30, 2022, net value	<u>\$ 6,478,995</u>	<u>\$ —</u>	<u>\$ 6,478,995</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	37,339	—	37,339
Disposals	(45,772)	—	(45,772)
Transfers from assets used by the Group	2,206,497	—	2,206,497
Transfers to assets used by the Group	(503,735)	(7,445)	(511,180)
Reclassification	2,780	—	2,780
Effects of foreign currency exchange differences	(137,247)	—	(137,247)
Balance at September 30, 2021	<u>\$ 11,704,585</u>	<u>\$ —</u>	<u>\$ 11,704,585</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 3,228,254	\$ 7,445	\$ 3,235,699
Disposals	(45,772)	—	(45,772)
Transfers from assets used by the Group	261,961	—	261,961
Transfers to assets used by the Group	(297,809)	(7,445)	(305,254)
Depreciation expenses	339,337	—	339,337
Effects of foreign currency exchange differences	(56,290)	—	(56,290)
Balance at September 30, 2021	<u>\$ 3,429,681</u>	<u>\$ —</u>	<u>\$ 3,429,681</u>
Balance at September 30, 2021, net value	<u>\$ 8,274,904</u>	<u>\$ —</u>	<u>\$ 8,274,904</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 1,206,950	\$ 1,568,842	\$ 1,570,316
Year 2	13,747	9,313	78,258
Year 3	—	1,811	4,148
Year 4	—	—	—
Year 5 onwards	—	—	—
	<u>\$ 1,220,697</u>	<u>\$ 1,579,966</u>	<u>\$ 1,652,722</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%-111% of Baltic Dry Index average daily rent.

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

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

The dry dock is a significant component of ships.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts			
Land	\$ 36,605	\$ 41,710	\$ 43,885
Buildings	1,889,686	2,086,132	2,173,103
Container and chassis	5,594,532	2,598,243	—
Ships	65,499,129	58,329,877	55,700,687

	September 30, 2022	December 31, 2021	September 30, 2021	
Miscellaneous equipment	93,373	83,993	84,334	
	<u>\$ 73,113,325</u>	<u>\$ 63,139,955</u>	<u>\$ 58,002,009</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 11,040,098</u>	<u>\$ 4,516,575</u>	<u>\$ 19,331,874</u>	<u>\$ 9,685,816</u>
Depreciation expenses for right-of-use assets				
Land	\$ 2,243	\$ 2,176	\$ 6,685	\$ 6,527
Buildings	117,219	123,156	354,381	357,391
Container and chassis	222,572	11,544	573,602	121,302
Ships	2,923,957	2,572,753	8,556,006	7,474,040
Miscellaneous equipment	10,536	8,685	29,770	24,754
	<u>\$ 3,276,527</u>	<u>\$ 2,718,314</u>	<u>\$ 9,520,444</u>	<u>\$ 7,984,014</u>
Income from the subleasing of right-of-use assets (presented in operating revenue and other income)	<u>\$ 225,592</u>	<u>\$ 284,269</u>	<u>\$ 675,473</u>	<u>\$ 731,730</u>

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 \$591,211 thousand which was recognized in operating costs for the nine months ended September 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 September 30, 2022 and for the nine months ended September 30, 2022 are set out in Note 11.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts			
Current	<u>\$ 5,439,415</u>	<u>\$ 3,306,188</u>	<u>\$ 2,285,693</u>
Non-current	<u>\$ 31,013,725</u>	<u>\$ 17,236,619</u>	<u>\$ 11,094,378</u>

	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities designated as hedging (presented in financial liabilities for hedging)			
Current	\$ 8,835,891	\$ 7,585,691	\$ 7,598,370
Non-current	\$ 36,306,682	\$ 33,835,186	\$ 35,997,539

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
September 30, 2022	2025/01/31-2031/01/31	Financial liabilities for hedging	\$ 45,142,573
December 31, 2021	2025/01/31-2031/01/31	Financial liabilities for hedging	41,420,877
September 30, 2021	2025/01/31-2031/01/31	Financial liabilities for hedging	43,595,909

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the three months ended September 30, 2022	\$ (2,879,151)	\$ (34,995)
For the nine months ended September 30, 2022	\$ (5,761,832)	\$ (313,942)
For the three months ended September 30, 2021	\$ 15,771	\$ (179,710)
For the nine months ended September 30, 2021	\$ 1,055,876	\$ (483,427)

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:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.12%-1.49%	1.12%-1.49%	1.12%-1.49%

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	0.85%-10.00%	0.85%-10.00%	0.85%-10.00%
Container and chassis	0.08%-2.16%	0.08%-1.47%	—
Ships	0.09%-7.24%	0.09%-7.24%	0.09%-7.24%
Miscellaneous equipment	0.84%-8.64%	0.84%-13.00%	0.84%-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>September 30, 2022</u>			
Ships	\$ 54,703,315	\$ 22,833,781	16.96%
<u>December 31, 2021</u>			
Ships	\$ 47,809,568	\$ 20,756,101	0.91%
<u>September 30, 2021</u>			
Ships	\$ 45,660,318	\$ 20,182,194	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%-111% of Baltic Dry Index average daily rent.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 575,733	\$ 339,630	\$ 478,160
Year 2	101,481	7	71,220
Year 3 onwards	—	—	—
	<u>\$ 677,214</u>	<u>\$ 339,637</u>	<u>\$ 549,380</u>

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 290,025</u>	<u>\$ 326,013</u>	<u>\$ 955,130</u>	<u>\$ 786,212</u>
Expenses relating to low-value asset leases	<u>\$ 938,057</u>	<u>\$ 741,965</u>	<u>\$ 2,444,903</u>	<u>\$ 2,474,474</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (156,370)</u>	<u>\$ (16,426)</u>	<u>\$ (197,463)</u>	<u>\$ (57,843)</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 1,035,831</u>	<u>\$ 836,455</u>	<u>\$ 2,981,447</u>	<u>\$ 2,590,298</u>
Total cash outflow for leases			<u>\$ (16,845,890)</u>	<u>\$ (15,130,010)</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 \$4,748,352 thousand, \$6,373,035 thousand and \$6,555,904 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$25,241,476 thousand, \$19,478,096 thousand and \$18,648,821 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

17. INVESTMENT PROPERTIES

	September 30, 2022	December 31, 2021	September 30, 2021
Completed Investment Property	\$ 7,039,177	\$ 7,083,726	\$ 6,317,106

Except 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 nine months ended September 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Independent valuation	\$ 7,039,177	\$ 7,083,726	\$ 6,309,844
Valuation by the Group	—	—	7,262
	\$ 7,039,177	\$ 7,083,726	\$ 6,317,106

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 63,211	\$ 69,348	\$ 71,292
Year 2	45,461	50,820	53,302
Year 3	29,029	23,124	30,012
Year 4	15,362	12,257	13,666
Year 5	3,990	5,241	7,322
Year 6 onwards	2,514	3,200	3,429
	<u>\$ 159,567</u>	<u>\$ 163,990</u>	<u>\$ 179,023</u>

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

18. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 1,450,000	\$ 1,151,760	\$ 1,130,000
Loans from related parties (Note 34)	720,000	242,000	430,000
	<u>\$ 2,170,000</u>	<u>\$ 1,393,760</u>	<u>\$ 1,560,000</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.45%-1.81%, 1.30%-2.50% and 1.15%-1.50% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rates were 1.58%-1.88%, 1.28%-1.50% and 1.32%-1.57% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

b. Short-term bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial paper	\$ 400,000	\$ 387,500	\$ 200,000
Less : Unamortized discount on bills payable	343	1,282	384
	<u>399,657</u>	<u>386,218</u>	<u>199,616</u>
Loans from related parties (Note 34)	500,000	50,000	337,500
Less : Unamortized discount on bills payable	286	87	372
	<u>799,371</u>	<u>436,305</u>	<u>537,116</u>

	September 30, 2022	December 31, 2021	September 30, 2021
	499,714	49,913	337,128
	<u>\$ 899,371</u>	<u>\$ 436,131</u>	<u>\$ 536,744</u>

Interest rates of the outstanding short-term bills payable were 1.60%-1.61%, 1.39% and 1.46% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

Interest rates of the outstanding related parties' short-term bills payable were 1.61%, 1.39% and 1.39% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

c. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured borrowings</u> (Note 35)			
Secured bank loans	\$ 7,580	\$ 415,396	\$ 842,257
Loans from related parties (Note 34)	1,495,335	4,236,308	12,584,681
Other borrowings	—	317,324	355,974
	<u>1,502,915</u>	<u>4,969,028</u>	<u>13,782,912</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	22,359	100,798	115,521
Loans from related parties (Note 34)	—	99,839	2,913,000
	<u>22,359</u>	<u>200,637</u>	<u>3,028,521</u>
<u>Commercial paper</u>			
Line of credit borrowings	—	1,300,000	4,400,000
Less : Unamortized discount on bills payable	—	356	5,389
	<u>—</u>	<u>1,299,644</u>	<u>4,394,611</u>
Total	1,525,274	6,469,309	21,206,044
Less : Current portion	149,170	1,400,430	5,537,925
Long-term borrowings	<u>\$1,376,104</u>	<u>\$ 5,068,879</u>	<u>\$ 15,668,119</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:

	September 30, 2022	December 31, 2021	September 30, 2021
<u>NT\$</u>			
Amount	\$ 1,377,500	\$ 4,416,452	\$ 17,227,713
Interest rate	1.45%-1.73%	1.12%-4.00%	1.14%-4.00%

	September 30, 2022	December 31, 2021	September 30, 2021
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	4,386	73,808	142,467
New Taiwan dollar amount	\$ 139,265	\$ 2,043,028	\$ 3,967,704
Interest rate	3.92%-5.63%	1.16%-2.81%	1.12%-2.78%
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	1,105	1,353	1,466
New Taiwan dollar amount	\$ 7,580	\$ 8,964	\$ 9,751
Interest rate	4.00%	3.25 %	3.25 %
Contract term	2019/08/26-2034/04/01	2019/08/26-2034/04/01	2019/08/26-2034/04/01
<u>CAD</u>			
Foreign currency amount	40	40	40
New Taiwan dollar amount	\$ 929	\$ 865	\$ 876
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 4.00%, 1.33%-3.25% and 1.24%-3.25% on September 30, 2022, December 31, 2021 and September 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 1.45%-4.82%, 1.12%-1.47% and 1.12%-1.72% on September 30, 2022, December 31, 2021 and September 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 September 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 5.00%-5.63%, 1.45%-5.00% and 1.45%-5.00% on September 30, 2022, December 31, 2021 and September 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 September 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 September 30, 2022, \$99,839 thousand with the same amount available as of December 31, 2021, and \$200,000 thousand with the same amount available as of September 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. The Group's commercial paper has been fully repaid before May 24, 2022 and the contracts were terminated. 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 December 31, 2021 and September 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 September 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.

19. BONDS PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2021
Secured domestic bonds	\$ 10,850,892	\$ 10,822,014	\$ 10,846,718
Domestic secured convertible bonds	—	—	—
	<u>10,850,892</u>	<u>10,822,014</u>	<u>10,846,718</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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Trade payables - operating</u>			
Trade payables - non-related parties	\$ 22,468,258	\$ 19,106,729	\$ 21,370,357
Trade payables - related parties	356,555	376,954	342,687
	<u>\$ 22,824,813</u>	<u>\$ 19,483,683</u>	<u>\$ 21,713,044</u>
Payable for cost of voyage in sailing	\$ 13,426,883	\$ 10,219,909	\$ 10,517,862
Payable for fuel	3,232,886	2,029,203	2,223,136
Payable for space hire	5,621,589	6,844,147	8,239,072
Payable for freight expenses	380,296	310,566	568,537
Payable for stevedoring expenses	157,643	75,049	159,707
Payable for management expenses	5,516	4,809	4,730
	<u>\$ 22,824,813</u>	<u>\$ 19,483,683</u>	<u>\$ 21,713,044</u>

21. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Payable for container lease	\$ 595,222	\$ 558,222	\$ 619,564
Payable for salary and bonus	4,423,301	4,496,556	2,776,235
Payable for interest expenses	127,802	125,917	180,304
Payable for equipment M&R expenses	59,735	106,021	238,700
Payable for annual leave	147,650	130,097	126,693
Payable for vessel charter hire	67,773	49,156	108,257
Payable for equipment	853,999	93,089	870,410
Others	1,996,348	2,287,614	1,660,670
	<u>\$ 8,271,830</u>	<u>\$ 7,846,672</u>	<u>\$ 6,580,833</u>

22. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
Restoration cost for leased assets (a)	\$ 1,458	\$ 1,348	\$ 1,326
Others (b)	—	56,307	—
	<u>\$ 1,458</u>	<u>\$ 57,655</u>	<u>\$ 1,326</u>
Current	\$ —	\$ 56,307	\$ —
Non-current	1,458	1,348	1,326
	<u>\$ 1,458</u>	<u>\$ 57,655</u>	<u>\$ 1,326</u>

	Restoration Cost for Leased Assets		
	Leased Assets	Others	Total
Balance at January 1, 2022	\$ 1,348	\$ 56,307	\$ 57,655
Amount used	—	(56,307)	(56,307)
Effect of foreign currency exchange differences	110	—	110
Balance at September 30, 2022	<u>\$ 1,458</u>	<u>\$ —</u>	<u>\$ 1,458</u>
Balance at January 1, 2021	\$ 1,396	\$ —	\$ 1,396
Effect of foreign currency exchange differences	(70)	—	(70)
Balance at September 30, 2021	<u>\$ 1,326</u>	<u>\$ —</u>	<u>\$ 1,326</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 September 30, 2022 and 2021 and for the nine months ended September 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 \$23,852 thousand, \$24,033 thousand, \$72,424 thousand and \$75,842 thousand, respectively.

24. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2022	December 31, 2021	September 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	3,492,104
Shares issued	<u>\$ 34,921,043</u>	<u>\$ 34,921,043</u>	<u>\$ 34,921,043</u>

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

The board of directors resolved 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 nine months ended September 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 September 30, 2021, there were still 697,394 thousand privately placed ordinary shares not converted into publicly placed shares. The board of directors resolved to convert the privately placed ordinary shares into publicly placed shares on November 11, 2021. The

above transaction was approved by the FSC on December 28, 2021 and listed on January 3, 2022.

The rights and obligations of privately 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	
	Issuance of Ordinary Shares	Share Warrants	Total
Balance at January 1, 2021	\$ 314,626	\$ 69,480	\$ 384,106
Convertible bonds converted to ordinary shares	89,031	(69,480)	19,551
Share-based payment	—	51,373	51,373
Capital increase by cash	27,571,373	(51,373)	27,520,000
Balance at September 30, 2021	<u>\$ 27,975,030</u>	<u>\$ —</u>	<u>\$ 27,975,030</u>
Balance at January 1 and September 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

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	<u>\$ (1,253,998)</u>	<u>\$ (713,510)</u>
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	6,024,105	(603,109)
Related income tax	<u>(1,068,467)</u>	<u>306,547</u>
Other comprehensive income recognized for the period	<u>4,955,638</u>	<u>(296,562)</u>
Balance at September 30	<u><u>\$ 3,701,640</u></u>	<u><u>\$ (1,010,072)</u></u>

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

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	<u>\$ (299,493)</u>	<u>\$ (785,730)</u>
Recognized for the period		
Unrealized gain (loss) Equity instruments	6,235	2,854,309
Share from associates and joint ventures accounted for using the equity method	<u>(444,322)</u>	<u>(209,218)</u>
Other comprehensive income recognized for the period	<u>(438,087)</u>	<u>2,645,091</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings	—	(2,175,784)

	For the Nine Months Ended September 30	
	2022	2021
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	8,253	(11,852)
Balance at September 30	<u>\$ (729,327)</u>	<u>\$ (328,275)</u>

3) Gain on hedging instruments

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	<u>\$ 3,278,054</u>	<u>\$ 3,455,825</u>
Recognized for the period		
Foreign currency risk-lease liabilities	(5,761,832)	1,055,876
Foreign currency risk-demand and time deposits	2,177,593	—
Related income tax	779,636	(805,655)
Reclassification adjustments		
Foreign currency risk-operating revenue	<u>(313,942)</u>	<u>(483,427)</u>
Other comprehensive income recognized for the period	<u>(3,118,545)</u>	<u>(233,206)</u>
Balance at September 30	<u>\$ 159,509</u>	<u>\$ 3,222,619</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	<u>\$ 631,392</u>	<u>\$ 656,620</u>
Share of profit for the period	335,570	222,096
Other comprehensive income (loss) during the period		
Exchange difference on translating the financial statements of foreign entities	(23,866)	(46,879)
Unrealized (loss) gain on financial assets at FVTOCI	(2)	26
Cash dividends distributed by subsidiaries	<u>(28,433)</u>	<u>(255,027)</u>
Balance at September 30	<u>\$ 914,661</u>	<u>\$ 576,836</u>

25. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Cargo revenue	\$ 92,851,000	\$ 90,602,627	\$ 295,180,041	\$ 216,482,781
Slottage revenue	1,508,001	610,101	4,035,459	2,459,587
Rental income				
Rental revenue on vessel	850,965	704,203	2,644,053	1,753,792
Other operating revenue	4,602,765	3,535,509	14,104,928	10,309,985
	<u>\$ 99,812,731</u>	<u>\$ 95,452,440</u>	<u>\$ 315,964,481</u>	<u>\$ 231,006,145</u>

a. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Trade receivables (Note 10)	<u>\$ 22,374,353</u>	<u>\$ 22,054,984</u>	<u>\$ 21,277,108</u>	<u>\$ 11,177,869</u>
Contract assets				
Cargo revenue	\$ 4,027,123	\$ 5,533,228	\$ 7,274,831	\$ 2,906,252
Less : Allowance for impairment loss	(42,713)	(67,894)	(49,128)	(15,978)
Contract assets	<u>\$ 3,984,410</u>	<u>\$ 5,465,334</u>	<u>\$ 7,225,703</u>	<u>\$ 2,890,274</u>
Contract liabilities - current				
Advance on contract	<u>\$ 551,322</u>	<u>\$ 903,453</u>	<u>\$ 1,031,910</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 Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 67,894	\$ 15,978
Add : Net remeasurement of loss allowance	—	33,291
Less : Reversal of loss allowance	(28,031)	—
Foreign exchange gains and losses	2,850	(141)
Balance at September 30	<u>\$ 42,713</u>	<u>\$ 49,128</u>

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

b. Disaggregation of revenue

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

26. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Gain on disposal and retirement of property, plant and equipment	\$ 3,425	\$ 11,657	\$ 13,994	\$ 64,930
Reimbursement income	112,713	31,436	287,180	59,709
Gain arising from the subleasing of right-of-use assets	22,327	—	1,167,799	—
	<u>\$ 138,465</u>	<u>\$ 43,093</u>	<u>\$ 1,468,973</u>	<u>\$ 124,639</u>

b. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank deposits (including USD-denominated deposits as hedging instruments)	\$ 1,045,333	\$ 69,452	\$ 1,752,040	\$ 127,012
Net investments in leases	5,450	510	8,303	1,579
Short-term bills	23,146	3,930	31,631	12,615
Others	3,338	171	3,518	774
	<u>\$1,077,267</u>	<u>\$ 74,063</u>	<u>\$ 1,795,492</u>	<u>\$141,980</u>

c. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income - operating leases	\$ 20,126	\$ 22,407	\$ 63,581	\$ 65,681
Dividends	2,109	2,586	2,109	4,475

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bargain purchase gains	—	3,171	—	3,171
	<u>\$ 22,235</u>	<u>\$ 28,164</u>	<u>\$ 65,690</u>	<u>\$ 73,327</u>

d. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net foreign exchange gains (losses)	\$ 3,734,894	\$ 206,833	\$ 11,861,956	\$ 231,368
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	(15,890)	(8,340)	(16,843)	13,589
Financial liabilities held for trading	(5,850)	—	(5,850)	—
Gain (loss) arising from lease modifications	3,347	(857)	3,553	6,730
Loss arising from the change in fair value of investment properties	—	(3,111)	(4)	(3,187)
Others	85,626	(3,103)	175,072	(27,526)
	<u>\$ 3,802,127</u>	<u>\$ 191,422</u>	<u>\$ 12,017,884</u>	<u>\$ 220,974</u>

e. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 19,358	\$ 74,691	\$ 59,522	\$ 269,808
Interest on lease liabilities (including U.S. dollar lease contracts designated as hedging instruments)	526,976	476,910	1,479,825	1,457,970
Other interest expenses	56,285	80,978	189,411	253,606
	602,619	632,579	1,728,758	1,981,384
Less : Amounts included in the cost of qualifying assets	—	(576)	—	(7,961)
	<u>\$ 602,619</u>	<u>\$ 632,003</u>	<u>\$ 1,728,758</u>	<u>\$ 1,973,423</u>

Information about capitalized interest is as follow:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Capitalized interest amount	\$ —	\$ 576	\$ —	\$ 7,961
Capitalization rate	—	0.99%-1.35%	—	0.99%-1.47%

f. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Right-of -use assets	\$ 3,276,527	\$ 2,718,314	\$ 9,520,444	\$ 7,984,014
Property, plant and equipment	1,821,406	1,649,344	5,220,139	4,836,076
Intangible assets	18,289	14,433	48,466	41,192
	<u>\$ 5,116,222</u>	<u>\$4,382,091</u>	<u>\$ 14,789,049</u>	<u>\$ 12,861,282</u>
An analysis of depreciation by function				
Operating costs	\$ 5,001,971	\$ 4,274,846	\$ 14,459,551	\$ 12,557,968
Operating expenses	95,962	92,812	281,032	262,122
	<u>\$ 5,097,933</u>	<u>\$ 4,367,658</u>	<u>\$ 14,740,583</u>	<u>\$ 12,820,090</u>
An analysis of amortization by function				
Operating costs	\$ 996	\$ 1,831	\$ 2,456	\$ 4,935
Operating expenses	17,293	12,602	46,010	36,257
	<u>\$ 18,289</u>	<u>\$ 14,433</u>	<u>\$ 48,466</u>	<u>\$ 41,192</u>

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 77,766	\$ 67,199	\$ 227,908	\$ 208,500
Defined benefit plans (Note 23)	23,852	24,033	72,424	75,842
Termination benefits	5,177	5,561	22,724	17,702
Other employee benefits	2,940,391	2,683,353	10,360,292	7,911,309
Total employee benefits expense	<u>\$ 3,047,186</u>	<u>\$ 2,780,146</u>	<u>\$ 10,683,348</u>	<u>\$ 8,213,353</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	An analysis of employee benefits by function			
Operating costs	\$ 1,063,776	\$ 931,116	\$ 3,667,802	\$ 2,680,547
Operating expenses	1,983,410	1,849,030	7,015,546	5,532,806
	<u>\$3,047,186</u>	<u>\$ 2,780,146</u>	<u>\$10,683,348</u>	<u>\$8,213,353</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 September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 are as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors	—	—

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 626,280</u>	<u>\$ 625,020</u>	<u>\$ 2,139,386</u>	<u>\$ 1,332,545</u>
Remuneration of directors	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 9,206,326	\$ 10,990,075	\$ 35,729,418	\$ 16,864,272
Income tax on unappropriated earnings	(170,391)	—	3,799,077	1,648
Adjustments for prior years	43,359	47	(119,878)	15,963
	<u>9,079,294</u>	<u>10,990,122</u>	<u>39,408,617</u>	<u>16,881,883</u>
Deferred tax				
In respect of the current period	3,818,718	802,161	9,117,592	6,574,145
Adjustments for prior years	—	—	—	(12,251)
	<u>3,818,718</u>	<u>802,161</u>	<u>9,117,592</u>	<u>6,561,894</u>
Income tax expense recognized in profit or loss	<u>\$ 12,898,012</u>	<u>\$ 11,792,283</u>	<u>\$ 48,526,209</u>	<u>\$ 23,443,777</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
In respect of the current period				

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
- Translation of foreign operations	\$ 680,756	\$ (23,024)	\$ 1,068,467	\$ (306,547)
- Cash flow hedges	(157,311)	(32,788)	(779,636)	805,655
Income tax recognized in other comprehensive income (loss)	\$ 523,445	\$ (55,812)	\$ 288,831	\$ 499,108

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.	2020
YES Logistics Corp.	2020

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	\$ 14.25	\$ 14.66	\$ 47.50	\$ 32.73
Diluted earnings per share	\$ 14.11	\$ 14.62	\$ 46.97	\$ 32.42

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Earnings used in the computation of basic earnings per share	\$ 49,747,726	\$ 50,825,854	\$ 165,858,363	\$ 109,877,965
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds (after tax)	—	—	—	1,198
Earnings used in the computation of diluted earnings per share	\$ 49,747,726	\$ 50,825,854	\$ 165,858,363	\$ 109,879,163

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,492,104	3,466,017	3,492,104	3,357,296
Effect of potentially dilutive ordinary shares:				
Convertible bonds	—	—	—	19,937
Compensation of employees	34,787	11,151	39,032	11,671
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,526,891</u>	<u>3,477,168</u>	<u>3,531,136</u>	<u>3,388,904</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, respectively. According to IFRS 2 "Share-based Payment", the employee share options shall adopt general fair value measurement principle. Therefore, compensation cost (included in salaries expenses) and capital surplus – employee share options would be recognized in the amount of \$51,373 thousand on the grant date.

Information on employee share options was as follows:

Employee share options	For the Nine Months Ended September 30	
	Numbers of options (in thousand)	Weighted-average Exercise Price (NT\$)
Balance at January 1	—	\$ —
Options granted	3,803	182
Options forfeited	(3,693)	182
Options exercised	(110)	182
Balance at September 30	<u>—</u>	
Options exercisable, end of the period	<u>—</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 13.51</u>	

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

	<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. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

b. Consideration transferred

	<u>Corstor Ltd.</u>
Cash	<u>\$ 7,325</u>

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

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

d. Bargain purchase gain recognized on acquisitions

	Corstor Ltd.
Consideration transferred - Cash	\$ 7,325
Fair value of the equity held previously by the Group at the acquisition date	10,495
Less: Fair value of identifiable net assets acquired	<u>(20,991)</u>
Bargain purchase gain recognized on acquisitions	<u>\$ (3,171)</u>

e. Net cash inflow on acquisition of subsidiaries

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

f. Impact of acquisitions on the results of the Group

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

	Corstor Ltd.
Operating revenue	\$ 11,528
Net profit for the period	<u>\$ 3,548</u>

Had Corstor Ltd. concluded the acquisition at the beginning of the year 2021, the Group's consolidated revenue and the profit for the nine months ended September 30, 2021 would have been \$231,038,450 thousand and \$110,107,167 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year in 2021, nor is it intended to be a projection of future results.

31. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the nine months ended September 30, 2022

	January 1, 2022	Cash Flows	Non-Cash Changes		September 30, 2022
			New Leases	Others (Note)	
Short-term borrowings	\$ 1,393,760	\$ 776,240	\$ —	\$ —	\$ 2,170,000
Short-term bills payable	436,131	462,500	—	740	899,371
Long-term borrowings	6,469,309	(5,140,903)	—	196,868	1,525,274
Bonds payable	10,822,014	—	—	28,878	10,850,892
Lease liabilities	61,963,684	(9,243,929)	19,331,874	9,544,084	81,595,713

	January 1, 2022	Cash Flows	Non-Cash Changes		September 30, 2022
			New Leases	Others (Note)	
Other non-current liabilities	836,076	74,144	—	—	910,220
	<u>\$ 81,920,974</u>	<u>\$ (13,071,948)</u>	<u>\$ 19,331,874</u>	<u>\$ 9,770,570</u>	<u>\$ 97,951,470</u>

For the nine months ended September 30, 2021

	January 1, 2021	Cash Flows	Non-Cash Changes		September 30, 2021
			New Leases	Others (Note)	
Short-term borrowings	\$ 2,072,156	\$ (512,156)	\$ —	\$ —	\$ 1,560,000
Short-term bills payable	12,113,626	(11,602,500)	—	25,618	536,744
Long-term borrowings	53,738,221	(32,477,011)	—	(55,166)	21,206,044
Bonds payable	6,619,686	5,900,000	—	(1,672,968)	10,846,718
Lease liabilities	55,990,206	(7,459,246)	9,685,816	(1,240,796)	56,975,980
Other non-current liabilities	610,139	23,010	—	—	633,149
	<u>\$ 131,144,034</u>	<u>\$ (46,127,903)</u>	<u>\$ 9,685,816</u>	<u>\$ (2,943,312)</u>	<u>\$ 91,758,635</u>

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

32. CAPITAL MANAGEMENT

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

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

33. FINANCIAL INSTRUMENTS

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

September 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets measured at amortized cost					
- Foreign bonds	\$ 787,502	—	\$ 759,906	—	\$ 759,906
Finance lease receivables	1,226,321	—	1,217,684	—	1,217,684
Total	<u>\$ 2,013,823</u>	<u>\$ —</u>	<u>\$ 1,977,590</u>	<u>\$ —</u>	<u>\$ 1,977,590</u>
<u>Financial liabilities</u>					

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
- Secured domestic bonds	\$ 10,850,892	\$ —	\$ 10,825,806	\$ —	\$ 10,825,806

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

September 30, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets measured at amortized cost					
- Domestic bonds	\$ 20,000	\$ —	\$ 20,000	\$ —	\$ 20,000
Finance lease receivables	152,229	—	153,027	—	153,027
Total	\$ 172,229	\$ —	\$ 173,027	\$ —	\$ 173,027
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Secured domestic bonds	\$ 10,846,718	\$ —	\$ 10,852,337	\$ —	\$ 10,852,337

Valuation techniques and assumptions used in Level 2 fair value measurement:

The fair values of finance lease receivables have been determined in accordance with income approaches based on a discounted cash flow analysis. The fair values of corporate bonds and secured domestic bonds have been determined by quoted market prices provided by third party pricing services.

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

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 335,205	\$ —	\$ —	\$ 335,205
Mutual funds	84,346	—	—	84,346
Domestic limited partnership	—	—	15,079	15,079
Total	<u>\$ 419,551</u>	<u>\$ —</u>	<u>\$ 15,079</u>	<u>\$ 434,630</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Unlisted shares	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 504,164</u>	<u>\$ 504,164</u>

<u>Financial liabilities at FVTPL</u>				
Derivatives				
- Oil derivatives	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,850</u>	<u>\$ 5,850</u>

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	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 497,931</u>	<u>\$ 497,931</u>

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets				
- Oil derivatives	\$ —	\$ —	\$ 384	\$ 384
Mutual funds	85,711	—	—	85,711
Domestic limited partnership	—	—	15,097	15,097
Total	<u>\$ 85,711</u>	<u>\$ —</u>	<u>\$ 15,481</u>	<u>\$ 101,192</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Unlisted shares	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 506,801</u>	<u>\$ 506,801</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 nine months ended September 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)	1,208
Transfers out of Level 3	—
Balance at September 30, 2022	<u>\$ 15,079</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>\$ 1,208</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)	6,233
Balance at September 30, 2022	<u>\$ 504,164</u>

Financial liabilities at FVTPL

	<u>Oil derivatives</u>
Balance at January 1, 2022	\$ —
Recognized in profit or loss (included in other gains and losses)	5,850
Transfers out of Level 3	—
Balance at September 30, 2022	<u>\$ 5,850</u>
Unrealized gain or loss for the current period included in profit or loss relating to liabilities held at the end of the period	<u>\$ 5,850</u>

For the nine months ended September 30, 2021

Financial assets at FVTPL

	Other Instruments	Derivatives		Total
	Domestic Limited Partnership	Oil derivatives	Call Option of Bonds	
Balance at January 1, 2021	\$ —	\$ —	\$ 8,636	\$ 8,636
Recognized in profit or loss (included in other gains and losses)	(9,903)	(535)	2,560	(7,878)
Purchase	25,000	919	—	25,919
Sales/settlements	—	—	(11,196)	(11,196)
Transfers out of Level 3	—	—	—	—
Balance at September 30, 2021	\$ 15,097	\$ 384	\$ —	\$ 15,481
Unrealized gain or loss for the current period included in profit or loss relating to assets held at the end of the period	\$ (9,903)	\$ (535)	\$ —	\$ (10,438)

Financial assets at FVTOCI

	Equity Instruments
Balance at January 1, 2021	\$ 505,532
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(18,449)
Purchase	20,000
Sales/settlements	(282)
Balance at September 30, 2021	\$ 506,801

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
 - a) The fair values of oil derivatives are determined using Black-Scholes models where the significant unobservable inputs are implied volatility. The variable in the implied volatility used in isolation would result in a increase or decrease in the fair value.

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

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 434,630	\$ 89,919	\$ 101,192
Financial assets at amortized cost (1)	286,470,408	215,947,435	164,148,545
Financial assets for hedging	35,395,376	—	—
Financial assets at FVTOCI			
Equity instruments	504,164	497,931	506,801
<u>Financial liabilities</u>			
FVTPL			
Held for trading	5,850	—	—
Financial liabilities for hedging	45,142,573	41,420,877	43,595,909
Amortized cost (2)	41,999,395	41,856,891	59,565,083

- 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, bonds, 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 38.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against 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 Nine Months Ended September 30	
	2022	2021
Profit (loss) (i)		
U.S. dollars	\$ 436,531	\$ 307,965
CNY	7,781	5,458
GBP	17,380	4,651
EUR	71,136	47,956
HKD	5,853	(2,253)
Equity(ii)		
U.S. dollars	(97,472)	(435,959)

- i. This was mainly attributable to the exposure of outstanding foreign currency deposits, repurchase bonds, bonds, receivables, payables, and bank loans at the end of the reporting period.
- ii. This was mainly attribute to the exposure of changing in foreign exchange rates of 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 and container 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 and container 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
- Financial assets	\$ 251,777,625	\$ 150,381,509	\$ 36,024,909
- Financial liabilities	95,515,976	74,496,783	69,738,672
Cash flow interest rate risk			
- Financial assets	46,752,581	41,536,739	105,024,401
- Financial liabilities	1,525,274	6,588,115	21,386,814

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 nine months ended September 30, 2022 would have increased/decreased by \$33,920 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 nine months ended September 30, 2021 would have increased/decreased by \$62,728 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 decreased during the current year mainly due to the decrease in variable-rate financial assets.

c) Other price risk

The Group was exposed to equity price risk through its investments in oil 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 nine months ended September 30, 2022 would have increased/decreased by \$16,760 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the nine months ended September 30, 2022 would have increased/decreased by \$25,208 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, the other comprehensive income (loss) for the nine months ended September 30, 2021 would have increased/decreased by \$25,340 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 nine months ended September 30, 2022 would have increased/decreased by \$4,971 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 nine months ended September 30, 2021 would have increased/decreased by \$5,040 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If oil derivatives price had been 5% higher/lower, the fair value of the derivative financial assets - oil derivatives (the purpose for hedge but not applied for the hedge accounting) for the nine months ended September 30, 2022 would have varied by \$293 thousand (USD \$9.23 thousand).

If oil derivatives price had been 5% higher/lower, the fair value of the derivative financial assets - oil derivatives (the purpose for hedge but not applied for the hedge accounting) for the nine months ended September 30, 2021 would have varied by \$19 thousand (USD \$0.69 thousand).

The Group's sensitivity to equity instrument price increased during the current period mainly due to the increase in financial assets at FVTPL.

2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had available unutilized bank loans facilities of \$13,009,912 thousand, \$14,292,257 thousand and \$13,914,807 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.

September 30, 2022

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Non-interest bearing	\$ 31,126,686	\$ 850,189	\$ —	\$ —
Lease liabilities	16,145,291	50,938,857	20,336,405	29,273
Variable interest rate liabilities	182,364	713,326	762,070	—
Fixed interest rate liabilities	3,143,500	10,333,565	703,430	—
Short-term and low value lease commitment	2,297,457	2,250,691	200,204	—

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>
Lease commitment for future service costs	4,575,198	14,430,813	6,235,465	—
	<u>\$ 57,470,496</u>	<u>\$79,517,441</u>	<u>\$28,237,574</u>	<u>\$ 29,273</u>

December 31, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>
Non-interest bearing Lease liabilities	\$ 27,364,207	\$ 734,550	\$ —	\$ —
Variable interest rate liabilities	11,788,382	38,290,068	15,927,639	66,300
Fixed interest rate liabilities	860,152	3,830,914	1,728,641	—
Short-term and low value lease commitment	2,220,990	9,653,815	1,410,290	—
Lease commitment for future service costs	2,919,870	3,144,608	308,557	—
Financial guarantee liabilities	3,648,704	11,132,578	4,696,814	—
	171,997	—	—	—
	<u>\$ 48,974,302</u>	<u>\$ 66,786,533</u>	<u>\$ 24,071,941</u>	<u>\$ 66,300</u>

September 30, 2021

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>
Non-interest bearing Lease liabilities	\$ 28,320,382	\$ 558,943	\$ —	\$ —
Variable interest rate liabilities	11,436,830	36,115,359	14,373,473	19,592
Fixed interest rate liabilities	4,329,108	13,323,968	3,986,584	—
Short-term and low value lease commitment	4,238,926	4,940,815	6,259,290	—
Lease commitment for future service costs	2,846,283	3,457,043	252,578	—
Financial guarantee liabilities	3,465,217	11,159,774	4,023,830	—
	173,054	—	—	—
	<u>\$ 54,809,800</u>	<u>\$ 69,555,902</u>	<u>\$ 28,895,755</u>	<u>\$ 19,592</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 December 31, 2021. The maturity date of all the derivative instruments held by the Group as of September 30, 2022 and 2021 is within one year.

34. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 31.16%, 32.06% and 32.06% of the ordinary shares of YMTC as of September 30, 2022, December 31, 2021 and September 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 36), properties allocation agreement signed with Chunghwa Post Co., Ltd. (see Note 17), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 36).

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

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Yang Ming (U.A.E.) LLC	Associate
Yang Ming (Australia) Pty. Ltd.	Associate
West Basin Container Terminal LLC	Associate
Yang Ming Shipping (Egypt) S.A.E.	Associate
Kao Ming Container Terminal Corp.	Associate
Yunn Wang Investment Co., Ltd.	Associate
Taiwan Navigation Co., Ltd.	Associate(Since YMTC has significant influence on Taiwan Navigation Co., Ltd. from July, 2021, the relationship with the Group is changed from Government – related party to Associate)
LogiTrans Technology Private Limited	Joint venture
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

(continued)

Related Party Name	Relationship with the Group
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
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 September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Operating revenue	Associates	\$ 65,071	\$ 60,527	\$ 200,426	\$ 181,789
	Joint ventures	312	660	1,523	1,887
	Government – related parties	25,014	48,793	112,230	183,863
		<u>\$ 90,397</u>	<u>\$ 109,980</u>	<u>\$ 314,179</u>	<u>\$ 367,539</u>
Operating cost	Associates	\$ 858,500	\$ 531,908	\$ 2,159,509	\$ 1,622,579
	Joint ventures	27,509	29,026	97,246	77,337
	Government – related parties	25,346	21,735	67,655	92,850
	Investors that have significant influence over the subsidiaries	86,197	86,481	266,694	253,109
		<u>\$ 997,552</u>	<u>\$ 669,150</u>	<u>\$ 2,591,104</u>	<u>\$ 2,045,875</u>
Operating expenses	Joint ventures	\$ (83)	\$ 17,096	\$ 35,317	\$ 31,878
	Government – related parties	11,308	14,754	33,038	29,958
	Investors that have significant influence over the subsidiaries	283	50	616	288
	Other related parties	6,190	1,692	16,666	14,507
	<u>\$ 17,698</u>	<u>\$ 33,592</u>	<u>\$ 85,637</u>	<u>\$ 76,631</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 September 30, 2022, December 31, 2021 and September 30, 2021) were as follows:

Related Party Category/ Name	September 30, 2022	December 31, 2021	September 30, 2021
Government – related parties			
Land Bank of Taiwan	\$ 50,275,275	\$ 27,770,953	\$ 10,834,031
Taiwan Cooperative Bank Co., Ltd.	13,690,011	5,191,970	14,413,126
Others	25,514,136	54,035,387	27,658,265
	<u>\$ 89,479,422</u>	<u>\$ 86,998,310</u>	<u>\$ 52,905,422</u>

d. Contract assets

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Contract assets	Associates	<u>\$ 259,129</u>	<u>\$ 191,689</u>	<u>\$ 159,955</u>

For the nine months ended September 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	September 30, 2022	December 31, 2021	September 30, 2021
Trade receivables	Associates	\$ 531,337	\$ 278,164	\$ 324,395
	Joint ventures	1,186	4,759	1,645
	Government – related parties	—	129,132	—
		<u>\$ 532,523</u>	<u>\$ 412,055</u>	<u>\$ 326,040</u>
Other receivables (included in other current assets)	Associates	\$ 18,010	\$ 15,702	\$ 15,798
	Government – related parties	125,274	29,595	26,192
	Investors that have significant influence over the subsidiaries	—	961	—
	Other related parties	—	3,243	4,844
	<u>\$ 143,284</u>	<u>\$ 49,501</u>	<u>\$ 46,834</u>	
Trade payables	Associates	\$ 246,099	\$ 257,509	\$ 245,484
	Joint ventures	18,658	19,451	4,295
	Investors that have significant influence over the subsidiaries	91,798	99,994	92,908
		<u>\$ 356,555</u>	<u>\$ 376,954</u>	<u>\$ 342,687</u>
Other payables	Associates	\$ 10,080	\$ 11,437	\$ 21,179
	Joint ventures	—	—	624
	Government – related parties			
	CSBC Corporation, Taiwan	—	—	728,298
	Others	52,726	463,792	59,200
Investors that have significant influence over the subsidiaries	—	—	9	
	<u>\$ 62,806</u>	<u>\$ 475,229</u>	<u>\$ 809,310</u>	

For the nine months ended September 30, 2022 and 2021, no impairment losses were recognized for 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 September 30, 2022, December 31, 2021 and September 30, 2021) were as follows:

Related Party Category/ Name	September 30, 2022	December 31, 2021	September 30, 2021
Government – related parties	\$ —	\$ 138,400	\$ 139,250

g. Prepayments

Line Item	Related Party Category/ Name	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments to shipping agents	Associates			
	Yang Ming (Australia) Pty. Ltd.	\$ 38,861	\$ 16,690	\$ 23,363
	Yang Ming Shipping (Egypt) S.A.E.	453,810	96,619	42,360
		<u>\$ 492,671</u>	<u>\$ 113,309</u>	<u>\$ 65,723</u>
Prepayments	Associates	\$ 861	\$ 1,499	\$ 754
	Government – related parties	110	—	—
		<u>\$ 971</u>	<u>\$ 1,499</u>	<u>\$ 754</u>
Prepayments for equipment	Government – related parties	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 195</u>

h. Lease arrangements

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

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities	Associates	\$ 1,891	\$ 2,815	\$ 2,815
	Government – related parties	861,025	1,007,639	1,056,604
	Investors that have significant influence over the subsidiaries	5,107	8,216	9,510
		<u>\$ 868,023</u>	<u>\$ 1,018,670</u>	<u>\$ 1,068,929</u>

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Interest expense	Associates	\$ —	\$ —	\$ 28	\$ 41
	Government – related parties	3,391	4,315	10,728	12,814
	Investors that have significant influence over the subsidiaries	71	212	429	726
		<u>\$ 3,462</u>	<u>\$ 4,527</u>	<u>\$ 11,185</u>	<u>\$ 13,581</u>

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

i. Bonds payable

Related Party Category/Name	September 30, 2022	December 31, 2021	September 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	September 30, 2022	December 31, 2021	September 30, 2021
Short-term borrowings	Government – related parties			
	Land Bank of Taiwan	\$ 300,000	\$ 240,000	\$ 310,000
	Others	420,000	2,000	120,000
		<u>\$ 720,000</u>	<u>\$ 242,000</u>	<u>\$ 430,000</u>
Short-term bills payable	Government – related parties			
	Mega Bills Finance Co., Ltd.	\$ 499,714	\$ 49,913	\$ 337,128
Long-term borrowings				
	Secured borrowings			
	Government – related parties			
	Mega International Commercial Bank Co., Ltd.	\$ —	\$ 218,471	\$ 2,139,928

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
	Taiwan Cooperative Bank Co., Ltd.	1,111,585	2,033,696	2,647,569
	Chang Hwa Bank Ltd.	185,000	239,644	1,043,427
	Hua Nan Commercial Bank, Ltd.	198,750	795,000	1,590,000
	Others	—	949,497	5,163,757
		<u>\$ 1,495,335</u>	<u>\$ 4,236,308</u>	<u>\$ 12,584,681</u>
Unsecured borrowings	Government – related parties	<u>\$ —</u>	<u>\$ 99,839</u>	<u>\$ 2,913,000</u>

k. Others

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Rental income	Associates	\$ 34	\$ 34	\$ 103	\$ 103
	Other related parties	358	477	1,548	1,667
		<u>\$ 392</u>	<u>\$ 511</u>	<u>\$ 1,651</u>	<u>\$ 1,770</u>
Interest income	Government – related parties				
	Taiwan Cooperative Bank Co., Ltd.	\$ 251,468	\$ 7,073	\$ 282,045	\$ 8,014
	Others	157,851	9,248	323,430	17,433
		<u>\$ 409,319</u>	<u>\$ 16,321</u>	<u>\$ 605,475</u>	<u>\$ 25,447</u>
Finance cost	Government – related parties	<u>\$ 48,340</u>	<u>\$ 97,616</u>	<u>\$ 136,892</u>	<u>\$ 324,016</u>

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

l. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 16,459	\$ 45,187	\$ 116,658	\$ 94,475
Post-employment benefits	609	560	1,827	1,680
	<u>\$ 17,068</u>	<u>\$ 45,747</u>	<u>\$ 118,485</u>	<u>\$ 96,155</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2022	December 31, 2021	September 30, 2021
Restricted bank balance (included in financial assets at amortized cost)	\$ 158,719	\$ 117,493	\$ 58,969
Property, plant and equipment, net	5,776,217	10,421,535	26,865,722
Investment properties, net	—	—	4,698,219
	<u>\$ 5,934,936</u>	<u>\$ 10,539,028</u>	<u>\$ 31,622,910</u>

36. COMMITMENTS AND CONTINGENT LIABILITY

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

- a. Kuang Ming Shipping Corp. signed a contract for operating commission with Taiwan Power Group, Ltd. since January 2017 and the contract term is five years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Group. The contract was not renewed after it expired in January 2022.
- b. The Group signed ship lease contracts with other companies in 2018, which are effective in 2020 with lease periods ranging from 10 to 12 years. All the ship lease contracts were effective as of September 30, 2022. As of December 31, 2021 and September 30, 2021, rentals for contracts that were not yet in effect were ranging from US\$543,000 thousand to US\$654,000 thousand and from US\$760,000 thousand to US\$916,000 thousand.
- c. The Group's shipping and port business were secured by the letter of guarantee issued by a bank for \$459,921 thousand, \$485,410 thousand and \$504,885 thousand as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- d. The Group signed shipbuilding contracts with government - related parties, which had been fully delivered and settled as of September 30, 2022 and December 31, 2021. As of September 30, 2021, unpaid amounts for these contracts were \$340,904 thousand and US\$11,064 thousand. The Group's related property transactions for the nine months ended September 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 September 30, 2021, prepayments for equipment for these contracts amounted to US\$12,338 thousand. As of September 30, 2022 and 2021, unpaid amounts for these contracts were US\$98,265 thousand and US\$75,771 thousand.

37. 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.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2022				
	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 3,890,439	31.7500	(USD : NTD)	\$ 123,521,424
GBP	70	1.1178	(GBP : USD)	2,500
CNY	324,035	4.4767	(CNY : NTD)	1,450,601
USD	25,783	18.5482	(USD : TRY)	818,610
EUR	274,007	31.2309	(EUR : NTD)	8,557,487
GBP	56,487	35.4902	(GBP : NTD)	2,004,740
JPY	7,977,237	0.2200	(JPY : NTD)	1,754,666
USD	28,348	7.0923	(USD : CNY)	900,047
HKD	144,697	4.0447	(HKD : NTD)	585,253
CAD	19,543	23.2269	(CAD : NTD)	453,934
 <u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	59,336	31.7500	(USD : NTD)	1,883,918
AUD	1,534	20.6835	(AUD : NTD)	31,735
AED	4,126	8.6442	(AED : NTD)	35,663
INR	68,767	0.3892	(INR : NTD)	26,764
CNY	90,694	4.4767	(CNY : NTD)	406,009
IDR	3,561,429	0.0021	(IDR : NTD)	7,479
VND	11,963,077	0.0013	(VND : NTD)	15,552
EGP	31,249	1.6246	(EGP : NTD)	50,767
MYR	513	6.8592	(MYR : NTD)	3,516

(continued)

September 30, 2022

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,843,271	31.7500	(USD : NTD)	90,273,844
CNY	150,214	4.4767	(CNY : NTD)	672,463
EUR	46,234	31.2309	(EUR : NTD)	1,443,931
USD	8,782	18.5482	(USD : TRY)	278,817
JPY	2,332,449	0.2200	(JPY : NTD)	513,043
GBP	7,586	35.4902	(GBP : NTD)	269,223
USD	24,616	7.0923	(USD : CNY)	781,555
CAD	5,343	23.2269	(CAD : NTD)	124,090
<u>Non-monetary items</u>				
Financial liability at FVTPL				
USD	184	31.7500	(USD : NTD)	5,850 (concluded)

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 (continued)

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
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

Financial liabilities

Monetary items

USD	2,612,862	27.6800	(USD : NTD)	72,324,016
CNY	139,469	4.3419	(CNY : NTD)	605,555
EUR	37,090	31.2964	(EUR : NTD)	1,160,788
USD	11,849	12.8490	(USD : TRY)	327,973
JPY	1,113,467	0.2404	(JPY : NTD)	267,623
GBP	28,212	37.2781	(GBP : NTD)	1,051,680
USD	46,820	6.3752	(USD : CNY)	1,295,972
CAD	8,807	21.6191	(CAD : NTD)	190,404
				(concluded)

September 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 2,260,360	27.8500	(USD : NTD)	\$ 62,951,014
GBP	70	1.3438	(GBP : USD)	2,634
CNY	274,161	4.3095	(CNY : NTD)	1,181,509
USD	12,417	8.8829	(USD : TRY)	345,815
EUR	179,994	32.3185	(EUR : NTD)	5,817,151
GBP	25,489	37.4234	(GBP : NTD)	953,883
JPY	5,169,486	0.2489	(JPY : NTD)	1,286,769
USD	32,504	6.4624	(USD : CNY)	905,241
HKD	81,662	3.5762	(HKD : NTD)	292,042
CAD	13,857	21.8938	(CAD : NTD)	303,371

(continued)

September 30, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	75,142	27.8500	(USD : NTD)	2,092,713
AUD	1,389	20.0617	(AUD : NTD)	27,863
AED	5,541	7.5824	(AED : NTD)	42,015
INR	52,975	0.3751	(INR : NTD)	19,871
CNY	101,477	4.3095	(CNY : NTD)	437,313
IDR	2,736,842	0.0019	(IDR : NTD)	5,200
VND	5,577,500	0.0012	(VND : NTD)	6,693
EGP	22,623	1.7728	(EGP : NTD)	40,106
MYR	440	6.6527	(MYR : NTD)	2,925
Financial asset at FVTPL				
USD	14	27.8500	(USD : NTD)	384
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,735,112	27.8500	(USD : NTD)	76,172,862
CNY	147,516	4.3095	(CNY : NTD)	635,725
EUR	31,609	32.3185	(EUR : NTD)	1,021,545
USD	4,112	8.8829	(USD : TRY)	114,516
JPY	1,714,283	0.2489	(JPY : NTD)	426,713
GBP	13,132	37.4234	(GBP : NTD)	491,434
USD	25,642	6.4624	(USD : CNY)	714,131
HKD	144,657	3.5762	(HKD : NTD)	517,330
CAD	9,601	21.8938	(CAD : NTD)	210,210
				(concluded)

For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$3,734,894 thousand, \$206,833 thousand, \$11,861,956 thousand and \$231,368 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

39. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees

- 1) Financing provided to others: See Table A attached;
 - 2) Endorsement/guarantee provided: See Table B attached;
 - 3) Marketable securities held: See Table C attached;
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table D attached;
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
 - 8) Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table E attached;
 - 9) Trading in derivative instruments: See Note 7;
 - 10) Intercompany relationships and significant intercompany transactions: See Table F attached;
 - 11) Information on investees: See Table G attached;
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table H attached;
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table F attached;
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

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

40. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

	For the Nine Months Ended September 30, 2022				
	Containership Segment	Bulk Shipping Segment	Other Segments	Adjustment and Eliminations	Combined
Operating revenue					
Sales to customers	\$ 300,070,524	\$ 4,448,528	\$ 11,445,429	\$ —	\$ 315,964,481
Intercompany sales	6,876,892	—	1,205,656	(8,082,548)	—
Total revenue	<u>\$ 306,947,416</u>	<u>\$ 4,448,528</u>	<u>\$ 12,651,085</u>	<u>\$ (8,082,548)</u>	<u>\$ 315,964,481</u>
Segment operating income (loss)	<u>\$ 199,258,979</u>	<u>\$ 950,947</u>	<u>\$ 551,370</u>	<u>\$ 43,744</u>	\$ 200,805,040
Administration cost					(1,004,762)
Other operating income and expenses					1,468,973
Interest income					1,795,492
Other income					65,690
Other gains and losses					12,017,884
Financial costs					(1,728,758)
Share of profit of associates and joint ventures					1,300,583
Profit before income tax					<u>\$ 214,720,142</u>

	For the Nine Months Ended September 30, 2021				
	Containership Segment	Bulk Shipping Segment	Other Segments	Adjustment and Eliminations	Combined
Operating revenue					
Sales to customers	\$ 218,686,267	\$ 2,394,968	\$ 9,924,910	\$ —	\$ 231,006,145
Intercompany sales	4,673,951	—	1,032,638	(5,706,589)	—
Total revenue	<u>\$ 223,360,218</u>	<u>\$ 2,394,968</u>	<u>\$ 10,957,548</u>	<u>\$ (5,706,589)</u>	<u>\$ 231,006,145</u>
Segment operating income (loss)	<u>\$ 132,864,893</u>	<u>\$ 1,015,179</u>	<u>\$ 488,939</u>	<u>\$ 95,714</u>	\$ 134,464,725
Administration cost					(630,612)
Other operating income and expenses					124,639
Interest income					141,980
Other income					73,327
Other gains and losses					220,974

	For the Nine Months Ended September 30, 2021				
	Containership Segment	Bulk Shipping Segment	Other Segments	Adjustment and Eliminations	Combined
Financial costs					(1,973,423)
Share of profit of associates and joint ventures					1,122,228
Profit before income tax					<u>\$ 133,543,838</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 NINE MONTHS ENDED SEPTEMBER 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	1.3000%~2.9949%	1	\$ 2,409,066	-	\$ —	—	\$ —	\$ 132,442,623	\$ 165,553,279
1	Yang Ming Line (Singapore) Pte Ltd	Kuang Ming (Liberia) Corp.	Other receivables	Y	111,125 (USD 3,500 thousand)	111,125 (USD 3,500 thousand)	111,125 (USD 3,500 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	421,117	1,263,352
		All Oceans Transportation Inc.	Other receivables	Y	637,223 (USD 20,070 thousand)	319,723 (USD 10,070 thousand)	319,723 (USD 10,070 thousand)	4.7000%	2	—	Obtain working capital	—	—	—	2,105,587	2,105,587
		Yang Ming (France) SAS	Other receivables	Y	9,894 (EUR 317 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	421,117	1,263,352
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	8,404 (THB 10,000 thousand)	5,883 (THB 7,000 thousand)	5,883 (THB 7,000 thousand)	2.7528%	2	—	Obtain working capital	—	—	—	421,117	1,263,352
		Kuang Ming Shipping Corp.	Other receivables	Y	368,300 (USD 11,600 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	421,117	1,263,352
		Yangming (Japan) Co., Ltd.	Other receivables	Y	5,525 (USD 174 thousand)	5,525 (USD 174 thousand)	—	—	2	—	Obtain working capital	—	—	—	2,105,587	2,105,587
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	84,138 (USD 2,650 thousand)	84,138 (USD 2,650 thousand)	84,138 (USD 2,650 thousand)	1.5000%	2	—	Obtain working capital	—	—	—	2,105,587	2,105,587
		Kuang Ming Shipping Corp.	Other receivables	Y	79,375 (USD 2,500 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	295,253	885,759
3	YES Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	31,742 (EUR 1,016 thousand)	31,742 (EUR 1,016 thousand)	31,742 (EUR 1,016 thousand)	1.1100%~1.7000%	1	62,838	-	—	—	—	90,213	918,288
		Yes Logistics Europe GmbH	Other receivables	Y	40,600 (EUR 1,300 thousand)	34,354 (EUR 1,100 thousand)	34,354 (EUR 1,100 thousand)	0.6000%	2	—	Obtain working capital	—	—	—	91,828	183,657
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	134,197 (USD 3,000 thousand and CNY 8,700 thousand)	129,720 (USD 3,000 thousand and CNY 7,700 thousand)	129,720 (USD 3,000 thousand and CNY 7,700 thousand)	2.7800%~3.8500%	1	603,493	-	—	—	—	275,486	918,288
		YES MLC GmbH	Other receivables	Y	31,231 (EUR 1,000 thousand)	24,985 (EUR 800 thousand)	24,985 (EUR 800 thousand)	0.6000%	2	—	Obtain working capital	—	—	—	91,828	183,657
4	Yang Ming Line Holding Co.	Kuang Ming (Liberia) Corp.	Other receivables	Y	206,375 (USD 6,500 thousand)	206,375 (USD 6,500 thousand)	206,375 (USD 6,500 thousand)	1.3000%	2	—	Obtain working capital	—	—	—	421,382	1,264,146
		Kuang Ming Shipping Corp.	Other receivables	Y	285,750 (USD 9,000 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	421,382	1,264,146
5	Yang Ming Line B.V.	Kuang Ming Shipping Corp.	Other receivables	Y	127,000 (USD 4,000 thousand)	—	—	—	2	—	Obtain working capital	—	—	—	197,956	593,868

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\$31.75, THB1= NT\$0.8404, EUR1= NT\$31.2309 and CNY1= NT\$4.4767 as of September 30, 2022.
- D. Except for Yang Ming Line (B.V. I.) Holding Co., Ltd., All Oceans Transportation Inc., Yang Ming (UK) Ltd. and Yang Ming (Singapore) Pte. Ltd., 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 529,770,493	\$ 598,380 (USD 18,847 thousand)	\$ —	\$ —	\$ —	—	\$ 993,319,674	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	529,770,493	4,275,788 (USD 58,450 thousand and NTD 2,420,000 thousand)	670,000	485,000	—	0.20%	993,319,674	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	529,770,493	326,774 (USD 10,292 thousand)	181,342 (USD 5,712 thousand)	181,342 (USD 5,712 thousand)	—	0.05%	993,319,674	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	529,770,493	95,250 (USD 3,000 thousand)	95,250 (USD 3,000 thousand)	—	—	0.03%	993,319,674	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	1,731,031	141,244 (USD 4,449 thousand)	—	—	—	—	2,163,789	N	N	N
		United Terminal Leasing LLC	Investments in associates	1,731,031	56,043 (USD 1,765 thousand)	—	—	—	—	2,163,789	N	N	N
2	All Oceans Transportation Inc.	Yang Ming Marine Transport Corporation	Parent	29,558,404	2,186,250	1,192,500	1,192,500	1,192,500 (Note C)	0.36%	34,484,804	N	Y	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	25,479,436	889,000 (USD 28,000 thousand)	889,000 (USD 28,000 thousand)	117,835 (USD 3,711 thousand)	—	0.27%	31,849,295	N	N	N
4	Yang Ming Line (Singapore) Pte Ltd	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	1,691,122	27,437 (MYR 4,000 thousand)	27,437 (MYR 4,000 thousand)	7,580 (MYR 1,105thousand)	—	0.01%	2,113,903	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=\$31.75 and MYR\$1=6.8592 as of September 30, 2022.
- C. Represents 3 ships used as guarantees, with carrying value of \$3,275,327 thousand as of September 30, 2022.
- D. Except for Yang Ming Line (B.V. I.) Holding Co., Ltd., All Oceans Transportation Inc., Yang Ming (UK) Ltd. and Yang Ming (Singapore) Pte. Ltd., others were based on the investees' financial statements which have not been reviewed.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
SEPTEMBER 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	September 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	\$ 485,724	9.81	\$ 485,724	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	4,846	10.00	4,846	
	Pro-Ascentek Investment Corporation	-	Financial assets at FVTOCI - non-current	2,000,000	11,372	1.67	11,372	
	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTPL - current	1,165,000	66,405	—	66,405	
	Taishin Financial Holding Co.,Ltd. Class Z	-	Financial assets at FVTPL - non-current	16,000,000	268,800	—	268,800	
	<u>Mutual funds</u>							
	UPAMC CB Strategy Fund	-	Financial assets at FVTPL - non-current	3,466,376	34,705	—	34,705	
	KGI GALLANT Fund	-	Financial assets at FVTPL - non-current	3,440,351	49,641	—	49,641	
	<u>Domestic limited partnership</u>							
	Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	—	15,079	3.30	15,079	
	<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	
	BANK OF AMERICA CORP.	-	Financial assets at amortized cost - non-current	2,000	64,135	—	61,951	
Citigroup Global Markets Holdings	-	Financial assets at amortized cost - non-current	5,000	158,750	—	155,108		
Citigroup Global Markets Holdings	-	Financial assets at amortized cost - non-current	5,000	158,750	—	153,608		
FOXCONN (FAR EAST) LTD.	-	Financial assets at amortized cost - non-current	4,000	121,802	—	116,591		

(continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YES Logistics Corp.	JPMORGAN CHASE & CO.	-	Financial assets at amortized cost - non-current	3,000	\$ 94,482	—	\$ 91,502	
	QNB FINANCE LTD.	-	Financial assets at amortized cost - non-current	2,000	60,373	—	57,567	
	TSMC GLOBAL LTD.	-	Financial assets at amortized cost - non-current	4,000	129,210	—	123,579	
	<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	

(concluded)

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 NINE MONTHS ENDED SEPTEMBER 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	<u>Mutual funds</u>													
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	—	—	—	\$ —	87,457,714	\$ 1,200,000	87,457,714	\$ 1,200,480	\$ 1,200,000	\$ 480	—	\$ —
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	—	—	—	—	30,357,858	500,000	30,357,858	500,185	500,000	185	—	—
	Yang Ming (Singapore) Pte. Ltd.	Investments accounted for using the equity method	Yang Ming Line (Singapore) Pte Ltd (Note A)	Subsidiary	—	—	21,285,000	444,930	—	—	—	—	21,285,000	36,060,412 (Note B)
Yang Ming Line (Singapore) Pte Ltd	Yang Ming (Singapore) Pte. Ltd.	Investments accounted for using the equity method	Yang Ming Marine Transport Corporation (Note A)	Parent	21,285,000	5,352,480	—	—	21,285,000	444,930	444,930	—	—	—
						(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
SEPTEMBER 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	\$ 2,676,159 (Note A)	—	\$ —	-	\$ —	\$ —
	Yangming (Japan) Co., Ltd.	Subsidiary	188,865	—	—	-	188,865	—
	Yang Ming Shipping Europe GmbH	Subsidiary	157,491	—	—	-	157,491	—
	Yang Ming (UK) Ltd	Subsidiary	104,711	—	—	-	104,711	—
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary	413,555	—	—	-	413,555	—
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	136,298	—	—	-	136,298	—
	YES Logistics Corp.	Subsidiary	510,154 (Note C)	—	—	-	12,600	—
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	Parent company	139,891	—	—	-	63,400	—
Yang Ming (Singapore) Pte. Ltd.	Yang Ming Marine Transport Corporation	Parent company	3,335,002	—	—	-	3,335,002	—
	Yang Ming Anatolia Shipping Agency S.A.	The same parent company	141,397	—	—	-	141,397	—
	Yang Ming (Belgium) N.V.	The same parent company	134,937	—	—	-	134,937	—
	Yang Ming (Netherlands) B.V.	The same parent company	281,573	—	—	-	281,573	—
	Yang Ming Shipping Europe GmbH	The same parent company	388,972	—	—	-	388,972	—
	Yang Ming (Italy) S.p.A.	The same parent company	753,726	—	—	-	753,726	—
	Yang Ming (UK) Ltd	The same parent company	249,575	—	—	-	249,575	—
	Yang Ming (Spain), S.L.	The same parent company	392,834	—	—	-	392,834	—
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	The same parent company	1,170,130	—	—	-	1,170,130	—
	Yang Ming (France) SAS	The same parent company	348,308	—	—	-	318,757	—
	Yang Ming Line (Singapore) Pte Ltd	All Oceans Transportation Inc.	The same parent company	323,855 (Note A)	—	—	-	323,855
	Kuang Ming (Liberia) Corp.	The same parent company	112,221 (Note A)	—	—	-	112,221	—
Yang Ming Shipping (Vietnam) Co., Ltd.	Yang Ming Marine Transport Corporation	Parent company	149,838	—	—	-	149,838	—
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yang Ming (Singapore) Pte. Ltd.	The same parent company	499,966	—	—	-	499,966	—
	Yes Logistics (Shanghai) Corp.	The same parent company	695,681	—	—	-	523,189	—
Yang Ming Line Holding Co.	Kuang Ming (Liberia) Corp.	The same parent company	208,410 (Note A)	—	—	-	208,410	—
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	Parent company	149,492	—	—	-	149,492	—
	Yang Ming (UK) Ltd	The same parent company	211,932	—	—	-	211,932	—
Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent company	364,856	—	—	-	364,856	—
YES Logistics Corp.	Yes Logistics (Shanghai) Corp.	Subsidiary	138,600 (Note B)	—	—	-	2,937	—
Yang Ming (UK) Ltd	Yang Ming (Singapore) Pte. Ltd.	The same parent company	429,990	—	—	-	429,990	—
Yang Ming (Singapore) Pte. Ltd.	Yang Ming Shipping (Egypt) S.A.E.	The same parent company	122,303	—	—	-	67,461	—
	Yang Ming (Australia) Pty. Ltd.	The same parent company	267,057	—	—	-	197,073	—

Notes:

- A. Interest receivable, financing provided.
- B. Financing provided, interest receivable, and collection of freight and fees between related parties.
- C. Finance lease receivables, other receivables and dividends receivable.
- D. 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 NINE MONTHS ENDED SEPTEMBER 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	Long-term notes receivable and trade receivables	\$ 2,597,258	Conducted as agreed terms	0.01	
				Operating cost	3,870,649	Conducted as agreed terms	0.01	
				Right-of-use assets	20,422,531	Conducted as agreed terms	0.04	
				Lease liabilities	4,645,413	Conducted as agreed terms	0.01	
		Hong Ming Terminal & Stevedoring Corp. Jing Ming Transportation Co., Ltd.	1	1	Operating cost	380,094	Conducted as agreed terms	—
					Other payables	139,891	Conducted as agreed terms	—
		Yangming (Japan) Co., Ltd.	1	1	Operating cost	504,150	Conducted as agreed terms	—
					Trade receivables	188,865	Conducted as agreed terms	—
		Yang Ming Anatolia Shipping Agency S.A.	1	1	Operating cost	146,175	Conducted as agreed terms	—
					Operating revenue	107,871	Conducted as agreed terms	—
		Yang Ming (America) Corp.	1	1	Operating cost	213,176	Conducted as agreed terms	—
					Payables to shipping agents	149,492	Conducted as agreed terms	—
		Yang Ming (Netherlands) B.V. Yang Ming Shipping Europe GmbH	1	1	Operating cost	811,342	Conducted as agreed terms	—
					Contract assets	101,181	Conducted as agreed terms	—
		Yang Ming (UK) Ltd	1	1	Trade receivables	157,491	Conducted as agreed terms	—
					Operating cost	130,758	Conducted as agreed terms	—
					Contract assets	128,027	Conducted as agreed terms	—
		Kuang Ming Shipping Corp.	1	1	Other receivables	104,711	Conducted as agreed terms	—
					Operating revenue	11,910,042	Conducted as agreed terms	0.04
					Operating cost	562,717	Conducted as agreed terms	—
		YES Logistics Corp.	1	1	Financial assets at amortized cost - non-current	600,000	Conducted as agreed terms	—
					Operating revenue	1,236,284	Conducted as agreed terms	—
		Yes Logistics Corporation USA Yes Logistics (Shanghai) Corp.	1	1	Long-term lease receivables	471,260	Conducted as agreed terms	—
					Operating revenue	319,443	Conducted as agreed terms	—
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	1	Operating revenue	5,299,137	Conducted as agreed terms	0.02
					Payables to shipping agents	149,838	Conducted as agreed terms	—
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	1	Contract assets	134,602	Conducted as agreed terms	—
Trade receivables	413,555				Conducted as agreed terms	—		
Yang Ming (Singapore) Pte. Ltd.	1	1	Operating cost	334,332	Conducted as agreed terms	—		
			Contract assets	269,318	Conducted as agreed terms	—		
			Other receivables	136,298	Conducted as agreed terms	—		
			Trade payables	1,658,462	Conducted as agreed terms	—		
			Other payables	1,676,541	Conducted as agreed terms	—		
1	All Oceans Transportation Inc.	Yang Ming Line (Singapore) Pte Ltd Yang Ming Insurance Co., Ltd.	2 2	Operating revenue	33,580,199	Conducted as agreed terms	0.11	
				Other payables	323,855	Conducted as agreed terms	—	
				Operating cost	119,695	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
2	Yang Ming Line (Singapore) Pte Ltd	Kuang Ming (Liberia) Corp.	2	Other receivables	\$ 112,221	Conducted as agreed terms	—
3	Yang Ming (Singapore) Pte. Ltd.	Yang Ming Anatolia Shipping Agency S.A.	2	Trade receivables	141,397	Conducted as agreed terms	—
		Yang Ming (Belgium) N.V.	2	Trade receivables	134,937	Conducted as agreed terms	—
		Yang Ming (Netherlands) B.V.	2	Trade receivables	281,573	Conducted as agreed terms	—
				Contract assets	172,680	Conducted as agreed terms	—
		Yang Ming Shipping Europe GmbH	2	Trade receivables	388,972	Conducted as agreed terms	—
				Contract assets	141,614	Conducted as agreed terms	—
		Yang Ming (Italy) S.p.A.	2	Trade receivables	753,726	Conducted as agreed terms	—
				Contract assets	282,521	Conducted as agreed terms	—
		Yang Ming (UK) Ltd	2	Trade payables	429,990	Conducted as agreed terms	—
				Operating cost	2,762,658	Conducted as agreed terms	0.01
				Trade receivables	249,575	Conducted as agreed terms	—
				Contract assets	140,360	Conducted as agreed terms	—
		Yang Ming (Spain), S.L.	2	Trade receivables	392,834	Conducted as agreed terms	—
				Contract assets	214,929	Conducted as agreed terms	—
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Trade receivables	1,170,130	Conducted as agreed terms	—
				Payables to shipping agents	499,966	Conducted as agreed terms	—
				Operating cost	264,276	Conducted as agreed terms	—
				Contract assets	1,451,785	Conducted as agreed terms	—
		Yang Ming (France) SAS	2	Trade receivables	348,308	Conducted as agreed terms	—
				Contract assets	134,567	Conducted as agreed terms	—
4	Yang Ming (UK) Ltd	Yang Ming (America) Corp.	2	Payables to shipping agents	211,932	Conducted as agreed terms	—
				Operating cost	107,745	Conducted as agreed terms	—
5	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yes Logistics (Shanghai) Corp.	2	Trade receivables	695,681	Conducted as agreed terms	—
6	Yang Ming Line Holding Co.	Kuang Ming (Liberia) Corp.	2	Other receivables	208,410	Conducted as agreed terms	—
7	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	2	Other payables	364,856	Conducted as agreed terms	—
				Operating revenue	489,219	Conducted as agreed terms	—
8	YES Logistics Corp.	Yes Logistics Corporation USA	2	Operating revenue	144,237	Conducted as agreed terms	—
				Operating cost	413,773	Conducted as agreed terms	—
		Yes Logistics (Shanghai) Corp.	2	Long-term notes receivable and trade receivables	129,720	Conducted as agreed terms	—
				Operating cost	436,219	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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 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	\$ 4,757,461	\$ 218,789	\$ 103,925	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	15,186,415	(Note B) 6,012,883	(Note B) 5,960,972	Subsidiary
	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	—	—	2,500	100.00	1,979,563	428,849	428,849	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857	8,927,857	98,882,111	98.88	2,821,616	554,851	548,336	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	4,212,833	412,248	412,409	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	4,213,820	663,160	663,160	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	1,299,723	184,028	200,075	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	1,639,090	395,192	380,732	Subsidiary
	Hong Ming Terminal & Stevedoring Corp.	Taiwan	Terminal operation and stevedoring	(Note Y) 104,261	(Note Y) 104,261	(Note Y) 10,000,000	(Note Y) 100.00	189,429	40,651	40,657	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	(Note Y) 35,844	(Note Y) 35,844	(Note Y) 8,615,923	(Note Y) 50.98	132,403	4,919	2,514	Subsidiary
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	167,101	23,966	11,923	Investments in associates
Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	109,541	402	137	Investments in associates	

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note	
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount				
Yang Ming Line Holding Co.	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	\$ 3,411,567	\$ 1,364,817	\$ 231,473	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	36,060,412	41,583,005	41,583,005	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	306,736	40,160	—	Subsidiary	
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	326	200	100.00	236	(9)	—	Subsidiary	
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	25,605	44	—	Subsidiary	
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40.00	1,455,351	2,211,264	—	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	319,026	22,585	—	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	14,924,085	6,145,992	—	Subsidiary	
	(Note U) Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	36,844	18,150	—	Subsidiary	
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	15,285	15,285	400,000	100.00	103,569	52,698	—	Subsidiary	
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	4,319	4,319	125,000	50.00	34,125	28,811	—	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	328,729	6,145,992	—	Subsidiary	
	Yang Ming Shipping Europe GmbH	Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note F)	100.00	149,217	(9,957)	—	Subsidiary	
	Yang Ming (Russia) LLC	Russia	Shipping agency	3,017	3,017	(Note G)	60.00	40,459	19,453	—	Subsidiary	
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	291,435	156,608	—	Subsidiary	
	Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Greece	Shipping agency, forwarding agency and shipping managers	39,379	39,379	11,000	100.00	38,195	866	\$	—	Subsidiary
	Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	50,767	55,106	—	Investments in associates

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming (UK) Ltd	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	\$ 1,900	\$ 1,900	62	10.08	\$ 4,130	\$ 18,150	\$ —	Subsidiary
	Corstor Ltd.	U.K.	Warehouse management and container haulage services	7,411	7,411	1,000	100.00	27,834	5,022	—	Subsidiary
Yang Ming (Italy) S.p.A.	(Note X) Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	1,695	1,695	(Note H)	60.00	4,319	402	—	Subsidiary
Yang Ming Line (Singapore) Pte Ltd	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	(Note R) 247,772	(Note R) 247,772	1,000	100.00	83,513	15,309	—	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	1.44	(684)	12,518	—	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	(Note C) 5,174	4,922	—	Subsidiary
	Yang Ming (Korea) Co. Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	40,800	15,560	—	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	226,897	(5,894)	—	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	25,614	20,121	—	Subsidiary
	Yang Ming (Singapore) Pte. Ltd. (Note Z)	Singapore	Shipping agency, forwarding agency, shipping managers and shipping lines	—	18,851	—	—	—	—	—	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	68,852	11,834	—	Subsidiary
	Sun-Baked Pte. Ltd. (Note AA)	Singapore	Insurance	2,271	2,271	350,000	100.00	7,389	(16)	—	Subsidiary
	Yang Ming Anatolia Shipping Agency S.A.	Turkiye	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	303,800	420,801	—	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	246,818	246,818	(Note I)	30.00	—	—	—	Investments in associates
	Yang Ming (U.A.E.) LLC	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note J)	49.00	35,663	22,588	—	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note K)	100.00	56,163	6,476	—	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	31,735	23,532	—	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	26,764	10,782	—	Investments in joint ventures

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	\$ 6,435	\$ 6,435	99,995	100.00	\$ (10,968) (Note C)	\$ (2,732)	\$ —	Subsidiary
	Yang Ming (Latin America) Corp.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	8,685	174	—	Subsidiary
	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	19,874	5,023	—	Subsidiary
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	12,188	3,198	—	Subsidiary
	Yang Ming Insurance Co., Ltd.	Bermuda	Insurance	7,740	7,740	250,000	100.00	238,461	66,714	—	Subsidiary
	PT Yang Ming Shipping Indonesia	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	40,946	18,865	49.00	36,904	(8,747)	—	Subsidiary
	PT. Formosa Sejati Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	7,479	10,081	—	Investments in associates
	Yang Ming (France) SAS	France	Shipping agency, forwarding agency and shipping managers	3,025	3,025	90,000	60.00	34,466	32,824	—	Subsidiary
	Jambatan Merah Formosa Depot Sdn Bhd.	Malaysia	Storage and stevedoring	1,743	1,743	250,000	25.00	3,516	3,849	—	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	12,437	3,198	—	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	19,874	5,023	—	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,091	106	—	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	(46,858)	12,518	—	Subsidiary
	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	92,108	246	—	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Republic of Liberia	Forwarding agency	6,032,544 (Note Q)	6,032,544 (Note Q)	5	100.00	3,549,066	449,338	—	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	284,864	88,811	—	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	40,305	37,263	1,750,784	100.00	52,103	11,570	—	Subsidiary
	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	510,000	51.00	15,909	10,344	—	Subsidiary
	YES LIBERAL Logistics Corp.	Taiwan	Warehouse operation	75,000	75,000	7,500,000	50.00	79,678	8,833	—	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	11,218	11,009	—	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	21,196	(1,413)	—	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount (Note A)		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount			
Yes Logistics Corporation USA	Yes And HQL Logistics Company	Vietnam	Forwarding agency	\$ 3,128	\$ 3,128	(Note O)	51.00	\$ 15,552	\$ 10,510	—	Investments in joint ventures
	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	4,453	94	—	Subsidiary
Yes Logistics Europe GmbH	Yes Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note L)	100.00	(46,521)	26,421	—	Subsidiary
	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	10,826	(Note M)	100.00	(8,042)	14,903	—	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Warehouse operation and logistics	1,380	1,380	(Note N)	100.00	(90)	—	—	Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,225)	—	—	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 Group's board of directors resolved in January 2020 to liquidate Sun-Baked Pte. Ltd. and completed the liquidation in October 2022.
- AB. The information on investments in mainland China is provided in Table H.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 I)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022 (Note I)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of September 30, 2022 (Note E)	Accumulated Repatriation of Investment Income as of September 30, 2022
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency (Note G)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note H)	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China	\$ —	\$ —	\$ —	\$ (16,731)	51.00%	\$ (8,533)	\$ 12,709	\$ —	
	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	23,319	—	23,319	21,737	6.67%	1,450	24,247	—	
					(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	254,000	—	254,000	82,951	96.36%	79,932	478,012	—	
					(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	295,307	—	295,307	437	47.22%	206	283,964	—	
					(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	195,707	—	195,707	21,737	12.85%	2,793	48,503	—	
					(US\$ 6,164 thousand)		(US\$ 6,164 thousand)						
	Shanghai United Cold Chain Logistics Co., Ltd. (Note F)	Storage facilities construction and operation as well as providing supporting services related	CNY 50,000 thousand	Investee's direct investment in Mainland China	44,767	—	44,767	(44,654)	19.27%	(8,605)	49,295	—	
					(CNY 10,000 thousand)		(CNY 10,000 thousand)						

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022 (Note I)	Investment Amounts Authorized by Investment Commission, MOEA (Note I)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transport Corporation (Note D)	\$23,319 (CNY 5,209 thousand)	\$251,316 (US\$ 7,181 thousand) (CNY 5,209 thousand)	\$199,212,731
YES Logistics Corp. (Note C)	\$773,142 (US\$ 17,301 thousand) (CNY 50,000 thousand)	\$773,142 (US\$ 17,301 thousand) (CNY 50,000 thousand)	\$1,101,946

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. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on May 12, 2017.
- G. The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019
- H. Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte Ltd.
- I. United States dollars and Chinese Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$31.75 and CNY1=NT\$4.4767 as of September 30, 2022.

YANG MINT MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 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.