



2020 ANNUAL REPORT



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None.

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2020

Contents

I. Letter to Shareholders

01

II. Company Profile

07

III. Corporate Governance Report

13

3.1	Organizational System	13
3.2	Information on the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and all the Supervisors of the Company's divisions and department heads	16
3.3	Remuneration Paid during the most recent fiscal year to Directors, Supervisors, President and Vice President	34
3.4	Corporate Governance Status	40
3.5	Information on CPA Professional Fees	80
3.6	Alternation of CPA	81
3.7	The Director, President, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent years	81
3.8	The evaluation on the independence of the CPA	81
3.9	Information on the change or transfer of equity interests and/or pledge of or change in equity interests by the Directors, Supervisors, managers or shareholders with a share of more than 10% during the most recent or the current fiscal year up to the date of publication of the annual report	82
3.10	The relationship of the top ten shareholders	84
3.11	The total number of shares and total equity stake held in any single enterprise by the Company, the Company's Directors, Supervisors, Managers, and any companies controlled by the Company either directly or indirectly	85

IV. Capital and Shares Overview

86

4.1	Capital and Shares	86
4.2	Corporate Bonds (including Overseas Corporate Bonds)	91
4.3	Preferred Shares	92
4.4	Global Depository Receipts (GDRs) Issuance	92
4.5	Employees Shares option certificates and Limit on Employee New Bonus Share	92
4.6	Merger and acquisitions or stock shares transferred with new stock share Issued	92
4.7	Capital implementation plan and allocation status	92



V. Overview of Business Operation	93
5.1 Business Activities	93
5.2 Market analysis and the line/route condition	99
5.3 Employee status from the two most recent fiscal years up to the date of publication of this annual report	108
5.4 Expenditure on Environmental Protection	108
5.5 Employee and Employer Relations	110
5.6 Important Agreements	112
VI. Overview of the Company's Financial Status	117
6.1 The Condensed Balance Sheets And Statement Of Comprehensive Income For The Recent 5 Fiscal years	117
6.2 Financial Analysis for the recent five fiscal years	121
6.3 Audit Committee's Review Report	124
6.4 Consolidated Financial Statements 2020 Please refer to attachment 1	125
6.5 Individual Consolidated Financial Statements 2020 Please refer to attachment 2	125
6.6 If the Company and its Affiliates encountered any financial difficulties in the past year and as of the date of publication of the Annual Report, the Impact on the Company's financial status should be listed	125
VII. Review of Financial Position, Financial Performance and Risk Management	126
7.1 Analysis of the Financial Statements	126
7.2 Analysis of the Company's Financial Performance	127
7.3 Analysis of Cash Flows	128
7.4 Impact of major capital expenditure on finance and business	128
7.5 Policies, reasons for gain or loss and action plan in regard to Investment plans in the current year and the following year	128
7.6 Risk Management	129
7.7 Other Important Matters	133
VIII. Special Disclosures	134
8.1 Information related to the Company's Affiliates	134
8.2 Private Securities in the past year and as of the Date of Publication of the Annual Report	150
8.3 Holding or Disposal of the Company's Shares by Affiliates in the past year and as of the Date of Publication of the Annual Report	150
8.4 Other necessary supplementary notes	150
8.5 Matters in the past year and as of the Date of Publication of the Annual Report which have a substantial impact on Owners' Equity as stipulated in Item 2, Paragraph 3 of Article 36 of the Securities and Exchange Act	150

Attachment 1_Consolidated Financial Statements 2020

Attachment 2_Individual Consolidated Financial Statements 2020

YANG MING delivers GOOD for life



I Letter to Shareholders

In 2020, the global container shipping industry continued its oversupply situation which has prevailed over many years. Against the backdrop of the COVID-19 pandemic, the global supply chain had been severely disrupted and impacted. In the first half of 2020, demand for container freight transportation took a big dive and was drastically reduced as countries shut down due to the outbreak of the pandemic, disrupting transportation operations on land and on sea. Carriers faced unprecedented challenges. The economy began to pick up in the second half of the year, and the container shipping industry had benefited profoundly from the surge in cargo demand as global pandemic safety measures were gradually implemented. Yang Ming will respond prudently to future industrial development and continue to provide the best service as the highest standard. By implementing our philosophy of "teamwork, innovation, integrity, and pragmatism", Yang Ming will strive to further improve operating efficiency and endeavor to maintain its long-standing mission of sustainable management and social responsibility, so as to meet the support and expectations of all shareholders and the community.

1.1 The 2020 annual business report:

1.1.1 Operational Profile

External environment change

1. Overall Economic Prosperity

According to Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF), global GDP in 2020 contracted by 3.4% and 3.5% respectively. According to the IMF, the Global Insight, and OECD, the contraction rate of trade volume in 2020 was between 9.6% and 11.5%, mainly due to the outbreak of the COVID-19 pandemic which had weighed on global economic activities and impacted negatively on long-term economic and trade prospect. In addition, with the continued political and economic antagonism between the U.S. and China, the historic milestone with the signing of RCEP, and the conclusion of the EU-China Comprehensive Investment Agreement, these may become potential factors in forming the international trade barriers. Furthermore, international crude oil prices hit a 10-year low in April because of the pandemic. The average oil price ranged from 39 to 42 US dollars per barrel in 2020 with an annual decline of around 20%, showing volatility with an upward trend.

2. Industry Supply and Demand

According to Alphaliner, a professional shipping consultancy, container shipping demand in 2020 contracted by 1.4%, which was 4 percentage points lower than the 2.6% in 2019. In terms of capacity supply, the 2020 growth rate was 2.6%, declining 1.4 percentage points compared with 4.0% in 2019, showing a continued oversupply situation in the shipping market. Under the influence of the COVID-19 pandemic, carriers proactively made capacity adjustment plans to cope with the drastic fluctuations in market demand. In the dry bulk market, the average BDI in 2020 was 1,067 points, down 21% from 2019. According to Clarkson's latest report, the demand for bulk shipping grew by 0.2% in 2020 while the supply growth rate was 3.7%, indicating that the market remained oversupplied.

1.1.2 Implementation Results of Business Plans

Due to the COVID-19 pandemic in 2020, the year's volume of operations reaching 5.07 million TEUs, which was less than 5.43 million TEUs achieved in 2019. However, the overall business results in 2020 were better than expected, as the Company actively implemented various business strategies. The net profile after tax was NT\$11.977 billion and the earning per share was NT\$4.51.

1.1.3 Implementation Status of Operating Income and Expenses

1. Operating Revenue

The overall operating volume in 2020 decreased year-on-year due to the impact of the COVID-19 pandemic. The repercussions of the COVID-19 gradually eased in the second half of the year and market demand began to show resilience. The rebound in average freight rate offset the impact of reduced operating volume. The consolidated operating income for 2020 was NT\$151.277 billion, an increase of NT\$2.096 billion or 1.40% from NT\$149.181 billion in 2019.

2. Operating Cost

Against the backdrop of the COVID-19 pandemic, the overall operating volume and international crude oil prices dropped, resulting in a reduction in related transportation costs. The consolidated operating cost for 2020 was NT\$125.192 billion, a decrease of NT\$17.914 billion or 12.52% from NT\$143.106 billion in 2019.

1.1.4 Profitability Analysis

In 2020, although negatively affected by the COVID-19 pandemic, the Company adjusted its business strategies in response to market development and continued to implement fleet optimization plans. The operating result was a net profit of NT\$11.977 billion after tax, an improvement of NT\$16.287 billion from 2019.

1.1.5 Research and Development Status

1. Digital Development Strategy

(1) Yang Ming has adhered to the concept of advancing with the times and closely followed innovative technology to promote the digitalization of customer service for various scenarios required by customers. In January 2021, Yang Ming launched on-line shipment management platform, offering integrated services to make it easier for customers to check the latest status of their bookings and execute to-do items immediately. In addition, since the second quarter of 2020, we've been working with a third-party service provider to develop a Spot Rate platform for customers to obtain on-line spot rate quotation and instant booking confirmation in one stop. In addition, we also plan to develop a rate inquiry platform to facilitate the process of rate inquiry by customer and quotation by Yang Ming agents to improve customer satisfaction. In terms of the application of blockchain technology, in 2020, Yang Ming joined "Global Trade Sharing Blockchain" for import and export trade financing service jointly launched by Cathay United Bank and several domestic bankers. Through the transmission of customer's B/L information to the bank via API, the bank may expedite reviewing and approving trade financing applications and bring benefits to the customer. Regarding the application of artificial intelligence, we are currently engaged in researching semantic analysis technology and plan to launch online intelligent customer service in 2021.

(2) Technology application:

a. Robotic process automation (RPA): In 2020, we set the export House Bill of Lading (HBL) of Yang Ming Taiwan Business Department and the import bill of the Keelung Documentation Center as the goal of our first stage of robot procedure development. As of July 2020, the hardware and robotic procedure development had been completed, and the export House Bill of Lading of Taiwan Business Department in Intra-Asia trade has been initiated. The RPA development for the import bills in

Keelung Documentation Center is still in progress.

- b. Application of DCSA (Digital Container Shipping Association) standard: DCSA Track & Trace Standards 1.1 had been completed in 2020, and the Cargo Tracking function on Yang Ming's official website had been adjusted to comply with this standard. Meanwhile, DCSA Track & Trace Ver. 1.1 API had also been completed.
 - c. IoT (Internet of Things) applications: Yang Ming had completed the first and second proof of concept with IoT equipment manufacturers. Starting from the end of July 2020, we addressed the problem of unstable transmission of IoT signal occurred in the second proof of concept when carrying out the third proof of concept. By coordinating DCSA's recommendations, we continue working with manufacturers to develop reefer containers monitoring technology. Regarding the smart ship project, we've continued to optimize our ship network with a secured cyber security system, combined with weather navigation for voyage planning simulation and fuel cost cross-comparison with actual data, to save costs.
- (3) In terms of popularizing professional knowledge, internal training on new-generation data analysis tools was conducted since the end of 2019. In 2020, many departments had completed various data analysis reports, including contribution analysis, customer management, empty container inventory management, and business intelligence reports.

2. Environmentally friendly Fleet

(1) Environmentally friendly fleet expansion plan

In 2020, three new 11,000 TEU-class vessels "YM Triumph", "YM Truth" and "YM Totality" joined the fleet. Under the fleet renewal plan, eleven 11,000 TEU-class vessels along with new-build 2,800 TEU-class vessels, which are energy-saving and environment-friendly, are scheduled for delivery starting from 2021. New ships with higher efficiency are expected to reduce NO_x and CO₂ emissions to meet the latest energy efficiency (EEDI) standards of the International Maritime Organization (IMO) and to reduce operating costs.

- (2) Systematic Phase: Yang Ming is determined to strengthen the ship safety and environmental management system. It is our mission to achieve safety for ships, crews, cargoes, and the environment.
- (3) Operational Phase: The Company promoted the implementation of the Ship Energy Efficiency Management Plan (SEEMP) and the Energy Efficiency Operational Indicator (EEOI) on operating fleet. We adopted the "best trim" green operation measure through inter-department cooperation by using the optimal sailing attitude, adjusting water ballast and draft of the ships in order to achieve energy-saving navigation. Meanwhile, monitoring on ship energy efficiency is continuously carried out for the large vessels. This is to observe the energy saving effect for timely operation improvement. In addition, we cooperated with WNI Company to develop a fuel efficiency management system and establish a schedule monitoring module to reduce greenhouse gas emissions and waste.
- (4) Carbon intensity reduced by 51%, fulfilling green promises

Since 2009, Yang Ming had planned and constructed an eco-friendly fleet to proactively enhance vessel efficiency and reduce greenhouse gas emissions. In 2019, the average carbon intensity (CO₂ emissions per transport work) of Yang Ming's fleet was significantly reduced by 51% compared with the level in 2008, from 99.4g/teu-km to 48.1g/teu-km, achieving IMO's target of reducing carbon intensity by at least 40% by 2030, far ahead of schedule. The Company fulfills the goal of energy-saving and carbon

reduction through improving vessel design.

3. Awards & Performance

Yang Ming is committed to the pursuit of the sustainability of the Company. We continuously optimize our service network and fleet management. We adhere to the excelsior and constantly refine our services in local markets to better serve clients globally. To fulfill our responsibility to our planet and society, we strictly comply with the international environmental laws and regulations in hopes of contributing to marine environmental protection and achieving our corporate social responsibility goals.

(1) Selected the best shipping line for intra-Asia service

Yang Ming is once again selected as the “Best Shipping Line - Intra-Asia” by the readers of Asia Cargo News, a well-known shipping media company. The award was presented at the “2020 Asian Freight, Logistics & Supply Chain Awards” (AFLAS). Yang Ming has been continuously honored with the award since 2016 which affirms its efforts to enhance intra-Asia service network.

(2) Ten 2,800 TEU new container vessels to receive Smart Ship notations

Yang Ming’s ten 2,800 TEU-class container vessels constructed by CSBC CORPORATION, TAIWAN (CSBC), received Smart Ship notations from international classification societies, American Bureau of Shipping (ABS), DNV GL, Bureau Veritas (BV) and Classification Society (CR). The notations denote that Yang Ming holds the leading position on the race to the development of the smart ship and digitalization.

(3) Received Silver awards from the National Oceanic and Atmospheric Administration (NOAA) for reducing speeds to protect blue whales and blue skies

Yang Ming was recognized with Silver awards by NOAA for achieving speed reduction to 10 knots or less in the San Francisco Bay Area and the Santa Barbara Channel region in 2019 to protect blue whales and blue skies.

(4) Awarded high-quality vessel certificate (Quality Shipping for the 21st Century Program, QUALSHIP 21) from U.S. Coast Guard (USCG)

Yang Ming’s fleet operating in transpacific trade was awarded the high-quality vessel certificate (QUALSHIP 21) from U.S. Coast Guard (USCG). There are six vessels, “YM Evolution”, “YM Essence”, “YM Uniformity”, “YM Ubiquity”, “YM Upsurgence” and “YM Unicorn”, registered to the national flag state, and eleven vessels, “YM Mandate”, “YM Maturity”, “YM Mutuality”, “YM Mobility”, “YM Milestone”, “YM Masculinity”, “YM Enlightenment”, “YM Express”, “YM Upward”, “YM Utility” and “YM Uniform”, registered to the Liberian flag state. These ships, along with those 27 countries including Canada, Germany and Japan, are regarded as high-quality ships. As ship examination frequency is reduced to 3 years, ship stay in port time can be saved and ship operation efficiency will be improved.

1.2 2021 Annual Business Plan

1. Overall economic environment

Looking ahead to 2021, according to the latest forecasts of the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF), the two institutions believe that the global economic growth rate will rebound to 5.6% and 5.5%, and the global trade growth rate is expected to reach 3.9% and 8.1%. While the global economy is expected to recover from negative growth, a cautious outlook for the world economy and trade remains, surrounded by concerns about the resurgence of the COVID-19 pandemic and uncertainty in US-China trade policies.

2. Industry environment

According to Alphaliner's latest forecast, the container shipping demand growth rate is projected as 3.4% in 2021, and the supply growth rate is 3.7%. Despite the unpredictability brought by the pandemic, given the limited vessel orderbook and continued capacity management discipline in the container shipping market, supply-demand is projected to remain balanced in 2021. In the dry bulk segment, the market recovery momentum is expected to keep supply and demand in an even more balanced position. On the other hand, considering that the environmental issues in the shipping industry are drawing more attention from the international community, and alliances' cooperation efforts are coming under more rigorous scrutiny by regulators from major governments, the container shipping industry remains challenging.

In order to cope with the more competitive industrial environment and enhance the overall strength, Yang Ming's main development plans are summarized as follows:

(1) Stable and conservative principle for service planning with fleet renewal to enhance competitiveness

- a. East-west alliance network: Coordinate with THE Alliance service adjustment and maintain relative position within the alliance. The Company will deploy 6 of the 14 11,000 TEU vessels delivered in 2021 and continued to optimize our fleet structure to strengthen competitiveness.
- b. East-west non-alliance network: Continue service optimization and eliminate under-performing routes.
- c. North-south network: Strengthen joint service cooperation, maintain market position, and flexibly adjust capacity to adapt to market conditions.
- d. Intra-Asia network: Develop intra-Asia service scale steadily with the delivery of 2,800 TEU newbuildings. Optimize service deployment and reduce dependence on vessel chartering spot market.

(2) Operational process improvement: Establish management tools and improve systems processes to increase efficiency.

(3) Information system integration and upgrade: Promote IT application considering the trend of digitalization.

(4) Investment strategy and agent management

- a. Evaluate the feasibility of establishing own agencies, joint venture or increasing its equity in joint ventures in potential markets to reinforce operational competitiveness and productivity and to achieve profitability.
- b. Seek investment opportunities in operating locations to reduce operating costs and increase revenue, such as investing in terminals, container yards, and purchasing regional headquarters and local offices.
- c. Our main strategies include optimizing agency service network, strengthening control on joint venture agencies, implementing cost-saving measures, increasing contribution, and adopting centralized management.

Looking back on 2020, the container shipping market was full of highs and lows. We've experienced the outbreak of the COVID-19 pandemic and severe downturn in market demand in the first half of 2020, and a robust recovery in the market condition in the second half of the year. We at Yang Ming will continue to dedicate ourselves and work fervently in light of the highly competitive environment, the unpredictability of the pandemic, and the development of international political and economic situations. We believe that we will lay a solid foundation for the Company to attain sustainability and prosperity. Moving forward into 2021, the global shipping industry will continue to face various challenges as well as many opportunities. All colleagues of Yang Ming will work together diligently towards success and financial sustainability, as to validate the trust of our shareholders.

Yours truly,

Cheng-Mount Cheng

Chairman



Company Profile

2.1 Date of Incorporation: December 29, 1972

2.2 Major Events:

1972 ~ 1981

- Established on Dec. 29, 1972, with a capital of NT\$100,000,000.
- Completes and puts in service four multiple-purpose ships, namely Ming Spring, Ming Summer, Ming Autumn, and Ming Winter, and deploys seven 2,054 TEU full-container vessels, Ming Sun, Ming Moon, Ming Star, Ming Galaxy, Ming Glory, Ming Ocean, and Ming Universe.
- Leases Dock No.70 at Kaohsiung Harbor for exclusive use.

1982 ~ 1991

- Completes and puts in service four 2,054 TEU full-container vessels, Ming Comfort, Ming Energy, Ming Fortune, Ming Longevity, and eight 3,266 TEU full-container vessels, including Ming Propitious and Ming Peace
- Completes and puts in service three 66,000 D.W.T. Panamax-class bulk carriers, Ming Wisdom, Ming Mercy and Ming Courage.
- Named as one of the world's "most satisfactory marine transporters in service and reliability" and cited by the American press as one of the Top Ten liner services in the world.
- Cited by the London-based British Shipper Consultation (part of the Freight Transport Association Ltd.) as the world's "Second Most Acclaimed Shipping Company" in customer service.

1992 ~ 2001

- Listed on the Taiwan Stock Exchange (1992).
- Completes and puts in service three 3,604 TEU full-container vessels (Ming Asia, Ming America, Ming Europe), and five 3,725 TEU full-container vessels (Ming East, Ming West, Ming South, Ming North, Ming Zenith), as well as seven 5,500 TEU full-container vessels (Ming Plum, Ming Orchid, Ming Bamboo, and so on).
- Merges the China Merchants Steam Navigation Co., Ltd. (1995).
- Obtains ISO 9002/ISM CODE accreditation and wins the ROC National Outstanding Quality Case Award (1996).
- Enters into agreement with COSCO Container Lines Ltd., Kawasaki Kisen Kaisha, Ltd., and Hanjin Shipping Co., Ltd. to establish CKYH consortium in order to provide best services to customers.

2002 ~ 2011

- Establishes Yang Ming Cultural Foundation, YM Oceanic Culture & Art Museum (OCAM) in Keelung and YM Museum of Marine Exploration in Kaohsiung (MOME) to promote oceanic culture on Nov. 19th, 2003..
- Transfers bulk business to subsidiary Kuang Ming Shipping Corp. in 2008 and begins over-the-counter stock transaction (2010).
- After Straits Exchange Foundation and Association for Relations Across the Taiwan Straits signed an agreement on cross-strait direct shipping link, assigns a 1,500 TEU full-container vessel, YM Heights, to sail from Keelung in Taiwan to Shanghai on the mainland on December 15, 2008, opening a new epoch of bi-coastal shipping.

- Inaugurates Kao Ming Container Terminal (KMCT), a subsidiary of Yang Ming on Jan. 1st, 2011.
- Completes and puts in service two 6,500 TEU full-container vessels, three 6,600 TEU full-container vessels, four 1,500 TEU full-container vessels, five 4,250 TEU full-container vessels, nine 8,200 TEU full-container vessels and thirteen 1,805 TEU full-container vessels.
- Certified by U.S. Customs as a member of the Customs-Trade Partnership Against Terrorism (C-TPAT).
- Acquires the Certification of the OHSAS 18001 (Occupational Health and Safety Assessment Serial), ISO 14001:2004 Environmental Management System and ISO 9001:2008 and obtains ISPS Code Certificate for all selfowned vessels, putting Yang Ming at the forefront among domestic and world competitors.
- Obtains ISO27001 Certificate for Information Security Management System.
- Wins the 7th–10th Art & Business Award granted by the Council for Cultural Affairs.
- Wins governance model in the emerging market, cited by the EURO Money magazine, obtains the 2007 Quest for Quality Award offered by Logistics Management magazine and rated 2nd place in World Trade Magazine's Liner Service evaluation and as one of the 50 Outstanding Businesses by Global View magazine (2008).
- Credited as one of the most reputable enterprises in the marine industry and one of the best corporate citizens, making Yang Ming the only one to receive such honor among domestic shipping-related industries (2006), also wins 15th place in the Corporate Social Responsibility Evaluation conducted in 2007 and 15th place in the Corporate Citizen in 2009, the only domestic shipping company winning this honor given by the CommonWealth magazine.

2012

- Acquires the AEO certificate given by Directorate General of Customs, Ministry of Finance, making Yang Ming the first shipping company to receive this honor.
- Kao Ming Container Terminal (KMCT) acquires the investment from Cheer Dragon Investment Limited.
- Completes and puts in service a 6,600 TEU full-container vessel, YM Masculinity.
- Completes and puts in service four 8,626 TEU full-container vessels, YM Uniformity, YM Ubiquity, YM Unanimity and YM Upsurgence.
- Decides to charter ten 14,000 TEU full-container vessels in 2015 from Seaspan Corp.
- YM Unanimity, an 8,626 TEU full-container vessel, wins the Green Passport (GP) issued by ABS.
- Launches the Mobile E-service on its iOS and Android operating systems.
- Wins "CO₂ Reduction Label" from the Environmental Protection Administration (EPA).
- Wins the Best Shipping Line Intra-Asia Award of Asian Freight and Supply Chain Awards (AFSCAs).
- Wins the LOG-NET Outstanding E-commerce Award from 2008-2012.

2013

- Establishes Yang Ming (Australia) Pty Ltd.
- Charters five full-container vessels from Seaspan Corp., following their delivery by China Shipbuilding Corp., Taiwan. (CSBC).
- Completes and puts in service an 8,626 TEU full-container vessel, YM Unicorn.

- Kao Ming Container Terminal (KMCT) acquires the investment from NYK Line and Nippon Container Terminal Co.Ltd., a subsidiary of NYK Line. The company's shareholders also include Ports America, Cheer Dragon Investment Limited, which is a joint venture of Cosco Pacific, CS Terminal and CMHI.
- Wins the leading pack title in North American Shipper Sentiment Survey made by Containerisation International magazine (CI) from 2012-2013.
- Wins the 11th Arts & Business Award granted by the Ministry of Culture.

2014

- CKYH and Evergreen establish CKYHE alliance to provide the best service between Asia and Europe, including the Mediterranean region.
- Opens with Orient Express Lines the Southeast Asia Service II (SEA2).
- Upgrades Intra-Asia Service (PA2 / JTS / TMI).
- Opens feeder service to Myanmar (SE3).
- Completes and puts in service two 4,662 TEU full-container vessels, YM Evolution and YM Essence.
- Wins 2013 Carrier of the Year from Target Store.
- Wins 2014 Work-Life Balance Award.
- Wins the Best Shipping Line Asia-Europe Award of Asian Freight and Supply Chain Awards (AFSCAs).
- Wins A+ in the 11th Information Transparency and Disclosure Ranking System Award.
- Wins Logistics Management 2014 Quest for Quality Award.
- YES Logistics Corporation, a subsidiary of Yang Ming group, obtains AEO certificate.

2015

- Opens Japan-Taiwan-Thailand, Far East-Latin America, China Gulf Express II, Asia-ECSA, feeder service to Belawan, East Mediterranean and North Europe service.
- CKYHE Alliance reorganizes European service network.
- Completes and puts in service three 4,662 TEU full-container vessels, YM Enlightenment, YM Excellence and YM Express.
- Holds maiden voyage ceremony for YM WISH, a 14,000-TEU full container vessel, at Kao Ming container terminal, Kaohsiung.
- Signs memorandum of understanding with China Airlines Company and Chunghwa Post Co., Ltd.
- Wins the top 20% of the best TWSE/TPEX listed companies in the 1st Corporate Governance Evaluation.
- Wins the 11th China Transport award.
- Wins A++ in the 12th Information Transparency and Disclosure Ranking System Award.
- Wins 2014 Blue Circle Awards, GP Carrier of the Year and Carrier of Year from Target Corporation.
- YES Logistics Corporation, a subsidiary of Yang Ming group, acquires ECU-Line Bulgaria EOOD.

2016

- Opens South East Asia feeder network loop 7.
- Establishes Yang Ming (Russia) LLC and Yang Ming (Spain), S.L.
- Signs letter of intent with Regional Container Lines.
- Hapag-Lloyd, Hanjin, “K”Line, Mitsui O.S.K. Lines, Nippon Yusen Kaisha and Yang Ming create a new partnership “THE Alliance”.
- Signs letter of cooperation with National Tung Kang Maritime & Fishery Vocational high school to cultivate profession maritime personnel.
- Wins the Best Shipping Line Intra-Asia Award of Asian Freight, Logistics & Supply Chain Awards (AFLAS).
- Starts financial recovery plan.

2017

- Implements organization transformation plan including organizational restructuring and personnel adjustment, to minimize operating cost and maximize group efficiency.
- Strengthens global network with the upgrades of Philippine service, Transpacific northwest service, Far East-Red Sea service, Taiwan-Hong Kong-Indonesia Service. Launches new services including China–East India service, Southeast Asia-Australia service, North Europe-East Med Express, China-Singapore/Malaysia service, Singapore/Malaysia-Haiphong service, Fuzhou (Jiangying)- Kaohsiung service, Korea-Taiwan/Hong Kong service, China-Vietnam Express, and Asia Subcontinent Express service.
- THE Alliance announces completed product and unveils unique contingency plan.
- Sets up Central and South America Regional Center in Panama to expand business in the area.
- Establishes subsidiaries in Philippines and Thailand to provide a more comprehensive Southeast Asian network.
- Receives the 2016 Blue Circle Awards from Port of Vancouver, Australia-North East Asia Liner Trade Award, selected Best Shipping Line-Intra-Asia by Asia Cargo News readers at the 2017 Asian Freight, Logistics and Supply Chain Awards (AFLAS).
- Receives Automated Mutual Assistance Vessel Rescue System (AMVER) certificate and Blue Pennant by The U.S. Coast Guard for YM MILESTONE.
- Signs a Memorandum of Understanding (MOU) with National Taiwan Ocean University.
- Completes private and public offerings and raises NTD 10.3 billion.

2018

- THE Alliance announces further network enhancements for 2018.
- Launches Korea-Vietnam/Thailand and Japan-Malaysia-Vietnam services to provide more convenient and reliable services in Intra-Asia.
- 2017 returns to profitability.
- Sets up regional center in the Mediterranean.

- PT Formosa Sejati Logistics, a joint venture between Yang Ming and Taiwan International Ports Corporation, Ltd. (TIPC) and Indonesian investors, officially opens in Indonesia.
- Receives the following recognition: Best Shipping Line-Intra-Asia Award, 2017 Blue Circle Award, Provider of the Year, 2017 Environmental Ship Index Award, and 2018 Quest for Quality Award presented by Logistics Management Magazine.
- Cooperation with CTBC Bank Co., Ltd. optimizes its blockchain technology and process for international trade.
- Signs an agreement with Shoen Kisen Kaisha, Ltd. and Costamare Inc. to charter ten 11,000 TEU full-container vessels.
- Signs a contract with CSBC Corporation, Taiwan, for the construction of a total of ten 2,800 TEU class full container vessels.
- Takes delivery of three 14,000 TEU full-container vessels, YM Wellbeing, YM Wonderland and YM Wisdom and puts in services.
- Signs declaration on the establishment of blockchain collaboration.
- The Alliance announces further network enhancements for 2019.

2019

- THE Alliance unveils enhanced service network for 2019 and announces Hyundai Merchant Marine (HMM) will join THE Alliance as a full member.
- Holds the naming ceremony for two 14,000 TEU full-container vessels, YM Warranty and YM Wellspring.
- Launches new intra-Asia services, i.e., China-Malaysia service, Korea-Vietnam and Malaysia service, China-Thailand direct service, Thailand-Indonesia express service, Japan-Thailand service, China-Vietnam-Cambodia service, Indonesia-Singapore/Malaysia-Thailand service, Singapore-Philippines express service and Malaysia-Yangon express service to further optimize business in Asia.
- Launches India-Europe direct service to enhance Europe service network.
- Signs charter agreements for four 11,000 TEU containerships with Shoen Kisen Kaisha Ltd.
- Forms a new subsidiary in Indonesia to strengthen Southeast Asia services.
- Joins DCSA(Digital Container Shipping Alliance) to advance digitalization in shipping industry.
- Establishes new subsidiary Huan Ming (Shanghai) International Shipping Agency Co. to act as Yang Ming's general agent in China.
- Receives recognition plaques from Liberian Registry to YM EXCELLENCE and Yang Ming for successfully conduct a rescue operation.
- Receives Automated Mutual Assistance Vessel Rescue System (AMVER) award from The U.S.Coast Guard to YM MANDATE & YM MILESTONE.
- Wins Best Shipping Line - Intra-Asia Award by Asia Cargo News readers.

2020

- Launches Taiwan-Japan service to enhance Intra-Asia service network.
- THE Alliance unveils expanded service network for 2020.
- Successfully delivers the first container of Taiwan guavas to the United States.
- Launches new East Mediterranean - America Service to deliver more efficient and comprehensive service in the Mediterranean region.
- Ten 2,800 TEU class new container ships to receive Smart Ship notations from American Bureau of Shipping(ABS), DNV GL, Bureau Veritas and CR Classification Society.
- Holds naming ceremonies for 2,800 TEU full-container vessels, YM Celebrity, YM Continent, YM Credential, YM Centennial, YM Capacity and YM Certainty.
- Yang Ming fleet's 2020 average carbon intensity per TEU/KM significantly reduced by 56.9% compared with the level in 2008, fulfilling green promise and accomplishing the IMO target of reducing carbon intensity by at least 40% by 2030 ahead of schedule.
- Takes delivery of three new 11,000 TEU full-container vessels, YM Triumph, YM Truth and YM Totality, and puts in THE Alliance service providing efficient service between Asia and U.S.
- Expands Intra-Asia service network by extending Japan – Taiwan – South China Express (JTS) to Malaysia, Singapore, and the Philippines.
- Cooperates with TAIWAN FOUNDATION INTERNATIONAL PTE. LTD. and Malaysian investors to set up a joint venture depot company named Jambatan Merah Formosa Depot Sdn. Bhd at Port Klang, Malaysia, providing container maintenance and repair services.
- Voted the “Best Shipping Line – Intra-Asia” award of 2020 Asian Freight, Logistics and Supply Chain Awards (AFLAS) by Asia Cargo News readers.
- Renews Memorandum of Understanding (MOU) with National Taiwan Ocean University to cultivate marine professionals.

2021

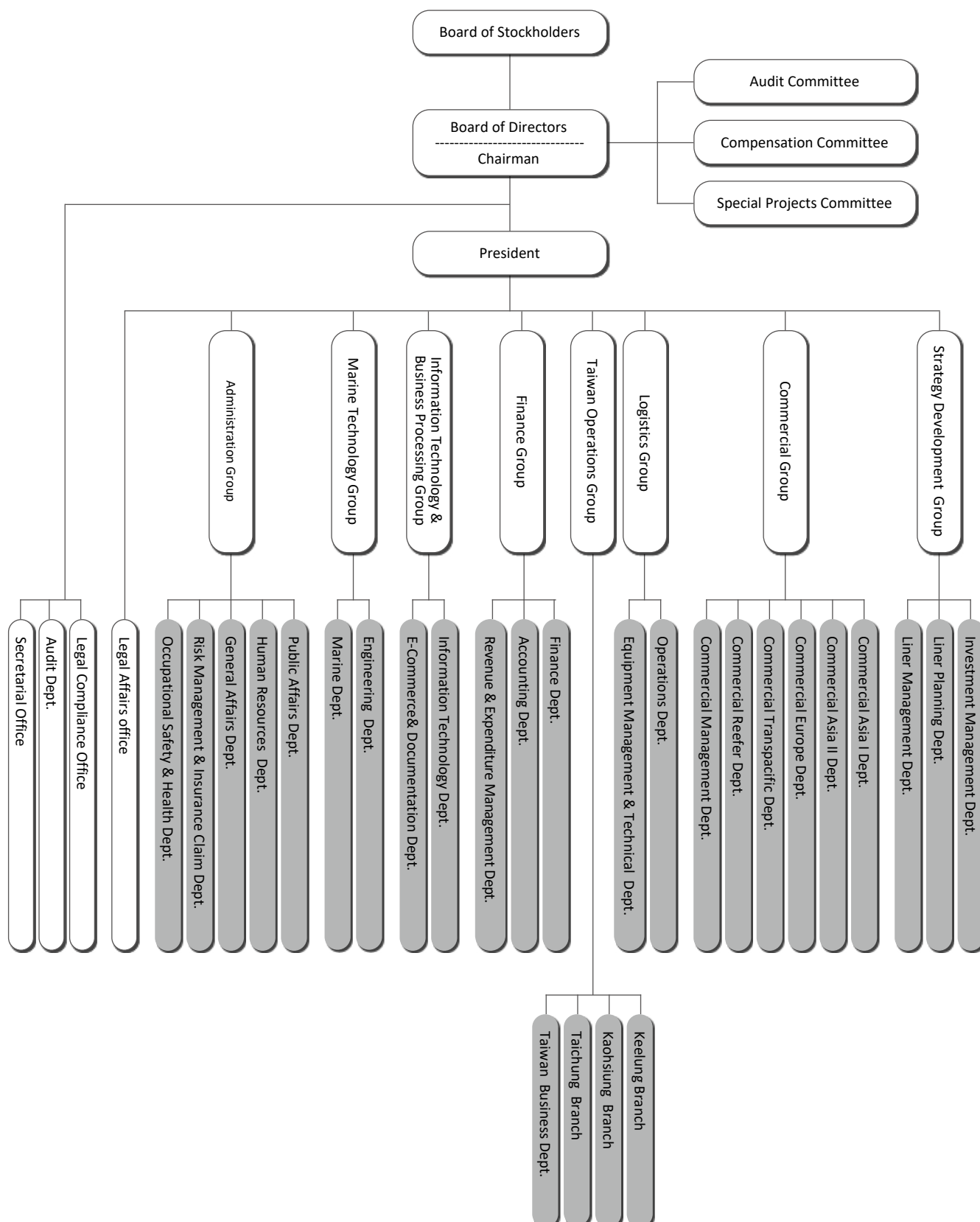
- Sets up a new subsidiary in France named Yang Ming (France) S.A.S. to further reinforce regional development strategy and proactively expand local market.
- Holds naming ceremony for 2,800 TEU full-container vessel, YM Credibility.



Corporate Governance Report

3.1 Organizational System

3.1.1 Organization Chart



3.1.2 Department Functions

Department		Functions
Strategy Development Group	Investment Management Dept.	- Group development planning - Re-investment promotion - Operation performance management - Building, management, assessment of agencies.
	Liner Planning Dept.	- Negotiations with strategic alliances - Lines designing and planning - Vessels' lease and replacement
	Liner Management Dept.	Establishment and impetus of operation's rules and procedure.
Commercial Group	Commercial Asia I Dept.	For North-East Asia, South-East Asia, China, Hong Kong, and Taiwan - Formulation and execution of marketing plan - Market development - Customer service
	Commercial Asia II Dept.	For Indian Ocean, Oceania, Central and South America, Middle East, and Red Sea Market - Formulation and execution of marketing plan - Market development - Customer service
	Commercial Europe Dept.	For Europe and Atlantic - Formulation and execution of marketing plan - Market development - Customer service
	Commercial America Dept.	For North America - Formulation and execution of marketing plan - Market development - Customer service
	Commercial Reefers Dept.	For Reefer Sales - Formulation and execution of marketing plan - Market development - Customer service
	Commercial Management Dept.	- Management of space control - Cargo contribution margin - Others commercial affairs
Logistics Group	Operations Dept.	Arrangement and management of shipment, cargo stowage, dock terminal, and domestic distribution
	Equipment Management & Technical Dept.	- Dispatch, maintaining, construction of container and chassis - Management of dynamic data
Finance Group	Finance Dept.	- Fund dispatch - Financial investment and management
	Accounting Dept.	- Accounting handling - Creating the budget, settlement, and financial statement
	Revenue & Expenditure Management Dept.	- Lines freight - Invoices audits - Assurance and demand the receivable freight and fees payable
Information Technology & Business Processing Group	Information Technology Dept.	Arrangement, organizing, and propagation of computer soft and hardware, and Network
	E-Commerce & Documentation Dept.	- Operation and promotion of e-commerce - Shipping files documentation and transmitting.
Marine Technology Group	Engineering Dept.	Construction and repair of vessels
	Marine Dept.	- Vessels manipulation guidance - Management of marine stores and seafarers

Administration Group	Public Affairs Dept.	- Corporate social responsibility - CIS ·QMS ·EMS - Holding and following the investment meeting and management meeting - PR management - As communication between internal and external
	Human Resources Dept.	- Development of organization - Management of recruitment, employment, training, compensation, and welfares
	General Affairs Dept.	Management of pepper works, purchase, administrative affairs, and offices affairs
	Risk Management & Insurance Claim Dept.	- Risk management - Insurance and claim for vessels, containers, chassis, and terminal station's affairs etc.
	Occupational Safety & Health Dept.	Establishment and maintenance of occupational safety & health system.
Taiwan Operations Group	Keelung Branch	- Ship's arrivals and departures affairs - Shipment clearance for import and export - Transshipment
	Kaohsiung Branch	- Ship's arrivals and departures affairs - Shipment clearance for import and export - Transshipment
	Taichung Branch	- Ship's arrivals and departures affairs - Shipment clearance for import and export - Transshipment
	Taiwan Business Dept.	Customer development and cargo canvassing in Taiwan area.
Legal Affairs Office		- Process and assist group's legal affairs - Provide reviews of company's regulations and internal protocols, and those of external contracts - Collection, analysis, and application of group's legal cases.
Legal Compliance Office		- Develops, manages, and implements compliance policies related to competition laws. - Reviews group's existing regulations and procedures to ensure compliance, and provides compliance advices
Audit Dept.		- Internal audits of departments' implementation performances - Quality audits - Subsidiaries and agencies audits
Secretarial Office		- Preparing the agenda of the Board of Directors' and shareholders' meeting - Proceedings - Disclosure of resolutions etc.

3.2 Information on the Company's Directors, Supervisors, President, Vice President, Assistant Vice President, and all the Supervisors of the Company's divisions and department heads

3.2.1 Directors (Including Independent Directors.)

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held	
							Shares	%	Shares	%
Chairman (Corporate Representative of the MOTC)	R.O.C.	Cheng-Mount Cheng	Male	2018.08.17	May be eligible for re-election and consecutive appointment within 3 years.	2018.08.17, as the Chairman of Yang Ming since 2020.10.01				
Director (Corporate Representative of the MOTC)	R.O.C.	Kun-Ching Liao	Male	2018.06.22		2018.06.22	Directors herein as the corporate representatives of the MOTC, holding a total of 467,682,372 shares	Which represent 20.13% of the company's shares	Directors herein as the corporate representatives of the MOTC, holding a total of 467,682,372 shares	Which represent 14.04% of the company's shares
Director (Corporate Representative of the MOTC)	R.O.C.	Ping-Jen Tseng	Male	2018.06.22		2016.06.22				
Director (Corporate Representative of the NDF)	R.O.C.	Keh-Her Shih	Male	2020.12.21		2020.12.21	Directors herein as the corporate representatives of the NDF, holding a total of 460,000,000 shares	Which represent 19.80% of the company's shares	Directors herein as the corporate representatives of the NDF, holding a total of 460,000,000 shares	Which represent 13.81% of the company's shares

2021.03.26

	Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Selected Education, Past Positions & Current Position	Other Concurrent Positions in the Company or Other Companies	Managers, Directors or Supervisors who are Spouses or Relatives within the second degree of kinship			Remarks
	Shares	%	Shares	%			Position	Name	Relation	
	0	0	228,853,287	6.87%	Current Position: · Chairman, Yang Ming Past Positions: · Deputy Minister, National Development Council · Vice Chairman, Financial Supervisory Commission R.O.C. · General Manager, Agriculture Bank of Taiwan · President, Taiwan Academy of Banking and Finance · Adjunct Associate Professor, Department of Finance of National Chengchi University · Chief Economist, CITIBANK Taiwan · Assistant Researcher, Taiwan Institute of Economy Research Selected Education: · Master Degree in Economics, University of Wisconsin-Madison · Bachelor Degree in Economics, National Taiwan University	· Director, Young-Carrier Company Ltd., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte. Ltd, Yang Ming Line (B.V.I.) Holding Co., Ltd., Yang Ming Line B.V. · Chairman, Kao Ming Container Terminal Corp.	-	-	-	Note 1
	0	0	0	0	Past Positions: · Retired Professor, National Taiwan Ocean University · Department Chairman and Full-Time Professor, Department of Transportation of National Taiwan Ocean University · Associate Professor, National Kaohsiung Marine University · Deck Officer, Chinese Maritime Transport Ltd. Selected Education: · Master Degree in Transportation Engineering, Tokyo University of Mercantile Marine · Bachelor Degree in Navigation, National Taiwan Ocean University	-	-	-	-	
	1,028	0	0	0	Current Position: · Associate Vice President, Yang Ming Past Positions: · Associate Vice President, Yang Ming Selected Education: · Bachelor Degree in International Trade, Shih Chien University	· Director, Yang Ming Culture Foundation, Karlman Properties Limited, Formosa International Development Corporation	-	-	-	
	0	0	0	0	Current Position: · Deputy Minister, National Development Council Past Positions: · Senior Secretary, Office of the President · Deputy Secretary-General, Office of the President · Political Deputy Minister, Ministry of Labor · Consultant, Executive Yuan · Deputy Secretary-General, Executive Yuan · Deputy Magistrate, Yunlin County Government · Director, Yunlin County Government · Director-General, Yunlin County Government Selected Education: · Master Degree in MSc Management, Imperial College, University of London (now Imperial College London) · Master Degree in MSc Regional and Urban Planning Studies, The London School of Economics and Political Science · Bachelor Degree in Political Science, National Taiwan University	· Director, Mega Financial Holding Company Ltd.	-	-	-	Note 2

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		
							Shares	%	Shares	%	
Director (Corporate Representative of the NDF)	R.O.C.	Shao-Yuan Chang	Male	2019.04.29	May be eligible for re-election and consecutive appointment within 3 years.	2019.04.29					
Director (Corporate Representative of the NDF)	R.O.C.	Chien-Yi Chang	Male	2018.06.22		2018.06.22	Directors herein as the corporate representatives of the NDF, holding a total of 460,000,000 shares	Which represent 19.80% of the company's shares	Directors herein as the corporate representatives of the NDF, holding a total of 460,000,000 shares	Which represent 13.81% of the company's shares	
Director (Corporate Representative of the TIPC)	R.O.C.	Shao-Liang Chen	Male	2020.05.05		2018.06.22	Directors herein as the corporate representatives of the TIPC, holding a total of 119,514,708 shares	Which represent 5.14% of the company's shares	Directors herein as the corporate representatives of the TIPC, holding a total of 228,853,287 shares	Which represent 6.87% of the company's shares	
Director (Corporate Representative of the TNC)	R.O.C.	Wen-Ching Liu	Male	2018.06.22		2018.06.22	Directors herein as the corporate representatives of the TNC, holding a total of 32,292,930 shares	Which represent 1.39% of the company's shares	Directors herein as the corporate representatives of the TNC, holding a total of 41,889,858 shares	Which represent 1.26% of the company's shares	
Independent Director	R.O.C.	Tar-Shing Tang	Male	2018.06.22		2018.06.22	0	0	0	0	



	Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Selected Education, Past Positions & Current Position	Other Concurrent Positions in the Company or Other Companies	Managers, Directors or Supervisors who are Spouses or Relatives within the second degree of kinship			Remarks
	Shares	%	Shares	%			Position	Name	Relation	
	0	0	0	0	Past Positions: · Deputy Mayor, Tainan City (retired) · Director, Finance and Local Tax Bureau of Tainan City · Director, Finance Department of Tainan City · Director, Finance Department of Tainan County Selected Education: · Master Degree in Land Economics, National Chengchi University · Bachelor Degree in Land Economics, National Chung Hsing University	· Director, iPASS Corporation	-	-	-	
	0	0	0	0	Current Position: · President, Taiwan Institute of Economic Research Past Positions: · Director, Taiwan Institute of Economic Research's Research Division II · Vice Executive Secretary, Industrial Development Advisory Council of Ministry of Economic Affairs ROC · Vice Executive Secretary, Commercial Development Advisory Council of Ministry of Economic Affairs ROC · Vice Chairman, Policy Research Commission of the Economic and Trade in ROCCOC · Adjunct Associate Professor, Department of National Business of Soochow University Selected Education: · Ph.D. in Economics, National Taipei University	· Director, Chang Hwa Bank, Asia Global Venture Capital II Co. · Member, Wholesaler & Retailer Committee in TWCSI Director, Central Bank	-	-	-	
	0	0	0	0	Current Position: · President, TIPC Past Positions: · Excusive Vice President, TIPC and President of Port of Kaohsiung · Vice President of Business, TIPC · Vice President, TIPC and President, Port of Taichung · Deputy Director-General, Hualien Harbor Bureau of MOTC · Chief Secretary, Hualien Harbor Bureau of MOTC Selected Education: · Master Degree in Business Administration Program, Department of Business Administration of National Dong Hwa University	-	-	-	-	Note 3
	0	0	0	0	Current Position: · Chairman, Taiwan Navigation Company Past Positions: · Chairman, Kaohsiung Ammonium Sulfate Co., Ltd. · Chairman, the CSLC · Senior Consultant, CPC Corporation, Taiwan Selected Education: · Master Degree in Applied Biology and Chemical Technology, The Hong Kong Polytechnic University · Bachelor Degree in Chemistry, National Chung Hsing University	· Chairman, Taishing Maritime Co.S.A, Shinwang Maritime Inc. · Independent Director, Transart Graphics Co.,Ltd	-	-	-	
	0	0	0	0	Current Position: · Attorney-in-Charge, Tar-Shing Tang Law Office · Qualification in Bar Examination · Completion in The Training Institute of Ministry of Finance · Qualification in Senior Examination of Finance Selected Education: · Bachelor Degree in Economics(Minor in Law), National Taiwan University	· Independent Director, EverFocus Co., Ltd.	-	-	-	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		
							Shares	%	Shares	%	
Independent Director	R.O.C.	Tze-Chun Wang	Male	2018.06.22	May be eligible for re-election and consecutive appointment within 3 years.	2018.06.22	0	0	0	0	
Independent Director	R.O.C.	Jei-Fuu Chen	Male	2020.06.17		2020.06.17	0	0	0	0	

Note1: Chairman Cheng-Mount Cheng was inaugurated as director as corporate representative of the NDF between 2018.08.17 and 2020.09.30, inaugurated as director as corporate representative of the MOTC and was elected as chairman since 2020.10.01. The chairman and the chief executive officer (the highest manager) of Yang Ming is measured for organization function and appointed by the Board in accordance with Yang Ming's articles of incorporation. The chairman and the chief executive officer upholds the resolutions of the Board to be responsible for the material decisions on Yang Ming Group, and is a representative of Yang Ming to lead Yang Ming Group as a highest manager, hoping to participate in the operation and management of Yang Ming in a more pragmatic manner to concentrate its powers, exert efficiency and operational benefits, and achieve the resolutions by the Board. In addition, to improve Yang Ming's system and implement corporate governance, Yang Ming will make necessary adjustments within the prescribed period in accordance with the provisions of "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" Board.



	Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Selected Education, Past Positions & Current Position	Other Concurrent Positions in the Company or Other Companies	Managers, Directors or Supervisors who are Spouses or Relatives within the second degree of kinship			Remarks
	Shares	%	Shares	%			Position	Name	Relation	
	0	0	0	0	Current Position: · Chairman, Sirtec Past Positions: · International Co., Ltd · Representative, Navigator Investment Co., Ltd. · CPA, Deloitte · Teaching Assistant, National Taiwan University Selected Education: · Bachelor of National Taiwan University's Dept. of Agriculture Economics	· Independent Director, Huaku Development Co., Ltd. · Chairman, Sirtec (Dong Guan) Plastics & Electronics Co., Ltd, Dongguan Shey Sun Plastics & Electronics Co.,Ltd, Dongguan Sirtec Image Co., Ltd., Sirtec (Zhuhai) Plastics & Electronics Co., Ltd · Supervisor, Duen-Mou Committee of Taiwan, Mercy Social Welfare Fund, Christian Faith/Hope/Love Trust Fund, Love of God Social Welfare Fund, Boyo Social Welfare Foundation · Director, Sirtec International (BVI) Co., Ltd,Sirfa (B.V.I.) Co., Ltd, Sirlight Trading Co., Ltd., Sirtec International (Vietnam)Company Limited, Sirtec International (Suzhou) Co.,Ltd, Forland Auto Inc, Forland Trading Co., Ltd, Nanjing F.L. Trading Co., Ltd, Navigator Financial Leasing Co., Ltd., Navigator Financial Leasing Co., Ltd.(China), The NFLC, Forland Auto(China) Trade Holding Co., Ltd., Forland Auto(Nanking) Trade Co., Ltd., Forland Auto(Nanking) Sales Service Co., Ltd., Heyun International Logistics Corp.	-	-	-	
	0	0	0	0	Current Position: · Adjunct Professor, Department and Graduate Institute of Business Administration of National Taiwan University · Visiting Professor, Institute for Integrated Cell-Material Sciences (iCeMS) of, Kyoto University, Japan · Visiting Professor, Biomedical Translation Research Center · Adjunct Professor, Department of Information Management and Finance of National Yang Ming Chiao Tung University Past Positions: · Chief Investment Officer, Acer Inc. · President, Acer Digital Service Co. · Associate Vice President, Strategic Investment at ASUS Computer · Assistant Vice President, JAFCO Investment (Japan Nomura Group's Venture Capital Arm) Selected Education: · Ph.D. in Information Management, National Taiwan University · MBA, National Taiwan University · Master Degree in Electrical Engineering, University of Southern California	-	-	-	Note 4	

Note2: The seat of Cheng-Mount Cheng as corporate representative of the NDF is changed into Keh-Her Shih on 2020.12.21 to serve as.

Note3: Director Shao-Liang Chen assumed new office as corporate representative of the TIPC on 2018.06.22, stepped down as director on 2019.06.17 and inaugurated as director on 2020.05.05.

Note4: Independent Director Ming-Sheu Tsai resigned on 2020.04.16 and Independent Director Jei-Fuu Chen was elected to fill the vacancy on 2020.06.17.

1. Major shareholders of corporate shareholders

2021.03.26

Name of corporate shareholders	Major shareholders of corporate shareholders
The MOTC	Government of the R.O.C (100%)
The NDF	Government of the R.O.C (100%)
The TIPC	The MOTC (100%)
The TNC	The MOTC (26.46%), Yang Ming (16.96%), The CMT (5.85%), Fortune Investment (2.95%), Yunwang Investment (2.92%), Yongyuxing Enterprise (2.29%), China Trust Bank trust account held by The TNC employees (1.50%), Jackia Investment (1.49%), Chen Chang-Hong (0.68%), Yisheng Investment (0.65%)

2. Major shareholders of the juridical person's major shareholder

As of the date of publication, the last time to stop the transfer: 2021.03.16

Name of the juridical person	Major shareholders of the juridical person (Note 1)
Government of the R.O.C	Inapplicable
The MOTC	Government of the R.O.C(100%)
Yang Ming	The MOTC (14.04%), The NDF (13.81%), The TIPC (7.55%), Chinachem Company in Taiwan (1.54%), Fubon Life Assurance Co.,LTD (1.50%),The TNC (1.26%), Morgan Standley Co. International PLC (1.19%),China Life Insurance Co., Ltd.(0.72%), Central Reinsurance Corporation (0.72%), Chen Zu-Yuan (0.69%)
The CMT	Associated International Inc. (39.56%), AGCMT GROUP LTD. (21.21%), TransGlobe Life Insurance Inc. (0.77%), CAPITALSECURITIESCORP. (0.54%), CITI Bank of Taiwan Managed Secondary Emerging Markets Evaluation Fund account (0.48%), CITI Bank of Taiwan Managed DFA Investment diversified group(0.42%), Chen Xian-Ze (0.38%), CITI Bank of Taiwan Managed DFA Sub-fund investment account(0.31%), Chen Shi-Wei (0.30%)
Fuwang Investment Co. Ltd.	The CMT (100%)
Yunn Wang Investment Co. Ltd.	Yang Ming (49.75%), The TN (49.75%),Fulirong Investment(0.50%)
Yongyuxing Enterprise	Lin Yu-Qin (100%)
China Trust Bank trust account held by The TNC employees	Inapplicable
Jackia Investment Ltd. (Note 2)	Tsai Shi-Yong (50%)

Note1: Name of major shareholders of the juridical person (Top 10 shareholders).

Note2: Due to the non-public offering, the detailed shareholding ratio of all major shareholders cannot be obtained.



3. Information of Director (Including Independent Director)

2021.03.26

Name	Criteria	Meet the following professional qualification requirements, together with at least 5 years work experience			Independence Criteria (Note1)												Number of other Taiwanese public companies concurrently serving as an independent director
		An instructor or higher position in a department of commerce, law, finance, accounting or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, accounting, or otherwise necessary for the business of the Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Cheng-Mount Cheng	✓			✓			✓	✓	✓	✓		✓	✓	✓	✓		0
Kun-Ching Liao	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ping-Jen Tseng				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Keh-Her Shih				✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Shao-Yuan Chang				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chien-Yi Chang	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Shao-Liang Chen				✓	✓	✓	✓	✓		✓	✓		✓	✓	✓		0
Wen-Ching Liu				✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		1
Tar-Shing Tang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tze-Chun Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Jei-Fuu Chen	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Please mark“✓”in the appropriate boxes, if the director meets the following conditions during the 2 years before being elected and appointed, and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the managers specified in preceding criteria 1 and of the persons specified in preceding criteria 2 to 3.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, and ranks in the top 5 in shareholdings or appointed as representative pursuant to Item 1 or 2 of Article 27 of the Company Act. This does not apply in case chases where the person is an independent director of the company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (6) Not a director, supervisor or employee of other company who controls more than 50% of the seats of company's director or the voting shares. This does not apply in cases where the person is an independent director of the company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.

- (7) Not a director, supervisor or employee of other company or institution who are the same person or spouse with the chairman, the president, or equivalent. This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (8) Not a director, supervisor, manager, or shareholder holding more than 5% outstanding shares of a company or institute that has baseness or financial relationship with the Company. This does not apply to some specific companies or institutes which hold more than 20 % less than 50 % shares of the total issued shares of the Company and in cases where the person is an independent director of the company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (9) Not an owner, partner, director, supervisor, a manager or spouse of any of professional, sole proprietorship, partnership, company, or institution that provides audit or commercial, legal, financial, accounting services with remuneration less than TWD500,000 in 2 years to the Company or its affiliate. Except for member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security Exchange Act or to the Business Mergers and Acquisitions Act or related laws.
- (10) Not a spouse or relative within second degree of kinship to any others directors of the Company.
- (11) Not under any of the circumstances set forth in Article 30 of the Company Act.
- (12) Not a governmental, or an institutional shareholder or its representative elected pursuant to Article 27 of the Company Act.

Note 2: Yang Ming has set up the Audit Committee and doesn't need to set up and elect supervisors according to the law.

4. The Board Diversity Policy

Yang Ming has established “Corporate Governance Best Practice Principles” containing the Board diversity policy. The Board diversity policy and the implementation is disclosed in annual report and on Yang Ming’s official website.

(1) The Board Diversity Policy

The Board of Yang Ming should direct company strategies, supervise the management, and be responsible to Yang Ming and the shareholders. The various procedures and arrangements of Yang Ming’s corporate governance system shall ensure the Board of Directors complies with laws, regulations, Yang Ming’s articles of incorporation, and the resolutions of Yang Ming’s shareholders meetings while exercising their authority.

The structure of Yang Ming’s Board of Directors shall be determined by choosing an appropriate number of Board members, between 7 to 11, in consideration of Yang Ming’s business scale, the shareholdings of Yang Ming’s major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by considering diversity. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on Yang Ming’s business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- i. Basic composition and values: gender, age, nationality and culture...etc.
- ii. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience...etc.

Board members should possess the knowledge, skills, and experiences necessary for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- i. Ability to make operational judgment
- ii. Ability to perform accounting and financial analysis
- iii. Ability to conduct management administration
- iv. Ability to handle crisis management
- v. Knowledge of the industry
- vi. An international market perspective
- vii. Leadership
- viii. Ability to make policy decisions
- ix. Knowledge and abilities of risk management

(2) Specific Objectives and Implementation of the Board Diversity Policy

Yang Ming's Board consists of 11 directors including 3 independent directors. All members possess extensive experiences and expertise in marine industry, world economy, finance, accounting, laws, and management fields. Yang Ming's directors with employee status comprises 18%, and independent directors comprises 27%. The serve term of all 3 independent directors is less than 3 years. The age of 1 director is more than 71 years old, 4 directors are 61-70 years old and 6 directors are less than 60 years old. The implementation of Board diversity policy is as follows:

Director	Basic Composition							Capabilities			Professional Background				
	Gender	Nationality	Concurrent Positions in Yang Ming	Age				Tenure of Independent Director	Management	Leadership	Industry Experience	World Economy	Accounting and Finance	Marketing	Legal Practice
				Less Than 50	51-60	61-70	More Than 71								
Cheng-Mount Cheng	Male	R.O.C.	✓		✓				✓	✓		✓	✓		
Kun-Ching Liao	Male	R.O.C.					✓				✓				
Ping-Jen Tseng	Male	R.O.C.	✓		✓				✓	✓	✓			✓	
Keh-Her Shih	Male	R.O.C.		✓					✓	✓					
Shao-Yuan Chang	Male	R.O.C.				✓			✓	✓			✓		
Chien-Yi Chang	Male	R.O.C.			✓				✓	✓		✓			
Shao-Liang Chen	Male	R.O.C.			✓				✓	✓	✓			✓	
Wen-Ching Liu	Male	R.O.C.				✓			✓	✓	✓			✓	
Tar-Shing Tang	Male	R.O.C.				✓		Less than 3 years	✓	✓					✓
Tze-Chun Wang	Male	R.O.C.				✓		Less than 3 years	✓	✓			✓		
Jei-Fuu Chen	Male	R.O.C.			✓			Less than 3 years	✓	✓		✓	✓	✓	

All Board members are male currently. To improve gender equality in the composition of Board members, our goal is to increase the ratio of female directors to 15% and hope to add one female director each for the term of 21st and 22nd Board of Directors.

5. Succession Plan for Board Members

Except as otherwise provided by acts or regulations, Yang Ming's directors are elected in accordance with its "Procedures for Election of Directors". The candidates of the Board of Directors are deployed in accordance with business scale, major shareholders' shareholding ratio, practice, the Board diversity policy and all capabilities of Board members, and also in reference to the result of Board performance assessments. Yang Ming plans annual training courses for each director at least 6 hours per year in accordance with changes in external and internal environmental conditions and development needs to enhance the professional knowledge of directors and strengthen Board capabilities.

Yang Ming's executives should attend in Board meetings and functional committee meetings to be familiar with meeting procedures. Besides, to make sure the executives could meet the directors' requirements or take over as future directors, Yang Ming would assign them different jobs through job rotation, going abroad and being directors of subsidiaries to expand their participation and familiarity in each group unit and improve their ability to formulate company policy, supervise and execute internal control and legal compliance, and control and respond to risk management.

To maintain the professional and experience inheritance of Board members, Yang Ming plans the succession for the Board of Directors through the following methods:

- (1) Consider director candidates recommended by shareholders
- (2) Invite current directors to recommend suitable candidates
- (3) Take the result of Board performance assessments as a reference when nominate directors for reappointment
- (4) Yang Ming's executives

The director candidate list obtained according to the preceding methods shall be submitted to the Board for review and serve as a reference for planning succession candidates for directors.

In general, except recruiting suitable professional persons as director candidates, Yang Ming will also train their executives as director candidates to comprehensively achieve the Board of Directors' decision-making and supervisory functions.

3.2.2 Information of President, Executive Vice Presidents, Vice President, Officers of Departments and branches

Title	Nationality	Name	Gender	Inauguration Date	Shareholdings		Spouse & Minor Shareholding		Current Shareholding in the name of others		
					Shares	%	Shares	%	Shares	%	
Chief Executive Officer	ROC	Cheng-Mount Cheng	Male	2020.10.01	0	0	0	0	0	0	
Chief Operation Officer (President)	ROC	Shu-Chin Tu	Male	2020.11.12	0	0	0	0	0	0	
Chief Information Officer & Executive Vice President	ROC	Der-Shi Tsao	Male	2014.11.12	205,893	0.01%	0	0	0	0	
Chief Marine Technology Officer & Senior Vice President	ROC	Yeoung- Shuenn Ho	Male	2018.06.01	130,754	0	0	0	0	0	
Chief Commercial Officer & Chief Taiwan Operations Officer & Senior Vice President	ROC	Chao-Feng Chang	Male	2020.02.03	65,486	0	0	0	0	0	
Chief Strategy Officer & Senior Vice President	ROC	Jeng-Shong Jeng	Male	2020.11.12	37,335	0	0	0	0	0	
Chief Auditor & Executive Vice President	ROC	Shih-Fang Hsu	Male	2019.10.01	18,823	0	0	0	0	0	
Chief Logistics Officer & Senior Vice President	ROC	Kou-Liang Huang	Male	2020.11.12	0	0	0	0	0	0	
Chief Administrative Officer & Senior Vice President	ROC	Hsiu-Chi Ho	Female	2021.02.16	76,162	0	2,569	0	0	0	

2021.03.26

	Experience (Education)	Current position at other companies	Managers who are spouse or within two degree of kinship			Note
			Title	Name	Relationship	
	· Vice Chairperson of Financial Supervisory Commission/Deputy Minister of National Development Council · M.A., Economics, University of Wisconsin-Madison	· Chairman of Kao Ming Container Terminal Corp. · Director of Yang Ming Line Holding Co./Yang Ming Line (Singapore) Pte Ltd/ Yang Ming Line (B.V.I.) Holding Co., Ltd./Yang Ming Line B.V./Young-Carrier Company Limited	-	-	-	Note 1
	· Executive Vice President of this company · President of YM(HK) · Master of National Taiwan University	· Chairman of Kuang Ming Shipping Corp. · Director of Yang Ming (America) Corp., Young-Carrier Company Limited., Huan Ming (Shanghai) International Shipping Agency Co. Ltd., Kao Ming Container Terminal Corp., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte Ltd., Yang Ming Line (B.V.I.) Holding Co., Ltd.	-	-	-	
	· Senior Vice President of this company · Tamsui Institute of Industrial & Business Administration	· Director of LogiTrans Technology Private Ltd.	-	-	-	
	· Vice president of this company · Master of National Taiwan Ocean University	· Director of Kuang Ming Shipping Corp. · Director and General Manager of All Oceans Transportation Inc.	-	-	-	
	· Vice President of this company · Bachelor of National Taiwan Ocean University	· Director of Yangming (Japan) Co., Ltd., Yang Ming (Latin America) Co., Yang Ming (Australia) Pty. Ltd., Yang Ming (Korea) Co. Ltd., Yang Ming Line (India) Pvt. Ltd., Young-Carrier Company Limited., Huan Ming (Shanghai) International Shipping Agency Co. Ltd., Jing Ming Transportation Co., Ltd., Yes Logistics Corp., Hong Ming Terminal & Stevedoring Corp.	-	-	-	Note 2
	· Vice President of this company · Master of National Taiwan Ocean University	· Director of Yang Ming (U.A.E.) LLC., Yang Ming Line (India) Pvt. Ltd., Huan Ming (Shanghai) International Shipping Agency Co. Ltd., Kao Ming Container Terminal Corp., West Basin Container Terminal LLC, United Terminal Leasing LLC, Yes Logistics Corp., Kuang Ming Shipping Corp., Taiwan Foundation International Pte. Ltd.	-	-	-	
	· Senior Vice President of this company · President of YM (UK) · Master of National Chiao Tung University	None	-	-	-	Note 2
	· Vice President of this company · President of YM (UK) · Bachelor of National Taiwan Ocean University	· Director of Hong Ming Terminal & Stevedoring Corp., Kao Ming Container Terminal Corp., Taipei Port Container Terminal Corp., United Stevedoring Corp., West Basin Container Terminal LLC., United Terminal Leasing LLC., Jing Ming Transportation Co., Ltd.	-	-	-	
	· Senior Vice President of this company · Master of Master of Tamkang University	· Director of Jing Ming Transportation Co., Ltd., Yes Logistics Corp., Kuang Ming Shipping Corp., Sunbright Insurance Pte. Ltd., Yang Ming Insurance Co. Ltd., Yang Ming Culture Foundation., Ching Ming Investment Corp. · President of Yunn Wang Investment Co., Ltd. · Supervisor of Kao Ming Container Terminal Corp.	-	-	-	

Title	Nationality	Name	Gender	Inauguration Date	Shareholdings		Spouse & Minor Shareholding		Current Shareholding in the name of others		
					Shares	%	Shares	%	Shares	%	
Chief Financial Officer & Accounting Supervisor (Senior Vice President)	ROC	Yu-Wen Su	Male	2021.02.16	0	0	0	0	0	0	
Senior Vice President	ROC	Jie-Li Zhu	Male	2011.12.16	83,592	0	2,713	0	0	0	
Senior Vice President	ROC	Shi-Nan Huang	Male	2019.01.01	11,458	0	0	0	0	0	
Senior Vice President	ROC	Yi-Ta Wu	Male	2019.07.01	0	0	345	0	0	0	
Senior Vice President	ROC	Chien-Chang Tzeng	Male	2019.07.01	14,000	0	0	0	0	0	
Senior Vice President	ROC	Tseng-Yu Chiu	Female	2020.05.01	48,596	0	0	0	0	0	
Senior Vice President	ROC	Li-Ping Xiong	Male	2020.05.01	22,000	0	0	0	0	0	
Senior Vice President	ROC	Tien-Shun Wu	Male	2020.05.01	205	0	0	0	0	0	
Vice President	ROC	Tung-Hai Chen	Male	2012.12.01	21,078	0	0	0	0	0	
Vice President	ROC	Shyi-Chang Chang	Male	2014.04.01	106,564	0	0	0	0	0	
Vice President	ROC	Ping-Jen Tseng	Male	2014.06.01	61,290	0	1,028	0	0	0	
Vice President	ROC	Yung-Kai Wang	Male	2017.02.13	113,968	0	0	0	0	0	
Vice President	ROC	Leng-Hui Wang	Male	2018.02.01	0	0	0	0	0	0	
Vice President	ROC	Kun-Ping Yi	Male	2018.02.01	96,250	0	0	0	0	0	
Vice President	ROC	Chia-Tien Tun	Male	2018.03.01	25,587	0	0	0	0	0	
Vice President	ROC	Lung-Hsing Chu	Male	2018.03.01	324	0	0	0	0	0	

	Experience (Education)	Current position at other companies	Managers who are spouse or within two degree of kinship			Note
			Title	Name	Relationship	
	- Vice President of this company - Master of National Taiwan University	- Director of Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte Ltd., Yang Ming Line (B.V.I.) Holding Co., Ltd., Yang Ming Line N.V., Yunn Wang Investment Co., Ltd., Taiwan Foundation International Pte. Ltd., Yang Ming Culture Foundation., Formosa International Development Corporation. - Supervisor of Yangming(Japan) Co., Ltd., PT Yang Ming Shipping Indonesia., Yang Ming (Korea) Co. Ltd., Hong Ming Terminal & Stevedoring Co., Ltd., Jing Ming Transportation Co. Ltd., YES Logistics Corp., Ching Ming Investment Corp., Huan Ming (Shanghai) International Shipping Agency Co. Ltd., Kuang Ming Shipping Corp.	-	-	-	Note 3
	- Vice President of this company - President of YM (NL) - President of YM (IT) - Master of National Chengchi University	None	-	-	-	
	- Vice President of this company - Master of Feng Chia University	Director of Yang Ming Line (Hong Kong) Ltd., Yang Ming Shipping (B.V.I.) Inc., Yangming (Japan) Co., Ltd., Yang Ming Shipping (Vietnam) Co. Ltd., Yang Ming Shipping Philippines, Inc., Yang Ming Line (Thailand) Co. Ltd., Yang Ming Line Shipping (Thailand) Co., Ltd., PT. Yang Ming Shipping Indonesia., Yang Ming (Korea) Co. Ltd.	-	-	-	
	- Vice President of this company - President of YM (AU) - Master of Royal Melbourne Institute of Technology	Director of Yang Ming (UK) Ltd., All Oceans Transportation Inc.	Vice President	Pao-Lin Lee	Spouse	
	- Vice President of this company - Bachelor of Fu Jen Catholic University	None	-	-	-	
	- Vice President of this company - Master of Chinese Culture University	Director of Yang Ming Culture Foundation.	-	-	-	
	- Vice President of this company - Bachelor of Tamkang University	Director of Yang Ming Line (Singapore) Pte Ltd., Yang Ming Line (M) Sdn. Bhd., Yang Ming (Latin America) Co.	-	-	-	
	- Vice President of this company - President of YM (MED) - Associate Degree of National Kaohsiung Marine University	Director of Yang Ming (Belgium) N.V., Yang Ming (Netherlands)B.V., Yang Ming (UK) Ltd., Yang Ming (Italy) S.P.A, Yang Ming (Russia) Llc., Yang Ming (Spain),S.L., Yang Ming Anatolia Shipping Agency S.A.	-	-	-	
	- Deputy Vice President of this company - Master of National Chengchi University	Director of Yang Ming Culture Foundation.	-	-	-	
	- Deputy Vice President of this company - Master of National Chiao Tung University	Director of LogiTrans Technology Private Ltd.	-	-	-	
	- Deputy Vice President of this company - Bachelor of Shih Chien University	Director of Karlman Properties Ltd., Yang Ming Culture Foundation., Formosa International Development Corporation.	-	-	-	
	- Deputy Vice President of this company - President of YM (NL) - President of YM (TR) - Bachelor of Chinese Culture University	- Director of Yang Ming Shipping (Vietnam) Co., Ltd., Yang Ming Shipping Philippines, Inc., PT. Formosa Sejati Logistics. - President & Director of Taiwan Foundation International Pte, Ltd	-	-	-	
	- Deputy Vice President of this company - President of YM (JP) - Bachelor of National Chiao Tung University	None	-	-	-	
	- Deputy Vice President of this company - Bachelor of Tamkang University	None	-	-	-	
	- Deputy Vice President of this company - Bachelor of Chinese Culture University	None	-	-	-	
	- Deputy Vice President of this company - Bachelor of National Chengchi University	None				

Title	Nationality	Name	Gender	Inauguration Date	Shareholdings		Spouse & Minor Shareholding		Current Shareholding in the name of others		
					Shares	%	Shares	%	Shares	%	
Vice President	ROC	Shun Chin Yang	Male	2018.04.01	183	0	0	0	0	0	
Vice President	ROC	Pao-Lin Lee	Female	2018.04.01	345	0	0	0	0	0	
Vice President	ROC	Chun-Chieh Lu	Male	2018.05.01	66,047	0	0	0	0	0	
Vice President	ROC	Wen-Chung Yeh	Male	2018.07.01	0	0	0	0	0	0	
Vice President	ROC	Tai-Chi Tsai	Male	2018.12.16	195	0	55	0	0	0	
Vice President	ROC	Men-Huo Tsai	Male	2019.05.16	0	0	0	0	0	0	
Vice President	ROC	Li-Wen Liu	Female	2020.02.04	45,474	0	0	0	0	0	
Vice President	ROC	Mei-Ling Chung	Female	2020.04.01	5,808	0	0	0	0	0	
Vice President	ROC	Hann-Sy Hwang	Male	2020.04.01	171,739	0.01%	1,008	0	0	0	
Vice President	ROC	Lung Fu Chen	Male	2020.04.16	0	0	0	0	0	0	
Vice President& Corporate Governance Supervisor	ROC	Ting-Yu Lu	Female	2020.07.01	12,000	0	11,000	0	0	0	
Finance Supervisor	ROC	Shu-Hui Ou	Female	2020.01.21	1,229	0	0	0	0	0	

Note1: The position of the Chairman and the Chief Executive Officer (the highest manager) of the Company is measured for organization function by the Board of Directors and is appointed in accordance with the resolutions of the Company's Articles of Incorporation. In order to uphold the resolutions of the Board of Directors, to be responsible for the major decisions of the Company and the group business, to represent Yangming Shipping Group externally and to lead and command the Group's operating policy as a highest manager. Hoping to participate in the operation and management of the Company in a more pragmatic manner, to concentrate its powers, to exert efficiency and operational benefits, and to achieve the mission of implementing the resolutions of the Board of Directors. In addition, in order to achieve the goal of improving the company's system and implementing corporate governance, the company will make necessary adjustments within the prescribed period in accordance with the provisions of the Board of Directors of Public Company and Compliance Rule of exercise powers issued by the Taiwan Stock Exchange Co., Ltd.

Note2: Li-Chuan Wang was appointed as Chief Auditor on 2021.03.29. Shih-Fang Hsu, the former Chief Auditor was transferred as Chief Taiwan Operations Officer since 2021.03.29, and Shao-Feng Chang, Chief Commercial Officer, didn't serve as Chief Taiwan Operations Officer at the same day anymore.

Note3: Kuan-Sheng Fu was appointed as Accounting Supervisor on 2021.04.01. Yu-Wen Su, Chief Financial Officer didn't serve as Accounting Supervisor at the same day.

	Experience (Education)	Current position at other companies	Managers who are spouse or within two degree of kinship			Note
			Title	Name	Relationship	
	·Deputy Vice President of this company ·Bachelor of National Taiwan University	None	-	-	-	
	·Deputy Vice President of this company ·Bachelor of Soochow University	·Director of Triumph Logistics, Inc., Topline Transportation Inc., Transcont intermodal Logistics, Inc.	Senior Vice President	Yi -Ta Wu	Spouse	
	·Deputy Vice President of this company ·Bachelor of National Cheng Kung University	None	-	-	-	
	·Deputy Vice President of this company ·Bachelor of National Chung Hsing University	·Director of Yang Ming(America) Corp., Yang Ming Shipping (Canada) Ltd., Transcont Intermodal Logistics Inc.	-	-	-	
	·Deputy Vice President of this company ·Bachelor of National Chung Hsing University	None	-	-	-	
	·Deputy Vice President of this company ·Master of Rotterdam School of Management, Erasmus University	None	-	-	-	
	·Deputy Vice President of this company ·Master of National Taiwan University	·Director of Yang Ming Culture Foundation.	-	-	-	
	·Deputy Vice President of this company ·Bachelor of National Chung Hsing University	·Director of Yang Ming Insurance Co., Ltd.	-	-	-	
	·Deputy Vice President of this company ·Bachelor of National Taiwan Ocean University	None	-	-	-	
	·Deputy Vice President of this company ·Master of National Cheng Kung University	·Director of Manwa Co., Ltd.	-	-	-	
	·Deputy Vice President of this company ·Bachelor of National Taiwan Ocean University	None	-	-	-	
	·Deputy Vice President of this company ·Master of National Cheng Kung University	·Director of All Oceans Transportation Inc., Sunbright Insurance Pte. Ltd., Yang Ming Insurance Co., Ltd. ·Supervisor of Taipei Container Terminal Corp., United Stevedoring Corp., PT. Formosa Sejati Logistics., Yunn Wang Investment Co., Ltd.	-	-	-	

3.3 Remuneration Paid during the most recent fiscal year to Directors, Supervisors, President and Vice President

3.3.1 Remuneration of Directors (Including Independent Directors.)

Title	Name	Remuneration of Directors							
		Base Compensation(A) (Note 2)		Separation pay(B)		Director Compensation(C) (Note 3)		Allowance(D) (Note 4)	
		The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)
Legal Entity as Director	MOTC	0	0	0	0	21,695	21,695	0	0
Legal Entity as Director	NDF	0	0	0	0	21,694	21,694	0	0
Legal Entity as Director	TIPC	0	0	0	0	7,231	7,231	0	0
Legal Entity as Director	TNC	0	0	0	0	7,231	7,231	0	0
Chairman	Cheng-Mount Cheng, Corporate Representative of the MOTC	77	77	0	0	0	0	0	0
Chairman	Chih-Chien Hsieh, Corporate Representative of the MOTC	0	0	0	0	0	0	0	0
Director	Ping-Jen Tseng, Corporate Representative of the MOTC	0	0	0	0	0	0	0	0
Director	Kun-Ching Liao, Corporate Representative of the MOTC	102	102	0	0	0	0	0	0
Director	Shao-Yuan Chang, Corporate Representative of The NDF	102	102	0	0	0	0	0	0
Director	Chien-Yi Chang, Corporate Representative of The NDF	102	102	0	0	0	0	0	0
Director	Keh-Her Shih, Corporate Representative of The NDF	3	3	0	0	0	0	0	0
Director	Shao-Liang Chen, Corporate Representative of The TIPC	67	67	0	0	0	0	0	0
Director	Wen-Ching Liu, Corporate Representative of The TNC	358	358	0	0	0	0	0	0
Independent Director	Ming-Sheu Tsai	210	210	0	0	0	0	0	0
Independent Director	Tar-Shing Tang	708	708	0	0	0	0	0	0
Independent Director	Tze-Chun Wang	708	708	0	0	0	0	0	0
Independent Director	Jei-Fuu Chen	376	376	0	0	0	0	0	0

Note1: The Chairman: Cheng-Mount Cheng took office as Corporate Representative of the NDF from 2018.8.17 to 2020.09.30, he has been changed as Corporate Representative of the MOTC and elected as Chairman on 2020.10.01. Chih-Chien Hsieh, Former Chairman & Corporate Representative of the MOTC retired since 2020.10.01. The seat of Cheng-Mount Cheng in Corporate Representative of the NDF is changed into Keh-Her Shih on 2020.12.21 to serve as. The Corporate Representative of TIPC: Shao-Liang Chen, took office after the re-election of board of directors at annual shareholders' meeting on 2018.06.22, he left the office on 2019.06.17, and he took the office again on 2020.05.05. In addition, the Independent Directors: Ming-Sheu Tsai resigned on 2020.04.16, Jei-Fuu Chen took office after the re-election of board of directors at annual shareholders' meeting on 2020.06.17.

Note2: Compensations in 2020. The chairman and CEO of the company, Cheng-Mount Cheng, took office as a director from 2020.01.01 to 2020.09.30, received the remuneration of the directors. After Chairman Cheng-Mount Cheng took office as the chairman on 2020.10.01, and the former chairman, Chih-Chien Hsieh only obtained the compensation as their employee's salary, and the Labor Director and Vice President, Ping-Jen Tseng also being the employee of this company, only obtained relevant remuneration from being the company's employee, and didn't receive director's remuneration.

Note3: Fill in the amount of directors' remuneration in 2020 approved by the board of directors

Note4: No director of this company receiving the relevant allowance in 2020.



Unit: NT\$Thousand

	Ratio of total remuneration (A+B+C+D) to net income (%) (Note 10)		Relevant remuneration from being the company’s employee								Ratio of total remuneration (A+B+C+D+E+F+G) to net income(%) (Note 10)		Compensation from an invested company other than the company’s subsidiary (Note 11)
			Salary, bonus, and allowance (E) (Note 5)		Separation pay (F)		Employee Compensation(G) (Note 6)						
	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company	All companies in the consolidated financial statement (Note 7)	The Company		All companies in the consolidated financial statement (Note 7)		The Company	All companies in the consolidated financial statement (Note 7)	
Cash							share	Cash	share				
	0.181%	0.181%	0	0	0	0	0	0	0	0	0.181%	0.181%	-
	0.181%	0.181%	0	0	0	0	0	0	0	0	0.181%	0.181%	-
	0.060%	0.060%	0	0	0	0	0	0	0	0	0.060%	0.060%	-
	0.060%	0.060%	0	0	0	0	0	0	0	0	0.060%	0.060%	-
	0.001%	0.001%	1,295	1,295	0	0	0	0	0	0	0.011%	0.011%	-
	0.000%	0.000%	4,599	4,599	3,062	3,062	0	0	0	0	0.064%	0.064%	-
	0.000%	0.000%	2,287	2,287	0	0	98	0	0	0	0.020%	0.020%	-
	0.001%	0.001%	0	0	0	0	0	0	0	0	0.001%	0.001%	-
	0.001%	0.001%	0	0	0	0	0	0	0	0	0.001%	0.001%	-
	0.001%	0.001%	0	0	0	0	0	0	0	0	0.001%	0.001%	-
	0.000%	0.000%	0	0	0	0	0	0	0	0	0.000%	0.000%	-
	0.001%	0.001%	0	0	0	0	0	0	0	0	0.001%	0.001%	-
	0.003%	0.003%	0	0	0	0	0	0	0	0	0.003%	0.003%	-
	0.002%	0.002%	0	0	0	0	0	0	0	0	0.002%	0.002%	-
	0.006%	0.006%	0	0	0	0	0	0	0	0	0.006%	0.006%	-
	0.006%	0.006%	0	0	0	0	0	0	0	0	0.006%	0.006%	-
	0.003%	0.003%	0	0	0	0	0	0	0	0	0.003%	0.003%	-

Note5: Compensations including salaries, allowance, separation pay, bonus, incentives, special disbursements, perquisites, accommodation, company cars, and other provided objects, received by directors who are employees of this company, (including serving as president, Executive Vice presidents, other managerial officers, and employees.), but relevant compensations NT\$577 thousand paid to drivers are excluded. In addition, the salary expenses recognized in the IFRS2(Share-based Payment), including obtainments of employee stock option certificates, restricted stock rewards, and participation of subscribing stock by cash injection, also counted in the compensations.

Note6: Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors and employees (including serving as president, Executive Vice presidents, other managerial officers, and employees.) in 2020, and the amount of employee remuneration approved by the board of directors shall be disclosed.

Note7: It's must to disclose total amounts of director's compensations paid by all companies (including this company) listed in this consolidation.

Note8: The directors who receiving compensations paid by this company, their name is disclosed in the attributed bracket: been omitted.

Note9: It's must to disclose total amounts of director's compensations paid by all companies (including this company) listed in this consolidation. Directors' name disclosed in the attributed bracket: been omitted.

Note10: The net profit after tax of financial statement in 2020.

Note11: This company's directors didn't receive the relevant compensations of others reinvested business which isn't under the subsidiaries.

Note12: Apart from the disclosure of the above table, director's compensations receiving by providing services (such as acting as non-employee advisers) for all listed companies in this financial statement: Non.

* The income concept of remuneration disclosed this table is dissimilar to the Income Tax Act, therefore, this table is for information disclosure, not for taxation.

3.3.2 Remuneration of President and Executive Vice Presidents

Tittle	Name	Salary (A) (Note 6)		Separation Pay (B)	
		The Company	All companies in the consolidated financial statement (Note 9)	The Company	All companies in the consolidated financial statement (Note 9)
Chief Executive Officer	Cheng-Mount Cheng	1,013	1,013	0	0
Former Chief Executive Officer	Chih-Chien Hsieh	3,425	3,425	3,062	3,062
President&COO (Note1)	Shu-Chin Tu	2,755	2,755	0	0
Former President&COO (Note2)	Wen-Bor Lin	887	887	12,431	12,431
CIO& Executive Vice President	Der-Shi Tsao	2,928	2,928	0	0
Chief Auditor&Executive Vice President	Shih-Fang Hsu	2,730	2,730	0	0
Senior Executive Vice President (Note 3)	Kuen-Rong Pai	1,998	1,998	0	0
Executive Vice President (Note 4)	Shih-Chou Lee	484	484	0	0
Executive Vice President (Note5)	Mei-Chi Shih	2,578	2,593	0	0

* Regardless of job title, any position equivalent to president or executive vice president (such as chairman, chief executive officer, director... etc.) should be disclosed.

Note1: Shu-Chin Tu, Former Chief Strategy Officer and Senior Vice President was promoted to Chief Strategy Officer and Executive Vice President on 2020.04.01, and then promoted to President&COO on 2020.11.12.

Note2: Wen-Bor Lin, Former President retired since 2020.02.16, the remuneration is inclusive of separation pay.

Note3: Kuen-Rong Pai, Former Senior Vice President transferred to Yang Ming (Mediterranean) Corp. on 2020.09.10.

Note4: Shih-Chou Lee, Former Executive Vice Presiden transferred to Yang Ming (Singapore) Corp.on 2020.03.16.

Note5: Mei-Chi Shih, Former Chief Administrative Officer and Senior Vice President was promoted to Chief Administrative Officer and Executive Vice President on 2020.04.01, and then transferred to Yang Ming (China) Corp. on 2021.02.28.

Note6: Salaries and allowances to this company's President, and EVPs in 2020.

Unit: NT\$Thousand

	Bonus and Allowances etc. (C) (Note 7)		Employee Compensation (D) (Note 8)				Ratio of total remuneration (A+B+C+D) to net income(%) (Note 10)		Compensation from an invested company other than the company's subsidiary (Note 11)
	The Company	All companies in the consolidated financial statement (Note 9)	The Company		All companies in the consolidated financial statement (Note 9)		The Company	All companies in the consolidated financial statement (Note 9)	
			Cash	Stock	Cash	Stock			
	282	282	0	0	0	0	0.011%	0.011%	-
	1,174	1,174	0	0	0	0	0.064%	0.064%	-
	327	327	214	0	214	0	0.028%	0.028%	-
	446	446	21	0	21	0	0.115%	0.115%	-
	207	207	134	0	134	0	0.027%	0.027%	-
	196	196	127	0	127	0	0.025%	0.025%	-
	215	215	0	0	0	0	0.018%	0.018%	-
	180	180	0	0	0	0	0.006%	0.006%	-
	177	177	118	0	118	0	0.024%	0.024%	-

Note7: Compensations including salaries, allowance, separation pay, bonus, incentives, special disbursements, perquisites, accommodation, company cars, and other provided objects, received by President, EVPs, but relevant compensations NTD\$602 thousand and NTD\$344 thousand paid to two drivers are excluded. In addition, the salary expenses recognized in the IFRS2(Share-based Payment), including obtainments of employee stock option certificates, restricted stock rewards, and participation of subscribing stock by cash injection, also counted in the compensations.

Note8: Fill in the amount of employees' remuneration in 2020 approved by the board of directors.

Note9: The disclosure of total amounts of President's and EVPs' compensations paid by all companies (including this company) listed in this consolidation.

Note10: The net profit after tax of financial statement in 2020.

Note11: This company's President and EVPS didn't receive the relevant compensations of others reinvested business which isn't under the subsidiaries.

* The income concept of remunerations disclosed this table is dissimilar to the Income Tax Act, therefore, this table is for information disclosure, not for taxation.

3.3.3 Name and distribution of managers who distribute employee compensation.

2020.12.31

Unit: NT\$Thousand

	Title (Note 1)	Name	Employee Compensation in Stock (Note2)	Employee Compensation in Stock (Note2)	Total	Ratio of Total Amount to Net Income (%) (Note 3)
Executive Officers	Chief Operation Officer (President)	Shu-Chin Tu	0	4,053	4,053	0.034%
	Chief Information Officer& Executive Vice President	Der-Shi Tsao				
	Chief Administrator Officer& Executive Vice President	Mei-Chi Shih				
	Chief Taiwan Operations Officer & Senior Vice President	Chia-Lin Wu				
	Chief Marine Technology Officer & Senior Vice President	Yeoung- Shuenn Ho				
	Chief Commercial Officer &Senior Vice President	Chao-Feng Chang				
	Chief Strategy Officer & Senior Vice President	Jeng-Shong Jeng				
	Chief Auditor & Executive Vice President	Shih-Fang Hsu				
	Chief Logistics Officer &Senior Vice President	Kou-Liang Huang				
	Chief Financial Officer& Senior Vice President	Hsiu-Chi Ho				
	Head of Accounting Department & Vice President	Yu-Wen Su				
	Senior Vice President	Jie-Li Zhu				
	Senior Vice President	Shi-Nan Huang				
	Senior Vice President	Yi-Ta Wu				
	Senior Vice President	Chien-Chang Tzeng				
	Senior Vice President	Tseng-Yu Chiu				
	Senior Vice President	Li-Ping Xiong				
	Senior Vice President	Tien-Shun Wu				
	Vice President	Tung-Hai Chen				
	Vice President	Shyi-Chang Chang				
	Vice President	Ping- Jen Tseng				
	Vice President	Yung-Kai Wang				
	Vice Presiden	Leng-Hui Wang				
	Vice President	Kun-Ping Yi				
	Vice President	Chia-Tien Tun				
	Vice President	Lung-Hsing Chu				
	Vice President	Shun-Chin Yang				
	Vice President	Pao-Lin Lee				
	Vice President	Chun-Chieh Lu				
	Vice President	Wen-Chung Yeh				
	Vice President	Tai-Chi Tsai				
	Vice President	Men-Huo Tsai				
	Vice President	Li-Wen Liu				
	Vice President	Mei-Ling Chung				
	Vice President	Hann-Sy Hwang				
	Vice President	Lung-Fu Chen				
	Vice President& Corporate Governance Supervisor	Ting-Yu Lu				
	Finance Supervisor	Shu- Hui Ou				

Note1: The title as of 2020.12.31.

Note2: The amount of employees' compensation for managers for 2020, which was approved by the Board of Directors in 2021.

Note3: Net income is the profit after tax of the parent-company-only financial statements of 2020.

Note4: The scope of application of the manager is based on the letter from the Financial Supervisory Commission R.O.C. (Taiwan) on 2003.03.27, the Taiwanese Certificate of Finance (Tai-Cai-Zheng-San-Zi), No. 0920001301, the scope of which is as follows:

- (1) President and equivalent.
- (2) Executive Vice President and equivalent.
- (3) Senior Vice President and Deputy Senior Vice President of equivalent.
- (4) Head of Finance Department.
- (5) Head of Accounting Department.
- (6) Other persons who have the right to manage affairs and sign on behalf of the Company.

3.3.4 Analysis of the proportion of the total remuneration of directors, supervisors, president, and EVPs of the company paid by the company and all companies in the consolidated financial statement to net profit after tax in individual financial statement of the recent two years. Explanation of remuneration policies, standards and packages, the procedure of determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the proportion of the total remuneration of directors, supervisors, president, and EVPs of the company paid by the company and all companies in the consolidated financial statement to net profit after tax in individual financial statement of the recent two years.

Title	The company		All companies in the consolidated financial statement	
	Year 2019	Year 2020	Year 2019	Year 2020
Director	-0.2%	0.6%	-0.2%	0.6%
President and EVP	-0.9%	0.3%	-0.9%	0.3%

Note: This company sets up the audit committee, according to the law, doesn't need to set up and elect supervisors.

2. Explanation of remuneration policies, standards and packages, the procedure of determining remuneration, and its linkage to operating performance and future risk exposure:

The board of directors is authorized to determine the remuneration of chairman and directors being in compliance with their participation of company's operation and their contribution, also referring to standards of the industry, which means the annual remuneration for the equals in the marine industry. The salary of chairman, directors, and managerial officers is according to the law determined by the compensation committee. The salary paid to the other members is in accordance with their assigned duty's degree of responsibility, and the standards in the same industry. If the salary needs to be adjusted caused by the variation of pay level in market, it must pass the total quota of salary adjustment through board of director's determination, then refers to employee's performance review. In addition to the Chinese new year bonus for one-month worth of pay, if the company has the earnings in the year, it could contribute the performance bonus by calculating formula, and employee's compensations according to the rule of Company Articles. This company's remuneration assessment for each position is through strict evaluation of performance appraisal system, and overall considers the participation of company's operation and individual responsibilities, so that can reduce the future risk.

3.3.5 Enhanced disclosure: This company's compensation committee sets and review regularly directors' and managerial officers' performance evaluation and the remuneration's policy, system, standard, and structure.

3.4 Corporate Governance Status

3.4.1 Board of Directors Meeting Status

There are 12 meetings (A) convened by the Board of Directors in 2020. The attendance records are as below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Chairman	Cheng-Mount Cheng (Corporate Representative of the MOTC)	11	1	92%	Inaugurated as director as corporate representative of the NDF between 2018.08.17 and 2020.09.30. Inaugurated as director as corporate representative of the MOTC and elected as chairman since 2020.10.01.
Former Chairman	Chih-Chien Hsieh (Corporate Representative of the MOTC)	9	0	90%	Inaugurated as director and elected as chairman on 2016.06.23. Stepped down as chairman on 2020.09.30 and retired on 2020.10.01. 1 leave of absence.
Director	Kun-Ching Liao (Corporate Representative of the MOTC)	12	0	100%	New office assumed on 2018.06.22.
Director	Ping-Jen Tseng (Corporate Representative of the MOTC)	12	0	100%	New office assumed on 2016.06.22.
Director	Keh-Her Shih (Corporate Representative of the NDF)	0	1	0%	Inaugurated as director on 2020.12.21.
Director	Shao-Yuan Chang (Corporate Representative of the NDF)	11	1	92%	Inaugurated as director on 2019.04.29.
Director	Chien-Yi Chang (Corporate Representative of the NDF)	6	6	50%	New office assumed on 2018.06.22.
Director	Shao-Liang Chen (Corporate Representative of the TIPC)	6	3	67%	New office assumed on 2018.06.22. Stepped down as director on 2019.06.17. Inaugurated as director on 2020.05.05.
Director	Wen-Ching Liu (Corporate Representative of the TNC)	11	1	92%	New office assumed on 2018.06.22.
Independent Director	Tar-Shing Tang	12	0	100%	New office assumed on 2018.06.22.
Independent Director	Tze-Chun Wang	12	0	100%	New office assumed on 2018.06.22.
Independent Director	Jei-Fuu Chen	6	0	100%	Elected to fill the vacancy as independent director on 2020.06.17.
Former Independent Director	Ming-Sheu Tsai	2	0	67%	Elected to fill the vacancy as independent director on 2017.06.22. Renewal of office on 2018.06.22. Resigned on 2020.04.16. 1 leave of absence.

Other matters to be stated:

- Where the operation of the Board meets the following situations, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:
 - Matters specified in Article 14-3 of the Securities and Exchange Act: According to Article 14-5 of the Securities and Exchange Act, Article 14-3 does not apply to Yang Ming.
 - Unless otherwise stated, other resolutions passed but independent directors expressed opposition or qualified opinions that were recorded or declared in writing as: None.
- In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion, the reason for avoiding conflict of interest and participation in the voting process:

Director	Motion	Reason for Avoiding Conflict of Interest	Participation in the Voting Process
Shao-Liang Chen	Lease renewal of national land in Keelung City	The motion concerned the interests of corporate represented by Director Shao-Liang Chen	Disassociated from discussion and voting
Shao-Liang Chen	Rental and service contract renewal of pier and related facilities of Port of Kaoshiung for subsidiaries, and evaluation report on related party transaction	The motion concerned the interests of corporate represented by Director Shao-Liang Chen	Disassociated from discussion and voting
Cheng-Mount Cheng	Compensation for chairman & chief executive officer	The motion concerned the interest of Director Cheng-Mount Cheng	Disassociated from discussion and voting

- In order to implement corporate governance and enhance the functions of the Board, Yang Ming sets up a performance target to enhance the operation efficiency of the Board and establishes the regulations of Board and functional committee performance assessments. The following is the information of Board and functional committee performance assessment for the year of 2020. The results of performance assessment shall be referred to 3.4.6 the state of the Company's implementation of corporate governance, any departure from such implementation in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for such departure.

Frequency	Year	Range	Methods	Contents
Once a year	2020	The Board, individual directors and functional committees	Internal self-evaluation by the Board and its members.	- The performance assessment of the Board includes the participation in Yang Ming's operations, the quality improvement of the Board's decisions, the composition and structure of the Board, the election and continuing education of directors, and internal control, and so on. - The performance assessment of individual directors includes the grasp of the goals and tasks of Yang Ming, the director's responsibilities, the participation in Yang Ming's operations, the management and communication of internal relations, the professional and continuing education of directors, and internal control, and so on. - The performance assessment of functional committees includes the participation in Yang Ming's operations, the functional committees' responsibilities, the quality of functional committee's decisions, the composition and selection of functional committees, and internal control, and so on.
Once every three years	2020	The Board and functional committees	External assessment by Taiwan Corporate Governance Association	- The composition of the Board - The instruction of the Board - The authorization of the Board - The supervision of the Board - The communication of the Board - Internal control and risk management - Self discipline of the Board - Others: Board meetings, back-up system and so on

4. Enhancements to the functionality of the Board in current and recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc), and the progress of such enhancements:
- (1) Improvement of information transparency: Yang Ming operates transparently, concerns the shareholders' rights, and announces the crucial resolutions instantly after the Board meetings. Yang Ming has also formulated "Procedures for Handling Material Inside Information" to establish sound mechanisms for the handling and disclosure of material inside information, and to improve and enhance the information transparency.
 - (2) Continuing education of directors: Yang Ming arranges continuing education of directors according to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" and discloses the courses and hours of continuing education on Market Observation Post System. Except that Director Keh-Her Shih inaugurated 2020.12.21, directors' and independent directors' CPE hours in 2020 were 66 hours standing on the policy, the actual total CPE hours reached 77.5 hours.
5. Enhanced disclosure: The expected attendance for all independent directors was 33 times, there was 0 times by proxy, 1 times authorized absence, the attendance rate is 97%. It's in accordance with Article 7 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", at least one independent director shall attend each Board meeting in person.

3.4.2 Composition and operation of the Audit Committee and Supervisions

Yang Ming appoints Audit Committee on 2013.06.14. The original members of the 3rd Audit Committee are independent director Ming-Sheu Tsai (convener), independent director Tar-Shing Tang and independent director Tze-Chun Wang. Since independent director Ming-Sheu Tsai has resigned on 2020.04.16, the Audit Committee has chosen independent director Tar-Shing Tang as the convener and independent director Jei-Fuu Chen is elected to fill the vacancy as independent director on 2020.06.17.

1. Responsibilities of the Audit Committee

- (1) Adoption or amendment to the internal control systems pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adopt or amend the procedures for material financial or business activities such as acquisition or disposal of assets, derivatives trading, monetary loans to others, or providing endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Matters in which a director is an interested party.
- (5) Material asset and derivatives transactions.
- (6) Material monetary loanings or endorsement, or provision of guarantees.
- (7) Public offering, issuance, or private placement of equity-type securities.
- (8) Appointment, dismissal or compensation of certified public accountants.
- (9) Appointment and dismissal of chief financial officer, chief accounting officer, or chief auditor.
- (10) Annual financial reports signed or sealed by chairman, managerial officer and chief accounting officer, and semi-annual financial reports audited by certified public accountants.
- (11) Any other material matters so required by Yang Ming or by the competent authorities.

2. 2020 work summary of the Audit Committee

- (1) Review 2019 business report, financial statements, deficit compensation proposal, employees' profit sharing bonus and directors' compensation.
- (2) Review 2019 self-assessment audit report and statement of internal control system.
- (3) Review the amendments to 2019 audit plans and 2020 audit plans.
- (4) Review 2020 business plans and budget.
- (5) Review the compensation of certified public accountants for the year of 2020.
- (6) Review the amendments to handling procedure for acquisition or disposal of assets, internal control system and implementation rules for internal audits.



- (7) Review material asset transactions.
- (8) Review transactions regarding loaning funds, endorsement, or provision of guarantees.
- (9) Review Yang Ming's private placement of preferred shares A
- (10) Review the appointment and discharge of the financial officer.

3. Audit Committee Meeting Status

There are 9 meetings (A) convened by the Audit Committee in 2020. The attendance records are as below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Independent Director (Convener)	Tar-Shing Tang	9	0	100	New office assumed on 2018.06.22.
Independent Director	Tze-Chun Wang	9	0	100	New office assumed on 2018.06.22.
Independent Director	Jei-Fuu Chen	3	0	100	Elected to fill the vacancy as independent director on 2020.06.17.
Former Independent Director	Ming-Sheu Tsai	3	0	100	Elected to fill the vacancy as independent director on 2017.06.22. Renewal of office on 2018.06.22. Resigned on 2020.04.16.

Other matters should be stated:

1. Where the operation of the Audit Committee meets the following situations, the minutes concerned shall clearly state the meeting date, term, contents of motions, Audit Committee's resolutions and the Company's resolution of Audit Committee's opinions:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Board Meeting	Contents of Motions	Audit Committee Meeting	Audit Committee's Resolution	The Company's Resolution of Audit Committee's opinions
The 342 nd meeting 2020.01.21	Disposal and sale of ships aged 20 which needs dry-dock repair	The 46 th meeting 2020.01.10	Approved by all independent directors in attendance subject to limited commission.	Submitted to the Board for review and approved by all directors in attendance.
	Purchasing dry and reefer containers			
	Continuously participate in the Taipei Urban Land Renewal			
	Capital reduction and liquidation of subsidiaries		Approved by all independent directors in attendance.	
	Adding the quota of loaning funds to subsidiaries			
	Providing endorsement and guarantee for subsidiaries			
	Appointment and discharge of the financial officer	The 47 th meeting 2020.01.21	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
The 344 th meeting 2020.03.26	2019 financial statements	The 48 th meeting 2020.03.13	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	2019 self-assessment audit report and statement of internal control system			
	Liquidation of subsidiaries			
	Land development in Taipei City		Approved by all independent directors in attendance subject to the quotation by urban land company as lower limit.	
	Adding the quota of loaning funds to subsidiaries			
	Providing endorsement and guarantee for subsidiaries			
	Compensation of certified public accountants for the year of 2020			
	Amendments to handling procedure for acquisition or disposal of assets		Approved by all independent directors in attendance.	
	Amendments to internal control system			

Board Meeting	Contents of Motions	Audit Committee Meeting	Audit Committee's Resolution	The Company's Resolution of Audit Committee's opinions
The 345 th meeting 2020.05.06	Private placement of preferred shares A	The 49 th meeting 2020.04.22	Approved by all independent directors in attendance subject to amendments to content and details of preferred shares A according to independent directors' opinions and then submitted to the Board for approval.	Amendments to content and details of preferred shares A according to independent directors' opinions and submitted to the Audit Committee for approval.
		The 50 th meeting 2020.05.06	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
The 346 th meeting 2020.05.13	Lease renewal of national land in Keelung City	The 49 th meeting 2020.04.22	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance except Director Shao-Liang Chen disassociated from discussion and voting due to avoiding conflict of interest of corporate represented by himself.
	Sale and leaseback of new built container vessel with subsidiaries			Submitted to the Board for review and approved by all directors in attendance.
	Cash capital injection for subsidiaries			Submitted to the Board for review and approved by all directors in attendance to apply to Investment Commission, MOEA first and then analyze the cost and effectiveness of other alternative for Audit Committee and the Board's discussion.
	Adding the quota of loaning funds to subsidiaries			Submitted to the Board for review and approved by all directors in attendance subject to finding other alternative with the certified public accountants and reporting to the Audit Committee.
	Adding the quota of loaning funds to subsidiaries			Submitted to the Board for review and approved by all directors in attendance.
	Providing endorsement and guarantee for subsidiaries			
The 347 th meeting 2020.06.11	Cancelling the quota of loaning funds to subsidiaries	The 51 st meeting 2020.06.11	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Cancelling cash capital injection for subsidiaries			
The 348 th meeting 2020.08.13	Once sale and leaseback contract of the container vessel is due, return the said vessel and pay the money to the shipowner	The 52 nd meeting 2020.07.23	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Sale and leaseback of new built container vessel with subsidiaries			
	Disposal and sale of overaged containers			
	Adjustment of shareholding structure and equity investment of subsidiaries			
	Subsidiaries terminated container vessel lease contract, Yang Ming bought the container vessel and sale and leaseback of container vessel with subsidiaries			
	Providing endorsement and guarantee for subsidiaries whose credit term with financial institutions has been modified			
	Providing endorsement and guarantee for subsidiaries			
	Adding the quota of loaning funds to subsidiaries			



Board Meeting	Contents of Motions	Audit Committee Meeting	Audit Committee's Resolution	The Company's Resolution of Audit Committee's opinions
The 352 nd meeting 2020.11.12	Capital injection for loan repayment prior to the liquidation of subsidiaries	The 53 rd meeting 2020.10.22	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Rental and service contract renewal of pier and related facilities of Port of Kaohsiung for subsidiaries, and evaluation report on related party transaction		Approved by all independent directors in attendance subject to offering material information for Board approval.	Submitted to the Board for review and approved by all directors in attendance except Director Shao-Liang Chen disassociated from discussion and voting due to avoiding conflict of interest of corporate represented by himself.
	Replacement of machine tools and investment of integration at container depot		Approved by all independent directors in attendance subject to offering purchasing information for Board approval.	Submitted to the Board for review and approved by all directors in attendance.
	Review accounts receivable to comply with the modification of disguised financial intermediation standard from Securities and Futures Bureau (SFB)		Approved by all independent directors in attendance to be classified as report item and submitted to the Audit Committee for approval after offering related information.	Offering related information according to independent directors' opinions and submitted to the Audit Committee for approval.
	Write off the refundable deposit of subsidiaries		Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Subscription of the second domestic private unsecured corporate bond of subsidiaries			
	Providing endorsement and guarantee for subsidiaries			
	Providing endorsement and guarantee for subsidiaries whose credit term with financial institutions has been modified			
	Long-term equity investments for sub-subsidiaries			
The 353 rd meeting 2020.12.23	Future strategy and plan of Los Angeles port investments	The 54 th meeting 2020.12.14	Approved by all independent directors in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Review accounts receivable to comply with the modification of disguised financial intermediation standard from Securities and Futures Bureau (SFB)			

(2) Aside from the aforementioned matters, proposals where the Audit Committee did not approve but more than two-thirds of directors approve: None.

2. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion, the reason for avoiding conflict of interest and participation in the voting process: None.

3. Communication between independent directors and chief auditor and certified public accountants (which should include material matters, methods and results relating to corporate finance and business affairs etc.):

(1) Yang Ming's chief auditor should be present in Board and functional committee meetings, periodically communicate and explain auditing reports and other relevant matters to independent directors, and has informal discussion at the end of the year. The major items of these communications in 2020 are as follows:

Date	Methods	Major Items	Results
2020.01.21	The 342 nd Board Meeting	Internal audit follow-up report for the 3 rd quarter of 2019	Independent directors raised no objections
2020.03.13	The 48 th Audit Committee Meeting	1. Report on internal control system self-testing results and statement of internal control system for the year 2019 2. Amendment on partial articles of implementation rules for internal audits	Independent directors raised no objections
2020.03.26	The 344 th Board Meeting	1. Report on internal control system self-testing results and statement of internal control system for the year 2019 2. Amendment on partial articles of implementation rules for internal audits 3. Internal audit follow-up report for the 4 th quarter of 2019	Independent directors raised no objections

Date	Methods	Major Items	Results
2020.08.13	The 348 th Board Meeting	Internal audit follow-up report for the 1 st quarter of 2020	Independent directors raised no objections
2020.10.22	The 53 rd Audit Committee Meeting	1. Amendment on internal audit plan for the year of 2020 2. Proposal of internal audit plan for the year of 2021	Independent directors raised no objections
2020.11.12	The 352 nd Board Meeting	1. Amendment on internal audit plan for the year of 2020 2. Proposal of internal audit plan for the year of 2021 3. Internal audit follow-up report for the 2 nd quarter of 2020	Independent directors raised no objections
2020.12.09	Individual communication between independent directors and chief auditor	Internal audit report for the year of 2020	Independent directors raised no objections

- (2) Yang Ming's CPAs should be present in the quarterly Audit Committee and Board meeting, periodically report audit and review results of financial statements, and matters related to the relevant laws to independent directors, and have a direct communication with independent directors quarterly. The major items of these communications in 2020 are as follows:

Date	Methods	Matters	Results
2020.03.13	Individual communication between independent directors and CPAs	1. Audit method and opinion on the financial statements for the year of 2019 2. Key audit items 3. Regulatory developments	Independent directors raised no objections
2020.03.13	The 48 th Audit Committee Meeting	1. Financial statements for the year of 2019	Independent directors raised no objections
2020.03.26	The 344 th Board Meeting	2. Key audit items 3. Regulatory developments	
2020.05.06	Meeting between independent directors, certified public directors and Yang Ming	Review results for the financial statements for the year of 2019	Independent directors raised no objections
2020.05.13	Meeting between directors, certified public directors and Yang Ming	1. Audit method, range and opinion on the financial statements for the 1 st quarter of 2020 2. Key accounting items 3. Regulatory developments	Independent directors raised no objections
	The 346 th Board Meeting	Consolidated financial statements for the 1 st quarter of 2020	Independent directors raised no objections
2020.08.06	Meeting between special projects committee's members, certified public accountants and Yang Ming	Impairment of assets for Yang Ming's subsidiary	Independent directors raised no objections
2020.08.13	Meeting between directors, certified public directors and Yang Ming	1. Audit method, range and opinion on the consolidated financial statements for the 2 nd quarter of 2020 2. Key accounting items 3. Regulatory developments	Independent directors raised no objections
	The 348 th Board Meeting	Consolidated financial statements for the 2 nd quarter of 2020	Independent directors raised no objections
2020.11.12	Meeting between independent directors, certified public accountants and Yang Ming	1. Audit method, range and opinion on the consolidated financial statements for the 2 nd quarter of 2020 2. Key accounting items 3. Regulatory developments	Independent directors raised no objections
	The 352 nd Board Meeting	Consolidated financial statements for the 3 rd quarter of 2020	Independent directors raised no objections



3.4.3 The Composition, Duties, and Operation of the Compensation Committee

Yang Ming passed the establishment of the Compensation Committee on 2011.07.06, the 278th Board meeting. The Compensation Committee must include 3 members whom are appointed by the Board and above one half members are independent directors. The original members of the 4th Compensation Committee are independent director Ming-Sheu Tsai (convener), independent director Tar-Shing Tang and independent director Tze-Chun Wang resolved on 2018.06.22, the 332nd Board meeting. Since independent director Ming-Sheu Tsai has resigned on 2020.04.16, the Compensation Committee has chosen independent director Tar-Shing Tang as the convener. Independent director Jei-Fuu Chen is elected to fill the vacancy as independent director on 2020.06.17 and is appointed as the member of Compensation Committee on 2020.09.25, the 349th Board meeting.

1. Responsibilities of the Compensation Committee

- (1) Periodically review the Charter of the Compensation Committee and make recommendations for amendments.
- (2) Establish and periodically review the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers.
- (3) Periodically assess the performance achievements for the directors, and managerial officers, and set the types and amounts of their individual compensation based on the results of performance assessment.

2. Information on members of the Compensation Committee

Identity (Note1)	Criteria Name	Meet the following professional qualification requirements, together with at least 5 years work experience			Independence Criteria (Note2)										Number of other Taiwanese public companies concurrently serving as a Compensation Committee member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, accounting, or otherwise necessary for the business of the Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
Independent Director	Tar-Shing Tang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Tze-Chun Wang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Jei-Fuu Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Former Independent Director	Ming-Sheu Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note1: Please specify Director, Independent Director, or Other

Note2: Please mark“✓”in the appropriate boxes, if the Compensation Committee member meets the following conditions during the 2 years before being elected and appointed, and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with the Act or with the laws of the country.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in shareholdings.

- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the managers specified in preceding criteria 1 and and of the persons specified in preceding criteria 2 to 3.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company and ranks among the top 5 in shareholdings or appointed as representative pursuant to Item 1 or 2 of Article 27 of the Company Act. This does not apply in cases where the person is an independent director of the company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (6) Not a director, supervisor or employee of other company who controls more than 50% of the seats of company's director or the voting shares. This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (7) Not a director, supervisor or employee of other company or institution who are the same person or spouse with the chairman, the president, or equivalent. This does not apply in cases where the person is an independent director of the Company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (8) Not a director, supervisor, manager, or shareholder holding more than 5% outstanding shares of a company or institute that has baseness or financial relationship with the Company. This does not apply to some specific companies or institutes which hold more than 20 % and less than 50 % shares of the total issued shares of the Company and in cases where the person is an independent director of the company, its parent company, or any subsidiary belongs to the same parent company, as appointed in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or with the laws of the country.
- (9) Not an owner, partner, director, supervisor, a manager or spouse of any of professional, sole proprietorship, partnership, company, or institution that provides audit or commercial, legal, financial, accounting services with remuneration less than NTD 500,000 in 2 years to the Company or its affiliate . Except for member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security Exchange Act or to the Business Mergers and Acquisitions Act or related laws.
- (10) Not under any of the circumstances set forth in Article 30 of the Company Act.

3. Compensation Committee Meeting Status

(1) The Compensation Committee consists of 3 members.

(2) The term of the 4th Compensation Committee is from 2018.06.22 to 2021.06.21 and there are 4 meetings
(A) convened by the Compensation Committee in 2020. The attendance records are as below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Independent Director (Convener)	Tar-Shing Tang	4	0	100%	
Independent Director	Tze-Chun Wang	4	0	100%	
Independent Director	Jei-Fuu Chen	3	0	100%	
Former Independent Director	Ming-Sheu Tsai	1	0	100%	

Other matters should be stated:

- 1.If the Board does not adopt or amend the Compensation Committee's suggestions, the minutes concerned shall clearly state the meeting date, term, contents of motions, Board's resolutions and the Company's resolution of Compensation Committee's opinions: None
- 2.For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, the minutes concerned shall clearly state the meeting date, term, contents of motion, opinions of all members and the Company's resolution of the said opinions: None
- 3.The contents of motions, resolutions, and the Company's resolution of Compensation Committee's opinions in 2020 are as below:

Board Meeting	Contents of Motions	Compensation Committee Meeting	Compensation Committee's Resolution	The Company's Resolution of Compensation Committee's Opinions
The 343 rd meeting 2020.02.03	Compensation for president	The 21 st meeting 2020.02.03	Approved by all members in attendance.	Submitted to the Board for review and approved by all directors in attendance.
The 350 th meeting 2020.09.30	Performance assessment standards review and performance achievements assessment for managerial officers excluding chief executive officer and president in 2019	The 22 nd meeting 2020.09.30		
The 352 nd meeting 2020.11.12	Compensation for chairman & chief executive officer	The 23 rd meeting 2020.10.22		Submitted to the Board for review and approved by all directors in attendance except Chairman Cheng-Mount Cheng disassociated from discussion and voting due to avoiding conflict of interest of himself.
The 353 rd meeting 2020.12.23	Compensation for president& chief operations officer	The 23 rd meeting 2020.12.14		Submitted to the Board for review and approved by all directors in attendance.

3.4.4 The Composition, Duties, and Operation of the Special Projects Committee

Yang Ming passed the establishment of the Special Projects Committee on 2018.11.12, the 334th Board meeting to provide advices on material operation matters to strengthen board supervision and management functions. The Special Projects Committee consists of 3 to 7 members and at least one of them is independent director. The original members of the 1st Special Projects Committee are independent director Ming-Sheu Tsai (convener), independent director Tar-Shing Tang, independent director Tze-Chun Wang, director Kun-Ching Liao, director Cheng-Mount Cheng and director Shao-Liang Chen resolved on 2019.01.25, the 335th Board meeting. Since independent director Ming-Sheu Tsai has resigned on 2020.04.16, the Special Projects Committee has chosen independent director Tze-Chun Wang as the convener. Independent director Jei-Fuu Chen is elected to fill the vacancy as independent director on 2020.06.17 and is appointed as the member of Special Projects Committee on 2020.08.13, the 348th Board meeting. Director Cheng-Mount Cheng has resigned on 2020.10.01 while elected as chairman. Among Special Projects Committee members, independent director Tar-Shing Tang is a legal expert, independent director Tze-Chun Wang and independent director Jei-Fuu Chen are finance and accounting experts.

1. Responsibilities of the Special Projects Committee

- (1) Provide advices on major regulations or system changes, and business environment changes.
- (2) Provide advices on material contract disputes and assist the board of director to supervise the managerial departments' decision-making.
- (3) Provide advices on financial risks such as financing, interest rate, exchange rate, liquidity and solvency.
- (4) Provide advices on material adjustments to Yang Ming's organization.
- (5) Matters directed by shareholders' meetings and board meetings.

If the above items are listed in Article 14-5 of the Securities Exchange Act, the audit committee shall deliberate by the provisions of Special Projects Committee Charter.

2. Special Projects Committee Meeting Status

- (1) The Special Projects Committee consists of 5 members.
- (2) The term of the 1st Special Projects Committee is from 2019.01.25 to 2021.06.21 and there are 9 meetings (A) convened by the Special Projects Committee in 2020. The attendance records are as below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Remarks
Independent Director (Convener)	Tze-Chun Wang	9	0	100%	New office assumed on 2019.01.25.
Independent Director	Tar-Shing Tang	9	0	100%	New office assumed on 2019.01.25.
Independent Director	Jei-Fuu Chen	2 (1 is in attendance)	1	67%	New office assumed on 2020.08.13.
Former Independent Director	Ming-Sheu Tsai	3	0	100%	New office assumed on 2019.01.25. Resigned on 2020.04.16.
Chairman	Cheng-Mount Cheng	8	0	100%	New office assumed on 2019.01.25. Resigned on 2020.10.01 while elected as chairman.
Director	Kun-Ching Liao	9	0	100%	New office assumed on 2019.01.25.
Director	Shao-Liang Chen	5 (1 is in attendance)	0	100%	New office assumed on 2019.01.25. Stepped down on 2019.06.17. Inaugurated on 2020.05.13.

3. The contents of motions, resolutions, and the Company's resolution of Special Projects Committee's opinions in 2020 are as below:

Board Meeting	Contents of Motions	Special Projects Meeting	Special Projects's Resolution	The Company's Resolution of Special Projects Committee's Opinions
The 342 nd meeting 2020.01.21	Looking into the relevant liability and punishment of investing affiliates	The 8 th meeting 2020.01.21	Approved by all members in attendance to make administrative disposition and discipline, and submitted to the Board for approval.	Submitted to the Board for review and approved by all directors in attendance to make administrative disposition and discipline except Director Ping-Jen Tseng voicing opposing.
	Looking into the relevant liability and punishment of sale and leaseback of container vessel			
The 344 th meeting 2020.03.26	Suggestions on improving Yang Ming's capital structure	The 9 th meeting 2020.03.10	Approved by all members in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Stress test report on Yang Ming's financials		Approved by all members in attendance subject to offering related information for Board approval.	Submitted to the Board for review and approved by all directors in attendance subject to offering related information for Board approval.
-	Ratification of supplement service contract of financial stress test	The 11 th meeting 2020.05.12	Ratified by all members in attendance.	Follow as instructed.
The 348 th meeting 2020.08.13	The latest progress of sale and leaseback of container vessel	The 12 th meeting 2020.06.11	Approved by all members in attendance.	Submitted to the Board for review and approved by all directors in attendance.
	Stress test report on Yang Ming's financials	The 9 th meeting 2020.03.10	Approved by all members in attendance subject to offering related information for Board approval.	Submitted to the Board for review and approved by all directors in attendance.
-	Suggestions on improving Yang Ming's capital structure	The 13 th meeting 2020.08.06	Approved by all members in attendance.	Follow as instructed.

3.4.5 The range of duties, main point of the business and the advanced education of the Chief Corporate Governance Officer

In accordance with Article 5 of the Organizational Rules of Yang Ming, the Secretarial Office of the Board is the department that promotes corporate governance and implements corporate governance matters of the Board of Directors. In order to strengthen corporate governance, protect shareholders' rights and enhance the function of the Board of Directors, the 335th board meeting adopted the resolution and appointed Ms. Ting-Yu Lu to serve as the Chief Corporate Governance Officer on January 25th, 2019. The related qualification and the responsibilities are in compliance with the requirements for the principle of the corporate governance.

The main duties of the Chief Corporate Governance Officer are to handle related matters for board meetings, shareholders' meetings and functional committees meetings. To prepare meeting minutes, provide information required to directors and independent directors to perform their duties, assist directors and independent directors in their appointments and continuing education, and assist directors and independent directors to comply with laws and regulations, handle and change company registration.

1. The following is the major business of the Chief Corporate Governance Officer in 2020:

- (1) Ensure that shareholders' meetings, board meetings and functional committees meetings are in compliance with the relevant provisions of Yang Ming's Articles of Incorporation, rules and regulations, laws, and resolutions of the shareholders' meetings.
- (2) Coordinate the convening of shareholders' meetings, and handling the convening, notification, meetings, meeting minutes, etc. of board meetings and functional committees meetings.
- (3) Handle the communication meeting between independent directors and certified public accountants or chief auditor separately on the convening, notification, meeting, meeting minutes and other related matters.
- (4) Provide relevant information, instructions, convening discussion meetings and take charge of meeting minutes as required by directors and independent directors.
- (5) Amend the regulations of board and functional committees performance assessments and handle the performance assessments.
- (6) Amend Rules of Procedure for Shareholders Meeting, Rules of Procedure for Board Meeting, Audit Committee Charter, Compensation Committee Charter, Rules Governing the Scope of Powers of Independent Directors in cooperation with the amendment of laws and regulations.
- (7) Assist new directors to inaugurate, and assist directors and independent directors to comply with laws and regulations.
- (8) Assist directors and independent directors to arrange the continuing education.
- (9) Take out appropriate liability insurance for directors and managers.
- (10) Handle company registration and change registration matters in cooperation with the change of directors, chairman, president and paid-in capital.

2. The following is the information of the continuing education of Chief Corporate Governance Officer in 2020:

The advanced education table of Chief Corporate Governance Officer in 2020					
Title	Name	Date	Organizer	Course Name	Hours
Chief Corporate Governance Officer	Ting-Yu Lu	2020.10.14	Securities and Futures Institution	Preventing Insider Trading and Stock Trading Conference in 2020	3
		2020.10.23	Fubon Insurance Co., Ltd.	Fubon Property & Casualty Directors' Supervisors' Liability and Risk Management Seminar in 2020	3
		2020.12.08	Taiwan Academy of Banking And Finance	ESG and Sustainable Management	3
		2020.12.17	Taiwan Corporate Governance Association	Corporate Governance and Legal Compliance	3
Total Hours					12

3.4.6 The state of the company's implementation of corporate governance, any departure from such implementation in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for such departure:

Items	Implementation Status		Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		Yang Ming Marine Transport Corporation has established its "Best-Practice Principles for Corporate Governance", and disclosed these on the company's website. (Address: https://www.yangming.com/files/Investor_Relations/Govern_Rules.pdf) and Market Observation Post System. No Difference
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholder's suggestions, doubts, disputes, and litigations, and implement these based on the procedure? (2) Does the company possess a list of its major shareholders as well as ultimate owners of those shares? (3) Does the company establish and execute a risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insider trading using undisclosed information?	V		(1) The company has established an Internal Control System that specifies and handles shareholders' rights, share issue, dividends distribution procedure based on relevant rules. Shareholders' meetings are held and managed in accordance with "Shareholders' Meeting Regulations", laws and company code. This company has assigned a special unit to handle shareholders' suggestions, doubts, and disputes. (2) The company has established a list of its major shareholders and has in its possession a list of ultimate owners holding high percentage of shares and major shareholders. It has also disclosed and declared this information in accordance with the law. (3) a. The company has established rules to keep track of its funds along with its affiliates and has set up relevant mechanisms in the Internal Control System. b. Procedures such as acquisition or disposal of assets, endorsement, guarantee, monetary loan, between this company and affiliate enterprises are all handled in accordance with regulations. (4) The company has established "Procedures for Handling Material Inside Information" to prevent company members from buying and selling securities using undisclosed information. No Difference
3. Composition and responsibility of the board of directors (1) Does the board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and Audit Committee?	V		(1) The board of Yang Ming has established and implemented the board diversity policy. The board diversity policy and the specific objectives and implementation of the board diversity policy could be referred to Yang Ming's website and 4. The Board Diversity Policy of the annual report. (2) In addition to compensation committee and audit committee, Yang Ming has also appointed special projects committee voluntarily. No Difference

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(3) Does the company establish a standard for determining the performance of the Board and implement annually also report the result of evaluation to the Board and use as the reference for the reward of individual director and the nomination for renewal?	V	(3) Yang Ming by 354th board resolutions has amended the procedures for board and functional committee performance assessments. Yang Ming's secretarial office would implement board and functional committee performance assessments through questionnaires at the end of every year. The board and functional committee performance assessments shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Yang Ming would report the result of board and functional committee performance assessments to the board by the end every 1st quarter of the year and take the result of board performance assessments as a reference when nominate directors for reappointment. i. The company has processed the performance assessment of the board of directors, individual directors, and functional committee (including the Audit Committee, Remuneration Committee and Special Projects Committee) for the year 2020 in Jan., 2021 and has submitted the assessment results and the sustainably strengthen and improve targets in 2021 during the 356th Board meeting held on 2021.03.25 (the 25th session of 19th). (i) The achievement rates of assessment criteria is 97.8% for the board of directors, 95.7% for directors and 95.8% for the functional committees. All assessment result has surpassed the standard. (ii) To maintain consistency in terms of corporate governance and the Board's performance, there is a need to sustainably strengthen and improve targets in 2021 by increasing participation and supervision of directors in company operations through Board meetings; the assessment items of “the attendance status of directors on the Board meetings” and “Directors and CPAs remain adequate communication” are listed as improvement targets in 2021. ii. The “Taiwan Corporate Governance Association” was commissioned to evaluate the performance of Board and functional committees in February 2021. The Taiwan Corporate Governance Association and evaluating experts were independent institutions with no business contacts with the Company; a report on Board performance was submitted on March 12, 2021. The results of external evaluations were submitted to the 25th meeting of the 19th Board on March 25, 2021. Implementation details were as follows: (i) Evaluation duration: February 1, 2020 to January 31, 2021. (ii) Evaluation method: The Taiwan Corporate Governance Association reviews all the relevant documents submitted by the Company, and also commissioned four experts to perform on-site evaluations and interviews with Chairman, President, two independent directors, chief audit officer and corporate governance managers on March 5, 2021.	No Difference

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
	V	(iii) Evaluation standards: including the eight aspects of board composition, board guidance, board authorization, board supervision, board communication, internal control and risk management, self-discipline of the board, and others (board meetings, support systems...etc.). Regarding the implementation of each indicator, experts refer to the information provided by the Company and publicly available, and performed on-site interviews before submitting evaluation reports. (iv) Overall evaluation results: ● The board meeting discussion atmosphere becomes more permissive due to the Chairman attaches great importance to transparent meeting methods, respects the opinion and suggestions from board members, builds consensus through more board meetings and communications, increases meeting productivity and efficiency, independent directors could also contribute their expertise and suggestions through meetings and fulfill supervisions and guidance toward the Company. ● The intention from Board to strengthen the independence of both internal and external audit departments and ensure the fulfillment of their function can be seen from followings: The internal audit officer was elected from three nominees by the Audit Committee after thorough interview and discussion; the Audit Committee evaluates the independence and competence of CPAs annually to ensure the service quality. ● All human resource system and rules are based on four main concepts: talents globalization, international talents, team learning and versatility of employees. The company attaches importance to the growth of employees by job rotation, expatriate program and functional leadership training sessions. Also, with specific actions such as direct email communication with the Chairman, working environment improvements and traffic transportation planning, it can also be seen that caring and concern toward employees are the basic philosophy for company’s sustainable development. ● The company take the initiative to improve the performance regarding the Corporate Governance Evaluation from competent authority, and commissioned this board performance by external institutions for the very first time. Moreover, all board members are also open-minded toward internal board performance evaluation and take proactive approach to improve those weakness terms, it all shows that the Corporate Governance issue is a priority to the Company.	No Difference



Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
	V		(v) Evaluation recommendations: ● In consideration of the future development and the challenging from business environment, it was recommended that the Company could increase independent or external professional board member numbers in the coming board re-election in 2021, to elevate the overall board independence, professional diversity and the appropriateness during their term in office. ● It was recommended that all board members to attend meeting together with senior executives, to focus on mid and long-term strategy and corporate visions of the Company, which could assist board members to fully recognize the actual condition and information of shipping industry, and intensify the mutual trust with the management team and could provide necessary supervision and guidance to the Company and make response to the international shipping environment. ● The Company was recommended to form a Risk Management Committee under supervision of the board, to supervise the Group's risk management issues and set related policies and procedures, report the risk control activities review to the board on regular basis, in order to ensure normal operation of the risk control and management. (4) The Audit Committee and the company's Board of Directors evaluate the independence and competence of CPAs annually (refer to 8, independence assessment of CPAs).
(4) Does the company regularly evaluate the independence of CPAs? 4. As a TWSE/TPEX listed company, does the company assign a corporate governance (concurrent) unit or personnel responsible for handling matters (including but not limited to providing necessary materials for directors and supervisors pursuant to the board of directors' resolutions, managing corporate registration, proceedings for the board of directors' and shareholders' meetings, etc.)	V		(1) The supervisor of secretarial office serves as Yang Ming's chief corporate governance officer who is managerial person with over three years experience in handling board meetings operations. The duties, main business and advanced education of chief corporate governance officer could be referred to 3.4.5 The duties, main business and advanced education of chief corporate governance officer of the annual report. (2) Yang Ming's secretarial office is responsible for facilitating events and matters related to board meetings, shareholders' meetings and functional committees meetings, preparing meeting agenda, providing necessary materials for directors and independent directors, and handling and changing company registration. Yang Ming's Public Affairs Dept. is in charge of implementing corporate governance activities.

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
5. Does the company establish communication channels and designate a section on its website for stakeholders (including but not limited to shareholders, employees, clients and suppliers) to address important issues and concerns regarding corporate social responsibility?	V	The company has set up the E-Commerce & Documentation Dept. and the Public Affairs Dept. with assigned personnel to handle complaints and suggestions from suppliers, as well as investor concerns. It also maintains open communication channels with correspondent banks and other creditors, as a way of respecting and upholding legal rights. In addition, it provides a grievance mechanism for employees as well as stakeholder's section on the company's official website to receive and respond to shareholder comments. Our company set-up “Stakeholder Area” under https://www.yangming.com/investor_relations/Corporate_Governance/Stakeholder.aspx Below are the company's contact information (e-mail address) : Market Observation Post System: https://emops.twse.com.tw/server-java/t58query Company's website: https://www.yangming.com/ Annual report: https://www.yangming.com/investor_relations/Shareholder_Services/FinancialReportInfo.aspx Corporate social responsibility report (CSR): https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialReportList.aspx Customer service e-mail box: https://www.yangming.com/e-service/contact_us/contactus.aspx Employee box: employeebox@yangming.com Occupational safety and healthy e-mail box: asdp-service@yangming.com Whistleblowing e-mail box: conduct@yangming.com	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder activities?	V	The company has appointed KGI securities as its shareholder services agency.	No Difference

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
7. Disclosure of information (1) Does the company have a corporate website to disclose its financial standing and corporate governance status? (2) Does the company have other information disclosure channels (e.g. website in English, designated people to handle information collection and disclosure, spokesman system, investor conference via webcast)? (3) Does the company publicly announce the financial reports within two months after the end of each fiscal year? Also announce the first, second, and third quarters financial reports and register the operating status by limited time?		V	(1) The company has disclosed its finance, business, corporate social responsibility, and corporate governance information on its Chinese and English websites (Address: http://www.yangming.com) for the reference of shareholders and stakeholders. (2) a. The company has assigned a department to collect industry and company information, as well as specialists to disclose related information on the Chinese and English websites. b. The company has designated spokespersons and deputy spokespersons, and established communication procedures and policies. c. The company has provided a “Corporate Social Responsibility Report” detailing its sustainable development initiatives. https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialReportList.aspx (3) a. The company follows Securities and Exchange Act 36, which calls for publicly announcing and sealing the financial reports within three months after the close of each fiscal year. b. The company follows Securities and Exchange Act 36 by publicly announcing and sealing the financial reports, within 45 days after the end of the first, second, and third quarters of each fiscal year. c. The company follows Securities and Exchange Act 36, by publicly announcing and registering the operating status for the preceding month, within the first ten days of each calendar month. (1) No Difference (2) No Difference (3) The company follows Securities and Exchange Act by publicly announcing the financial reports within two months after the end of each fiscal year also by announcing the first, second, and third quarters financial reports and registering the operating status by limited time.

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
8. Is there any other important information to facilitate better understanding of the company's corporate governance practices (e.g. including but not limited to employee rights, employee wellbeing, supplier relations, stakeholder rights, board of directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer service policies, and insurance for directors and supervisors)?	V	(1) Rights of employees: We strictly comply with the law and always try to provide to better working environment than what the law requires and constantly listen to the views of the staff for improvement. (2) Care for employees: We always believe talented staff members are the company's best assets. Therefore, we always strive to provide a good learning and working environment for them to fulfill their potentials. Besides, we provide them with munificent salaries, fringe benefits and good cares. (3) Relation with investors: In order to protect investors' rights and interests, the Company discloses its significant operational and financial information in accordance with related regulations. All relevant business and financial information is posted on the Company's official website. Resolutions of shareholders' meeting are posted on both MOPS and the Company's official website. (4) Dealings with suppliers: Our company sets up “Chain Management Policy” and “Supplier's Code of Conduct” which are disclosed under Sustainable Procurement” area. https://www.yangming.com/investor_relations/Corporate_Governance/Sustainable_Procurement.aspx Yang Ming is committed to continuously communicate with supply chain partners on matter concerning environmental protection, human rights and labor practices, business ethics and social welfare; and build up a well management mechanism. The Company demands all suppliers to observe the law in dealings with Yang Ming. “The Code of Conduct” for the staff was established in 2008 (and revised in 2013) and “Code of Ethical Management of Yang Ming Marine Transport Corporation” was established in 2012. The suppliers must be selected fairly, the negotiation must be conducted objectively, and no confidential information shall be divulged to would-be suppliers. All staff members are obliged with the responsibility of keeping confidentiality. The company launched a whistleblowing system in 2018, these Procedures apply to all members (including managerial officers) working in Yang Ming Marine Transport Corporation, Yang Ming Group and its subsidiaries, suppliers and customers, shareholders and other interested parties. (5) Rights of interested parties: All transactions with banks/creditors are made in line with the agreements. The Company gives adequate information to make banks/creditors fully understand the Company's operation and financial status. (6) Board of directors' and supervisors' training records: Please refer to 10. Advanced education for Directors and Supervisors).	No Difference



Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
	V		(7) Risk management policy and risk assessment standards a. Risk Management Policy: We define the risks arising from human activities, natural disasters and worldwide or regional economic fluctuations in accordance with their negative impact on business operations, their frequency and their severity. Our risk management policy is to efficiently prevent and control the risks in order to ensure regular and permanent operation. b. Risk Assessment Standards: We assess individual risks according to frequency and severity, and then rank their risk degrees according to quantitative and non-quantitative indexes. Finally, all individual risks are classified by their risk scores which are based on risk frequency and severity. c. Execution of Policy of risk management in 2020: The standard of risk assessment for the annual risk assessment of Yang Ming was approved by our CEO in accordance with our standard procedure of risk management, and several items have been identified as “HIGH RISK” or “EXTREAM RISK” and the identified risks are well controlled by effective means. The report of the annual risk assessment has been delivered to all departments including the Audit Department for their reference of risk management decision making. (8) Execution of Customer Service Policy: In cooperation with THE alliance, our company provides worldwide shipping service. There's integration of resources, achievement the synergy of product differentiation strategy and best ship module. With consensus between THE alliance, alliance members adopt slow-speed operation to reduce CO₂ emission. Yang Ming also update fleet with new-built vessels, sells or returns old vessels, promotes our fleet more digitalization for our fleet. Yang Ming announced to join the DCSA (Digital Container Shipping Association) to plan the development of new information technology with international container shipping companies. The aim is to promote the digitalization and standardization of information in the container shipping industry. Yang Ming endeavors to reducing CO₂ emission and use low-sulfur fuel and set up project teams for compliance and evaluation with regards to LNG. (9) Liability Insurance for Directors and Supervisors: The company has purchased the “Directors & Officers Liability Insurance” for all directors and reports the major contents of the liability insurance to the Board annually.

No Difference

Items	Implementation Status		Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
9. According to the latest results of the Corporate Governance Evaluation System from the Corporate Governance Center of TWSE, amendments are discussed and priority measures for improvement (unnecessary for excluded companies) are proposed. Amendments are discussed: (1) Yang Ming will convene the annual shareholders’ meeting on 14 May 2021. (2) Yang Ming by 35th board resolutions has amended the procedures for board and functional committee performance assessments and has conducted the board and functional committee performance assessments by an external independent professional institution or a panel of external experts and scholars for the year of 2020. Priority measures to improve items: (1) Our goal is to add one female director for the term of 21st board of directors.			



10. Continuing education for Directors: The Company regulates continuing education in terms of hours, scope, system, and arrangement. It discloses information according to the Directions for the Implementation of Advanced Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

The information of Advanced education for Directors (Note)					
Title	Name	Date	Organizer	Course Name	Hours
Director	Cheng-Mount Cheng	2020.02.13	Securities and Futures Institution	Directors and Supervisors (Independent) and Corporate Governance Executives Advanced Seminar-Early Warning and Type Analysis of Corporate Financial Crisis	3
		2020.03.31	Taiwan Academy of Banking And Finance	Corporate Governance Lecture-Risk-oriented Money Laundering Prevention Trends and Impact	3
Director	Kun-Ching Liao	2020.11.03	Taiwan Corporate Governance Association	Civil Criminal Liability of Directors of Public Offering Companies	3
		2020.12.17	Taiwan Corporate Governance Association	Corporate governance and compliance	3
Director	Ping-Jen Tseng	2020.10.16	Taiwan Corporate Governance Association	Group tax management trends in the post-epidemic era	3
		2020.10.23	Taiwan Corporate Governance Association	Challenges and Countermeasures of Information Security	3
Director	Chien-Yi Chang	2020.08.28	Taiwan Academy of Banking And Finance	Seminar on Building Financial Institutions to Fully Follow the System (1 st Issue)	3.5
		2020.10.21	Securities and Futures Institution	109 Annual Prevention of Insider Trading and Insider Equity Trading Publicity Seminar	3
Director	Shao-Yuan Chang	2020.12.08	Taiwan Academy of Banking And Finance	Corporate Governance Lecture-Financial Technology Series (Phase 3)	3
		2020.12.09	Securities and Futures Institution	Directors and supervisors (including independent) practice advanced seminar-corporate mergers and acquisitions practice sharing-centered on hostile mergers and acquisitions	3
Director	Wen-Ching Liu	2020.06.19	Taiwan Corporate Governance Association	Enterprises promote smart manufacturing practices	3
		2020.06.19	Taiwan Corporate Governance Association	Faster, better and more valuable to enhance the core competitiveness of enterprises from production management	3
Director	Shao-Liang Chen	2020.08.21	Taiwan Corporate Governance Association	[CGP-advanced] How does the company do a good job in fraud detection and prevention and establish a whistle blowing mechanism to strengthen corporate governance	3
		2020.12.08	Securities and Futures Institution	Directors and supervisors (including independent) and corporate governance executives advanced practical seminar ~ [Trends and challenges of information security governance]	3
Independent Director	Tar-Shing Tang	2020.06.23	Taiwan Academy of Banking And Finance	Corporate Governance Lecture-Analysis of Important Practical Cases of Corporate Governance	3
		2020.07.24	Taiwan Corporate Governance Association	[CGP-Core] Three Codes and Practical Cases of Integrity Management, Corporate Governance and Corporate Social Responsibility	3
Independent Director	Tze-Chun Wang	2020.08.05	Taiwan Corporate Governance Association	On the Evaluation of Corporate Governance and the Effectiveness of the Board of Directors	3
		2020.08.27	Securities and Futures Institute	Directors and supervisors (including independent) and corporate governance executives advanced seminars-5G key technologies and application business opportunities	3
		2020.09.02	Securities and Futures Institute	Directors and Supervisors (Independent) and Corporate Governance Executives Advanced Seminar-Discussion on Money Laundering Prevention and Terrorism	3
		2020.09.29	Taiwan Corporate Governance Association	Introduction to anti-corruption and money laundering prevention regulations and practical case analysis	3

The information of Advanced education for Directors (Note)					
Title	Name	Date	Organizer	Course Name	Hours
Independent Director	Jei-Fuu Chen	2020.10.14	Taiwan Corporate Governance Association	【Audit Committee Series Courses】 The establishment and operation of the audit committee	3
		2020.11.11	Taiwan Corporate Governance Association	【Audit Committee Series Courses】 How does the audit committee supervise the effectiveness of internal control	3
		2020.12.11	Taiwan Corporate Governance Association	【Audit Committee Series Courses】 Advanced Practice Sharing of Audit Committee-M&A Review and Directors' Responsibilities	3
		2020.12.22	Securities and Futures Institution	Directors and Supervisors (Independent) Practice Advanced Seminar-Enterprises' Discussion on Information Security Governance-Based on Legal Practice	3

Note: Since the seat of Cheng-Mount Cheng as corporate representative of the NDF is changed into Keh-Her Shih on 2020.12.21 to serve as, there is no continuing education records for Keh-Her Shih in the year of 2020.

11. Continuing education for Managerial officers and Audit Directors:

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Chief Operation Officer(President)	Shu-Chin Tu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.11.30d	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Chief Information Officer& Executive Vice President	Der-Shi Tsao	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Chief Auditor & Executive Vice President	Shih-Fang Hsu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.03	ISO 9001 2015 Internal Auditors Training	12
		2020.09.18	Corporate Compliance	2
		2020.10.05	ISO 27001 & 27701 Internal Auditors Training	15
		2020.11.02	Corporate Financial Report Compilation	6
		2020.11.30	Prevent Insider Trading	0.5
Chief Administrative Officer & Executive Vice President	Mei-Chi Shih	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	Prevent Insider Trading	0.5
Chief Marine Technology Officer & Senior Vice President	Yeoung- Shuenn Ho	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Chief Commercial Officer & Chief Taiwan Operations Officer & Senior Vice President	Chao-Feng Chang	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Chief Strategy Officer & Senior Vice President	Jeng-Shong Jeng	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Chief Financial Officer & Senior Vice President	Hsiu-Chi Ho	2020.11.30	Prevent Insider Trading	0.5
Chief Logistics Officer & Senior Vice President	Kou-Liang Huang	2020.05.25	Emergency Response Maneuver	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President & Head of Accounting Department	Yu-Wen Su	2020.02.20	The continuing education of the principal accounting officer	12
		2020.04.06	Improvement of financial report training	6
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Senior Vice President	Jie-Li Zhu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Senior Vice President	Shi-Nan Huang	2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Senior Vice President	Yi-Ta Wu	2020.05.25	Emergency Response Maneuver	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Senior Vice President	Chien-Chang Tzeng	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Senior Vice President	Tseng-Yu Chiu	2020.05.25	Emergency Response Maneuver	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Senior Vice President	Li-Ping Xiong	2020.12.07	Competition Law	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Senior Vice President	Tien-Shun Wu	2020.12.07	Competition Law	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Vice President	Tung-Hai Chen	2020.12.07	Competition Law	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Vice President	Shyi-Chang Chang	2020.12.07	Competition Law	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Vice President	Ping- Jen Tseng	2020.01.15	Fire Prevention and Control Retraining	6
		2020.05.25	Emergency Response Maneuver	0.5
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Yung-Kai Wang	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Leng-Hui Wang	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Kun-Ping Yi	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
Vice President	Chia-Tien Tun	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Lung-Hsing Chu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Shun-Chin Yang	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Vice President	Pao-Lin Lee	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Chun-Chieh Lu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Wen-Chung Yeh	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Tai-Chi Tsai	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Men-Huo Tsai	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Li-Wen Liu	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
Vice President	Mei-Ling Chung	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5

2020 Continuing education for Managerial officers and Audit Directors				
Title	Name	Training Date	Course Title	Training Hours
Vice President	Hann-Sy Hwang	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President	Lung-Fu Chen	2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
Vice President & Corporate Governance Supervisor	Ting-Yu Lu	2020.09.18	Corporate Compliance	2
		2020.10.14	Preventing Insider Trading and Stock Trading Conference in 2020	3
		2020.10.23	Fubon Property & Casualty Directors' Supervisors' Liability and Risk Management Seminar in 2020	3
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5
		2020.12.07	Competition Law	0.5
		2020.12.08	ESG and Sustainable Management	3
Finance Supervisor	Shu- Hui Ou	2020.12.17	Corporate Governance and Legal Compliance	3
		2020.07.17	Computer-Processed Personal Data Protection Law	0.5
		2020.08.10	Human Rights Policy	0.5
		2020.08.21	Corporate Financial Crisis Warning and PatternAnalysis	3
		2020.09.18	Corporate Compliance	2
		2020.11.30	The Code of Conduct for Yang Ming Group Members, Code of Ethical Management and Guidelines on Unethical Conduct Prevention	0.5
		2020.11.30	Prevent Insider Trading	0.5

3.4.7 Corporate social responsibility performance status and deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons:

Items	Implementation Status		Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
1. Does the company assess risks of environment, sociality and company governance related to the principle of significant and make related risk management policy or strategy?	V	(1) The company annually assesses risks of environment, sociality and company governance related to the company’s operation according to the principle of significance and makes related risk management strategy to control risks. (2) For further details, please refer to page 30 of “3.5 Risk Management” from YM’s Corporate Social Responsibility Report 2020.	No Difference
2. Does the company designate first-line managers authorized by the Board and exclusively in charge of proposing corporate social responsibility policies and reporting these to the Board?	V	The company’s Public Affairs Dept. coordinates with related departments to promote corporate social responsibility initiatives as well as editing and posting Corporate Social Responsibility Report on the website after getting approval from the CEO.	No Difference
3. Environmental issue (1) Does the company establish a proper environment management system based on industry characteristics? (2) Does the company try to utilize resources more efficiently and use renewable materials that have low impact on the environment?	V	(1) In June 2004, the company obtained the ISO 14001 Environment Management System (Version 1996). It is the first carrier among domestic companies to obtain certification. In June 2018, it also obtained the ISO 14001 Environment Management System (Version 2015) and maintained continuous validity. (2) The company’s newly-constructed ships, container equipment, and container wharfs comply with international standards. The company utilizes advanced and modern environmental techniques, strengthens water and air pollution prevention measures, and improves energy conservation initiatives. YM has set up the project team to evaluate the feasibility of using LNG, and will consider using LNG in the new-built vessel program when technology is mature. Up to now, there is no suitable renewable energy program for container ship. Yang Ming keeps update this issue. (3) The company has included issues of risks of climate change into the risk assessment procedure according to the principle of significance and adopt necessary risk management strategies to control risks. For more details, please refer to page 30 of “3.5 Risk Management” and page 32 of 4. Environment Management” from YM’s Corporate Social Responsibility Report 2020	No Difference
(3) Does the company assess the risks and chances of climate change and take actions on this issue?			



Items	Implementation Status		Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
(4) Does the company monitor the emissions of greenhouse gas, water consumption and total weight of waste in the past two years, as well as establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	V		No Difference
4. Public issue (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		No Difference
(2) Does company establish and execute measures of the employee welfares, including compensation, holidays and other benefits? Does individual performance appropriately reflect employee compensation?			No Difference

Items	Implementation Status		Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
(3) Does the company provide a healthy and safe working environment and organize trainings on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions? (5) Does the company with regard to customer health and safety of products and services, customer privacy, advertise and labels according to relevant regulations and international standards and establish any customer protection mechanisms and appealing procedure? (6) Does the company have a supplier management policy that requires suppliers to comply with relevant laws and regulations on environmental protection, occupational health and safety or labor rights, and implement these based on the procedure.	V	(3) The company regularly inspects the lighting, air condition system, machinery and equipment to make the workplace safe, clean and comfortable. It has also established and implemented a Health Management Promotion Program. It provides regular health examination for all employees, and has set up an infirmary with qualified physician and nurse, for medical consultation and healthcare service. All worksites have AED (Automated External Defibrillator) for first aid. Staff members, including occupational safety and hygiene personnel, and on-site personnel are required to take safety and health trainings on a regular basis. The company also helps its contractors to take safety and health trainings. It also strives to meet MLC (MARITIME LABOR CONVENTION) standards to ensure the safety and health of maritime crew and to protect the environment. At present, all of its container ships have obtained MLC certification. (4) The company gives importance to staff training at all levels, providing career growth and development. (5) The services provided by the company adhere to relevant regulations and international standards, or are adjusted accordingly to comply with regulations. By providing qualified service, the company has obtained ISO 9001 the Quality Management System certification since 1996. It has also established procedures for lines planning, procurement, service, customer privacy and handling customer complaints. It continuously enhances its operations and earns certification and validation through external audit. (6) The “Corporate Social Responsibility and Best Practice Principles” formulated in 2017 has been included the requirements of supplier management, and consequently the company always seeks to incorporate relevant terms into the contract to ensure that its major suppliers comply with all domestic and/or international laws and regulations on environmental protection and occupational health and safety. It also allows the company to terminate or rescind such contract at any time, when suppliers are found to have violated certain requirements. Our company set-up “Chain Management Policy” and “Supplier’s Code of Conduct” which are discolored under Sustainable Procurement” area, please find details with below link: https://www.yangming.com/investor_relations/Corporate_Governance/Sustainable_Procurement.aspx Yang Ming is committed to continuously communicate with supply chain partners on matters concerning environmental protection, human rights and labor practices, business ethics and social welfare; and build up a well management mechanism.	No Difference



Items	Implementation Status		Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
5. Whether Company comply with any international standard or guidelines to compose the non-financial data in the Corporate Social Responsibility Reports? And whether said report is assured by the 3 rd party ?	V	We follow (The Global Reporting Initiative ‘GRI’)—GRI standard to finish our Corporate Social Responsibility Reports. As for the non-financial data, it has been verified by the 3 rd -party notarization institution, DNV GL in accordance with GRI Standards Core Option and to the moderate level of assurance standards of VeriSustain TM. The truthfulness of this report is assured.	No Difference
6. If the company has established corporate social responsibility principles based on the ”Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the principles and their implementation: Yang Ming has established its Corporate Social Responsibility Best Practice Principles and relevant working procedures have been carried out based on these principles with no difference.			
7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices:			
(1) Activities for public welfare and community participation: We sponsored the 2020 Light Festival and 2020 Pride of Taiwan Concert in Keelung to help develop local cultural events. In addition, we take the responsibility of giving back to the society and put it into actions by responding to the COVID-19 pandemic, sponsored used-containers to Ecuador, Columbia and Peru for medical use and food storage. We believe that through supporting aforementioned events, we can make positive impact on world community and achieve the ultimate goal of environmental sustainability. 2020 was a hard year of global pandemic and the Yang Ming Cultural Foundation (YMCF) was helping to relieve the tension by publishing “Home educational study package” encouraging families to play together when staying at home. In post pandemic era, YMCF held Port Life Keelung Festival to enhance awareness of safety life, safety environment while promoting ocean culture education positively through diversity activities. (2) Yang Ming new-built 2.8 K vessel has awarded ABS” Smart Ship Notation” in May 2020. 2. Said 10 x 2,800 newly built vessels are with the same specification and awarded” Smart Ship Notation” by ABS, BV, DNV GL when delivery, 7 of this series of vessels also meet the” Smart Ship” guideline of CR .With efforts of energy saving management, Yang Ming reduce fuel consumption and CO₂ emission at the same time. The average CO₂ emission per TEU kilometer of Yang Ming fleet has reduced as much as 56.9% when compared to the reference year of 2008 from 99.38g/teu-km to 48.08 g/teu-km to and has achieved in advance IMO’s 2030 goal of 40% carbon reduction. (3) Yang Ming joins the DCSA (Digital Container Shipping Association) to promote the digitalization and standardization of information in the container shipping industry, to improve the operation mode of upstream and downstream in the industry and make the information interaction more efficient. Now Yang Ming and DCSA members devotes in interface service of“ Track & Trace V.1” project, “IoT standards” for container shipping and “Cyber security onboard ship” standard. (4) Yang Ming provides e-Service, we are in the lead to provide e-Delivery Order service in December 2019 and e-Voucher service in June 2020 to save customer’s time and promote working efficiency and it also helps to reduce carbon footprint. Now Yang Ming is processing in patent right for our e-Delivery Order n e-Voucher service. (5) Due to COVID-19, our on-shore and off shore staff members have practiced to make sure reduce any risk, till now, there’s no COVID-19 case happened. (6) To maintain a secure supply chain and provide safe delivery for customers, we adopt the ISPS and C-TPAT to ensure special security measures for anti-terrorism. All our ships have obtained ISPS and ISSC certificates, along with membership to C-TPAT in March, 2013. We also obtained ISO27001:2013 Information Security Management System certification, integrated IT into the risk management system to maintain the group’s governance competitiveness and global information service operations. Yang Ming was the first carrier in Taiwan to obtain an AEO certificate since July 2012. The above details are disclosed in YM’s Corporate Social Responsibility Report.			

3.4.8 Ethical Corporate Management and deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons

Items	Implementation Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
1. Establishment of ethical corporate management policies and programs (1) Does the company approve ethical corporate management policies by the Board of Directors? And is its ethical corporate management policies and procedures declared in its guidelines and external documents, as well as the commitment of its Board to implement the policies?	V		(1) Yang Ming Marine Transport Corporation has approved the revision of its Code of Ethical Management at the 18th Board meeting (12th session) on Sep.22,2017 and disclosed its integrity policy in the company codes, annual reports, company website and other publications. That is, when engaging in commercial activities, directors, supervisors, managers, employees and mandataries of persons having substantial control shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“unethical conduct”) for purposes of acquiring or maintaining benefits. It has also integrated ethical conditions into supplier’s contracts or ethical affidavits to be signed. (2) For potentially unethical operational activities, precautionary measures like periodical staff rotation and enhanced supervision measures are taken. The risk control assessment is maintained by Risk Management & Insurance Claim Dept. Plus, relative risk control proposals and measures against unethical conduct are raised for further discussions. Therefore the Guidelines on Unethical Conduct Prevention is approved, so as to achieve sound ethical corporate management. (3) Ethical corporate management policies are implemented in accordance with relevant laws and industry practice. At the 18th Board meeting (12th session) held on Sept. 22, 2017 Ming Marine Transport Corporation approved the Guidelines on Unethical Conduct Prevention and disclose these in the company codes and website. Moreover, Code of Conduct, Work Rules, and The Personnel Reward and Punishment Procedures all strictly abide by rules of confidentiality and preventions of conflicts of interest. If any unethical conducts happen, punishment will be executed on the basis of behavior’s degree of seriousness.
(2) Does the company establish the risk assessment mechanism against potentially unethical conduct by regular analysis and assessment on listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (3) Does the company establish policies to prevent unethical conduct by issuing clear statements regarding relevant procedures, business conduct guidelines, punishment for violations, appeal rules, and commitment to implement policies above as well as review on pre-disclosure plans?			No Difference

Items	Implementation Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
2. Fulfillment of operation integrity policy (1) Does the company evaluate business partners' ethical records and include ethics clauses in business contracts? (2) Does the company establish dedicated unit that is periodically in charge of corporate integrity report to the Board about its supervision and implementation? (3) Does the company establish policies to prevent conflicts of interest, while providing and implementing appropriate communication channels? (4) Has the company established effective systems for both accounting and internal control? And has the internal audit unit drawn up the relevant audit plans in accordance with the results of risk assessment, thus auditing the operating status to prevent unethical conducts? Or has company entrusted CPAs for its auditing? (5) Does the company hold internal and external educational trainings on operational integrity regularly?	V		(1) The company has requested every department to specify ethics clauses in business contracts, or sign affidavits. Any violation found shall be recorded and the business partnership shall be terminated in case of serious violation. (2) The company's Human Resources Dept. is responsible for establishing and promoting operation integrity policies and prevention guidelines. Risk Management & Insurance Claim Dept. shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and build prevention programs accordingly and review their adequacy and effectiveness every year. The Audit Dept. supervises the behavioral status of departments and reports this to the Board regularly. (3) The company upholds its Code of Ethical Management, of which Article 16 deals prevention of conflicts of interests among directors and managers. An independent mailbox (conduct@yangming.com) for whistleblowing system is provided for preventing the conflicts of interest. (4) The company complies with ethical corporate management policies by facilitating internal audit, accounting and internal control on a regular basis. Yang Ming shall establish an effective accounting system and an internal control system for business activities which may be at a higher risk of being involved in an unethical conduct. Meanwhile, it shall conduct reviews regularly to ensure that the design and enforcement of the systems continue to show good results. The company audits the integrity operating status of management departments, prepares the audit report, and submits the report to independent directors for reference, as well as integrating this into the internal audit report, which is then sent to the Board. (5) From 2020.11.30 to 2020.12.18, the company conducted a 0.5-hour online outreach focused on the Code of Ethical Management, Code of Conduct, and Guidelines on Unethical Conduct Prevention, with 1,328 coastal employees passing the test and a completion rate of 92%.

Items	Implementation Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	
3. A whistleblowing system operations (1) Does the company establish a reward/punishment system and channels for whistleblowers? Can the defendant be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures of whistleblowing cases subject to investigation and related confidentiality mechanism? (3) Does the company provide proper protection for whistleblowers?	V	The company has specified the procedures of whistleblowing cases for Yang Ming Group Members: (1) Set up an individual mail for whistleblowing case:(conduct@yangming.com), which only the Chief Auditor can receive and process. Chief Auditor assigns appropriate auditors to investigate whistleblowing cases and to submit an investigation report. (2) Specify the SOP for whistleblowing cases, including handling period, methods, cases tracking, reward/punishment system, confidential mechanism, etc. (3) The investigation report and other relevant documents shall be strictly kept confidential by all responsible members who handle whistleblowing case. Yang Ming shall protect the whistleblowers, the alleged respondents and the related employees involved in the investigation against unfair retaliation or treatment.	No Difference
4. Strengthening information disclosureDoes the company disclose its ethical corporate management policies and regulations as well as their implementation on its website and the Market Observation Post System(MOPS)?	V	The company has disclosed The Code of Ethical Management and relevant information as well as the status of implementation on the website: https://www.yangming.com/investor_relations/Corporate_Governance/ImplementationStatusofCorporateGovernance.aspx	No Difference
5. If the company has established its corporate social responsibility principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: There is no difference between the internal conduct and regulations stipulated in the Code of Ethical Management of Yang Ming Marine Transport Corporation.			
6. Other important information to facilitate better understanding of the company’s ethical corporate management policies (such as review and revision of regulations): The company strictly requires all departments to add conditions in accordance with the law or conditions pertaining to operation integrity in business contracts (including new or extended contracts). Original contracts containing conditions in accordance with the law should be updated to include conditions relating to operation integrity. Other business contracts that have been signed or renewed, if the supplier failed or refused to add the said legal conditions or conditions pertaining to operation integrity, concerned units should coordinate with the supplier to have the Yang Ming-Supplier Affidavit of Ethical Principles signed.			

3.4.9 If the company has adopted corporate best-practice principles or relevant laws, disclose how these regulations can be searched?

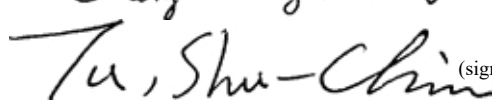
Yang Ming Marine Transport Corporation has established its “Corporate Governance Best Practice Principles”, “Rules and Procedures for Board of Directors’ Meetings”, “Rules and Procedures for Shareholders’ Meetings”, “Rules Governing the Scope of Powers of Independent Directors”, “Audit Committee Charter”, “Remuneration Committee Charter”, “The Codes of Conduct for Directors and Officers”, “Procedures for Election of Directors” etc. in accordance with the regulations specified in the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and these are disclosed on the MOPS. Its “Corporate Social Responsibility Best Practice Principles”, “Special Projects Committee Charter”, “Procedures for board and functional committee performance assessments”, “The Code of Conduct for Yang Ming Group Members”, “Code of Ethical Management of Yang Ming Marine Transport Corporation”, “Guidelines on Unethical Conduct Prevention”, and “The Procedures of whistleblowing cases for Yang Ming Group Members” were also disclosed on the company’s website for the reference of Investor. In addition, the “Procedures for Handling Material Inside Information” which provides a system for handling material inside information and making disclosures were formulated to enforce corporate governance. Investors can find regulations related to corporate governance on the company’s website: <http://www.yangming.com>.

3.4.10 Other significant information to facilitate better understanding of the status of the company’s implementation of corporate governance may also be disclosed:

1. Important financial information is announced on the company’s website under the “Investor” section; relevant business information is likewise found on the website.
2. The company has set up an Internal Control System and Internal Audit System. It has also designated an annual audit plan based on risk items, and this is carried out according to regulations approved by the Board. The annual audit plan is submitted to the FSC in accordance with the law. In addition, the company issues summary reports on its internal control system self-assessment based on the self-assessment procedures of the Internal Control System, and provides an Internal Control System Statement to the Board for approval before submitting it to the FSC.
3. The company has established and revised important financial regulations; namely, “Regulations Governing the Acquisition and Disposal of Assets”, “Regulations Governing Lending of Funds and Making Endorsements/Guarantees”, and “Regulations Governing Lending of Funds”, which are submitted to the Board for approval.
4. The company has established the “Procedures for Handling Material Inside Information” for the information of all directors, managerial officers, and employees. To prevent insider trading activities, the company holds relevant trainings annually.

3.4.11 Internal Control System Execution Status

1. Statement of Internal Control System

Yang Ming Marine Transport Corp. Internal Control System Statement Date : 25 March, 2021 The Company states the following with regard to its internal control system during fiscal year 2020, based on the findings of a self-assessment: 1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws. 2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified. 3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details. 4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria. 5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of 31 December, 2020, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives. 6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act. 7. This Statement has been passed by the Board of Directors Meeting of the Company held on 25 March, 2021, where none of the 10 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement. Yang Ming Marine Transport Corp. Chairman: Cheng Cheng-Mount  (signature) President: Tu Shu-Chin  (signature)

2.If CPAs were appointed to conduct a Special Audit of the Internal Control System and provide an Audit Report:None.

3.4.12 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, any sanction imposed upon the company or its internal personnel for violation of internal control system provisions and principle deficiencies, as well as efforts to make improvements are disclosed in accordance with the law: None

3.4.13 Shareholders' and board resolutions during the most recent year and up to the date of publication of this annual report

1. Shareholders' Meeting

Yang Ming held 2020 annual shareholders' meeting on 2020.06.17. At the meeting, shareholders present in person or by proxy approved the following resolutions and the implementation status is as below:

Resolutions	Implementation Status
Adoption of 2019 business report and financial statements	Implemented in accordance with proposal resolutions.
Adoption of 2019 deficit compensation	Implemented in accordance with proposal resolutions.
The by-election of an 19 th independent director	Ministry of Economic Affairs approved the registration on 2020.07.22 and Yang Ming announced on the official website.
Amendment to the Articles of Incorporation	Ministry of Economic Affairs approved the registration on 2020.07.22 and Yang Ming announced on the official website.
Amendment to Rules of Procedure for Shareholders' Meetings	Implemented in accordance with proposal resolutions and announced on Yang Ming's website.
Amendment to the Handling Procedures for Acquisition or Disposal of Assets	Implemented in accordance with proposal resolutions and announced on Yang Ming's website.
Private placement of preferred shares A	Since the cost of private placement of preferred shares is higher, Yang Ming has not issue private placement of preferred shares due to improving performance. Since the deadline of issuing private placement of preferred shares is almost due, Yang Ming decides issuing no private placement of preferred shares and will report at 2021 annual shareholders' meeting.

2. Board Meetings

Apart from the disclosed relevant bills as above, the other important bills after the Board's resolution:

Board Meeting	Important Bills
The 342 nd Meeting 2020.01.21	1. 2020 business plan 2. 2020 budget 3. Donation to the Yang Ming Culture Foundation 4. Credit term negotiation with financial institutions
The 343 rd Meeting 2020.02.03	1. Adjustment of executive officers
The 344 th Meeting 2020.03.26	1. 2019 business report 2. 2019 compensation allocation of employees and directors 3. Related issues of 2020 shareholders' meeting 4. The procedure of shareholders' proposal and nomination of an independent director candidate in 2020 shareholders' meeting 5. New credit term negotiation with financial institutions 6. Amendment to Internal Audit Implementation Rules 7. Amendment to Rules of Procedure for Shareholders' Meetings 8. Adjustment of executive officers 9. By-election of an 19 th independent director at 2020 shareholders' meeting
The 345 th Meeting 2020.05.06	1. Nomination of 19 th independent director candidates 2. Reviewing the list of candidates of 19 th independent director 3. Adjustment of agenda and related issues of 2020 shareholders' meeting 4. Amendment to the Articles of Incorporation 5. 2019 deficit compensation

Board Meeting	Important Bills
The 346 th Meeting 2020.05.13	1. Credit term negotiation with financial institutions 2. Amendment to Rules of Procedure for Board of Directors Meetings 3. Amendment to Audit Committee Charter 4. Amendment to Compensation Committee Charter 5. Additional member assignment of the 1 st Special Projects Committee
The 347 th Meeting 2020.06.11	1. Credit term negotiation of bailout package with financial institutions
The 348 th Meeting 2020.08.13	1. Application of funds and drawdown plan for bailout package 2. Credit term negotiation with financial institutions 3. Application of changing paid-in capital on 2020.11.12 due to 5 th convertible bonds converted to new shares 4. Release the prohibition on executive officers from participation in competitive business
The 349 th Meeting 2020.09.25	1. Additional member assignment of the 4 th Compensation Committee
The 351 st Meeting 2020.09.30	1. The election of the acting Chairman 2. The election of the Chairman
The 352 nd Meeting 2020.11.12	1. Ratification of the modification of 2020 internal audit plan 2. 2021 internal audit plan 3. Application of changing paid-in capital on 2020.11.12 due to 5 th convertible bonds converted to new shares 4. Donation to the 2021 Taiwan International Light Festival 5. Amendment to Rules of Procedure for Shareholders' Meetings 6. Amendment to Rules of Procedure for Board of Directors Meetings 7. Amendment to Compensation Committee Charter 8. Amendment to Rules Governing the Scope of Powers of Independent Directors 9. Amendment to the Regulations of Board and Functional Committee Performance Assessments 10. The appointment of President & COO 11. Adjustment of executive officers
The 353 rd Meeting 2020.12.23	1. Authorization to the Chairman for approval of Non-disclosure agreement (NDA) 2. Donation to the 2021 Taiwan Lantern Festival "Riding Winds, Chasing Light" (main lantern)
The 354 th Meeting 2021.01.27	1. 2021 business plan 2. 2021 budget 3. Authorization to the Chairman for signing Letter of Intent (LOI) of terminal investment in Vietnam 4. Donation to the Yang Ming Culture Foundation 5. Issuing secured straight bond 6. Application of changing paid-in capital on 2021.01.27 due to 5 th convertible bonds converted to new shares 7. Cash capital injection to subsidiaries 8. Capital reduction to subsidiaries 9. Capital injection from accounts receivables to subsidiaries 10. Credit term and derivatives trading quota negotiation with financial institutions 11. Providing endorsement and guarantee for subsidiaries 12. Release the prohibition on executive officers from participation in competitive business 13. Amendment to Regulations of Board and Functional Committee Performance Assessments, and its name 14. Revision of the compensation standard of Board of Directors 15. Adjustment of executive officers
The 355 th Meeting 2021.02.23	1. Related issues of 2021 shareholders' meeting 2. The procedure of shareholders' proposal and nomination of director and independent director candidates in 2021 shareholders' meeting 3. Directors and independent directors election in 2021 shareholders' meeting 4. Amendment to Rules of Procedure for Shareholders' Meetings 5. Credit term and derivatives trading quota negotiation with financial institutions 6. Adjustment of chief accounting officer

Board Meeting	Important Bills
The 356 th Meeting 2021.03.25	1. 2020 business report 2. 2020 financial statements 3. 2020 earnings distribution 4. 2020 employees' profit sharing bonus and directors' compensation 5. 2020 self-assessment audit report and statement of internal control system 6. Adjustment of agenda and related issues of 2021 shareholders' meeting 7. Nomination of 20 th director and independent director candidates 8. Reviewing the list of candidates of 20 th director and independent director 9. Releasing the prohibition on directors and independent directors from participation in competitive business 10. Changing the use of funds of 19 th domestic secured straight bond 11. Issuance of common shares for book building 12. Increasing the shareholding of an affiliated company 13. Capital reduction to subsidiaries 14. Providing endorsement and guarantee for subsidiaries 15. Appointment of certified public accountants 16. Compensation of certified public accountants for the year of 2021 17. Implementation plan for managerial officer system 18. Amendment to the Articles of Incorporation 19. Adjustment of executive officers 20. Adjustment of salary structure for department heads and managerial officers 21. Salary raise for junior staff

3.4.14 Where, during the most recent fiscal year or during the current fiscal year up to the date of the publication of annual report, a director or supervisor dissenting opinion with respect material resolutions passed by the Board of directors, and said dissenting opinions has been:

Board Meeting	Motion	Board Resolution
The 342 nd Meeting 2020.01.21	Looking into the relevant liability and punishment of investing affiliates	Approved by all directors in attendance to make administrative disposition and discipline except Director Ping-Jen Tseng voicing opposing.
	Looking into the relevant liability and punishment of sale and leaseback of container vessel	
The 347 th Meeting 2020.06.11	Application of funds and drawdown plan for bailout package	Approved with conditions by all directors in attendance to except Director Shao-Yuan Chang voicing opposing.
The 356 th Meeting 2021.03.25	Implementation plan for managerial officer system	Approved by all directors in attendance except Director Ping-Jen Tseng voicing opposing.

3.4.15 A summary of resignation or dismissal of related individuals of the company:

2021.03.26

Title (Note 1)	Name	Date Assumed	Date Dismissal	Reasons for Resignation or Dismissal
Chairman	Chih-Chien Hsieh	2016.06.23	2020.10.01	Retirement
President	Wen-Bor Lin	2016.10.06	2020.02.16	Retirement
Chief Strategy Officer	Kuen-Rong Pai	2019.01.01	2020.01.21	Transferring
Chief Financial Officer	Shih-Chou Lee	2016.10.06	2020.01.21	Transferring
Finance Supervisor	Shih-Chou Lee	2019.08.14	2020.01.21	Transferring
Chief Strategy Officer	Shu-Chin Tu	2020.02.03	2020.11.12	Transferring
Chief Financial Officer	Hsiu-Chi Ho	2020.02.03	2021.02.16	Transferring

Note 1: The related individuals of the company are the Chairman, President, Accounting Officers (Note 3), Financial Officers, Audit Officers (Note 2), Corporate Governance Supervisor, and R&D Officers etc.

Note 2: Li-Chuan Wang was appointed as Chief Auditor on 2021.03.29. Shih-Fang Hsu, and the former Chief Auditor was transferred as Chief Taiwan Operations Officer since 2021.03.29.

Note 3: Kuan-Sheng Fu was appointed as Accounting Supervisor on 2021.04.01. Yu-Wen Su, Chief Financial Officer, didn't serve as Accounting Supervisor at the same day anymore.

3.5 Information on CPA Professional Fees

3.5.1 Information and the Grade on CPA Professional Fees

CPA Firm	Name of Accountants	Period Covered by CPA's Audit	Remarks
Deloitte Touche Tohmatsu Limited	Chin-Tsung Cheng / Yu-Mei Hung / Huei-Ming Chen	2020.01.01~2020.12.31	-

Unit: NT\$Thousand

Grade	Professional Fees	Audit Fees	Non-Audit Fees	Total
1	Under NT\$2,000		✓	
2	NT\$2,000(include)~ NT\$4,000			
3	NT\$4,000(include)~ NT\$6,000			
4	NT\$6,000(include)~ NT 8,000			
5	NT\$8,000(include)~ NT 10,000	✓		
6	Over NT\$10,000(include)			✓

1. The non-audit fees paid to certified CPA, certified office of CPA and affiliated company accounts for over ¼ to audit fee: None

A list of the company's audit fees and non-audit fees:

Unit: NT\$Thousand

CPA Firm	Name of Accountants		Audit Fees	Non-Audit Fees					Period Covered by CPA's Audit	Remarks
				System of Design	Company Registration	Human Recourses	Others	Subtotal		
Deloitte Touche Tohmatsu Limited	Huei-Ming Chen		2,090	-	-	-	380	380	2020.01.01 ~ 2020.12.31	Chin-Tsung Cheng, Yu-Mei Hung is the audit CPAs for financial statement; Huei-Ming Chen is the audit CPAs for profit-seeking enterprise income tax. The non-audit fees is for consultation, in addition, majorly for the country-by-country report (including English version), the audit for master file, relief loans for shipping industry, and the audit for convertible corporate bonds (CB5) into common stock capital.
	Chin-Tsung Cheng	Yu-Mei Hung	7,875	-	-	-	270	270		

2. Change of CPA firm and less audit fee in that given year compared to the previous year: None.
3. The audit fee is reduced by more than 10% compared to that of the previous year; the reduction in the amount of audit fee, reduction percentage, and reasons shall be disclosed: None.

3.6 Alternation of CPA

3.6.1 About the former CPA:

Replacement Date	2021.03.25, adopted by the Board		
Replacement reasons and explanations	Due to the internal rotation of Deloitte Touche Tohmatsu Limited, the financial statement was originally audited and certified by Chin-Tsung Cheng and Yu-Mei Hung, from the first quarter of 2021, replaced by Chen-Hsiu Yang and Yu-Mei Hung		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Client	CPA
	Appointment terminated automatically	-	-
	Appointment rejected (discontinued)	-	-
Other issues(except for qualified issue) in the audit report within the last year	None		
Difference with the Company	None		
Other revealed matters(Disclosure specified in Article 10.6.1.4~7 of the standards)	None		

3.6.2 About the Successor CPA:

CPA Firm	Deloitte Touche Tohmatsu Limited
Name of Accountants	Chen-Hsiu Yang, Yu-Mei Hung
Date of Appointment	2021.03.25, adopted by the Board
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.6.3 Reply of the former CPA found on Article 10.6.1 and Article 10.6.2.3: None.

3.7 The Director, President, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent years: None.

3.8 The evaluation on the independence of the CPA

The company's Audit Committee regularly assesses the independence of the CPA based on the criteria specified under Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reports the assessment results to the Board:

3.8.1 The statement of independence provided by the CPAs

3.8.2 The assessment of CPAs' independence and competence, which contains the possibility of direct or material indirect interest between the CPA firm and the company, finance or guarantee activities between the CPA firm and company directors or supervisors, as well as members of the audit team serving as company directors, managers, or in a position that has significant effect on audit cases, etc.

3.9 Information on the change or transfer of equity interests and/or pledge of or change in equity interests by the Directors, Supervisors, managers or shareholders with a share of more than 10% during the most recent or the current fiscal year up to the date of publication of the annual report

3.9.1 Changes of Directors, Supervisors, Managerial Officers, and Shareholders holding greater than ten percent in the company

Unit: Share

Title	Name	Year 2020		Current year to 2021.03.26	
		Shareholding Increase/Decrease	Pledge Shares Increase/Decrease	Shareholding Increase/Decrease	Pledge Shares Increase/Decrease
Chairman(Major Shareholder)	Representative of the MOTC: Cheng-Mount Cheng, Kun-Ching Liao, Ping-Jen Tseng	0	0	0	0
Director(Major Shareholder)	Representative of the NDF: Chien-Yi Chang, Keh-Her Shih, Shao-Yuan Chang	0	0	0	0
Director	Representative of the TIPC: Shao-Liang Chen	0	0	(82,600,000)	0
Director	Representative of the TNC: Wen-Ching Liu	0	0	0	0
Independent Director	Jei-Fuu Chen	0	0	0	0
Independent Director	Tar-Shing Tang	0	0	0	0
Independent Director	Tze-Chun Wang	0	0	0	0
Chairman&Managerial Officer	Cheng-Mount Cheng	0	0	0	0
General manager	Shu-Chin Tu	0	0	0	0
	Der-Shi Tsao	198,017	0	0	0
	Shih-Fang Hsu	(63,000)	0	(9,000)	0
	Yeoung-Shuenn Ho	(28,000)	0	123,617	0
	Zheng-Xiong Zheng	0	0	(28,000)	0
	Chao-Feng Chang	0	0	0	0
	Hsiu-Chi Ho	0	0	0	0
	Jie-Li Zhu	0	0	0	0
	Shi-Nan Huang	13,458	0	(12,000)	0
	Yi-Ta Wu	0	0	0	0
	Chien-Chang Tzeng	0	0	14,000	0
	Dong-Hai Chen	(45,000)	0	0	0
	Li-Ping Xiong	(24,000)	0	(3,000)	0
	Xi-Chang Zhang	96,323	0	0	0
	Ping-Jen Tseng	0	0	0	0
	Zeng-Yu Qiu	30,000	0	0	0
	Yung-Kai Wang	0	0	0	0
	Chun-Jie Lu	90,047	0	(20,000)	0
	Leng-Hui Wang	0	0	0	0

Tittle	Name	Year 2020		Current year to 2021.03.26	
		Shareholding Increase/Decrease	Pledge Shares Increase/Decrease	Shareholding Increase/Decrease	Pledge Shares Increase/Decrease
	Yu-Wen Su	0	0	0	0
	Jia-Ting Dong	(33,000)	0	0	0
	Long-Xing Zhu	0	0	0	0
	Shun-Jin Yang	(30,000)	0	0	0
	Pao-Lin Lee	(9,000)	0	0	0
	Wen-Zhong Ye	0	0	0	0
	Tai-Qi Tsai	0	0	0	0
	Guo-Liang Huang	0	0	0	0
	Men-Huo Tsai	0	0	0	0
	Li-Wen Liu	0	0	0	0
	Shu-Hui Ou	0	0	0	0
	Hann-Sy Hwang	18,000	0	107,520	0
	Mei-Ling Chung	0	0	0	0
	Lung-Fu Chen	0	0	0	0
	Tien-Shun Wu	0	0	0	0
	Kun-Ping Yi	66,250	0	0	0
	Ting-Yu Lu	(8,000)	0	0	0

3.9.2 Information on equity transfer or equity pledge: The counterparties of equity transfer or equity pledge are not related parties.

3.10 The relationship of the top ten shareholders

The most recent book closure date up to the publication of the annual report: 2021.03.16

Name	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Relationship among the top ten shareholders, anyone who is the related party, spouse, or second-degree kinship of another: name and relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
The MOTC	467,682,372	14.04	0	0	251,453,287	7.55	The TNC, The TIPC The NDF	Director or both are Government Institutions	None
Representative: Chia-Lung Lin	0	0	0	0	0	0	None	None	None
The NDF	460,000,000	13.81	0	0	0	0	The MOTC	Both are Government Institutions	None
Representative: Mei-Ling Chen	0	0	0	0	0	0	None	None	None
The TIPC	251,453,287	7.55	0	0	0	0	The MOTC	The MOTC is the Director	None
Representative: Hsien-Yi Lee	0	0	0	0	0	0	None	None	None
Chinachem Company in Taiwan	51,250,437	1.54	0	0	0	0	None	None	None
Representative: Hong-Xing Tsai	0	0	0	0	0	0	None	None	None
Fubon Life Assurance Co.,LTD	50,000,000	1.50	0	0	0	0	None	None	None
Representative: Richard M. Tsai	0	0	0	0	0	0	None	None	None
The TNC	41,889,858	1.26	0	0	0	0	The MOTC	The MOTC is the Director	None
Representative: Wen-Ching Liu	0	0	0	0	0	0	None	None	None
Morgan Standley Co. International PLC	39,692,660	1.19	0	0	0	0	None	None	None
China Life Insurance Co., Ltd.(Taiwan)	23,992,322	0.72	0	0	0	0	None	None	None
Representative: Shu-Fen Huang	0	0	0	0	0	0	None	None	None
Central Reinsurance Corporation	23,992,322	0.72	0	0	0	0	None	None	None
Representative: Cheng-Tui Yang	0	0	0	0	0	0	None	None	None
Zu-Yuan Chen	23,125,000	0.69	0	0	0	0	None	None	None

3.11 The total number of shares and total equity stake held in any single enterprise by the Company, the Company's Directors, Supervisors, Managers, and any companies controlled by the Company either directly or indirectly

2020.12.31 Unit: share; %

Re-Investment Corporate(Note)	The Company Investment		directors, supervisors, managerial officers, and any company controlled directly or indirectly			Recognize Investment	
	Share	%	Related Party Name	Share	%	Share	%
All Oceans Transportation Inc.	1,000	100.00	None	0	0	1,000	100.00
Kuang Ming Shipping Corp	395,527,339	98.88	None	0	0	395,527,339	98.88
Ching Ming Investment Corp.	120,487,500	100.00	None	0	0	120,487,500	100.00
Hong Ming Terminal & Stevedoring Co., Ltd.	7,916,908	79.17	Ching Ming	2,083,092	20.83	10,000,000	100.00
Jing Ming Transportation Co., Ltd	8,615,923	50.98	None	0	0	8,615,923	50.98
YES Logistics Corp.	60,000,000	50.00	Ching Ming	55,630,977	46.36	115,630,977	96.36
Yang Ming Line (Singapore) Pte Ltd	60,130,000	100.00	None	0	0	60,130,000	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	10,351	100.00	None	0	0	10,351	100.00
Yang Ming Line Holding Co	13,500	100.00	None	0	0	13,500	100.00
Yunn Wang Investment Co., Ltd.	5,211,474	49.75	None	0	0	5,211,474	49.75
Kao Ming Container Terminal Corp	323,000,000	47.50	None	0	0	323,000,000	47.50
Taiwan Foundation Internatioanl Pte. Ltd	3,400,000	34.00	None	0	0	3,400,000	34.00
Yang Ming Line B.V.	2,500	100.00	None	0	0	2,500	100.00

Note: This company's long-term investment by the equity method.

IV Capital and Shares Overview

4.1 Capital and Shares

4.1.1 Source of capital stock

1. Shares Issued

Date	Par value (NT\$)	Authorized capital		Actual capital received		Notes		
		Shares	Amounts (NT\$)	Shares	Amounts (NT\$)	Sources of capital	Deducting shares from property other than cash	Other
Jan.2005	10	2,400,000,000	24,000,000,000	2,268,754,549	22,687,545,490	Convertible bonds transformation 22,016,416 Shares	-	94.01.21MOEA grant No.09401008230
May 2005	10	2,400,000,000	24,000,000,000	2,276,103,048	22,761,030,480	Convertible bonds transformation 7,348,499 Shares	-	2005.5.30MOEA grant No.09401094490
Aug. 2005	10	2,400,000,000	24,000,000,000	2,289,127,926	22,891,279,260	Convertible bonds transformation 13,024,878 shares	-	2005.8.10MOEA grant No.09401153980
Nov. 2005	10	2,400,000,000	24,000,000,000	2,289,816,718	22,898,167,180	Convertible bonds transformation 688,792 Shares	-	2005.11.14MOEA grant No.09401226910
May 2006	10	2,400,000,000	24,000,000,000	2,289,834,417	22,898,344,170	Convertible bonds transformation 17,699 Shares	-	2006.05.26MOEA grant No.09501096220
May 2007	10	2,400,000,000	24,000,000,000	2,294,211,277	22,942,112,770	2007Q1 Convertible bonds transformation 4,376,860 Shares	-	2007.06.01MOEA grant No.09601121010
July 2007	10	2,400,000,000	24,000,000,000	2,299,005,213	22,990,052,130	2007 Q2 Convertible bonds transformation 4,793,936 Shares	-	2007.07.19MOEA grant No.09601165460
Oct. 2007	10	2,400,000,000	24,000,000,000	2,317,397,254	23,173,972,540	2006 Recapitalization new issuance of 18,392,041 shares	-	2007.10.23MOEA grant No.09601260280
Nov. 2007	10	2,400,000,000	24,000,000,000	2,320,743,953	23,207,439,530	2007 Q3 Convertible bonds transformation 3,346,699 Shares	-	2007.11.07MOEA grant No.09601269630
Jan. 2008	10	2,400,000,000	24,000,000,000	2,328,698,193	23,286,981,930	2007 Q4 Convertible bonds transformation 7,954,240 Shares	-	2008.01.29MOEA grant No.09701022310
May 2008	10	2,400,000,000	24,000,000,000	2,328,962,146	23,289,621,460	2008 Q1 Convertible bonds transformation 263,953Shares	-	2008.05.26MOEA grant No.09701122050
Aug. 2008	10	2,400,000,000	24,000,000,000	2,329,561,125	23,295,611,250	2008 Q2 Convertible bonds transformation 598,979 Shares	-	2008.08.04MOEA grant No.09701191790
Sep. 2008	10	3,000,000,000	30,000,000,000	2,562,466,476	25,624,664,760	2007 Recapitalization new issuance of 232,905,351 shares	-	2008.09.23MOEA grant No.09701246760
Oct. 2011	10	3,000,000,000	30,000,000,000	2,818,713,123	28,187,131,230	2010 Recapitalization new issuance of 256,246,647 shares	-	2011.10.06MOEA grant No.10001227670
Feb. 2015	10	3,600,000,000	36,000,000,000	2,856,379,965	28,563,799,650	2014 Q4 Convertible bonds transformation 37,666,842 Shares	-	2015.02.04MOEA grant No.10401021610
May 2015	10	3,600,000,000	36,000,000,000	2,997,918,707	29,979,187,070	2015 Q1 Convertible bonds transformation 141,538,742 Shares	-	2015.05.19MOEA grant No.10401094490

Date	Par value (NT\$)	Authorized capital		Actual capital received		Notes		
		Shares	Amounts (NT\$)	Shares	Amounts (NT\$)	Sources of capital	Deducting shares from property other than cash	Other
Aug. 2015	10	3,600,000,000	36,000,000,000	3,004,440,135	30,044,401,350	2015 Q2 Convertible bonds transformation 6,521,428 Shares	-	2015.08.27MOEA grant No.10401179670
Mar. 2017	10	3,600,000,000	36,000,000,000	1,565,271,349	15,652,713,490	2017 Q1 Capital Reduction 1,600,498,786 Shares and Private Placement 161,330,000 Shares	-	2017.03.16MOEA grant No.10601027640
Dec. 2017	10	3,600,000,000	36,000,000,000	2,065,271,349	20,652,713,490	2017 the capital increase by cash 500,000,000 Shares	-	2017.12.12MOEA grant No.10601165890
Dec. 2017	10	3,600,000,000	36,000,000,000	2,323,024,791	23,230,247,910	2017 2 nd Private Placement 257,753,442 Shares	-	2017.12.12MOEA grant No.10601171890
Sep.2019	10	4,500,000,000	45,000,000,000	2,601,335,728	26,013,357,280	2019.6.27 Convertible bonds transformation 278,310,937 Shares	-	2019.09.10MOEA grant No.10801118980
Dec.2020	10	4,500,000,000	45,000,000,000	2,622,624,180	26,226,241,800	2020 Q3 Convertible bonds transformation 21,288,452 Shares	-	2020.12.14MOEA grant No.10901226070
Feb.2021	10	4,500,000,000	45,000,000,000	3,167,662,197	31,676,621,970	2020 Q4 Convertible bonds transformation 545,038,017 Shares	-	2021.02.23MOEA grant No.11001028210

2. Type of Stock

Shares category	Authorized capital			Remark
	Shares Issued	Un-issued shares	Total Shares	
Common stock	3,332,104,270	1,167,895,730	4,500,000,000	Listed company stock

Note: The number of listed issued shares as of 2021.03.26, the difference shares with register with the Ministry of Economic is due to executing convertible bonds transformation.

3. General declaration system:None.

4.1.2 Shareholder structure

As of the date of publication, the last time to stop the transfer: 2021.03.16

Shareholder structure Quantity	Shareholder structure					Total
	Government Institutions	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreign Persons	
Number of Shareholders	9	51	271	191,299	352	191,982
shareholding	1,179,147,098	90,101,097	255,912,183	1,543,236,193	263,707,699	3,332,104,270
Holding Percentage (%)	35.39	2.71	7.68	46.31	7.91	100.00

Note: The number of shares held by Foreign institutions and foreigners in the shareholder structure of the company include investment from citizens of People Republic of China, is 16,356 shares per person.

4.1.3 Diffusion of ownership

As of the date of publication, the last time to stop the transfer: 2021.03.16

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Note)	Percentage (%)
1 ~ 999	46,051	13,095,920	0.39
1,000 ~ 5,000	105,168	230,349,389	6.91
5,001 ~ 10,000	19,708	159,496,434	4.79
10,001 ~ 15,000	5,751	74,246,078	2.23
15,001 ~ 20,000	4,584	86,254,507	2.59
20,001 ~ 30,000	3,645	95,493,435	2.87
30,001 ~ 50,000	2,958	121,547,235	3.65
50,001 ~ 100,000	2,220	164,258,675	4.93
100,001 ~ 200,000	1,037	150,316,779	4.51
200,001 ~ 400,000	453	130,015,684	3.90
400,001 ~ 600,000	141	70,019,085	2.10
600,001 ~ 800,000	65	45,475,195	1.36
800,001 ~ 1,000,000	40	37,076,284	1.11
Over 1,000,001	161	1,954,459,570	58.66
Total	191,982	3,332,104,270	100.00

Note: Refer to common stock. Preferred Share: None.

4.1.4 Major Shareholders:

1. List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

As of the date of publication, the last time to stop the transfer: 2021.03.16

Name of Major Shareholders	Shares	Shareholding	Percentage (%)
Ministry of Transportation and Communication		467,682,372	14.04
National Development Fund, Executive Yuan		460,000,000	13.81
Taiwan International Ports Corporation, Ltd.		251,453,287	7.55
Chinachem Group		51,250,437	1.54
Fubon Life Assurance Co.,LTD		50,000,000	1.50
Taiwan Navigation Co., Ltd.		41,889,858	1.26
Morgan Standley Co. International PLC		39,692,660	1.19
China Life Insurance Co., Ltd.(Taiwan)		23,992,322	0.72
Central Reinsurance Corporation		23,992,322	0.72
Chen Zu-Yuan		23,125,000	0.69

2. Shareholder List of Major Shareholders being Juridical Persons

Name of Juridical Persons	Main Shareholder of Juridical Persons
Ministry of Transportation and Communications	Government of the Republic of China
National Development Fund, Executive Yuan	Government of the Republic of China
Taiwan International Ports Corporation, Ltd.	Ministry of Transportation and Communications
Chinachem Group	Nina Wang Kung Yu-Sum Inheritance Manager
Fubon Life Assurance Co.,LTD	Taipei City Government, Ming Dong Co.,Ltd., Dao Ying Co.,Ltd., Richard M. Tsai, Daniel M. Tsai, Hung Fu Investment Co.,Ltd., New Labor Pension Fund, Chung Shing Development Co.,Ltd., Labor Insurance Fund, Citibank (Taiwan) in its capacity as Master Custodian for Investment Account of GIC Pte Ltd. (Singapore)
Taiwan Navigation Co., Ltd.	The MOTC, Yang Ming, The CMT, Fortune Investment, Yunwang Investment, Yongyuxing Enterprise, Jackia Investment
Morgan Standley Co. International PLC	N.A.
China Life Insurance Co., Ltd.(Taiwan)	China Development Financial Holding Corporation 、KGI Securities Co., Ltd. 、VIDEOLAND INC. 、New Labor Pension Fund 、Cathay Life Insurance Co.,Ltd. 、Fubon Life Assurance Co.,LTD
Central Reinsurance Corporation	Ministry of Finance 、EVERGREEN MARINE CORPORATION (TAIWAN) LTD. 、EVERGREEN INTERNATIONAL CORPORATION 、EVERGREEN INTERNATIONAL STORAGE & TRANSPORT CORPORATION. 、EVA AIRWAYS CORPORATION

4.1.5 Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Year		2019	2020	Current year to March 26, 2021
Market Price Per Share	Highest price	9.29	29.25	35.85
	Lowerest price	6.90	4.72	19.05
	Average price	8.21	8.82	26.62
Net Worth Per Share	Before distribution	6.33	11.26	N.A.
	After distribution (Note 2)	N.A.	N.A.	N.A.
Earnings per share	Weighted average number of outstanding shares	2,601,336 (1000 shares)	2,656,125 (1000 shares)	N.A.
	Earnings per share	(1.66)	4.51	N.A.
Dividend	Cash Dividend (Note 2)		0	0
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0
		Stock Dividends Appropriated from capital surplus	0	0
	Accumulated Undistributed Dividends (Note 2)		0	0
Return on Investment (Note 1)	P/E ratio (Note 2)		N.A.	1.96
	Price-dividend ratio (Note 2)		N.A.	N.A.
	Cash dividend yield (Note 2)		N.A.	N.A.

Note1: P/E ratio = current year average closing price per share /earnings per share

Price-dividend ratio= current year average closing price per share / cash dividend per share

Cash Dividend Yield Rate=Cash Dividends per Share/Average Market Price

Note2: In 2019 the company's account has accumulated losses, so no dividends are distributed. The company had surplus In 2020, after covering losses and withdrawal surplus reserves. There are no reserves to distribute, so no dividends are distributed.

4.1.6 Company Dividend Policy and Implementation Status

1. Dividend Policy

Under the dividend policy set forth in the amended Articles, the profit the Company makes in a fiscal year will be used first to pay taxes, offset losses in previous years, allocate or set up a capital reserve for further investment in transportation equipment and improvement of financial structure. Any remaining profit along with undistributed retained earnings, with at least 25% to be distributed, will be used by the Company's board of directors as a basis for the proposal of a distribution plan, to be suggested during the shareholders' meeting for distribution of dividends and bonus of shareholders.

YMTC should consider certain factors, including its profits, change in industry environment, its potential growth, costs, expenditures and working (operating) capital for the proposal of a stock dividend appropriation plan. YMTC shall declare at least 20% of the amount in the form of cash dividend as opposed to stock.

2. The proposed dividend distribution during the shareholders' meeting: None.

4.1.7 The impact of the proposed free share allotment on the company's operating performance and earnings per share: None.

4.1.8 Employee compensation and directors' remuneration

1. Compensation range for employees and directors specified in the company's articles of association:

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

2. Consult the accountant if the estimated basis for the compensation of employees, directors and supervisors is different from the actual distribution amount:

(1) The accumulated losses of previous years have been offset in advance before estimating employees' compensation and directors' remuneration, which was based on the net income for the year ended December 31, 2020.

(2) The difference between the amount of actual remuneration payable and the estimated one will be expensed as incurred.

3. The board of directors distributes information; i.e., employee and director compensation:

The 356th board of directors resolved to allocate 1% of employee compensation NTD 57,850,836 and 1% of director compensation NTD 57,850,836 by cash.

4. The actual distribution of compensation for employees, directors and supervisors in the previous

year (including the number of shares, amount and share price), and the reward differences between the recognition of employees, directors and supervisors should be presented, as well as the reasons and circumstances: None.

4.1.9 The company bought back the shares of the company: None.

4.2 Corporate Bonds (including Overseas Corporate Bonds)

4.2.1 Conditions of Issuance of Corporate Bond

2021.03.26

Bond Category		Eighteenth Debenture Bonds Guaranteed	
Date of Issuance		Nov 28, 2019	
Par Value		NTD 10 million	
Place of Issuance and Exchange		R.O.C.	
Issuance Price		100% of par value	
Total Amount		NTD 5,000 million	
Interest Rate		0.74%	
Terms of Reimbursement		5 years, Date of maturity: Nov 28, 2024	
Guarantor		A: Bank of Taiwan B: Taiwan Cooperative Bank C: Hua Nan Bank D: Changhua Commercial Bank E: Land Bank of Taiwan	
Trustee		Mega International Commercial Bank	
Underwriter		Capital Securities Corporation.	
Audit Lawyer		Attorney at Law Jason S. G. Lin	
Audit Accountant		Deloitte & Touche	
Way of Reimbursement		Maturity: 5 years - For 4.5 years, 50%. 50% due respectively	
Unreimbursed Amount		NTD 5,000 million	
Conditions of Recall or Recall in Advance		N.A.	
Conditions of Restriction		N.A.	
Credit Rating Agency, Rating Date, Rating		Taiwan Ratings Corp, A: Oct 2019 twAAA B: Jan 2020 twAA+ C: May 2019 twAA+ D: Oct 2019 twAA+ E: May 2019 twAA	
Other Rights	Amount of Converted Common Stock, GDR or other valuable securities	N.A.	
	Issuance and conversion (exchange or subscription) methods	N.A.	
Possible dilution of equity and impact on existing shareholders' equity		N.A.	
Exchange target custody agency		N.A.	

4.2.2 Convert corporate bond information

Issuance		Fifth Convertible Bond Guaranteed	
Item	Year	2020	Jan. 1–Mar. 10 ,2021
	The highest	276.00	315.00
Market price	The lowest	98.75	180.00
	Average	119.59	230.63
Conversation Price		NT\$10.40	
Issue Date and Conversation Price		May 29, 2018 ; NT\$10.40	
Settlement Upon Conversion		Issuing new shares	

Note: The Fifth Convertible Bond Guaranteed was terminated trading at OTC on March 11, 2021.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts (GDRs) Issuance: None.

4.5 Employees Shares option certificates and Limit on Employee New Bonus Share: None.

4.6 Merger and acquisitions or stock shares transferred with new stock share Issued: None.

4.7 Capital implementation plan and allocation status:

- (1) As of the first quarter of the annual report, previous issue or private placement of securities has not been completed or completed in the last three years and the project benefits have not yet appeared: None
- (2) For the purpose of each plan in the preceding paragraph, the analysis per item is conducted during the first quarter before the printing date of the annual report. Implementation and comparison with the original expected benefits: None

Overview of Business Operation

5.1 Business Activities

5.1.1 Business Profile

1. The Company's main businesses include the following,

- (1) Domestic and overseas marine shipment service
- (2) Domestic and overseas marine passenger service
- (3) Warehouse, pier, tug boat, barge, container freight station and terminal operations
- (4) Maintenance and repairs, chartering, sales and purchase of ships
- (5) Maintenance and repairs, lease, sales, and purchase of containers as well as chassis
- (6) Shipping agency
- (7) G402011 Ocean freight forwarding service
- (8) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Structure of Liner Services for the Last Two Years

See the sales table for the last two years on Page 107.

3. The Company's Active Fleets and Business Operations

As of December 31, 2020, the Company has operated 90 full container vessels (with a capacity of more than 618,000 TEU), amounting to a total of 6.98 million D.W.T. The scope of the Company's container liner service in 2020 was mainly consisted liner services for Asia/US East Coast, Asia/US West Coast, Asia/WCSA, Asia/ECSA, Asia/Northwestern Europe, Asia/Mediterranean, Asia/Red Sea, Asia/ISC, Asia/Middle East, Asia/Australia, US East Coast/Northwestern Europe, and US East Coast/Mediterranean, Indian subcontinent/ Northwestern Europe and Mediterranean as well as Intra-Europe and Intra-Asia regional trades.

4. Development of New Products/Services

In 2021, the Company expects to operate 30 east-west service lines (including 2 pendulum service routes) with THE Alliance partners starting from the second quarter of 2021, deploying 268 modern and high-efficiency vessels to cover all services. The service range will cover more than 76 ports in Asia, Southern Asia, Northwestern Europe, the Mediterranean, North America and the Middle East Red Sea. The Company's new service routes and adjusted structure with THE Alliance arrangement includes:

- (1) Five Asia/Northwestern Europe service routes (including 2 Europe-Asia-America pendulum service routes) to continue to offer direct export services for Northeastern Asia, China, Taiwan, and Southeastern Asia as the existing structure.
- (2) Three Asia/Mediterranean service routes to offer respective direct shipping services for Spain, Italy, Israel, and Turkey. With the Greek port directly linking to the European regional routes, the Company is able to expand the scope of our services.
- (3) Seven Asia/Southwestern US service routes (including 2 Europe- Asia -America pendulum service routes) to strengthen the network between Southwestern US and Asian regions, such as Japan, Korea, Taiwan, Southern China, Central China, Northern China, and Southeastern Asia. With the pendulum liner service structure, the Company is able to link to markets such as Europe, Asia, Southwestern US, and the Indian subcontinent.

- (4) Four Asia/Northwestern US service routes to appropriately rationalize the port schedule and improve its punctuality and reliability.
- (5) Five Asia/US East Coast service routes to implement service combination and upgrade the vessel size, as well as to deploy an additional service to the US Gulf area, the route also enables the Company to expand liner services to Mexico, Central America, Caribbean Sea and other emerging markets with the porting at Panama and Colombia. Through the introduction of enlarged vessels enables THE Alliance to strengthen competitiveness significantly in this trade.
- (6) Five Transatlantic service routes to widely cover routes between United States West Coast & East Coast, Canada and Mexico and important ports of Northwestern Europe and the Mediterranean. In the meantime, the Transatlantic services are upgraded by vessel enlargement, port rationalization and service combination.
- (7) Two Asia/Middle East service routes to link main ports in Korea, China, Taiwan and Southeast Asia regions to Jebel Ali, Umm Qasr, Hamad, Dammam and Jubail.
- (8) An Asia/Red Sea service route to link main ports in Korea, China and Southeastern Asian regions to Jeddah, Sokhna and Aqaba.

5.1.2 Industry Overview

1. Current Status and Future Development

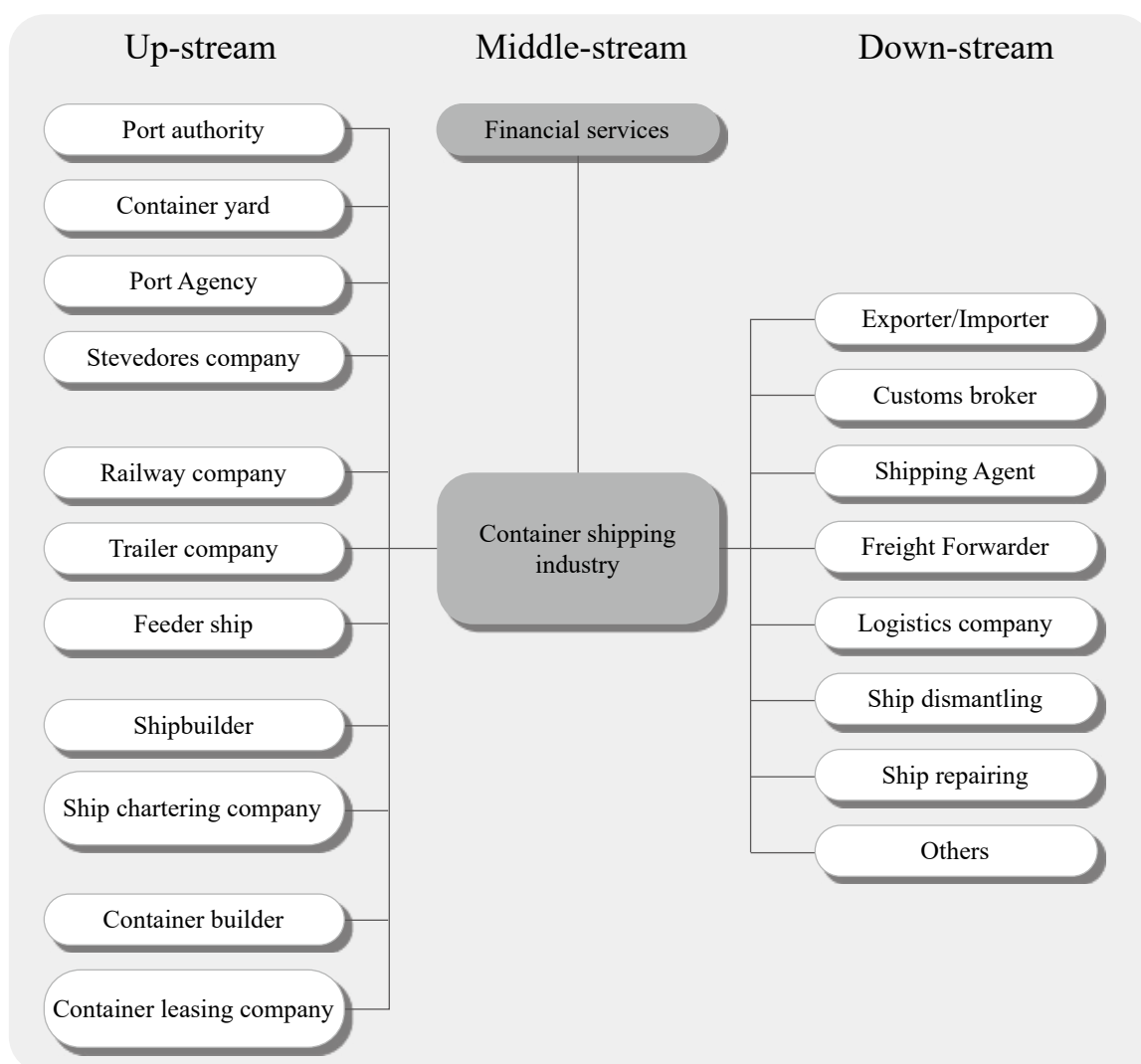
In 2020, the global container shipping industry continued its oversupply situation which has prevailed over years. Against the backdrop of the COVID-19 pandemic, global supply chain had been severely disrupted and impacted. In the first half of 2020, demand for container freight transportation took a big dive and was drastically reduced as countries shut down due to the outbreak of the pandemic, disrupting transportation operation on land and on sea. Carriers faced unprecedented challenges. The economy began to pick up in the second half of the year, and the container shipping industry had benefited profoundly from the surge in cargo demand as global pandemic safety measures were gradually implemented. According to Alphaliner, a professional shipping consultancy, the container shipping demand contracted by 1.4% in 2020, while the growth rate of supply was 2.6%, showing a continued oversupply situation in the shipping market. Under the influence of the COVID-19 pandemic, carriers proactively made capacity adjustment plans to cope with the drastic fluctuations in market demand.

Looking ahead to 2021, while global economy is expected to recover from negative growth, cautious outlook for economy and trade remains amid concerns about the resurgence of COVID-19 pandemic and uncertainty in US-China trade policies. As for the container shipping industry, according to Alphaliner's latest forecast, the container shipping demand growth rate is projected as 3.4% in 2021, and the supply growth rate is 3.7%. Despite the unpredictability brought by the pandemic, given the limited vessel orderbook and continued capacity management discipline in container shipping market, supply-demand is projected to remain balanced in 2021. On the other hand, considering that the environmental issues in shipping industry is drawing more attention from the international community, and alliances' cooperation are coming under more rigorous scrutiny by regulators from major governments, the container shipping market remains challenging.

In the dry bulk market, the average BDI in 2020 was 1,067 points, down 21% from 2019. According to Clarkson's latest report (Dry Bulk Trade Outlook, February 2021), the demand growth rate of bulk shipping in 2020 grew by 0.2%, while the supply growth rate was 3.7%. In 2021, demand growth rate is projected as 3.7% and supply growth rate is 2.6%, indicating positive market fundamentals. With an elevated demand for iron ore, coking coal, grains, etc. from China, coupled with economic stimulus packages offered by various governments and the rollout of vaccination program, demand is expected to grow substantially. In addition, supply and demand will be in a more balanced position as vessel newbuildings drop sharply. The market recovery momentum is projected to heat up.

In the container terminal market, according to 2020Q4 Drewry Container Forecaster, the growth rate in world loaded container traffic contracted by 2.8% in 2020, and Drewry predicted that the rate to jump by 13.7 percentage points to 10.9% in 2021. Drewry believed that the present boom in demand is rather perversely likely to continue at least until the middle of 2021 with the launch of vaccination program, and that global port handling in 2021 would rise. However, since the pandemic continues to pose a major threat to human life, uncertainties to the industry prospects remain.

2. Relationship with Up-, Middle- and Downstream Companies (as shown in the following chart)



3. Product Trends and Competition

(1) Product Trends

A. Enlarged Vessel Size

According to the latest statistics from the well-known shipping consultancy Alphaliner Monthly Monitor published in January 2021, as of the end of 2020, large vessels of 7,500 TEU to 9,999 TEU accounted for 18% of the total capacity, while large vessels of 10,000 TEU or above accounted for 37% of the total capacity. In terms of the proportion of new ships TEU to be delivered in 2021, large vessels of 10,000 TEU or above accounted for 83% of the total capacity. According to the new vessel orders provided by Alphaliner, vessels of 10,000 TEU or above accounted for 86%. All evidence supports the conclusion that 10,000 TEU class vessels are still in the mainstream.

B. Fleet Renewal

According to the latest statistics of Alphaliner, as of January 1, 2021, vessels with an age of more than 20 years accounted for only 6.6% of the total number of container ships, and ships with more than 15 years accounted for only 13.0%, indicating that the average container vessel age remains young with fleet renewals in the market.

(2) Competition

A. Concentration and Enlargement of Carrier Scale

According to the latest statistics of Alphaliner (February 1, 2021), the current global container shipment capacity is approximately 24,337,420 TEU, of which the top five carriers accounted for 65% of total capacity, the top ten carriers accounted for 84% of all capacity and the top twenty carriers accounted for 90.9% (as shown in the following chart).

Rnk	Operator	TEU	Share	Existing fleet	Orderbook
1	Maersk	4,127,658	17.0%		
2	Mediterranean Shg Co	3,860,315	15.9%		
3	COSCO Group	3,039,866	12.5%		
4	CMA CGM Group	3,023,093	12.4%		
5	Hapag-Lloyd	1,746,544	7.2%		
6	ONE (Ocean Network Express)	1,605,673	6.6%		
7	Evergreen Line	1,290,653	5.3%		
8	HMM Co Ltd	728,233	3.0%		
9	Yang Ming Marine Transport Corp.	614,541	2.5%		
10	Zim	385,495	1.6%		
11	Wan Hai Lines	331,974	1.4%		
12	PIL (Pacific Int. Line)	278,896	1.1%		
13	Zhonggu Logistics Corp.	171,459	0.7%		
14	KMTC	161,367	0.7%		
15	IRISL Group	151,706	0.6%		
16	Antong Holdings (QASC)	144,316	0.6%		
17	X-Press Feeders Group	133,228	0.5%		
18	SITC	131,730	0.5%		
19	UniFeeder	104,636	0.4%		
20	Sinokor Merchant Marine	101,114	0.4%		
21	TS Lines	92,704	0.4%		
22	Matson	68,322	0.3%		
23	Global Feeder Shipping LLC	61,903	0.3%		
24	Sinotrans	60,957	0.3%		
25	RCL (Regional Container L.)	59,411	0.2%		
26	SM Line Corp	56,970	0.2%		
27	Arkas Line / EMES	53,827	0.2%		
28	Grimaldi (Napoli)	51,030	0.2%		
29	Salam Pacific Indonesia Lines	49,927	0.2%		
30	Transworld Group	49,508	0.2%		

Source: Alphaliner Top 100 February 1, 2021

B. Three Major Shipping Alliances

HMM joined THE Alliance as a formal member and officially began a 10-year cooperation in April 2020. South Korean carrier SM Line and 2M Alliance started their strategic cooperation agreement on the Far East-US West Coast trade from April 2020. According to Alphaliner's latest statistics (January 4, 2021), the three major alliances have a total market share of 83%, of which 2M+ZIM+SM Line accounted for 35.5%, OCEAN Alliance accounted for 30.9%, and THE Alliance accounted for 16.6%. The three alliances accounted for 97.8% of the main east-west routes, with the OCEAN Alliance ranking first with 37.7%, followed by 2M+ZIM+SM Line with 33.6% and THE Alliance with 26.5%.

5.1.3 Technology and R&D Overview

In 2020, the Company invested NT\$696 million in R&D expenses on the following projects:

1. Vessels

- (1) R & D and construction of smart ships.
- (2) Development and construction of Kongsberg's big data analysis system.
- (3) Construction of SPECTEC marine management system.
- (4) Big data analyze system.
- (5) Digitize vessel system.

2. Engineering

In accordance with the relevant regulations of the International Maritime Organization (IMO), the sulfur content of vessel fuels shall not exceed 0.5% after 2020. YANG MING plan to install scrubber equipment for existing vessels, and vessel with scrubber equipment can still use 3.5% high sulfur fuel. It will effectively reduce cost of fuel, further enhancing the competitiveness of the route.

In 2021, YANG MING will install scrubber equipment completed on YM Uniformity, YM Ubiquity, YM Unanimity, YM Upsurgence and YM Unicorn, and continuously perform benefit evaluation for YM Mutuality series.

The 2,800 TEU new container vessels, total 10 vessels under building at CSBC will be equipped with scrubber and 6 vessels were already delivered in 2020.

For the latest energy saving paint application, YANG MING had applied to 7 vessels during their regular dry docking stage in 2020.

3. Information

Developed and modified system features	Summary of the system features
Artificial intelligence and machine learning	Use the machine learning and filtering functions to assist the dangerous goods management team to build a dangerous goods detection and defense platform and optimize the dangerous goods management process. °
Big data analysis	contribution analysis report for Bill of Lading/ weekly closing analysis report
Vessel system Digitalization	Optimize the vessel allocation control
smart vessels	Fleet Satellite Broadband System
Cloud	Consolidated financial report/budget software in cloud
Robotic process automation	apply RPA to the export HBL

5.1.4 Long-term and Short-term Development

1. Long-Term and Short-Term Plans for Ocean Going Shipping Lines

(1) Long-Term Business Plans

The medium and long-term business goal of the Company is stable and sustainable management to gradually develop in line with THE Alliance development and the overall market growth trend, and carry out the ship replacement and renewal plan to continuously improve the service quality. In response to the high uncertainty of global economic recovery and the potential risks of the imbalance of supply and demand in the future, the Company has adjusted the delivery schedule of the new buildings and business plan in the medium and long-term appropriately. In addition to existing liner services for Asia/US, Asia/Mediterranean, Asia/Europe, Europe/US, Mediterranean/US, Asia/Middle East, Asia/Red Sea, Europe/Mediterranean, any potential market and cooperation in regional service are considered to improve our service network and develop the niche market.

(2) Short-Term Business Plans

In addition to continuing to deepen the existing east-west routes, the short-term business plan will also aim to improve service quality and reduce operating costs. In response to THE Alliance's business development strategy and in line with the route upgrade plan. For the short-term market fluctuations caused by COVID-19, THE Alliance will implement flexible vessel deployment and cascading plan to quickly react the supply and demand changes and to maintain service competitiveness in the market.

The European line will strengthen the competitiveness of the Asia/Northwestern Europe service routes by call port rationalization. The Company has also upgraded our Mediterranean route to expand the service on Italy and Israel import/export markets.

With regard to the Trans-Pacific route, THE Alliance partners comprehensively upgraded the Asia/US East Coast service routes to provide more competitive direct services by product combination and rationalization. At the same time, to broaden our service to US Gulf, THE Alliance launches an additional service EC6 to provide better service coverage to customers.

Starting in May, through the service rationalization and containership size upgrade, the Company seeks to further reduce the unit cost and improve service quality. It will also expand the service network in the Trans-Pacific trade and increase the frequency of service through the slot exchange with outsiders. Moreover, the Company will adopt fuel-saving plans for all trades, continuing to reduce the pollution caused by fuel. The Company expects to take responsibility for global environmental protection while continuously strengthening the competitiveness of the service and expanding the market share.

2. Long-term and Short-term Plans for Near-Sea Shipping Services

(1) Long-Term Business Plans

The long-term business development goal of the Company's near-sea lines is to gradually build the overall transportation network in line with the natural growth of the market. The medium- and long-term plans of the Company's near-sea lines will be based on existing routes, and will be built on the basis of high-potential markets in emerging countries such as China and the ASEAN region, in which the trades are booming, as well as Japan and Korea. The Company will gradually build a complete and meticulous service network, such as the Southeast Asian shipping fleet route, the North-South route in Northeast Asia/Southeast Asia, the Far East/India and Pakistan route, the Far East/Australia route, and

the service network of the Far East/South American East Coast/West Coast route. We will also expand our joint ventures to further optimize the rationalization of routes and ports, develop ship upgrades to reduce unit costs, and operate routes in a more efficient manner by integrating ship resources to ensure niche edge and remain competitive. We expect our line services to be more flexible and profitable.

(2) Short-term Business Plans

In response to the rapid changes in the Asian market and optimistic about the development potential of the ASEAN market, starting from last year (2020), the Company expanded our layout of China, Northeast Asia-Southeast Asia routes and joint ventures, and cooperated with WHL and SEALAND to operate the China-Thailand –Cambodia Express (CTK) to enlarge the space supply for China-Cambodia market. And we extended Japan-Taiwan-South China Express (JTS) to Singapore, Malaysia, and Philippines in Q4, enlarging the service coverage. In addition, we had China Malaysia Express (CME) and Northern China-Vietnam Express (NVX) services through slot swap to develop the South East Asia market. To strengthen the service layout, we will continue to seek opportunities for slot exchange cooperation to provide more convenient and excellent delivery service to enhance overall competitiveness.

5.2 Market analysis and the line/route condition

5.2.1 Market analysis

◆ Operating Plan for 2021

1. Asia-US Southeast coast service: deploying thirteen full-container ships and cooperating with THE Alliance to provide seven liner services per week between Asia and US Southwest (including two Northwest Europe-Asia-US Southwest pendulum routes).
2. Asia-US Northwest coast service: deploying nine full-container ships and cooperating with THE Alliance to provide four liner services per week between Asia and the US Northwest coast.
3. Asia-US East coast service: deploying six full-container ships and cooperating with THE Alliance to provide five liner services per week between Asia and the US East Coast.
4. Asia-Northwest Europe service: deploying five full-container ships and cooperating with THE Alliance to provide five liner services per week between Asia and Northwest Europe (including two Northwest Europe-Asia- US Southwest pendulum routes).
5. Asia-Mediterranean service: deploying seven full-container ships and cooperating with THE Alliance to provide three liner services per week between Asia and the Mediterranean.
6. Northwest Europe-Mediterranean trade: deploying one full-container ship and cooperating with COSCO to provide weekly service route between Northwest Europe and the Mediterranean.
7. Intra-Europe trade: deploying one full-container ship to provide cargo service between Hamburg and Poland/Lithuania (IE2) and expand European range services through slot exchange with potential partners.
8. Mediterranean regional service: deploying one full-container ship to provide liner service in the Romania, Ukraine markets (IBX) and through the exchange of container space with other non-THE Alliance operators, to expand the coverage of other Black Sea markets such as Turkey, Bulgaria, Georgia, Russia, etc.

9. Transatlantic service: deploying one full-container ship, cooperating with THE Alliance to provide four liner services per week, and one serves from West Mediterranean to US East Coast with cooperation with ONE/Hapag-Lloyd/CMA CGM/COSCO/OOCL. The overall services offer the comprehensive and extensive coverage in the Transatlantic trade.

10. Intra-Asia trade

- (1) Taiwan-China Express service (TCX): deploying one full-container ship and cooperating with TNC to provide one liner service per week between Northern and Central China and Taiwan.
- (2) China to Indonesia service (CTI): deploying one full-container ships and cooperating with COSCO, GSL and HMM to provide one liner service per week between Central China, Taiwan, and Indonesia.
- (3) China-Thailand Service (CTS): deploying one full-container ship and cooperating with OOCL and GSL to provide one liner service per week between Central China, Vietnam, Thailand, and Hong Kong.
- (4) China to Thailand service (CTX): deploying one full-container ship and cooperating with KMTC and TSL to provide one liner service per week between Central China, Thailand and Hong Kong.
- (5) China-Vietnam Express service (CVX): deploying one full-container ship and cooperating with TSL and SEALAND to provide two liner services per week between Central China, Hong Kong and Vietnam.
- (6) China-Thailand –Cambodia Express service (CTK): deploying one full-container ship and cooperating with WHL and SEALAND to provide one liner service per week between Central China, Thailand and Cambodia.
- (7) China-Ho Chi Minh Express service (CHX): deploying one full-container ship and cooperating with OOCL and RCL to provide one liner service per week between Northern and Southern China, Vietnam and Korea.
- (8) Pan Asia Service (PAS): deploying one full-container ship respectively and cooperating with TSL to provide one liner service per week between Japan (Kyushu), Korea, Taiwan, Hong Kong and Southern China.
- (9) Japan-Taiwan-South China Express service (JTS): deploying four full-container ships to provide one liner service per week between Japan (Kanto region), Taiwan, Hong Kong, Southern China, Singapore, Malaysia and Philippines.
- (10) Japan-Taiwan-Bangkok service (JTC): deploying four full-container ships to provide one liner service per week between Japan, Taiwan, Hong Kong, Thailand and Vietnam.
- (11) Japan-Malaysia-Vietnam service (JMV): deploying one full-container ship jointly managed with TSL, KMTC and GSL to provide one liner service per week between Japan, Hong Kong, Singapore and Malaysia.
- (12) Korea-Taiwan-Hong Kong service (KTH): deploying one full-container ship jointly managed with TSL and KMTC to provide one liner service per week between Taiwan, Hong Kong and Korea.
- (13) Taiwan Philippines Express service (TPE): deploying one full-container ship to provide one liner service per week between Taiwan and Philippines.

- (14) Taiwan-Ho Chi Minh service (THX): deploying one full-container ship jointly managed with EMC and OOCL to provide two liner services per week between Taiwan, Hong Kong and Vietnam.
- (15) Taiwan-South East Asia service (TSE): deploying four full-container ships to provide one liner service per week between Taiwan, Hong Kong, Vietnam, Singapore, and Malaysia.
- (16) Thailand Indonesia Express service (ITS): deploying one full-container ship jointly managed with OOCL and GSL to provide two liner services per week between Singapore, Malaysia, Indonesia and Thailand.
- (17) Pan Asia service I (PA1): exchanging container space with COSCO to provide one liner service per week between China, Singapore and Malaysia.
- (18) Pan Asia service III (PA3): exchanging container space with TSL and CNC respectively to provide one liner service per week between Korea, China, Malaysia, Singapore and Hong Kong.
- (19) North China-Thailand service (NCT): exchanging container space with COSCO to provide one liner service per week between Northern China, Hong Kong, Southern China and Thailand.
- (20) Middle China-Taiwan service (MCT): exchanging container space with CNC to provide one liner service per week between Taiwan and Eastern China.
- (21) Uni-Taiwan-Japan service (NSD): exchanging container space with EMC to provide one liner service per week between Taiwan and Japan.
- (22) Japan-Chinese-Vietnam service (JCV): exchanging container space with PanAsia to provide one liner service per week between China and Japan.
- (23) Japan-China-Ho Chi Minh service (JCH): exchanging container space with EMC to provide one liner service per week between Taiwan and Japan.
- (24) Japan-Taiwan-Hong Kong service (JTH): exchanging container space with EMC to provide one liner service per week between Taiwan and Japan (Kansai region).
- (25) Japan-Thailand Express service (JTX): exchanging container space with CNC to provide one liner service per week between Japan, Taiwan, Hong Kong and Thailand.
- (26) Japan-Thailand service (JT1): exchanging container space with ONE to provide one liner service per week between Japan, Korea and Thailand.
- (27) Taiwan Philippines Manila South Port service (TPS): exchanging container space with WHL to provide one liner service per week between Taiwan and Philippines.
- (28) Taiwan-Philippines-Indonesia service (TPI): exchanging container space with EMC to provide one liner service per week between Taiwan and Indonesia.
- (29) Taiwan-Hong Kong service (PR5): exchanging container space with KANWAY to provide one liner service per week between Taiwan and Hong Kong.
- (30) Kaohsiung-Fuzhou/Jiangyin Express service (FOC): exchanging container space with SPS to provide one liner service per week between Kaohsiung and Fuzhou.

- (31) East Malaysia Express service (EMX): exchange container space with SEALAND to provide one liner service per week between East Malaysia and West Malaysia.
- (32) Northern China-Vietnam Express service (NVX): exchange container space with WHL to provide one liner service per week between Northern China and Vietnam.
- (33) China-Malaysia Service (CMS): leasing container space from CNC to provide one liner service per week between China and Malaysia.
- (34) China Malaysia Express service (CME): exchange container space with COSCO to provide one liner service per week between China, Singapore and Malaysia.

11. Asia feeder service

- (1) South East Asia service V (SE5): exchange container space with RCL to provide one feeder liner service per week between Singapore, Thailand, Malaysia and Indonesia.
- (2) South East Asia service VIII (SE8): deploying two full-container ships to provide one feeder liner service per week between Singapore, Malaysia and Vietnam.
- (3) Sihanoukville dedicated service (RCX): exchanging container space with RCL to provide one feeder liner service per week between Singapore and Sihanoukville.
- (4) Songkhla dedicated service (RSE): exchanging container space with RCL to provide one feeder liner service per week between Singapore and Songkhla.
- (5) Singapore-Surabaya X-Press service (SSX): exchanging container space with XPF to provide one feeder liner service per week between Singapore and Surabaya.
- (6) Bohai Express service (BHX): leasing container space from ONE to provide one liner service per week between Northern China (Xingang) and Korea.
- (7) Bohai Express II service-Dalian (BH2): leasing container space from ONE to provide one liner service per week between Northern China (Dalian) and Korea.
- (8) Bohai Express II service-Xingang (BH2): leasing container space from ONE to provide one liner service per week between Northern China (Xingang) and Korea.
- (9) Singapore-Yangong service (SYX): leasing container space from XPF to provide one feeder liner service per week between Singapore and Myanmar.

12. Asia-Australia trade

- (1) China-Australia-Taiwan service (CAT): deploying two full-container ships jointly managed with EMC, SINOTRANS, TSL and HLC to operate through Central China, Taiwan and Australia.
- (2) Asia Australia alliance service 1 (AA1): providing liner service between Thailand, Singapore and Australia.
- (3) Asia Australia alliance service 2 (AA2): providing liner service between Singapore, Malaysia and Australia.

13. Central and South America service routes

- (1) South America service loop-3 (SA3): deploying one full-container ship jointly managed with EMC, COSCO and CMA CGM to operate through South-Central China and Eastern South America.
- (2) South America service loop-4 (SA4) deploying one full-container ship jointly managed with EMC and COSCO to operate through Taiwan, South-Central China, Mexico and Central South America west coast
- (3) South America service loop-6 (SA6): providing liner service through Taiwan, South-Central China, Mexico and Central South America west coast

14. Asia -Middle East/Red Sea trade

- (1) China-Gulf Express service (AG2): Cooperating with THE Alliance to operate through Central China, Southern China, Singapore, Malaysia and the Persian Gulf.
- (2) China-Gulf Express service (AG3): Cooperating with THE Alliance to operate through Korea, China, Singapore, Malaysia and the Persian Gulf.
- (3) Asia-Red Sea service (AR1): deploying two full-container ships and cooperating with THE Alliance and WHL to operate through Korea, South-Central China, Singapore, Malaysia and the Red Sea.

15. Asia-India and Pakistan trade

- (1) China - Pakistan Express service (CPX): deploying two full-container ships jointly managed with OOCL to operate through Central China, Southern China, Singapore, Malaysia, Pakistan, and India.
- (2) East India and Northwest Europe Express service (IEX): deploying one full-container ship jointly managed with ONE/HLC/COSCO/OOCL to operate East India through Mediterranean to Northwest Europe.

16. Southern Asia feeder service

- (1) South East Asia VI service (SE6): deploying one full-container ship to operate through Singapore, Malaysia and Bangladesh.
- (2) Singapore- Chittagong service (SCS): providing liner service between Singapore, Malaysia and Chittagong.
- (3) Straits-Bengal-Straits service (SBS): providing liner service between Singapore, Malaysia and Kolkata.

◆ Market Share and Supply, Demand and Growth in the Future

1. Transpacific Trade

According to the Drewry report, the overall volume growth rate of transpacific trade on the eastbound leg registered 7.3% in 2020, whereas the projection in 2021 will grow to 10%. According to Alphaliner, the Company's 2020 market share of capacity in the transpacific trade was approximately 5.3%.

2. Asia-Europe/Mediterranean Trade

According to the Drewry Report, the overall volumes on the westbound leg of Asia-Europe trade changed by -1.9% in 2020, while the total westbound volume of Asia-Mediterranean trade changed by -9.1%. The overall volume growth rates on the westbound leg of the Asia-Europe trade and Asia-Mediterranean trades are expected 6.5% and 17% respectively in 2021. According to Alphaliner, the Company's 2020 market share of capacity in the Asia-Europe and Asia-Mediterranean trade was approximately 3.3%.

3. Transatlantic Trade

The Company's container business in the Transatlantic trade is mainly focused on the development in the container market between Northern Europe/Mediterranean and the US East Coast. According to the Drewry Report, the overall volume on the westbound leg of the Transatlantic trade changed by -6.7% in 2020, while the overall volume of the eastbound leg changed by -11.4%. The overall volume on the westbound leg of the Transatlantic trade is expected to increase by 7.4% in 2021, and the overall volume on the eastbound leg is expected to increase by 6.8%.

4. Intra-Asia Trade

According to Global Insight report, the overall volume of the Intra-Asia trade is 30.13 million TEU in 2020. It is expected to reach 32.57 million TEU in 2021, an 8.1% growth from 2020.

5. Asia -Australia Trade

According to Global Insight report, the overall volume of the FE-Australia trade increased by -11% in 2020, and the overall volume is expected to increase by 8% in 2021. The Company's 2020 market share in the FE-Australia trade was approximately 5%.

6. FE-Middle East/Sub-Continental/Red Sea Trades

According to Global Insight report, the overall volume of the FE-Middle East/Sub-Continental/Red Sea Trade increased by -13% in 2020, and the overall volume is expected to increase by 10% in 2021. The Company's 2020 market share in the FE-Middle East/Sub-Continental/Red Sea Trade was approximately 17%.

7. FE-Central and South America Trades

According to Global Insight report, the overall volume of the FE-Central and South America Trade contracted by 9% in 2020, and the overall volume is expected to increase by 8% in 2021. The Company's 2020 market share in the FE-Central and South America Trade was approximately 2%.

◆ Competitive Advantages and Business Visions

1. Favorable Factors

(1) Hyundai Merchant Marine (HMM) joins THE Alliance

The container shipping market has been experiencing a series of mergers and acquisitions in recent years. The reorganization of the shipping alliances is divided into three major alliances in 2018 including 2M, Ocean Alliance, and THE Alliance. Hyundai Merchant Marine (HMM) joins THE Alliance in 2020 with 10 years agreement to strengthen cooperation within alliance and stabilize the shipping market as well.

(2) New Vessels Delivered in Succession, Reducing Operating Costs

In order to increase the competitiveness of service routes, the Company has operated twenty 14,000 TEU long-term chartered, new, energy-saving vessels. From second quarter of 2020 to 2022, the fourteen 11,000 TEU long-term chartered, new, energy-saving vessels, and ten 2,800 TEU, owned, new, feeder type vessels will be successively delivered and joined into YM fleet. These optimized new ships will not only further effectively reduce the unit cost but also increase energy saving and reduce overall emissions.

(3) Continue to Strengthen Regional Layout and Increase Loading Performance for Service

The Company will continue to strengthen the regional market layout. In addition to the European and American segments, THE Alliance will provide more direct services to side ports and further adjust the intra-Asia service. In accordance with the delivery of the new-built 2,800TEU vessels from this year gradually to replace the same type chartered-in ones and also further develop regional business through self-operated or exchange of slot in the emerging markets of Asia. In order to cooperate with the service route multi-stage utilization policy, we will enhance space utilization by increasing cargo loading to improve the synergy of service routes.

(4) Benefit of Strategic Alliances is Increasing

In 2021, in addition to maintaining the existing service routes between Asia, the US, Europe, the Mediterranean and transatlantic, as well as the Middle East and Red Sea service routes, the Company continues to rationalize the service route and optimize the shipping service, maximizing the advantages of the service route layout and effectively lowering costs. On the other hand, the Company has also extended the scope of cooperation beyond THE Alliance to expand the service layout and vessel deployment. Through the most economical port planning, we can significantly reduce the transportation time and operating unit cost MARPOL regulation between the ports, thoroughly strengthening the competitiveness of our service route.

2. Unfavorable Factors

(1) Charter rate rising and the demolition market slows down

Due to new effected IMO 2020 regulation, some of carriers need to have extra vessels to be the replacement during scrubber retrofit, as well as 2020/2H the shipping market surges as epidemic slows down, resulted in additional charter requirement and the cost of lease is relatively higher. On the other hand, ship owners' incentives for ship dismantling to comply with new regulation of green recycling are relatively low due to increasing vessel scrapped cost and declining demolition sales, and the consequently the demolition market slows down.

(2) Competitive Pressure Within the Market

Although the market supply has a short-term impact by COVID-19 pandemic, the shipping industry showed“V-shaped” reversal along with the outbreak of the COVID-19 pandemic has mitigated and lockdown lifted gradually as having strong cargo demand with ocean freight picking up resulted in carriers are forced to charter vessels in the spot chartering market to meet the transportation requirement. In addition, the robust of charting market leads to the rise of hire rate, carriers consider vessels deployment through second hand vessels purchasing as well as newbuilding. In terms of total capacity in the market, an oversupply is still forecasted over the long term as the capacity restored and placed into the market upon the world recovers gradually from the pandemic which has been

controlled and mitigated shall be affected by the basis of supply and demand. The higher charter rate from chartering market or costly second hand vessels in 2020 and 2021 estimated to be the competitive disadvantage and affect carriers' aggregate operating performance.

- (3) With the new MARPOL regulation came into force on January 1, 2020, Carriers would be forced to use high-priced low-sulfur fuel oil or install equivalent equipment such as scrubber to comply with the regulations. At the same time, with the heightened awareness of environmental protection in various countries, many emission control area has been established, cause the increasing of the operation cost. Moreover, the next phase of carbon emission goal in 2030 established by IMO will drive carriers to seek the alternative solution and energy caused the growth of the operating expense.

3. Countermeasures

(1) Continue to Promote Flexible Alliance Strategies

Due to the rise of mergers and acquisitions of large shipping companies, the wave of consolidation in the shipping market will continue, ushering a rise in market trends. Only by continuously promoting flexible alliance strategies, reducing operating costs and improving service route service quality, can we strengthen competitiveness. In 2021, the Company, along with THE Alliance partners carried out the optimization of service routes to further improve service quality.

(2) Developing Emerging Markets

Due to fierce competition in the main east-west service routes, the Company continues to develop emerging markets, including Vietnam, the Eastern Mediterranean, Baltic, South America and other markets to expand the service network and effectively utilize the Company's fleet capacity.

(3) Strengthened Cost Control

By keeping ourselves updated on the latest market dynamics and competitor analysis, we further cooperate with alliance partners in service, slot exchange, and moderately adjust the service route structure to achieve the goals of cost savings (including fuel and port charges). Other strategies, including fuel price hedging, chartering market monitoring, ship flexible operation, and reasonable establish overseas agency.

(4) Strict Control of Operational Safety and Quality

Operational safety is the primary focus of the shipping service industry. By completing ISPS certifications for our vessels, we deepen operational safety to ensure the quality of services. The integration of information systems in the shipping industry operations has become a crucial trend in the development of the shipping industry. Therefore, the integration and implementation of information application systems has been accelerated, to enhance service quality and management effectiveness.

(5) Complying with New Environmental Regulations and Countermeasures

In view of the expectation that the difference between high-priced and low-priced sulfur oil will maintain after the IMO 2020 regulations come into effect, the Company will carry out pre-planning and layout of the fleet desulfurization equipment installation to ensure access to a certain number of relatively low-priced, high Sulphur fuel oil and at the same time, we will levy the low-sulfur fuel surcharge to reduce the impact of rising fuel cost.

5.2.2 Production Procedures and Main Uses of Main Products: not applicable.

5.2.3 Supply Status of Main Materials: not applicable.

5.2.4 Clients (suppliers) Accounting for 10% of Sales (Purchase) or More in the Last Two Years: none.

There were no clients accounting for 10% of sales or more in the last two years.

5.2.5 Production in the Last Two Years: not applicable.

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Sales & Volume Items	Year	2020		2019	
		Amount	Volume (TEU)	Amount	Volume (TEU)
Cargo revenue: Deep sea		111,339,516	3,628,378	104,375,213	3,796,432
Cargo revenue: Short sea		19,856,638	1,446,209	19,370,431	1,638,391
Others		5,263,300	-	4,964,402	-
Rental revenue on vessel		2,025,636	-	3,293,912	-
Slottage revenue		2,640,645	-	5,567,533	-
Other operating revenue		10,150,948	-	11,609,771	-
Total		151,276,683	5,074,587	149,181,262	5,434,823

5.2.7 Maritime Key Performance Indicator

The Company's overall performance evaluation is divided into cross-departmental business performance indicators and annual operational indicators. Inter-departmental business performance indicators are controlled by various inter-departmental project meetings. Through the implementation of the Group's project cooperation, the Company promotes various resources integration, cost control, process improvement, of which strategies cover various functions of the Company, including business, transportation, finance and information. The annual operating indicators aim to control overall profit and loss, and improve operational efficiency and cost savings. In respect of vessels, the relevant works will be completed on time according to the ship docking contract, and resources and industry-university cooperation will be utilized to strengthen the crew's actual functions. By reviewing the unbalanced area of the containers and proposing specific improvement measures, and integrating the support of the information system for stock forecast, we are able to improve the immediacy and accuracy of containers. Long-term containers lease with higher costs are replaced with those of lower cost upon maturity of contracts. On the information system, continuous system promotion and optimization, big data and business intelligence specific applications, Line Manager management information system and ship information system integration development. In the agency system, according to business needs and agency evaluation indicators, continue to set up their own agent or proxy line replacement. In respect of information system, we continue to carry out system promotion and optimization, big data and business intelligence specific applications, Line Manager management information system and ship information system integration development. In the agencies' management, we not only set up Yang Ming owned agencies to meet business needs, but also review and replace existing agencies if its performance is not as expected.

5.3 Employee status from the two most recent fiscal years up to the date of publication of this annual report

Year		2020	2019	2021.03.26
Number of employees	Office service	4,683	4,234	4,671
	Sea service	1,265	1,324	1,253
	Total	5,948	5,558	5,924
Average age		39.40	39.45	39.21
Average service years		8.45	8.87	8.95
Education level	Ph.D.	0.07%	0.11%	0.07%
	Master's degree	8.66%	9.36%	8.68%
	College degree	70.11%	66.93%	70.17%
	High school degree	17.70%	19.52%	17.67%
	Middle school and below	3.46%	4.08%	3.41%

5.4 Expenditure on Environmental Protection

5.4.1 In the most recent year and up to the printing date of the annual report, the company has no major violations of environmental protection regulations.

5.4.2 The Company's Countermeasures for future environmental protection.

The Company always treats environmental protection as a duty and responsibility. All newly built vessels comply with the international standards and adopt advanced designs to prevent pollution of ocean and air. We set up our environmental policy and were the first shipping company in Taiwan to be certificated by ISM in 1996, ISO14001 in 2004 and OHSAS 18001 in 2005. Since 2006, we have joined the Business for Social Responsibility (BSR) and our Clean Cargo Working Group (CCWG), to work with other companies for more responsible business practices, innovation and collaboration. We have circulated annual environment Performance Report via the Company's website since 2007 to provide related environmental information for the knowledge of our customers and the public. In 2009, we set up an energy conservation team to study and implement environmental protection actions for energy conservation and resource recovery. Since 2014, we have provided carbon emission calculator service of shipping, on our website, to help our customers achieve the lowest possible carbon emissions from the door-to-door, green-delivery supply chain.

1. The following environmental protection measures will be developed and carried out continuously this year:

- (1) Implementation of the SEEMP (Ship Energy Efficiency Management Plan) Part I and Part II to achieve the goals of energy-saving and reduced carbon emission.
- (2) Use of low-sulphur fuel oil and reduction of speed by vessels in Emission Control Areas in keeping with MARPOL 73/78/97 Regulations and local rules.
- (3) Application for Observant of the Oil Pollution of 1990, Non-Tanker Vessels Response Plan and Financial Guaranty and Financial Responsibility Certificate for all vessels sailing to US ports.
- (4) Acquirement of Bunker Convention Certificates from the signatory states by observing the 2001 Bunker Convention.

- (5) Purchase of the Liability Insurance of the Protection and Indemnity.
- (6) Strict auditing of ISM/ISO14001 codes and corrective measures in order to ensure the safety of personnel, ships, cargoes and environment and to avoid maritime accident and pollution.
- (7) Conduction of organized training courses and practical exercises on environmental protection, risk management and energy saving for all crew members to reinforce personnel's professional knowledge and skill of preventing maritime pollution and accidents.
- (8) Paying close attention to development of international environmental regulations, and observing new regulations coming into effect to ensure the fleet can meet international environmental regulations while voyaging in the world's ports.
- (9) The Company has provided the service of carbon calculator for cargo transportation on our website, to help our customers achieve a door-to-door, green supply chain by keeping the carbon footprint as low as possible.
- (10) The Inventory of Hazardous Materials (IHM) is effective from 12.31.2020. We have been arranged to take samples on board for testing to facilitate the identification and control of the location and quantity of hazardous substances on ships.
- (11) January 2020 marked the beginning of an unprecedented transition of the shipping industry into a greener future with a regulation mandating the level of Sulphur content in marine fuels is limited to 0.5%. YangMing fleet has reduced its Sulphur oxide emission by 70% compared to using high Sulphur fuel oil. And the fleet YangMing had met this requirement ahead of time in the fourth quarter of 2019.
- (12) YangMing has planned 30% of the vessels in her fleet for scrubber installment to reduce the sulphur contents and other contents that may cause acid rain in the exhaust gas.

2. Estimated capital expenditure on environmental protection for the next three years:

In compliance with MARPOL 73/78/97 Regulations and local rules, facilities for preventing oil, water, sewage and air pollution have been installed on vessels under construction. Expenditure for future purchase/installment/re-equipment of such facilities will be included in the overall shipbuilding cost.

3. Effects of setting up additional equipment on the Company:

All the Company's vessels have been deploying facilities to prevent oil, sewage and air pollution in compliance with international environmental protection standards as required by MARPOL 73/78/97 Regulations and local rules.

5.4.3 The Taiwan Stock Exchange's Letter No.0950007006 dated April 13, 1995 requested disclosure of RoHS Information (EU legislation restricting the use of hazardous substances in electrical and electronic equipment): According to the characteristics of maritime shipping industry, the Company should not be covered by the EU RoHS.

5.5 Employee and Employer Relations

5.5.1 Current Significant Labor Agreements and Implementation

1. Employee welfare measures: the Company allocates 0.06% of its revenue into the employee welfare fund, and carries out welfare tax withholding for employees in the amount of 0.5% of each employee's salary, on a monthly basis. The fund is managed by the Employee Welfare Committee, to organize a variety of welfare events.

2. Education and Trainings

Unit: NT\$ Thousands

Trainings	Abstract	Total training hours (HR)	Amount
Orientation program	The Company holds orientation program, guided reading on maritime studies, maritime management practice, vessel boarding and container yard visit, other internal and external training courses for new employees, and arranges e-learning courses for them to study. Through completing the curriculum, new employees can understand the company's philosophy, organization, culture and human resources system, and become familiar with the company system, and successfully get acquainted with their job.	3,703	18,600
Job development training	The Company holds training courses such as the sharing of professional knowledge among departments, problem analysis and solution, non-financial staff accounting practice, AEO and C-TPAT certification scope, prevention of insider trading, Code of Ethical Management & Guidelines on Unethical Conduct Prevention, confidential management guidance courses, prevention of malicious email and social engineering exercises, occupational safety lectures, such as vocational and safety lectures, YM lectures, YM reading club, external professional training, occupational safety training, etc., to strengthen the professional competence of employees and improve business performance, and encourage employees to learn foreign languages and attend continued education courses. Through these trainings, the Company wishes to strengthen the basic knowledge and skills of employees.	14,457	1,759,469
Managing skills training	The Company arranges for managers to participate in courses such as performance management and interviewing skills, supervisory competency workshops, and negotiation skills trainings to elevate their managing and planning skills.	1,550	2,159,232
Ship Crew training	Ship-related safety management policies and methods are established according to ISM CODE, and EMQM and EMFA. The ship's operational safety is improved by the audit and supervision of the ship or the ship-to-ship mechanism. And ISM CODE training courses are regularly conducted every year. Participants include all crews and cadets.	6,992	3,651,629

3. Retirement system: Please refer to attachment 1 on Notes 24 for Retirement Benefits Plans.

4. Other significant agreements: None.

5.5.2 Any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, estimate of losses incurred to date or likely to be incurred in the future, and countermeasures:

In the most recent fiscal year and during the current fiscal year up to the date of publication date of the annual report, the Company have sustained related losses as a result of labor disputes were mainly legal costs in handling cases, which accounted for a very small proportion of the company's revenue. The remaining outstanding litigation cases related to labor disputes are currently being handled by attorneys appointed by the Company. Among them, its estimated possible loss accounts for a small proportion of the company's revenue, so it has no significant impact on the company's finances and business.

5.5.3 Employee Code of Ethics

1. Employees should be loyal to their duties, comply with government laws and regulations and company regulations, and obey the management, command, and dispatch of supervisors at all levels.
2. Employees are absolutely obligated to keep the Company's technical and business confidential information, and must not disclose or infringe on the Company's confidential business rights and interests, whether or not they are in charge of the affairs. Salary is a private as well as confidential information. Employees should abide by the obligation not to inquire, comment on salary of others, and disclose of their own salary.
3. When employees report job-related matters, except for emergency or special circumstances, they should follow the order of the administrative system and must not go over their immediate supervisors.
4. Employees are not allowed to leave their jobs without prior approval.
5. When conducting business, employees shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, palm greasing payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties.
6. Employees shall not carry ammunition and knives, dangerous goods, contraband or other items that violate workplace safety.
7. Employees shall wear identification cards in the workplace and return the identification card to the Company when they leave the Company.

5.5.4 Procedures for Handling Material Inside Information

In order to strengthen corporate governance, the Company has established the "Procedures for Handling Material Inside Information", established internal information processing and disclosure system, and disclosed the procedures in the corporate governance section under "Investor Services".

5.5.5 Occupational Safety and Health Policies

The company is engaged in international marine transportation services. Based on the results of risk and opportunity assessment, we focus on the safety of personnel and goods during transportation. Based on the human-oriented concept, we deeply understand that employees are important assets of the Company. Therefore, we provide safe and healthy working environment and operating procedures to ensure the safety and health of personnel.

In order to achieve the ideal of zero hazard, zero accident and zero injury, we follow the following policies:

1. Comply with government regulations and the Company's safety and health requirements.
2. Prevent occupational injuries and physical and mental health events, and "continue to improve" safety and health management systems and performance.
3. Top management will actively participate in and supervise safety and health management, and regularly review audits and performance assessments.
4. Promote various safety and health related training and activities so that employees at all levels fully understand their personal safety and health responsibilities.
5. Encourage employees to actively participate and provide the necessary time and resources to consult on safety and health related matters.
6. Provide health examinations to maintain the physical and mental health of employees. Health indicators are as important as safety goals.

5.6 Important Agreements

5.6.1 Joint Party Contract

2021.03.26

Agreement	Counterparty	Period	Major Contents	Restrictions
THE Alliance HOA	Hapag-Lloyd / ONE/HMM	2020.04.01-2030.03.31 Any line shall have the right to issue 12 months prior written notice of withdraw. Such notice may not be given before 36 months having elapsed after the Commencement date.	Asia/Europe, Asia/Mediterranean, Asia/U.S.West Coast, Asia/U.S.East Coast, Asia/Middle East, Asia/Red Sea, U.S East Coast/North Europe, U.S East Coast/Mediterranean	-
THE Alliance OA	Hapag-Lloyd/ ONE/HMM	2020.04.01-2030.03.31 Any line shall have the right to issue 12 months prior written notice of withdraw. Such notice may not be given before 36 months having elapsed after the Commencement date.	Asia/Europe, Asia/Mediterranean, Asia/U.S.West Coast, Asia/U.S.East Coast, Asia/Middle East, Asia/Red Sea, U.S East Coast/North Europe, U.S East Coast/Mediterranean	-
EMA MOU	COSCO/ OOCL/ONE	2020.04.25-now Any Line shall have the right to issue 3 months prior written notice of withdraw. Such notice may not be given before 9 months having elapsed after the Commencement Date of this Agreement.	Mediterranean/U.S. East Coast	-
IEX MOU	Hapag-Lloyd/ COSCO/ONE/ OOCL	2019.10.28-now Any Line shall have the right to issue 6 months prior written notice of withdraw. Such notice may not be given before 12 months having elapsed after the Commencement Date of this Agreement.	East India/Mediterranean/North Continental Europe	-

Agreement	Counterparty	Period	Major Contents	Restrictions
NEX	COSCO	2019.10.01-now Any Line shall have the right to issue 3 months prior written notice of withdraw. Such notice may not be given before 9 months having elapsed after the Commencement Date of this Agreement.	North Continental Europe/Mediterranean	-
IE2	COSCO	2017.04.01-now Any Line shall have the right to issue 3 months prior written notice of withdraw. Such notice may not be given before 6 months having elapsed after the Commencement Date of this Agreement.	Intra Europe	-
IBX	EMES	2018.01.01-now Any Line shall have the right to issue 3 months prior written notice of withdraw. Such notice may not be given before 2 months having elapsed after the Commencement Date of this Agreement.	Intra Black Sea	-
KTH	TSL/KMTC	2017.08.13-the indefinite duration Termination of contract requires a ninety-day pre-notice	Korea-Taiwan-Hong Kong service	-
THX	EMC/OOCL	2006.04.04-the indefinite duration Termination of contract requires a ninety-day pre-notice	Taiwan-Ho Chi Minh service	-
PAS	TSL	2014.05.07-the indefinite duration Termination of contract requires a sixty-day pre-notice	Pan Asia service	-
TCX	TNC	2010.03.21-the indefinite duration Termination of contract requires a thirty-day pre-notice	Taiwan-China service	-
PR5	KWY	2013.01.07-the indefinite duration Effective after the expiration of the contract. Termination of contract requires a thirty-day pre-notice	Intra-Asia service	-
JTX/PA3/ MCT	CNC/CST	2009.01.13-the indefinite duration Termination of contract requires a forty-five-day pre-notice	Intra-Asia service	-
NSD/JTH/ TPI/JCH	EMC	2009.09.06-the indefinite duration Termination of contract requires a sixty-day pre-notice	Intra-Asia service	-
(RCX+RSE) / ITS	RCL	2020.09.11-the indefinite duration Termination of contract requires a one-month pre-notice	Intra-Asia service	-
TPE/TPS	WHL	2018.10.23-the indefinite duration Termination of contract requires a sixty-day pre-notice	Intra-Asia service	-
FOC	FOS	2017.07.21-the indefinite duration Termination of contract requires a sixty-day pre-notice	Intra-Asia service	-
PA1/CTI	COSCO SEA	2017.05.27-the indefinite duration Termination of contract requires a ninety-day pre-notice	Intra-Asia service	-

Agreement	Counterparty	Period	Major Contents	Restrictions
CTS MOU	OOCL/GSL	2016.08.13-the indefinite duration Termination of contract requires a three-month pre-notice	China-Thailand service	-
CVX MOU	SAS /TSL	2018.01.09-the indefinite duration Termination of contract requires a three-month pre-notice	China (Central China)-Vietnam service	-
JMV	TSL/GSL/ KMTC	2019.04.15-the indefinite duration Termination of contract requires a three-month pre-notice	Japan-Malaysia- Vietnam service	-
SE5	RCL	2020.09.03-the indefinite duration Termination of contract requires a one-month pre-notice	South East Asia service	-
PA3/JTS	TSL	2017.03.31-the indefinite duration Termination of contract requires a sixty-day pre-notice	Intra-Asia service	-
JTS/JCV	PanAsia	2019.05.12-the indefinite duration Termination of contract requires a thirty-day pre-notice	Intra-Asia service	-
CAT	EMC/SNL/ TSL/HLC	2020.10.16-the indefinite duration Termination of contract requires a three-month pre-notice	Asia-Australia service	-
AR1	HLC/ONE/ WHL	2018.04.06-the indefinite duration Termination of contract requires a three-month pre-notice	Asia-Red Sea service	-
CAT/AA1/ AA2	PIL	2018.07.27-the indefinite duration Termination of contract requires a two-month pre-notice	Asia-Australia service	-
CPX	OOCL	2009.05.21-the indefinite duration Termination of contract requires a ninety-day pre- notice	Asia-South Asia service	-
SE6/SCS/ SBS	SOL	2015.11.03-the indefinite duration Termination of contract requires a twenty-one days pre-notice	Asia-Bangladesh/Kolkata service	-
SA3	EMC/COSCO/ CMA CGM	2017.01.20-the indefinite duration Termination of contract requires a six-month pre-notice	Asia-Eastern South America service	-
SA4	EMC/COSCO	2015.12.25-the indefinite duration Termination of contract requires a ninety-day pre-notice	Asia-Western South America service	-

5.6.2 Long-term Loan Contract

2021.03.26

Agreement	Counterparty	Period	Major Contents	Restrictions
Bank Mortgage Loan	The Company and Bank of Taiwan	2012.12.27-2022.12.27	The principal shall be repaid in 18 successive semiannual installments commencing on the date of expiry, 1.5 years from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Bank of Taiwan	2016.06.27-2023.06.27	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Bank of Taiwan	2016.12.20-2023.12.20	The principal shall be repaid in 12 successive semiannual installments commencing on the date of expiry, 1.5 years from the date on which the initial advance is made, of which the 1 st to 11 th phase will repay 50 million, and the 12 th phase will repay remaining principal.	-
Bank Mortgage Loan	The Company and Bank of Taiwan	2017.06.30-2024.06.30	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-

Agreement	Counterparty	Period	Major Contents	Restrictions
Bank Mortgage Loan	The Company and Land Bank of Taiwan	2013.06.21-2023.06.21	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and E.Sun Bank, Yuanta Bank	2012.08.10-2022.08.10	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry of six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Taipei Fubon Bank, Far Eastern Bank, Agricultural Bank of Taiwan	2013.03.20-2023.03.20	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Taiwan Cooperative Bank	2014.04.24-2026.04.24	The remaining principal shall be repaid in 16 successive semiannual installments commencing from April 24, 2018, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and First Bank	2014.07.16-2024.07.16	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Taipei Fubon Bank	2016.06.29-2021.06.29	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Taipei Fubon Bank	2016.12.29-2023.12.29	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made, of which the 1 st to 13 th phase will repay 26 million, and the 14 th phase will repay the remaining principal.	-
Bank Mortgage Loan	The Company and Taipei Fubon Bank	2017.02.23-2024.02.23	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made, of which the 1 st to 13 th phase will repay 15.5 million, and the 14 th phase will repay the remaining principal.	-
Bank Mortgage Loan	The Company and Chailase Finance Co., Ltd.	2016.03.25-2022.03.25	The principal shall be repaid in 24 successive quarterly installments commencing on the date of expiry, three months from the date when the initial advance is made.	-
Bank Mortgage Loan	The Company and Agricultural Bank of Taiwan	2016.08.24-2021.08.24	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made, the 1 st to 4 th phase will repay 5% principal, the 5 th to 6 th phase will repay 10% principal, and the 7 th to 10 th phase will repay 15% principal.	-
Bank Mortgage Loan	The Company and Chang Hwa Bank	2016.08.31-2021.08.25	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made, of which the 1 st to 9 th phase will repay 40 million, and the 10 th phase will repay remaining principal.	-
Bank Mortgage Loan	The Company and Hua Nan Bank	2016.09.13-2021.09.13	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Mega International Commercial Bank	2016.12.27-2021.12.27	The principal shall be repaid in 5 successive annual installments commencing on the date of expiry, 1 year from the date on which the initial advance is made, 1 st to 4 th phase will repay 150 million, 5 th phase will repay remaining principal.	-
Bank Mortgage Loan	The Company and Hua Nan Bank	2017.03.31-2024.03.31	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, thirty months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Taiwan Cooperative Bank	2017.11.30-2022.11.30	The principal shall be repaid in 16 successive quarterly installments commencing on the date of expiry, fourteen months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Hua Nan Bank	2019.03.12-2030.06.15	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, four years from the date on which the mortgage loan drawdown.	-
Bank Mortgage Loan	The Company and First Bank	2019.04.11-2030.09.15	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the mortgage loan drawdown.	-
Bank Mortgage Loan	The Company and Chang Hwa Bank	2019.05.16-2031.02.15	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the mortgage loan drawdown.	-
Bank Mortgage Loan	The Company and Bank of Taiwan	2019.07.23-2031.05.15	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the mortgage loan drawdown.	-
Bank Mortgage Loan	The Company and Taiwan Cooperative Bank	2019.08.20-2030.12.15	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, four years from the date on which the mortgage loan drawdown.	-

Agreement	Counterparty	Period	Major Contents	Restrictions
Bank Mortgage Loan	The Company and Land Bank of Taiwan	2019.10.21-2030.10.06	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the mortgage loan drawdown.	-
Bank Mortgage Loan	The Company and Taiwan Cooperative Bank	2019.12.27-2024.12.27	The principal shall be repaid in 8 successive semiannual installments commencing on the date of expiry, eighteen months from the date on which the initial advance is made.	-
Bank Mortgage Loan	The Company and Chang Hwa Bank	2020.03.31-2025.03.31	The principal shall be repaid in 6 successive semiannual installments commencing on the date of expiry, thirty months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Taiwan Cooperative Bank	2011.04.19-2021.04.19	The remaining principal shall be repaid in 5 successive semiannual installments commencing from April 19, 2019, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Bank of Taiwan	2015.01.07-2025.01.07	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Mega International Commercial Bank	2015.03.25-2025.03.25	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Chang Hwa Bank	2015.05.29-2025.05.29	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming and Chang Hwa Bank	2020.02.27-2025.02.27	The principal shall be repaid in 20 successive quarterly installments commencing on the date of expiry, 3 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming and The Export-Import Bank of The Republic of China	2016.08.16-2026.08.16	The principal shall be repaid in 15 successive semiannual installments commencing on the date of expiry, 3 years from the date on which the initial advance is made. The fourth (4 th) and fifth (5 th) installments of the repayment shall be extended to be equally repaid at the remaining installments. And the repayment amounts of the fourth (4 th) and fifth (5 th) installments shall be equally divided in ten (10) portions.	-
Bank Mortgage Loan	Kuang Ming and Cathay United Bank	2017.01.13-2027.01.13	The principal shall be repaid in 17 successive semiannual installments commencing on the date of expiry, 2 years from the date on which the initial advance is made. Each of the first (1 st) through fourth (4 th) installments shall be in the amount as closely equal to six percent (6%) of the principal. The fifth (5 th) and sixth (6 th) installments of the repayment shall be extended to be repaid at the remaining installments. Each of the seventh (7 th) through sixteenth (16 th) installments shall be in the amount as closely equal to seven percent (7%) of the principal; and the seventeenth (17 th) installment shall be in the amount as closely equal to six percent (6%) of the principal.	-
Bank Mortgage Loan	Kuang Ming and Mega International Commercial Bank	2017.11.13-2024.11.13	The principal shall be repaid in 11 successive semiannual installments commencing on the date of expiry, 2 years from the date on which the initial advance is made. The third (3 rd) and fourth (4 th) installments of the repayment shall be extended to be equally repaid at the remaining installments, and the repayment amounts of the third (3 rd) and fourth (4 th) installments shall be equally divided in seven (7) portions.	-
Bank Mortgage Loan	Kuang Ming and Land Bank of Taiwan	2018.02.09-2028.02.09	The principal shall be repaid in 28 successive quarterly installments commencing on the date of expiry, 39 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming – Liberia and Taiwan Cooperative Bank	2019.11.14-2025.11.14	The principal shall be repaid in 24 successive quarterly installments commencing on the date of expiry, 3 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming – Liberia and Taiwan Cooperative Bank	2020.9.28-2026.9.28	The principal shall be repaid in 24 successive quarterly installments commencing on the date of expiry, 3 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming – Liberia and Mega International Commercial Bank	2019.11.17-2021.11.17	The principal shall be repaid in 9 successive equal installments on quarterly basis commencing from the first Repayment Date which is November 17, 2019.	-
Bank Mortgage Loan	Kuang Ming – Liberia and Union Bank of Taiwan	2018.04.09-2023.04.09	The principal shall be repaid in 20 successive quarterly installments commencing on the date of expiry, 3 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming – Liberia and Kaohsiung Bank	2018.06.11-2023.06.11	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, from the date on which the initial advance is made, 1 st to 9 th phase will each repay 8% of the principle, 10 th phase will repay 28% of the principle.	-

Overview of the Company's Financial Status

6.1 The Consolidated Financial Statement and Information for the recent five fiscal years

6.1.1 Condensed Balance Sheet and Condensed Statement of Comprehensive Income - IFRSs

1. Condensed Consolidated Balance Sheet - IFRSs

Unit: NT\$ Thousands

Item \ Year		Financial Data in the Most Recent Five Years (Note)				
		2016	2017	2018	2019	2020
Current Assets		25,289,242	26,887,325	34,639,473	35,818,085	46,261,219
Property, Plant and Equipment		85,713,353	80,987,285	78,371,995	72,258,682	73,663,236
Intangible Assets		118,595	106,454	98,222	122,234	88,268
Other Assets		24,922,236	24,895,346	26,863,409	82,802,838	74,963,262
Total Assets		136,043,426	132,876,410	139,973,099	191,001,839	194,975,985
Current Liabilities	Before Distribution	42,550,135	44,340,702	47,496,628	61,249,304	59,749,354
	After Distribution	42,550,135	44,340,702	47,496,628	61,249,304	59,749,354
Non-current Liabilities		77,214,786	62,026,108	72,181,727	112,670,336	98,891,779
Total Liabilities	Before Distribution	119,764,921	106,366,810	119,678,355	173,919,640	158,641,133
	After Distribution	119,764,921	106,366,810	119,678,355	173,919,640	158,641,133
Equity Attributable to Shareholders of the Parent		15,808,838	26,033,565	19,828,008	16,463,534	35,678,232
Capital Stock		30,044,401	23,230,248	23,230,248	26,013,357	31,676,622
Capital Surplus		4,425,139	5,571,490	4,739,792	1,939,381	384,106
Retained Earnings	Before Distribution	(17,657,109)	(1,565,150)	(7,131,851)	(11,462,514)	1,660,919
	After Distribution	(17,657,109)	(1,565,150)	(7,131,851)	(11,462,514)	1,660,919
Other Equity		(1,003,593)	(1,203,023)	(1,010,181)	(26,690)	1,956,585
Treasury Stocks		-	-	-	-	-
Non-controlling Interests		469,667	476,035	466,736	618,665	656,620
Total Equity	Before Distribution	16,278,505	26,509,600	20,294,744	17,082,199	36,334,852
	After Distribution	16,278,505	26,509,600	20,294,744	17,082,199	36,334,852

2. Condensed Consolidated Statement of Comprehensive Income - IFRSs

Unit: NT\$ Thousands (Except EPS: NT\$)

Item \ Year	Financial Data in the Most Recent Five Years (Note)				
	2016	2017	2018	2019	2020
Operating Revenue	115,400,150	131,077,812	141,832,929	149,181,262	151,276,683
Gross Profit	(9,063,759)	6,495,225	42,223	6,074,766	26,084,316
Income from Operations	(14,721,429)	774,786	(5,666,392)	(1,014,685)	19,460,192
Non-operating income and expenses	(974,145)	(139,996)	(1,413,816)	(2,573,130)	(3,310,149)
Income before income tax	(15,695,574)	634,790	(7,080,208)	(3,587,815)	16,150,043
Net income of continuing business units	(14,889,499)	491,866	(6,306,356)	(3,997,896)	12,186,788
Loss of suspended business unit	-	-	-	-	-
Net Income (Loss)	(14,889,499)	491,866	(6,306,356)	(3,997,896)	12,186,788
Other comprehensive income for the year, net of income tax	(158,870)	(425,762)	91,690	950,381	1,448,115
Total comprehensive income for the year	(15,048,369)	66,104	(6,214,666)	(3,047,515)	13,634,903
Net income attributable to stockholders of the parent	(14,912,060)	320,849	(6,590,955)	(4,309,957)	11,977,013
Net income attributable to non-controlling interests	22,561	171,017	284,599	312,061	209,775
Total comprehensive income attributable to stockholders of the parent	(15,038,503)	(90,971)	(6,473,151)	(3,330,571)	13,476,092
Total comprehensive income attributable to non-controlling interests	(9,866)	157,075	258,485	283,056	158,811
Earnings per share	(9.22)	0.17	(2.53)	(1.66)	4.51

Note 1: The most recent financial report signed and reviewed by certified accountants.

Note 2: IAS 33 provides that the calculation of the earnings per share (EPS) for the period presented shall be adjusted retrospectively when the number of ordinary shares or potential ordinary shares outstanding decreases as a result of a reverse share split.

VI. Overview of the Company's Financial Status

3. Condensed Individual Balance Sheet - IFRSs

Unit: NT\$ Thousands

Item \ Year		Financial Data in the Most Recent Five Years (Note)				
		2016	2017	2018	2019	2020
Current Assets		17,241,090	18,183,499	25,868,143	25,535,993	28,834,372
Property, Plant and Equipment		37,071,633	34,632,559	34,537,154	34,649,013	40,503,281
Intangible Assets		102,742	76,035	57,220	78,223	62,005
Other Assets		55,126,998	56,556,774	56,331,139	111,116,824	109,270,296
Total Assets		109,542,463	109,448,867	116,793,656	171,380,053	178,669,954
Current Liabilities	Before Distribution	34,279,890	37,630,120	38,706,021	51,826,645	48,780,740
	After Distribution	34,279,890	37,630,120	38,706,021	51,826,645	48,780,740
Non-current Liabilities		59,453,735	45,785,182	58,259,627	103,089,874	94,210,982
Total Liabilities	Before Distribution	93,733,625	83,415,302	96,965,648	154,916,519	142,991,722
	After Distribution	93,733,625	83,415,302	96,965,648	154,916,519	142,991,722
Capital Stock		30,044,401	23,230,248	23,230,248	26,013,357	31,676,622
Capital Surplus		4,425,139	5,571,490	4,739,792	1,939,381	384,106
Retained Earnings	Before Distribution	(17,657,109)	(1,565,150)	(7,131,851)	(11,462,514)	1,660,919
	After Distribution	(17,657,109)	(1,565,150)	(7,131,851)	(11,462,514)	1,660,919
Other Equity		(1,003,593)	(1,203,023)	(1,010,181)	(26,690)	1,956,585
Treasury Stocks		-	-	-	-	-
Total Equity	Before Distribution	15,808,838	26,033,565	19,828,008	16,463,534	35,678,232
	After Distribution	15,808,838	26,033,565	19,828,008	16,463,534	35,678,232

4. Condensed Individual Statement of Comprehensive Income - IFRSs

Unit: NT\$ Thousands (Except EPS: NT\$)

Item \ Year	Financial Data in the Most Recent Five Years (Note)				
	2016	2017	2018	2019	2020
Operating revenue	96,844,267	110,458,769	119,440,265	129,368,247	127,808,609
Gross profit (Loss)	(11,482,096)	1,662,460	(4,906,418)	69,135	18,095,761
Income from Operations	(12,944,380)	60,190	(6,335,259)	(2,266,212)	15,815,383
Non-operating income and expenses	(2,939,681)	154,424	(1,312,668)	(2,037,710)	(314,104)
Income (Loss) before income tax	(15,884,061)	214,614	(7,647,927)	(4,303,922)	15,501,279
Net income (Loss) of continuing business units	(14,912,060)	320,849	(6,590,955)	(4,309,957)	11,977,013
Loss of suspended business unit	-	-	-	-	-
Net Income (Loss)	(14,912,060)	320,849	(6,590,955)	(4,309,957)	11,977,013
Other comprehensive income for the year, net of income tax	(126,443)	(411,820)	117,804	979,386	1,499,079
Total comprehensive income for the year	(15,038,503)	(90,971)	(6,473,151)	(3,330,571)	13,476,092
Earnings per share	(9.22)	0.17	(2.53)	(1.66)	4.51

Note 1: The most recent financial report signed and reviewed by certified accountants.

Note 2: IAS 33 provides that the calculation of the earnings per share (EPS) for the period presented shall be adjusted retrospectively when the number of ordinary shares or potential ordinary shares outstanding decreases as a result of a reverse share split.

6.1.2 The names of CPAs and their audit opinions

Year	Name of CPA	Audit Opinion
2016	Chin-Tsung Cheng, Chin-Hsiang Chen	Unqualified opinion with other matters (Note 1)
2017	Chin-Tsung Cheng, Yu-Mei Hung	Unqualified opinion with other matters (Note 1)
2018	Chin-Tsung Cheng, Yu-Mei Hung	Unqualified opinion with other matters (Note 1)
2019	Chin-Tsung Cheng, Yu-Mei Hung	Unqualified opinion
2020	Chin-Tsung Cheng, Yu-Mei Hung	Unqualified opinion

Note 1: The CPAs issued the audit opinion in order to distinguish auditors' responsibilities as it was partially based on other auditor's report.

6.2 Financial Analysis for the recent five fiscal years

6.2.1 Financial Analysis in the Most Recent Five Years - IFRSs

1. Financial Analysis (Consolidated) - IFRSs

Item \ Year		Financial Analysis in the Most Recent Five Years (Note 2)				
		2016	2017	2018	2019	2020
Capital Structure Analysis	Debts Ratio (%)	88.03	80.05	85.50	91.06	81.36
	Long-term Fund to Property, Plant and Equipment (%)	102.98	102.82	110.91	179.57	183.57
Liquidity Analysis	Current Ratio (%)	59.43	60.64	72.93	58.48	77.43
	Quick Ratio (%)	52.21	51.97	62.77	51.21	72.90
	Times Interest Earned (Times)	(6.89)	1.35	(2.87)	0.10	5.54
Operating Performance Analysis	Average Collection Turnover (Times)	16.12	16.28	16.93	16.06	14.20
	Days sale outstanding	22.64	22.42	21.56	22.72	25.70
	Average Inventory Turnover (Times) (Note 1)	-	-	-	-	-
	Average Payment Turnover (Times) (Note 1)	-	-	-	-	-
	Average Inventory Turnover Days (Note 1)	-	-	-	-	-
	Property, Plant and Equipment Turnover (times)	1.35	1.57	1.78	1.98	2.07
	Total Asset Turnover (Times)	0.85	0.97	1.04	0.90	0.78
Profitability Analysis	Return on Total Assets (%)	(9.10)	1.48	(3.55)	(0.49)	7.79
	Return on Equity (%)	(62.03)	2.30	(26.95)	(21.39)	45.63
	Pre-tax Income to Paid-in Capital Ratio (%)	(52.24)	2.73	(30.48)	(13.79)	50.98
	Net Margin (%)	(12.90)	0.38	(4.45)	(2.68)	8.06
	Earnings Per Share (NT\$)	(9.22)	0.17	(2.53)	(1.66)	4.51
Cash Flow	Cash Flow Ratio	-	4.32	-	18.28	58.65
	Cash Flow Adequacy Ratio	1.05	-	-	2.68	180.31
	Cash Flow Reinvestment Ratio	-	1.36	-	6.30	19.22
Leverage	Operating leverage	(0.40)	26.82	(2.60)	(28.52)	2.51
	Financial leverage	0.88	(0.75)	0.76	0.20	1.22

Please explain the reasons for changes in financial ratios in the most recent two years:

1. Debts Ratio, current ratio and quick ratio changed mainly due to increase in cash and decrease in loans liabilities.
2. The item "Times Interest Earned", Profitability ratios, cash flow ratios and leverage ratios changed mainly due to the improvement of operating condition this year.

2. Financial Analysis (Non-Consolidated) - IFRSs

Item		Financial Analysis in the Most Recent Five Years (Note 2)				
		2016	2017	2018	2019	2020
Capital Structure Analysis	Debts Ratio (%)	85.57	76.21	83.02	90.39	80.03
	Long-term Fund to Property, Plant and Equipment (%)	203.02	207.37	226.10	345.04	320.69
Liquidity Analysis	Current Ratio (%)	50.30	48.32	66.83	49.37	59.11
	Quick Ratio (%)	42.93	39.84	56.76	42.00	55.18
	Times Interest Earned (Times)	(11.00)	1.19	(6.03)	(0.36)	6.23
Operating Performance Analysis	Average Collection Turnover (Times)	16.32	16.45	19.62	22.68	25.58
	Days sale outstanding	22.36	22.19	18.61	16.09	14.27
	Average Inventory Turnover (Times) (Note 1)	-	-	-	-	-
	Average Payment Turnover (Times) (Note 1)	-	-	-	-	-
	Average Inventory Turnover Days (Note 1)	-	-	-	-	-
	Property, Plant and Equipment Turnover (times)	2.52	3.08	3.45	3.74	3.40
	Total Asset Turnover (Times)	0.82	1.01	1.06	0.90	0.73
Profitability Analysis	Return on Total Assets (%)	(11.73)	1.17	(5.03)	(1.17)	8.25
	Return on Equity (%)	(63.66)	1.53	(28.74)	(23.75)	45.94
	Pre-tax Income to Paid-in Capital Ratio (%)	(52.87)	0.92	(32.92)	(16.55)	48.94
	Net Margin (%)	(15.40)	0.29	(5.52)	(3.33)	9.37
	Earnings Per Share (NT\$)	(9.22)	0.17	(2.53)	(1.66)	4.51
Cash Flow	Cash Flow Ratio	-	-	-	15.05	59.75
	Cash Flow Adequacy Ratio	-	-	-	-	100.41
	Cash Flow Reinvestment Ratio	-	-	-	5.48	18.81
Leverage	Operating leverage	0.31	148.48	(0.47)	(8.22)	2.31
	Financial leverage	0.91	(0.05)	0.85	0.42	1.23

Please explain the reasons for changes in financial ratios in the most recent two years:

1. Liquidity ratios improved mainly due to the increase in profits this year.
2. Profitability ratios improved mainly due to the increase in profits this year.
3. Cash flow ratios improved mainly due to the increase in cash flow from operating activities.
4. Leverage ratios changed mainly due to the increase in income from operations this year.

Note 1: This is not applied to the international shipping industry.

Note 2: (1) The most recent financial report signed and reviewed by certified accountants.

- (2) IAS 33 provides that the calculation of the earnings per share (EPS) for the period presented shall be adjusted retrospectively when the number of ordinary shares or potential ordinary shares outstanding decreases as a result of a reverse share split.

The formula for financial analysis is as follows:

1. Capital Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Average Collection Turnover (including trade receivables and note receivables arising from operating activities) = Net Sales / Average Trade Receivables (including trade receivables and note receivables arising from operating activities)

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Payment Turnover (including trade payables and note payables arising from operating activities) = Cost of Sales / Average Trade Payables (including trade payables and note payables arising from operating activities)

(5) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Total Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Review Report

2020 Audit Committee's Review Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2020 business report, stand-alone and consolidated financial statements, and proposal for distribution of earnings. The CPA firm of Deloitte & Touche, Taiwan, was retained to audit Yang Ming Marine Transport Corporation's financial statements and has issued an independent auditors' report relating to the financial statements. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, the undersigned hereby certifies the business report, stand-alone and consolidated financial statements, and proposal for distribution of earnings after thorough examination.

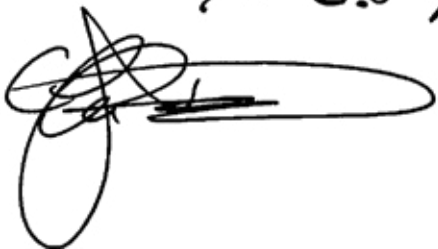
To: 2021 Annual Shareholders' Meeting
YANG MING MARINE TRANSPORT CORP.

Chairman of the Audit Committee: Tar-Shing Tang

Independent Director: Tar-Shing Tang

Independent Director: Tze-Chun Wang

Independent Director: Jei-Fuu Chen

Tar-Shing Tang
Tar-Shing Tang
T. C. Wang


March 25, 2021



6.4 Consolidated Financial Statements 2020

Please refer to attachment 1

6.5 Individual Consolidated Financial Statements 2020

Please refer to attachment 2

6.6 If the Company and its Affiliates encountered any financial difficulties in the past year and as of the date of publication of the Annual Report, the Impact on the Company's financial status should be listed : None.

VII Review of Financial Position, Financial Performance and Risk Management

7.1 Analysis of the Financial Statements

Unit: NT\$ Thousands

Item \ Year	2020	2019	Increase/Decrease	
			Amount	%
Current assets	46,261,219	35,818,085	10,443,134	29.16
Properties, plants and equipment	73,663,236	72,258,682	1,404,554	1.94
Intangible assets	88,268	122,234	(33,966)	(27.79)
Other assets	74,963,262	82,802,838	(7,839,576)	(9.47)
Total assets	194,975,985	191,001,839	3,974,146	2.08
Current liabilities	59,749,354	61,249,304	(1,499,950)	(2.45)
Other liabilities	98,891,779	112,670,336	(13,778,557)	(12.23)
Total liabilities	158,641,133	173,919,640	(15,278,507)	(8.78)
Capital stock	31,676,622	26,013,357	5,663,265	21.77
Capital surplus	384,106	1,939,381	(1,555,275)	(80.19)
Retained earnings	1,660,919	(11,462,514)	13,123,433	114.49
Other adjustments	2,613,205	591,975	2,021,230	341.44
Total stockholders' equity	36,334,852	17,082,199	19,252,653	112.71

Notes:

Analysis of increase or decrease above 20%:

1. Decrease in intangible assets mainly due to increase in computer software prior year.
2. Increase in current assets mainly due to increase in cash and account receivables.
3. Increase in capital stock mainly due to conversion of bonds payable into common stocks.
4. Decrease in additional paid in capital due to capital surplus used to cover accumulated deficits.
5. Increase in retained earnings and total stockholders' equity mainly due to financial gain this year.
6. Increase in other adjustments mainly due to increase in unrealized gain on cash flow hedges.
7. Contingency plans for factors of significant impact: None.

7.2 Analysis of the Company's Financial Performance

Unit: NT\$ Thousands

Item \ Year	2020	2019	Increase/Decrease	
			Amount	%
Operating revenue	151,276,683	149,181,262	2,095,421	1.40
Operating costs	125,192,367	143,106,496	(17,914,129)	(12.52)
Gross profit (loss)	26,084,316	6,074,766	20,009,550	329.39
Operating expenses	6,985,679	6,614,792	370,887	5.61
Other income and gains, expenses and loss	361,555	(474,659)	836,214	176.17
Operating income (loss)	19,460,192	(1,014,685)	20,474,877	2,017.86
Non-operating income and gains	250,148	1,409,824	(1,159,676)	(82.26)
Non-operating expenses and losses	(3,560,297)	(3,982,954)	422,657	10.61
Income before tax (loss)	16,150,043	(3,587,815)	19,737,858	550.14
Tax expense (gains)	3,963,255	410,081	3,553,174	866.46
Net income (loss)	12,186,788	(3,997,896)	16,184,684	404.83
Cumulative effect of changes in accounting principles	-	-	-	-
Net income (loss) for the year	12,186,788	(3,997,896)	16,184,684	404.83

Notes :

Analysis of increase or decrease above 20%:

1. Increase in gross profit, operating income, income before tax, and net income for the year mainly due to increase in total shipping price.
2. Increase in other income and expenses mainly due to compensation loss prior year.
3. Decrease of non-operating income and gains mainly due to loss of interest revenue, exchange gain, and financial instrument.
4. Increase of tax expense mainly due to the improvement of operating condition this year.
5. Contingency plans for factors of significant impact: None.

7.3 Analysis of Cash Flows

7.3.1 Cash Flow Analysis for the Past Year

Unit: NT\$ Thousands

Cash and cash equivalents beginning balance ①	Net cash flow from operating activities throughout the year ②	Cash outflow from investing and financing activities throughout the year ③	Cash surplus (deficit) ① + ② - ③	Leverage of cash deficit	
				Investment plan	Financing plan
17,177,339	35,042,626	27,701,244	24,518,721	-	-
Cash flow analysis and liquidity analysis of the past year: 1. Operating activities: Net cash inflow from operating activities of NT\$ 35,042,626,000. 2. Investing activities: spent NT\$ 6,128,918,000 to acquire funds and financial assets, container ships, and machine equipment. 3. Fundraising activities: purchased container ships, paid off debts and conducted fundraising for businesses development needs. 4. Remedies for cash deficit: not applicable.					

7.3.2 Cash Flow Analysis for the Coming Year (2021)

Unit: NT\$ Thousands

Cash and cash equivalents beginning balance ①	Estimated net cash flow from operating activities throughout the year ②	Estimated cash outflow from investing and financing activities throughout the year ③	Estimated cash surplus (deficit) ① + ② - ③	Leverage of cash deficit	
				Investment plan	Financing plan
24,518,721	17,671,974	23,649,771	18,540,924	-	-
Cash flow analysis and liquidity analysis of the coming year (2021): 1. Operating activities: Net cash inflow from operating activities is estimated to be NT\$ 17,671,974,000. 2. Investing activities: spent NT\$ 8,271,247,000 to acquire funds and financial assets, container ships, and machine equipment. 3. Fundraising activities: purchased container ships, paid off debts and conducted fundraising for businesses development needs. 4. Remedies for cash deficit: not applicable.					

7.4 Impact of major capital expenditure on finance and business: None.

7.5 Re-investment Policy in the Past Year, Major Causes of Profit and Loss, Improvement Plans, and Investment Plans for the Coming Year

The Company's re-investment policies, following established company strategies, are based on operational and development needs. Our main re-investment businesses are the upper stream and downstream industries in marine shipping. Our vision is to provide top-quality services to customers through vertical integration. Consolidated profit from re-investment accounted for under the equity method is NT\$ 372,246,000, mainly from return on investment in affiliated company, West Basin Container Terminal. Following established business development strategies and echoing the Taiwanese governments New Southbound Policy, in the coming year the Company's main investment focus will be in container warehouse and logistics in Southeast Asia. Furthermore, in order to enhance the management effectiveness, improve operating performance and lower the operating cost, the Company will continuously develop the shipping agency business in Europe.

7.6 Risk Management

7.6.1 Impact of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Profit and Loss, and Future Response Strategies

1. Impact on profit and loss

(1) Interest rate risk

The net interest expense throughout the year amounts to NT\$ 3,426,839,000, accounting for 2.27% of net operating revenue and 21.22% of net income before tax.

Excluding the interest expense of financial assets and liabilities, the net interest expense throughout the year changes to NT\$1,178,586,000, accounting for 0.78% of net operating revenue and 7.30% for net income before tax.

(2) Foreign exchange rates risk

The Company is multinational operation company which is subject to exchange rate risks arising from multi-currency, mainly US dollars, euros and Japanese yen.

The net foreign exchange gain throughout the year amounts to NT\$728,885,000, accounting for 0.48% of net operating revenue and 4.51% of net income before tax.

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, recognized in other comprehensive income NT\$2,230,000,000, accounting for 16.4% of other comprehensive income.

(3) Inflation

None.

2. Future response strategies

(1) Interest rate risk management

The Company continues to improve financial structure, enriches medium and long-term working capital, and continues to control the level of net debt. Moreover, to reduce the risk caused by the fluctuations of interest rates, the Company continues to monitor interest rate trends, and flexibly adjusts loan-deposit ratio of fixed or floating interest rate.

(2) Foreign exchange rates risk management

In terms of risk management of foreign exchange rate changes, a balanced asset-liability, income-expense structure in foreign currency will be maintained to achieve natural hedging effects by using income in foreign currency to pay for foreign currency expenditures. Any long or short position, the Company trades spot exchange rate to maintain foreign exchange exposure at an acceptable level.

7.6.2 Policies, Main Causes of Profit and Loss, and Future Response Strategies with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Trading

1. The Company does not engage in high-risk, high-leverage investments.

2. The Company provides loans and endorsement guarantees, mainly to subsidiaries and for business development purposes, in accordance with the Company's operating procedures for fund lending, procedures for making endorsements and guarantees, and relevant policies.

3. Policies for trading derivatives are focused on hedging. With consideration of the Company's position and market prospect, in accordance with the Company's procedure for handling acquisition and disposal of assets and relevant regulations, a reasonable gain within bearable risks is aimed for.

7.6.3 Future Research and Development (R&D) Plans and Estimated Expenses

1. Smart ship upgrade project.
2. Ship's VSAT and WIFI and other information infrastructure.
3. Construction of Kongsberg's big data analysis system.
4. Construction of SPECTEC marine management system.
5. Developing APP for vessel auditing.
6. E-Learning.
7. Plan and design of an intelligence management center and basic layout.
8. Mobile APP software development.
9. API Application Technology.
10. IOT application.
11. Broadband on board and Big Data.
12. Web Application System.
13. Alternative Fuel like LNG or Bio-fuel for future New Building Project.
14. Shaft generator for New Building Project.
15. Route Specific Container Stowage for New Building Project and existing vessels.
16. Smart ship for New Building Project.
17. Energy saving paint application for New Building Project and existing vessels.
18. Pre swirl duct for New Building Project and existing vessels.
19. Sea sword bow for New Building Project.
20. YANG MING will keep studying and evaluating to install scrubber equipment in existing vessels so as to save fuel cost and meet 2020 IMO low sulfur requirement as well.

The above R&D plans require an estimated investment of NT\$211 million.

7.6.4 Impact of Important Changes in Domestic and International Policies and Regulations on Corporate Finance and Sales, and Response Strategies

1. Finance

Assigned personnel in the finance department of the Company pays close attention to changes in corporate laws and securities regulations. They participate in training, conduct research, and develop contingency plans. As a result, changes in domestic and international policies and regulations have limited impact on the Company's finances.

2. Sales

Changes in domestic and international policies and regulations have limited impact on the Company's main business and sales. The Company abides by the rules and regulations established by governing bodies and pays close attention to any changes in the regulations.

7.6.5 Impact of Changes in Technology and the Industry on Corporate Finance and Sales, and Response Strategies

1. Finance

With the progress of science and technology, the company has saved fuel consumption and cost expenditure through the construction of intelligent ships, reefer containers and scrubbers.

2. Sales

- (1) The Company has subsidiaries and agents all around the world. With the rising need for business development and e-commerce, and to increase our competitiveness, the Company continuously updates and upgrades our information system and processes, with the purpose to collect real-time information, improve operational efficiency and quality, and reduce communication and operational costs.
- (2) The Company is dedicated to environmental protection: We diligently abide by international treaties and regulations; strive to reduce emission and protect the ocean in accordance with requirements from the ports; as well as increase energy efficiency. The Company continues to implement environmental protection and anti-pollution control to our fleet. All new container ships meet the international standards and regulations of low fuel usage and eco-friendly designs and are competitive in the market. In addition, in accordance with anti-terrorism measures at the ports, all our ships are equipped with ship security and alarm system, updated Electronic Navigation Chart (EVC) and information system, and satellite communication system to ensure shipping security and integrated sailing information.
- (3) Large vessels are the mainstream market trend. The new designs are particularly focused on energy saving and carbon reduction, with a significant fuel consumption saving compared to previous designs of the same segment. Comparing to ship designs in 2007-2009, latest designs have improved its fuel consumption saving by 25-30%. In order to strengthen its global competitiveness thoroughly, except 20 charter 14,000TEU and 3 charter 11,000TEU energy-efficient ships have been deployed and operated, there are still 11 charter 11,000TEU energy-efficient ships which enable to improve significantly the fuel consumption saving would be delivered in 2021 and 2022. The Company will continue further reduce fuel consumption and fuel cost by monitoring the latest advancements in fuel technology, ship-building technology, and engine improvement.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company follows “Regulations Governing Establishment of Internal Control Systems by Public Companies” and sets up our own internal control system. It comprises control environment, risk assessment, control activities, information and communications, and monitoring activities. This system helps the company operate soundly and effectively. The company has never ceased to strengthen corporate governance in recent years in order to cope with possible business risks. In doing so, we have never failed to reveal the key elements of information according to the law and regulations. We are devoted to environmental protection and the fulfillment of social responsibility. All these efforts are important to us in forming our good corporate image. Besides establishing a mechanism for coping with various kinds of risks, we have worked out a reporting procedure and a communication conduit. When a risk emerges, all concerned departments immediately assess its impact and propose the most appropriate response to it so that we can protect our image.

7.6.7 Expected Benefits and Potential Risks of M&A, and Response Strategies: Not applicable.

7.6.8 Expected Benefits and Potential Risks of Expanding Fleet and Capacity, and Response Strategies

The expansion of fleet and capacity is expected to increase our lifting volume, sales revenue, and gross profit, while the enlargement of ships will lower unit operating costs. Shipping economy is of a circular nature, with shipping needs closely tied to world economic and trade activities. Considering the impact of Covid-19 pandemic, the uncertainty in the eurozone and the sluggish of global economy, the capacity growth continued reveals the risk of over-supply in the shipping industry. Currently, major shipping companies around the

world and ship owners are taking every possible measure to control additional capacity deployed, or through delaying the implementation of new capacity to stabilize the supply and demand. The Company has taken the following measures to lower the risk of imbalance in the supply and demand.

1. Joint operations

The Company has always worked closely with our joint operation partners. Partnering with the THE Alliance, through improved route planning and optimized ship arrangement, we can better deploy ship resources, lower shipping cost, expand shipping routes and coverage, remain competitive in the market, and attain the highest service quality. In addition, we continue to research new market opportunities to more flexibly allocate our resources and provide more diverse services to our customers. We do not exclude any potential business opportunities and collaborations with other shipping companies in niche markets in order to advance our sales performance.

2. Seasonal route adjustments

Adapting to changes of demands during special peak times such as Chinese New Year, Labor Day holidays and National Day holidays in China, Golden Week in Japan, or down times such as winter, routes are adjusted, and shipment space is consolidated to lower shipping costs and increase load factors.

3. Temporary route adjustments

Aside from the seasonal adjustment, we adopt the necessary measures such as closely tracking the development, performing additional service adjustment and withdrawing redundant capacity appropriately to cope with unexpected global trade incidents and potential risk such as pandemic resulted in imbalanced supply-demand.

7.6.9 Risks of Purchase or Sales Concentration, and Response Strategies

The risk is not significant as the Company does not have a single client accounting for over 10% of total import or export volume.

7.6.10 Impact and Risks of Mass Share Transfer of or Change of Directors, Supervisors, or Shareholders Holding More Than 10% of the Company's Shares, and Response Strategies:

As of March 16, 2021, Institutional director TIPC had transferred a total of 60,000,000 shares in the centralized market. There is no influence on the company.

7.6.11 Impact and Risks of Change of Management of the Company, and Response Strategies: Not applicable.

7.6.12 Impact of Litigations or Non-litigations

The Company imported and put in operation three gantry cranes at the Kaohsiung Port pier in December 2006. Due to operational needs, the Company negotiated with the Bureau of Kaohsiung Port (current Port of Kaohsiung, Taiwan International Ports Corporation, Ltd.) and moved the cranes to the container yard of Keelung Port for further usage. However, Kaohsiung Customs (Customs Administration), Executive Yuan deemed this action a violation of the Act for the Establishment and Management of Free Trade Zones and confiscated the three cranes in 2014. The Company denies this allegation and pursued legal actions. As the Supreme Administrative Court dismissed the Company's request to appeal on April 30th, 2018, the Company has followed the order by Kaohsiung Customs. However, to protect self-interest, the Company has submitted the case to Constitutional Court, Judicial Yuan for judicial interpretation in March 2019, which is as a last resort. Other than the aforementioned case, most of the cases the Company is involved in are damage claims related to goods, ship structure, ship owner responsibility, caused by damage during shipment and operation of ships. As these cases are covered by our insurance policy, the damages and expenses will be compensated by the insurance company according to our contract and therefore, within controllable risks of the Company.

7.6.13 Other Significant Risks and Response Strategies

1. Please refer to Page 58 for the Company's risk management policies.

2. Cyber security risk assessment and analysis:

(1) Interruptions of communication network of host computer

External network is supported by two telecom service providers and jointly monitored by Chunghwa Telecom and BT, with continuous network upgrades overseas. However, due to the magnitude of impact of network interruptions, the risk level cannot be downgraded. At the headquarters, the domestic leased circuit, the international private leased circuit, and the internet are all supported by networks of two telecom service providers. The communication of the main agents with the headquarters is mainly through the leased circuits, with the internet as the backup, and with continuous network upgrades overseas. In addition, multiple VPN (Virtual Private Networks) access points are available to common agents. In the event of inevitable large-scale network interruptions, operations of the Company will likely be affected.

(2) Core application system damage

System of higher security has been installed on the host computer of core database. High availability (HA) is implemented on key host computers, with real-time synchronization of database at offsite backup centers, and daily backup logs available for later inspection. Firewalls and antivirus software have been installed and regular monitoring and checks are performed. Considering recent outbreaks of cyberattacks, risk level remains high.

System of higher security has been installed on the host computer of core database. High availability (HA) is implemented on key host computers, with real-time synchronization of database at offsite backup centers, and daily backup logs of available for later inspection. Security measure such as firewalls and antivirus software have been installed, and regular monitoring and checks are performed. Considering heightened needs for cyber security measures and constantly changing tactics of hackers, the Company needs to remain highly alert.

7.6.14 The Organizational Structure in Relation to Risk Management

1. The Company established the risk management department in accordance with the latest Criteria for Corporate Governance and Internal Auditing on July 1st 2004. This department oversees all risk management matters in the Company, including regular risk assessments, and subsequent analysis and measures.

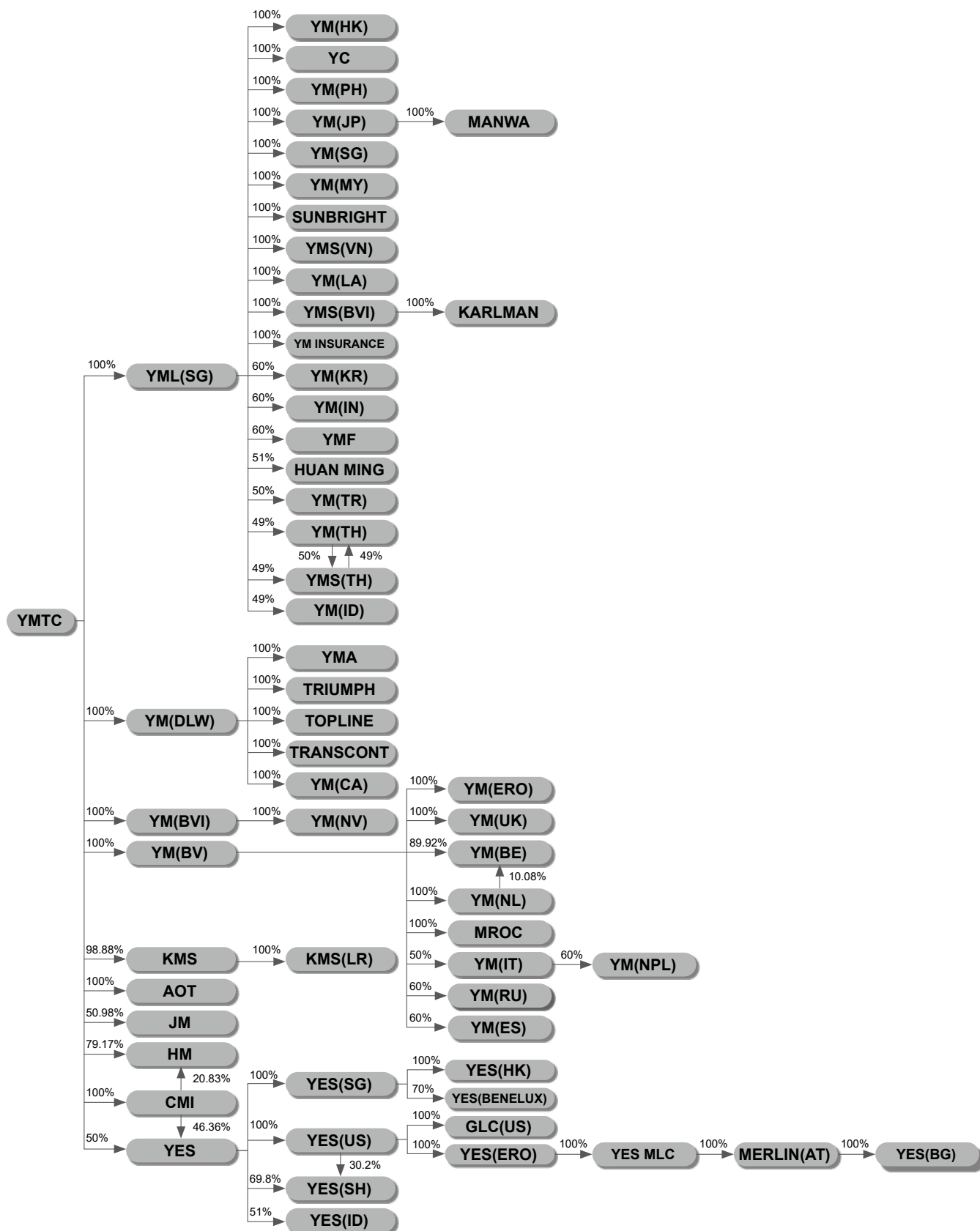
2. The organizational structure in relation to risk management is divided by the nature of risks. While the department of Risk Management and Insurance oversees all risk management related matters, the initial identification of general risks, and the assessment and control of them are the responsibilities of each department. Cases of significant risks will be sent to special review committees and the auditing office, based on their nature and the monetary sum involved. Reviewed cases that meet the standard will then be sent to the Board of Directors for approval.

7.7 Other Important Matters None.

Special Disclosures

8.1 Information related to the Company's Affiliates

8.1.1 The Chart of the Company's Affiliates as of December 31,2020



YMTC	: Yang Ming Marine Transport Corp.
YML(SG)	: Yang Ming Line (Singapore) Pte Ltd
YM(HK)	: Yang Ming Line (Hong Kong) Ltd.
YC	: Young-Carrier Company Ltd.
YM(PH)	: Yang Ming Shipping Philippines, Inc.
YM(JP)	: Yangming (Japan) Co., Ltd.
MANWA	: Manwa Co., Ltd.
YM(SG)	: Yang Ming (Singapore) Pte. Ltd.
YM(MY)	: Yang Ming Line (M) Sdn. Bhd.
SUNBRIGHT	: Sunbright Insurance Pte. Ltd.
YMS(VN)	: Yang Ming Shipping (Vietnam) Co. Ltd.
YM(LA)	: Yang Ming (Latin America) Corp.
YMS(BVI)	: Yang Ming Shipping (B.V.I.) Inc.
KARLMAN	: Karlman Properties Limited
YM INSURANCE	: Yang Ming Insurance Co., Ltd.
YM(IN)	: Yang Ming Line (India) Pvt. Ltd.
YM(KR)	: Yang Ming (Korea) Co. Ltd.
YMF	: Yang Ming (France) S.A.S
HUAN MING	: Huan Ming (Shanghai) International Shipping Agency Co., Ltd
YM(TR)	: Yang Ming Anatolia Shipping Agency S.A.
YM(TH)	: Yang Ming Line (Thailand) Co., Ltd.
YMS(TH)	: Yang Ming Line Shipping (Thailand) Co., Ltd.
YM(ID)	: PT Yang Ming Shipping Indonesia
YM(DLW)	: Yang Ming Line Holding Co.
YMA	: Yang Ming (America) Corp.
TRIUMPH	: Triumph Logistics, Inc.
TOPLINE	: Topline Transportation, Inc.
TRANSCONT	: Transcont Intermodal Logistics, Inc.
YM(CA)	: Yang Ming Shipping (Canada) Ltd.
YM(BVI)	: Yang Ming Line (B.V.I.) Holding Co., Ltd.
YM(NV)	: Yang Ming Line N.V.
YM(BV)	: Yang Ming Line B.V.
YM(ERO)	: Yang Ming Shipping Europe GmbH
YM(UK)	: Yang Ming (UK) Ltd.
YM(BE)	: Yang Ming (Belgium) N.V.
YM(NL)	: Yang Ming (Netherlands) B.V.
MROC	: Yang Ming (Mediterranean) Marine Services Single-member Limited Liability Company
YM(RU)	: Yang Ming (Russia) LLC
YM(ES)	: Yang Ming (Spain), S.L.
YM(IT)	: Yang Ming (Italy) S.p.A
YM(NPL)	: Yang Ming (Naples) S.r.l.
KMS	: Kuang Ming Shipping Corp.
KMS(LR)	: Kuang Ming (Liberia) Corp.
AOT	: All Oceans Transportation Inc.
JM	: Jing Ming Transportation Co., Ltd.
HM	: Hong Ming Terminal & Stevedoring Corp.
CMI	: Ching Ming Investment Corp.
YES	: YES Logistics Corp.
YES(SG)	: YES Yangming Logistics (Singapore) Pte. Ltd.
YES(HK)	: Yes Logistics Company Ltd.
YES(BENELUX)	: Yes Logistics Benelux B.V.
YES(US)	: YES Logistics Corporation
GLC(US)	: Golden Logistics USA Corporation
YES(SH)	: Yes Logistics (Shanghai) Corp.
YES(ERO)	: YES Logistics Europe GmbH
YES MLC	: YES MLC GmbH
MERLIN(AT)	: Merlin Logistics GmbH
YES(BG)	: YES Logistics Bulgaria Ltd.
YES(ID)	: PT. YES Logistics Indonesia

8.1.2 Affiliates

2020.12.31

Unit: Original Currency in Thousand

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
Yang Ming Line (B.V.I.) Holding Co Ltd.	1996.08.19	Citico Building, Wickhams Cay, P.O.Box 662, Road Town, Tortola, British Virgin Islands	USD103,505	Investment, shipping agency, forwarding agency and shipping managers
Yang Ming Line (Singapore) Pte Ltd	1996.08.08	50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623	SGD60,130	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency
Ching Ming Investment Corp.	1997.03.03	4F, No.243, Sec. 2, Chongqing N. Rd., Datong District, Taipei City	TWD1,204,875	Investment
All Oceans Transportation, Inc.	1971.11.05	80 Broad Street, Monrovia, Republic of Liberia	USD100	Shipping agency, forwarding agency and shipping managers
Yes Logistics Corp.	1999.11.11	4-5F, No.243, Sec. 2, Chongqing N. Rd., Datong District, Taipei City	TWD1,200,000	Warehouse operation and forwarding agency
Kuang Ming Shipping Corp.	1990.05.01	6F, No.243, Sec. 2, Chongqing N. Rd., Datong District, Taipei City	TWD3,999,991	Shipping service, shipping agency and forwarding agency
Hong Ming Terminal & Stevedoring Corp.	1997.12.01	No.10, Ya Tai Rd., Hsiao-Kang District, Kaohsiung City	TWD100,000	Terminal operation and stevedoring
Jing Ming Transportation Co. Ltd.	1998.08.31	2F, No.999, Sinsheng Rd., Hsiao-Kang District, Kaohsiung City	TWD169,006	Container transportation
Yang Ming Line Holding Co.	1996.08.23	251 Little Falls Drive, Wilmington DE 19808, New Castle County, USA	USD4,500	Investment, shipping agency, forwarding agency and shipping managers
Yang Ming (America) Corp.	2003.07.01	One Newark Center, 1085 Raymond Boulevard, 9 th Floor, Newark, NJ 07102, USA	USD500	Shipping agency, forwarding agency and shipping managers
Triumph Logistics, Inc.	2004.10.08	40 Technology Pkwy South, #300, Norcross, Georgia 30092, in Gwinnett Country, USA	USD450	Container transportation
Topline Transportation, Inc.	2006.03.10	77 Sugar Land Center Blvd. Ste 450, Sugar Land TX 77478, USA	USD150	Container transportation
Transcont Intermodal Logistics, Inc.	2007.07.18	77 Sugar Creek Center Blvd. Ste 450, Sugar Land, TX 77478-3688	USD10	Inland forwarding agency
Yang Ming Shipping (Canada) Ltd.	2009.06.18	1100-1200 av. McGill College Montreal (Quebec) H3B 4G7, CANADA	CAD100	Shipping agency, forwarding agency and shipping managers
Yang Ming Line N.V.	1996.09.04	Kaya Flamboyen 9, Willemstad, Curaçao	USD1,500	Investment, shipping agency, forwarding agency and shipping managers
Yang Ming Line B.V.	1997.01.28	Albert Plesmanweg 61D, 3088 GB Rotterdam, The Netherlands	EUR1,134	Investment, shipping agency, forwarding agency and shipping managers
Yang Ming (UK) Ltd.	1997.01.29	2 nd Floor, 210 South Street, Romford, Essex, England, RM1 1TR, U.K.	GBP1,500	Shipping agency, forwarding agency and shipping managers



Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
Yang Ming Shipping Europe GmbH.	1992.06.12	Oberbaumbruecke 1, 20457 Hamburg, Germany	EUR818	Shipping agency, forwarding agency and shipping managers
Yang Ming (Italy) S.p.A	2002.12.04	Piazza Galeazzo Alessi 2/10, 16128 Genova, Italy	EUR250	Shipping agency
Yang Ming (Belgium) N.V.	2007.06.01	Molenbergstraat Nr 10 - Bus 23, 2000 - Antwerpen, Belgium	EUR62	Shipping agency
Yang Ming (Netherlands) B.V.	2004.01.06	Albert Plesmanweg 61D, 3088 GB Rotterdam, The Netherlands	EUR400	Shipping agency
Yang Ming (Mediterranean) Marine Services Single – Member Limited Liability Company	2018.01.29	4 th Floor, No. 328-330, Leof. Andrea Siggrou, 17673, Kallithea, Greece	EUR1,100	Shipping agency, forwarding agency and shipping managers
Yang Ming (Russia) LLC.	2015.06.23	Zastavskaya street, 22, block 2, lit. A, Office 505, St. Petersburg, 196084, Russia	RUB10,000	Shipping agency
Yang Ming (Spain), S.L.	2016.06.22	Muelle Principe de España s/n Edificio Mestre 1ª Pta 08039 Barcelona, Spain	EUR100	Shipping agency
Yang Ming Naples S.r.l.	2003.07.01	Via Melisurgo 4 - 80133, Napoli, Italy	EUR10	Forwarding agency
Yangming (Japan) Co., Ltd.	1996.12.06	8F, Shiba 2Chome Building, 2-28-8 Shiba, Minato-ku, Tokyo, 105-0014 Japan	JPY150,000	Shipping services; chartering, sale and purchase of ships; and forwarding agency
Young-Carrier Company Ltd.	1994.05.11	22 Floor, Ever Gain Plaza, Tower 1, 88 Container Port Road, Kwai Chung, N.T. Hong Kong	HKD1,000	Investment, shipping agency, forwarding agency and shipping managers
Yang Ming Shipping (BVI) Inc.	2000.08.16	P.O. Box 3174, Road Town, Tortola, British Virgin Islands	USD1	Forwarding agency and shipping agency
Yang Ming Line (Hong Kong) Ltd.	1998.11.09	22 Floor, Ever Gain Plaza, Tower 1, 88 Container Port Road, Kwai Chung, N. T. Hong Kong	HKD1,000	Forwarding agency and shipping agency
Yang Ming (Singapore) Pte. Ltd.	1999.11.13	171 Chin Swee Road, #08-01 Ces Centre, Singapore 169877	SGD1,000	Shipping agency, forwarding agency and shipping managers
Yang Ming Line (M) Sdn. Bhd.	2000.01.01	Suite 12.01, Level 12, Menara Trend, Intan Millennium Square, No. 68, Jalan Batai Laut 4 Taman Intan, 41300 Klang, Selangor Darul Ehsa Malaysia	MYR1,000	Shipping agency, forwarding agency and shipping managers
Yang Ming Line (India) Pvt. Ltd.	2004.03.29	131, Centre 1, World Trade Centre, Cuffe Parade, Mumbai, India	INR5,000	Shipping agency, forwarding agency and shipping managers
Yang Ming (Korea) Co. Ltd.	2006.04.01	19 th /20 th Floor, Sebang Bldg, 433, Seolleung-ro, Gangnam-Gu, Seoul, Korea, 06212	KRW500,000	Shipping agency, forwarding agency and shipping managers
Sunbright Insurance Pte. Ltd.	2008.02.05	8 Marina View, #09-05, Asia Square Tower 1, Singapore 018960	USD350	Insurance
Yang Ming Anatolia Shipping Agency S.A.	2008.09.18	İzmir, Konak, Çınarlı Mahallesi, Ankara Asfaltı Caddesi, No: 15/301	TRY100	Shipping agency, forwarding agency and shipping managers
Yang Ming Shipping (Vietnam) Co. Ltd.	2015.06.15	19 th floor, Ree Tower, No. 9, Doan Van Bo street, Ward 12, District 4, Ho Chi Minh City, Vietnam	USD300	Forwarding agency and shipping managers

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
Yang Ming Shipping Philippines, Inc.	2016.11.21	Scape Building, Unit 502, 5 th Floor, Macapagal Avenue cor. Pearl Drive, Central Business Park 1, Barangay 76, San Rafael, Pasay City, Philippines	PHP10,000	Forwarding agency and shipping managers
Yang Ming (Latin America) Corp.	2017.03.03	P.H. Torre Global, calle 50, piso 33, oficina 3301, Panamá, República de Panamá	USD200	Shipping agency, forwarding agency and shipping managers
Yang Ming Line (Thailand) Co., Ltd.	2017.09.25	Singha Complex Bldg., 20 th Floor, Unit 2005-2008, 1788 New Phetchaburi Road, Bangkok, 10310	THB8,000	Shipping agency, forwarding agency and shipping managers
Yang Ming Line Shipping (Thailand) Co., Ltd.	2017.12.18	Singha Complex Bldg., 20 th Floor, Unit 2009, 1788 New Phetchaburi Road, Bangkok, 10310	THB5,000	Shipping agency
Yang Ming Insurance Co., Ltd.	2019.04.05	Power House, 7 Par-La-Ville Rd, Hamilton HM 11, Bermuda	USD250	Insurance
PT Yang Ming Shipping Indonesia	2018.12.21	Cowell Tower 9 th Floor Suite 901 Jl. Senen Raya 135 Jakarta Indonesia 10410	IDR38,500,000	Shipping agency, forwarding agency and shipping managers
Yang Ming (France) S.A.S	2020.01.21	156 Rue Victor Hugo 76600 Le Havre	EUR150,000	Shipping agency, forwarding agency and shipping managers
Huan Ming (Shanghai) International Shipping Agency Co., Ltd	2019.04.24	Room2301, Floor 23, Harbour Ring Plaza, No. 18 Xi Zang Middle Road, Huangpu District, Shanghai, China	USD1,000	Shipping agency, forwarding agency and shipping managers
Karlman Properties Limited	2001.03.30	22 Floor, Ever Gain Plaza, Tower 1, 88 Container Port Road, Kwai Chung, N.T. Hong Kong	HKD24,000	Property agency
Manwa Co., Ltd.	2001.03.28	8F, Shiba 2Chome Building, 2-28-8 Shiba, Minato-ku, Tokyo, 105-0014 Japan	JPY10,000	Forwarding agency and shipping agency
Kuang Ming (Liberia) Corp.	2008.07.16	80 Broad Street, Monrovia, Republic of Liberia	USD129,691	Forwarding agency
YES Logistics Corporation	2000.02.11	1013 Centre Road Wilmington Delaware 19805	USD2,173	Shipping agency, forwarding agency and shipping managers
YES Yangming Logistics (Singapore) Pte. Ltd.	2000.06.23	79 Robinson Road # 27-00 CPF Building 27 th Floor Singapore 068897	SGD1,608	Investment and subsidiaries management
Yes Logistics (Shanghai) Corp.	2004.12.08	Room 2305, Harbour Ring Plaza, No. 18 Xi Zang Middle Road, Huangpu District, Shanghai, China	USD4,300	Forwarding agency
Golden Logistics USA Corporation	2007.01.04	3675 E. Huntington Drive Suite 210, Pasadena, CA 91107 USA	USD10	Container transportation
YES Logistics Europe GmbH	2002.12.12	Kleine Reichenstrasse 7 - 20457 Hamburg, Germany	EUR1,025	Forwarding agency
Yes Logistics Company Ltd.	2000.07.19	22/F, Ever Gain Plaza, Tower 1, 88 Container Port Rd., Kwai Chung, N.T., Hong Kong	HKD7,882	Forwarding agency
Yes Logistics Benelux B.V.	2007.07.01	Albert Plesmanweg 61D, 3088GB Rotterdam Netherlands	EUR18	Forwarding agency

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
YES MLC GmbH	2013.02.15	Georg-beatzel-Str.15, 55252 Mainz-Kastel, Germany	EUR805	Operation for import and export goods, storage and distribution of goods, other warehousing related services
Merlin Logistics GmbH	2003.06.06	Gluckgasse 3/15; 1010 Vienna, Austria	EUR35	warehousing, forwarding
YES Logistics Bulgaria Ltd.	2007.09.24	45 Maria Louisa Blvd., 1202 Sofia, Bulgaria	BGN5	CFS Consolidator, forwarding
PT. YES Logistics Indonesia	2017.06.16	Cowell Tower 9 th Floor Suite 901 Jl. Senen Raya 135 Jakarta Indonesia 10410	USD1,000	Forwarding agency

8.1.3 Shareholders in Common of the Company and Its Affiliates with Deemed Control and Subordination: None.

8.1.4 Business scope of the Group:

Main business activities of the Company's affiliates are transportation services, including forwarding agency, shipping agency, warehousing, chartering of ships, lease of containers and sales and purchase of ships and containers. Every affiliate endeavors to provide excellent service quality and maximize the synergy of the entire Yang Ming Group through the global transport network.

8.1.5 Rosters of Directors, Supervisors, and Presidents

2020.12.31

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Director	Representative of Yang Ming Marine Transport Corp.: Cheng-Mount Cheng, Shu-Chin Tu, Hsiu-Chi Ho	10,351	100.00
Yang Ming Line (Singapore) Pte Ltd	Director	Representative of Yang Ming Marine Transport Corp. Cheng-Mount Cheng, Shu-Chin Tu, Hsiu-Chi Ho, Baey Cheng Song	60,130,000	100.00
Ching Ming Investment Corp.	Director	Representative of Yang Ming Marine Transport Corp. Huo-Sheng Chen, Hsiu-Chi Ho, Chin-Hsin Liu	120,487,500	100.00
	Supervisor	Representative of Yang Ming Marine Transport Corp.: Yu-Wen Su		
	General Manager	Huo-Sheng Chen		
All Oceans Transportation Inc.	Director	Representative of Yang Ming Marine Transport Corp.: Yeoung-Shuenn Ho, Yi-Ta Wu, Shu-Hui Ou	1,000	100.00
	General Manager	Yeoung-Shuenn Ho	-	-

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
YES Logistics Corp.	Director	Representative of Yang Ming Marine Transport Corp.: Tsang-Ta Tsai, Jeng-Shong Jeng, Mei-Chi Shih, Chao-Feng Chang, Ying-Tung Lin	60,000,000	50.00
	Supervisor	Ching Ming Investment Corp.: Yu-Wen Su	55,630,977	46.36
	General Manager	Ying-Tung Lin	1,000	0.001
Kuang Ming Shipping Corp.	Director	Representative of Yang Ming Marine Transport Corp.: Kuen-Rong Pai, Yeoung-Shuenn Ho, Mei-Chi Shih, Chih-Cheng Kuo	395,527,339	98.88
	Supervisor	Shih-Chou Lee	2,550	-
	General Manager	Chih-Cheng Kuo	2,550	-
Hong Ming Terminal & Stevedoring Corp.	Director	Representative of Yang Ming Marine Transport Corp.: Guo-Liang Huang, Cheng-Hsing Yang, Chia-Lin Wu	7,916,908	79.17
	Supervisor	Ching Ming Investment Corp.: Yu-Wen Su	2,083,092	20.83
	General Manager	Kun-Chi Hsu	-	-
Jing Ming Transportation Co., Ltd.	Director	Representative of Yang Ming Marine Transport Corp.: Mei-Chi Shih, Yaung-Tai Lin Guo-Liang Huang, Chao-Feng Chang	8,615,923	50.98
	Director	Zhong Yeh	2,138,058	12.65
	Director	Jin-Xing Wang, Peng-Chi Fong	-	-
	Supervisor	Yi-Xing Juang	447,191	2.65
	Supervisor	Yu-Wen Su	-	-
	General Manager	Yaung-Tai Lin	-	-
Yang Ming Line Holding Co.	Director	Representative of Yang Ming Marine Transport Corp.: Cheng-Mount Cheng, Shu-Chin Tu, Hsiu-Chi Ho	13,500	100.00
Yang Ming (America) Corp.	Director	Representative of Yang Ming Line Holding Co.: Wen-Chung Yeh, Chih-Chien Tsao, Shu-Chin Tu	5,000	100.00
	General Manager	Chih-Chien Tsao	-	-
Triumph Logistics, Inc.	Director	Representative of Yang Ming Line Holding Co.: Stephen Hsu, Wen-Jin Lee, Pao-Lin Lee	200	100.00
	General Manager	Stephen Hsu	-	-

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Topline Transportation, Inc.	Director	Representative of Yang Ming Line Holding Co.: Stephen Hsu, Wen-Jin Lee, Pao-Lin Lee	100	100.00
	General Manager	Stephen Hsu	-	-
Transcont Intermodal Logistics, Inc.	Director	Representative of Yang Ming Line Holding Co.: Wen-Jin Lee, Wen-Chung Yeh, Pao-Lin Lee	200	100.00
	General Manager	Wen-Jin Lee	-	-
Yang Ming Shipping (Canada) Ltd.	Director	Representative of Yang Ming Line Holding Co.: Chih-Chien Tsao, Wen-Chung Yeh, Mei-Chen Yang	1,000	100.00
	General Manager	Mei-Chen Yang	-	-
Yang Ming Line N.V.	Director	Representative of Yang Ming Line (B.V.I.) Holding Co., Ltd. Hsiu-Chi Ho	1,500,000	100.00
Yang Ming Line B.V.	Director	Representative of Yang Ming Line N.V.: Hsiu-Chi Ho, Shu-Hui Ou, Tzu-Lin Chiu	2,500	100.00
Yang Ming (UK) Ltd.	Director	Representative of Yang Ming Line B.V.: Tien-Shun Wu, Yi-Ta Wu, Hsien-Chien Chang	1,500,000	100.00
	General Manager	Hsien-Chien Chang	-	-
Yang Ming Shipping Europe GmbH	General Manager	Representative of Yang Ming Line B.V.: Tsai-Ding Chou	(Note 1)	100.00
Yang Ming (Italy) S.p.A	Director	Representative of Yang Ming Line B.V.: Tien-Shun Wu, Kuen-Rong Pai, Mei-Ying Yang	125,000	50.00
	Director	Finsea S.p.A. : Aldo Felice Negri, Ricci Francesco	125,000	50.00
	General Manager	Mei-Ying Yang	-	-
Yang Ming (Belgium) N.V.	Director	Representative of Yang Ming Line B.V.: Tsai-Ding Chou, Wen-Hao Chen	553	89.92
	Director	Representative of Yang Ming Line B.V.: Tien-Shun Wu	62	10.08
	General Manager	Wen-Hao Chen	-	-

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Yang Ming (Netherlands) B.V.	Director	Representative of Yang Ming Line B.V.: Tsai-Ding Chou, Tien-Shun Wu, Tzu-Lin Chiu	400,000	100.00
	General Manager	Tzu-Lin Chiu	-	-
Yang Ming (Russia) LLC	Director	Representative of Yang Ming Line B.V.: Tsai-Ding Chou, Tien-Shun Wu, Wen-Fong Wu	(Note 2)	60.00
	Director	Igor Sergeyevich Luzinov		20.00
	Director	Aleksey Sergeyevich Luzinov		20.00
	General Manager	Wen-Fong Wu	-	-
Yang Ming (Spain), S.L.	Director	Representative of Yang Ming Line B.V.: Tien-Shun Wu, Kuen-Rong Pai, Zong-Yi Lin	60,000	60.00
	Director	Representative of Catalana Del Mar, S.A.: Carlos Mestre López ∙ Sergio Prat Artal	40,000	40.00
	General Manager	Zong-Yi Lin	-	-
	General Manager	Representative of Yang Ming Line B.V.: Kuen-Rong Pai	11,000	100.00
Yang Ming (Mediterranean) Marine Services Single-member Limited Liability Company	Director	Representative of Yang Ming (Italy) S.p.A : Mei-Ying Yang, Ricci Francesco ∙ Luigi Negri	(Note 3)	60.00
	Director	Marinter : Andrea Mastellone	(Note 4)	40.00
Yangming (Japan) Co., Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Chao-Feng Chang, Shih-Nan Huang, Shang-Chien Su	3,000	100.00
	Supervisor	Representative of Yang Ming Line (Singapore) Pte Ltd: Yu-Wen Su		
	General Manager	Shang-Chien Su	-	-
Yang Ming Shipping (B.V.I.) Inc.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Shih-Nan Huang, Sheng-Hsien Wang	1,000	100.00
	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Cheng-Mount Cheng, Shu-Chin Tu, Chao-Feng Chang, Tair-Shing Chia	1,000,000	100.00
Young-Carrier Company Ltd.	Director	Tair-Shing Chia	-	-
	General Manager			



Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Yang Ming Line (Hong Kong) Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Tair-Shing Chia, Sheng-Hsien Wang, Shih-Nan Huang	1,000,000	100.00
	General Manager	Sheng-Hsien Wang	-	-
Yang Ming (Singapore) Pte. Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Li-Ping Hsiung, Shih-Chou Lee	1,000,000	100.00
	General Manager	Shih-Chou Lee	-	-
Yang Ming Line (M) Sdn. Bhd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Li-Ping Hsiung, Cheng-Chan Shih, Kuo-Hao Sun	1,000,000	100.00
	General Manager	Cheng-Chan Shih	-	-
Yang Ming Line (India) Pvt. Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Chao-Feng Chang, Jeng-Shong Jeng, Hsi-Hung Chang	300,000	60.00
	Director	Marine Container Services (India) Pvt. Ltd. : Avinash Chander Batra 、 Somesh Chander Batra	190,000	38.00
	General Manager	Hsi-Hung Chang	-	-
	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Chao-Feng Chang, Shih-Nan Huang, Chih-Yang Lung	60,000	60.00
Yang Ming (Korea) Co. Ltd.	Supervisor	Representative of Yang Ming Line (Singapore) Pte Ltd: Yu-Wen Su		
	Director	Representative of Sebang Co., Ltd.: Jong-Seon Kim 、 Sang-Woong Lee	40,000	40.00
	Supervisor	Representative of Sebang Co., Ltd.: Ho-Cheol Jeong		
	General Manager	Chih-Yang Lung	-	-
Sunbright Insurance Pte. Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Mei-Chi Shih, Shu-Hui Ou, Stuart Sidney Herbert	350,000	100.00
Yang Ming Anatolia Shipping Agency S.A.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Chun-Feng Chen	50,000	50.00
	Director	Tien-Shun Wu	-	-
	Director	Kuen-Rong Pai	-	-
	Director	Lucien Arkas	2,000	2.00
	Director	Bernard Lucien Marie Arkas	1,000	1.00
	General Manager	Chun-Feng Chen	-	-

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Yang Ming Shipping (Vietnam) Co. Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Shih-Nan Huang, Yung-Kai Wang, Ming-Sheng Lin	(Note 5)	100.00
	General Manager	Ming-Sheng Lin	-	-
Yang Ming Shipping Philippines, Inc.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Te-Hua Yi	99,995	100.00
	Director	Shih-Nan Huang	1	-
	Director	Yung-Kai Wang	1	-
	Director	Kuan-Yu Chen	1	-
	Director	Balbin, Winbell Joey N.	1	-
	General Manager	Te-Hua Yi	1	-
Yang Ming (Latin America) Corp.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Shing-Jeng Ling, Chao-Feng Chang, Li-Ping Hsiung	200	100.00
	General Manager	Shing-Jeng Ling	-	-
Yang Ming Line (Thailand) Co., Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Shih-Nan Huang, Chun-Yuan Chen, Inkornkul Mapaiboonkij	3,920	49.00
	General Manager	Chun-Yuan Chen	-	-
Yang Ming Line Shipping (Thailand) Co., Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Shih-Nan Huang, Chun-Yuan Chen, Punrada Tuesue	2,450	49.00
	General Manager	Chun-Yuan Chen	-	-
Yang Ming Insurance Co., Ltd.	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Mei-Chi Shih, Shu-Hui Ou, Mei-Ling Chung, Nicolas Plianthos	250,000	100.00
PT Yang Ming Shipping Indonesia	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Jui-Hsiang Wu, Shi-Nan Huang	18,865	49.00
	Supervisor	Yu-Wen Su	-	-
Huan Ming (Shanghai) International Shipping Agency Co., Ltd	Director	Representative of Yang Ming Line (Singapore) Pte Ltd: Tair-Shing Chia, Shu-Chin Tu, Jeng-Shong Jeng, Chao-Feng Chang	(Note 6)	51.00
	Supervisor	Yang Ming Line (Singapore) Pte Ltd : Hsiu-Chi Ho		49.00
	Director	Young-Carrier (Shanghai) Logistics Co., Ltd: Xin Feng, Chen Zhou		
	Supervisor	Young-Carrier (Shanghai) Logistics Co., Ltd: Yong-Qian Wang		



Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
Yang Ming (France) S.A.S	Representative (Note 9)	Yang Ming Line (Singapore) Pte Ltd : Chih-Hui Ka	90,000	60.00
Karlman Properties Limited	Director	Representative of Yang Ming Shipping (B.V.I.) Inc. Sheng-Hsien Wang, Ping-Jen Tseng	24,000,000	100.00
Manwa Co., Ltd.	Director	Yangming (Japan) Co., Ltd. :	200	100.00
	Supervisor	Lung-Fu Chen , Shang-Chien Su, Ryo Yonekura Yangming (Japan) Co., Ltd. : Hideo Maruoka		
Kuang Ming (Liberia) Corp.	Director	Representative of Kuang Ming Shipping Corp. : Chih-Cheng Kuo, Kao-Chia Hung, Yun-Yu Chang, Sheng-Fa Lin	5	100.00
YES Logistics Corp. (USA)	Director	Representative of Yes Logistics Company Ltd. : Ying-Tung Lin, Pin-Yao Tseng 、 Helen Chao	2,173,411	100.00
YES Yangming Logistics (Singapore) Pte. Ltd.	Director	Representative of Yes Logistics Company Ltd. : Cheng-Chih Hsu, Shih-Chou Lee, Ying-Tung Lin	1,607,984	100.00
	General Manager	Shih-Chou Lee	-	-
	Director	Representative of YES Logistics Corp.(USA) : Chun-Nan Chou, Pin-Yao Tseng		30.20
Yes Logistics (Shanghai) Corp.	Director	Representative of Yes Logistics Company Ltd. : Tair-Shing Chia, Ying-Tung Lin, Kuo-Hsi Hsu	(Note 7)	69.80
	Supervisor	Representative of Yes Logistics Company Ltd. : Hung-Tzu Chen		
	General Manager	Kuo-Hsi Hsu	-	-
Golden Logistics USA Corporation	Director	Representative of YES Logistics Corp. : Wen-Pingn Chen, Chun-Nan Chou, Cheng-Chih Hsu	100	100.00
	General Manager	Chun-Nan Chou	-	-
YES Logistics Europe GmbH	Director	Representative of YES Logistics Corp. : Ying-Tung Lin	(Note 8)	100.00
Yes Logistics Company Ltd.	Director	Representative of Yes Logistics Company Ltd. : Ying-Tung Lin, Cheng-Chih Hsu	7,882,278	100.00
Yes Logistics Benelux B.V.	Director	Representative of Yes Logistics Company Ltd. : Kuen-Rong Pai, Hsue-Sheng Chen, Peter Poots	12,600	70.00
	Director	Royal Burger Group : Eric Van Dam	5,400	30.00

Company	Title	Name or Representative	Shareholding	
			Shares	Share percentage (%)
PT. YES Logistics Indonesia	Director	Representative of Yes Logistics Company Ltd. : Shen-Wei Sheng 、 Chun-Nan Chou, Ying-Tung Lin	510,000	51.00
	Supervisor	Representative of Yes Logistics Company Ltd. : Wei-Nan Chen		
	Director	IRWANTO SALIM	-	-
	Director	LIO KURNIAWAN	-	-
	Supervisor	HANDY KORNIAWAN	490,000	49.00
YES MLC GmbH	General Manager	Peter Poots	-	-
Merlin Logistics GmbH	General Manager	Peter Poots	-	-
YES Logistics Bulgaria Ltd.	General Manager	Peter Poots	-	-

Note 1. Yang Ming Line B.V held 100% shares, which amounted to EUR818,067.

Note 2. Investment of Yang Ming Line B.V. amounted to RUB6,000,000 , investment of Igor Sergeyevich Luzinov amounted to RUB2,000,000 , and investment of Aleksey Sergeyevich Luzinov amounted to RUB2,000,000 .

Note 3. Yang Ming (Italy) S.p.A held 60% shares, which amounted to EUR6,000.

Note 4. Marinter held 40% shares, which amounted to EUR4,000.

Note 5. Yang Ming Line (Singapore) Pte Ltd held 100% shares, which amounted to USD300,000.

Note 6. Yang Ming Line (Singapore) Pte Ltd held 51% shares, which amounted to USD510,000; Young-Carrier (Shanghai) Logistics Co.,Ltd held 49% shares, which amounted to USD490,000.

Note 7. YES Logistics Corp. (USA) held 100% shares, which amounted to USD5,000,000. Its capital decreased to USD1,300,000 in January 2016, and then Yes Logistics Corp. injected USD3,000,000 on February 17, 2017.

Note 8. YES Logistics Corp. held 100% shares, which amounted to EUR1,025,000

Note 9. Chih-Hui Ka is the representative of Yang Ming (France) S.A.S, and become Managing Director since January 1st, 2021.

8.1.6 Operational Highlights of the Company's Affiliates

2020.12.31

Unit: NT\$ Thousands, except EPS (NT\$)

Company	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Income from Operation	Net Income (Loss)	Earnings (Loss) Per Share	Note
All Oceans Transportation Inc.	3,235	5,488,632	5,781,889	(293,257)	2,130,558	327,486	421,444	421,444.00	
Hong Ming Terminal & Stevedoring Corp.	100,000	1,042,358	888,007	154,351	688,371	41,753	12,662	1.27	
Jing Ming Transportation Co., Ltd.	169,006	467,064	204,728	262,336	923,669	18,632	16,900	1.00	
Ching Ming Investment Corp.	1,204,875	1,161,730	2,470	1,159,260	0	(12,684)	17,055	0.14	
Yang Ming Line (Singapore) Pte Ltd	1,295,780	3,897,408	8,985	3,888,423	0	(8,907)	1,801,334	29.96	
Yang Ming Line Holding Co.	128,160	2,399,078	122,017	2,277,061	0	1,160	236,136	17,491.56	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	2,947,823	3,972,333	0	3,972,333	0	(359,857)	1,084,163	104,744.96	
Kuang Ming Shipping Corp.	3,999,991	7,866,006	6,932,866	933,140	758,309	(507,462)	(1,100,205)	(2.75)	
YES Logistics Corp.	1,200,000	2,363,442	1,080,544	1,282,898	2,435,141	97,083	104,145	0.87	
Yang Ming Shipping (B.V.I.) Inc.	28	371,981	4,375	367,606	37	(37,505)	(34,131)	(34,131.00)	
Yang Ming Line (Hong Kong) Ltd.	3,674	159,620	475,791	(316,171)	106,403	(56,283)	(31,877)	(31.88)	
Karlman Properties Limited	88,176	84,712	1,381	83,331	0	(8,609)	433	0.02	
Yang Ming Line (India) Pvt. Ltd.	1,949	317,518	310,532	6,986	105,448	(7,378)	(2,705)	(5.41)	
Yang Ming (Korea) Co. Ltd.	13,091	115,645	53,243	62,402	166,785	4,266	6,342	63.42	
Young-Carrier Company Ltd.	3,674	215,169	5,449	209,720	0	(93,280)	(105,364)	(105.36)	
Yang Ming (Japan) Co., Ltd.	41,409	578,683	550,087	28,596	237,769	1,934	(980)	(326.67)	
Manwa Co., Ltd.	2,761	13,769	11,342	2,427	462	(124)	(154)	(770.00)	
Yang Ming (Singapore) Pte. Ltd.	28,480	4,974,285	3,259,847	1,714,438	7,419,409	1,757,262	1,654,143	1,654.14	
Yang Ming Line (M) Sdn. Bhd.	7,088	249,848	193,234	56,614	73,570	1,995	331	0.33	
Sunbright Insurance Pte. Ltd.	9,968	44,442	8,913	35,529	468	(1,549)	230	0.66	(Note 1)
Yang Ming Shipping (Vietnam) Co. Ltd.	8,544	660,948	610,428	50,520	79,062	6,645	7,055		
Yang Ming Anatolia Shipping Agency S.A.	385	827,263	336,699	490,564	836,838	303,987	308,244	3,082.44	
Yang Ming Shipping Philippines, Inc.	5,928	178,933	190,483	(11,550)	46,078	4,027	(2,263)	(22.63)	
Yang Ming (Latin America) Corp.	5,696	13,291	5,954	7,337	21,868	451	345	1,725.00	
Yang Ming Line (Thailand) Co., Ltd.	7,600	190,903	157,064	33,839	96,510	10,138	11,455	1,431.88	
Yang Ming Line Shipping (Thailand) Co., Ltd.	4,750	22,893	3,006	19,887	16,466	1,306	6,618	1,323.60	
Yang Ming Insurance Co., Ltd.	7,120	781,937	668,997	112,940	107,896	83,470	84,024	336.10	
PT Yang Ming Shipping Indonesia	78,872	288,688	207,505	81,183	104,671	(4,327)	(4,660)	(121.04)	

Company	Capital Stock	Asset	Liabilities	Net Worth	Net Revenues	Income from Operation	Net Income (Loss)	Earnings (Loss) Per Share	Note
Huan Ming (Shanghai) International Shipping Agency Co., Ltd	28,480	4,235,013	4,203,788	31,225	618,072	12,119	6,258		(Note 1)
YangMing (France) S.A.S	5,250	5,250	0	5,250	0	0	0	0	
Yang Ming (America) Corp.	14,240	785,833	562,916	222,917	1,158,709	19,853	12,996	2,599.20	
Triumph Logistics Inc.	12,816	5,207	0	5,207	58,954	(16,793)	(15,478)	(77,390.00)	
Topline Transportation Inc.	4,272	708	0	708	15,407	(9,760)	(9,872)	(98,720.00)	
Transcont intermodal Logistics, Inc.	285	232	0	232	0	(12)	(12)	(60.00)	
Yang Ming Shipping (Canada) Ltd.	2,235	31,376	7,435	23,941	34,911	1,017	533	533.00	
Yang Ming Line N.V	42,720	(1,157,460)	4,345	(1,161,805)	0	(820)	1,490,930	993.95	
Yang Ming Line B.V.	39,710	(1,157,460)	4,195	(1,161,655)	0	(583)	1,491,365	596,546.00	
Yang Ming (Belgium) N.V.	2,153	156,590	126,719	29,871	156,991	6,012	3,573	5,809.76	
Yang Ming (Netherlands) B.V.	14,001	373,926	254,905	119,021	194,825	68,325	86,444	216.11	
Yang Ming (Italy) S.p.A	8,751	540,743	469,764	70,979	277,020	38,395	30,440	121.76	
Yang Ming (Naples) S.r.l.	350	47,415	42,564	4,851	28,984	4,201	4,262		(Note 1)
Yang Ming (UK) Ltd.	58,317	7,409,033	9,803,782	(2,394,749)	14,063,773	1,704,917	1,381,744	921.16	
Yang Ming Shipping Europe GmbH	28,635	522,647	347,768	174,879	348,518	9,049	5,728		(Note 1)
Yang Ming (Russia) LLC	3,800	47,158	30,228	16,930	46,559	15,799	14,136		(Note 1)
Yang Ming (Spain), S.L.	3,500	488,042	276,473	211,569	200,028	105,664	78,349	783.49	
Yang Ming (Mediterranean) Marine Services Single-member Limited Liability Company	38,504	48,916	8,365	40,551	52,360	1,978	1,530	139.09	
Kuang Ming (Liberia) Corp.	3,693,606	4,907,589	2,910,146	1,997,443	1,574,914	(374,994)	(590,127)	(118,025,400.00)	(Note 2)
YES Logistics Europe GmbH	35,878	78,679	185,335	(106,656)	384,099	(4,227)	498		(Note 1)
YES Logistics Corp.	61,899	177,488	177,754	(266)	869,925	19,763	24,208	11.14	
YES Yangming Logistics (Singapore) Pte. Ltd.	34,651	22,548	0	22,548	35	(73)	(1,015)	(0.63)	
Yes Logistics Company Ltd.	28,959	58,107	36,339	21,768	16,328	(2,084)	(1,186)	(0.15)	
Yes Logistics Benelux B.V.	630	26,575	28,521	(1,946)	128,268	1,120	1,075	59.72	
Yes Logistics (Shanghai) Corp.	122,464	902,537	731,697	170,840	2,491,518	29,423	28,028		(Note 1)
Golden Logistics USA Corporation	285	7,483	4,411	3,072	35,479	895	895	8,950.00	
YES MLC GmbH	28,181	443,470	491,010	(47,540)	221,351	13,530	7,309		(Note 1)
Merlin Logistics GmbH	1,225	298	65	233	0	0	(117)		(Note 1)
YES Logistics Bulgaria Ltd.	89	2,023	4,443	(2,420)	0	0	0	0.00	
PT YES Logistics Indonesia	28,480	28,378	8,147	20,231	45,960	(2,708)	(1,595)	(1.60)	

Note 1: Unissued shares.

Note 2: Issued five shares.

8.1.7 Consolidated Financial Statements

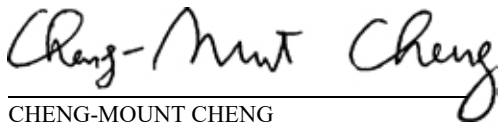
DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2020. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YANG MING MARINE TRANSPORT CORP.

By:



CHENG-MOUNT CHENG

March 25, 2021

8.1.8 Affiliated Companies Report: None.**8.2 Private Securities in the past year and as of the Date of Publication of the Annual Report:**

1. On June 17, 2020, the company's general meeting of shareholders passed a resolution to handle private preferred stock shares of no more than 300,000,000 shares, and authorized the board of directors to deal with the situation of specific people in accordance with market conditions and from the day when the general meeting of shareholders passed the resolution which shall be handled once to three times within a year. Pursuant to item 5 of Directions for Public Companies Conducting Private Placements of Securities, the company shall report to the general meeting of shareholders the status of the use of funds of private placement of securities, the progress of plan implementation, and the manifestation of plan benefits.
2. Since the resolution of the general meeting of shareholders in 2020, as the company's operating performance continues to improve, considering the high cost of capital for private preferred stock shares, the case has not yet been processed. As the processing period is about to expire, there is no further processing within the remaining period.

8.3 Holding or Disposal of the Company's Shares by Affiliates in the past year and as of the Date of Publication of the Annual Report: None.**8.4 Other necessary supplementary notes: None.****8.5 Matters in the past year and as of the Date of Publication of the Annual Report which have a substantial impact on Owners' Equity as stipulated in Item 2, Paragraph 3 of Article 36 of the Securities and Exchange Act:**

1. Chih-Chien Hsieh, the former Chairman has retired since 2020.10.01 for further development in terms of career planning.
Meanwhile, Cheng-Mount Cheng, with the approval of Yang Ming's Board of Directors, succeeded Chih-Chien Hsieh as Chairman of the Company. There is no substantial impact on Owners' Equity.
2. Wen-Bor Lin, the former president has retired since 2020.02.16 for further development in terms of career planning. Chih-Chien Hsieh, the former Chairman, represented as president from 2020.02.16 to 2020.09.30, Cheng-Mount Cheng, the current Chairman, represented as president from 2020.10.01 to 2020.11.11 then. After that, Shu-Chin Tu was appointed as president with effect from 2020.11.12 with the approval of Yang Ming's Board of Directors. There is no substantial impact on Owners' Equity.

**Attachment 1 Consolidated Financial Statements 2020****INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2020 are as follows:

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

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$129,733,022 thousand. The amount was material to the consolidated financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Group. The Group's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Group's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matter.

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

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

Audit of the Percentage-of-completion

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

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

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

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

Other Matter

We have audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

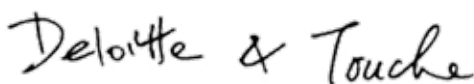
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Tsung Cheng and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China



March 25, 2021

Notice to Readers

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

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



YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 24,518,721	13	\$ 17,177,339	9
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,743,413	1	327,451	-
Financial assets at amortized cost - current (Notes 4, 9, 23, 34 and 35)	2,191,233	1	685,687	1
Contract assets, net (Notes 4, 26 and 34)	2,890,274	1	1,788,138	1
Notes receivable, net (Notes 4, 10 and 34)	8,245	-	4,792	-
Trade receivables, net (Notes 4, 10 and 26)	11,004,046	6	9,965,606	5
Trade receivables from related parties (Notes 4, 10, 26, and 34)	173,823	-	145,741	-
Finance lease receivables, net (Notes 4 and 11)	19,938	-	19,675	-
Shipping fuel (Notes 4 and 12)	2,189,744	1	3,790,096	2
Prepayments (Notes 4 and 34)	412,350	-	581,419	-
Prepayments to shipping agents (Note 34)	102,610	-	81,315	-
Other current assets (Notes 28 and 34)	1,006,822	1	1,250,826	1
Total current assets	46,261,219	24	35,818,085	19
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,998,531	1	1,772,893	1
Financial assets at amortized cost - non-current (Notes 4, 9, 23, 34 and 35)	103,439	-	3,024,270	2
Investments accounted for using equity method (Notes 4 and 14)	6,972,400	3	7,956,320	4
Property, plant and equipment (Notes 4, 5, 15, 23 and 35)	73,663,236	38	72,258,682	38
Right-of-use assets (Notes 4, 5, 16 and 34)	55,853,713	29	57,376,769	30
Investment properties (Notes 4, 17 and 35)	6,317,219	3	6,313,320	3
Other intangible assets (Notes 4 and 5)	88,268	-	122,234	-
Deferred tax assets (Notes 4 and 28)	3,162,100	2	5,569,855	3
Prepayments for equipment (Notes 4, 5 and 36)	127,805	-	391,991	-
Refundable deposits	199,452	-	141,737	-
Finance lease receivables - non-current (Notes 4 and 11)	147,220	-	167,158	-
Other financial assets - non-current (Note 4)	63,202	-	71,323	-
Other non-current assets	18,181	-	17,202	-
Total non-current assets	148,714,766	76	155,183,754	81
TOTAL	\$ 194,975,985	100	\$ 191,001,839	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 2,072,156	1	\$ 4,621,034	2
Short-term bills payable (Note 18 and 34)	12,113,626	6	13,485,840	7
Financial liabilities at FVTPL - current (Notes 4 and 7)	-	-	67,549	-
Financial liabilities for hedging - current (Notes 4, 16 and 33)	7,370,742	4	7,002,378	4
Contract liabilities - current (Notes 4, 26 and 34)	134,998	-	121,826	-
Notes payable (Note 34)	25,404	-	18,393	-
Trade payables (Note 20)	15,677,632	8	12,266,509	6
Trade payables to related parties (Notes 20 and 34)	425,388	-	471,425	-
Other payables (Notes 21 and 34)	4,328,266	2	3,890,141	2
Current tax liabilities (Notes 4 and 28)	264,165	-	132,733	-
Provisions - current (Notes 4 and 22)	-	-	1,032,332	1
Lease liabilities - current (Notes 4, 16 and 34)	2,146,472	1	2,894,785	2
Current portion of long-term liabilities (Notes 4, 18, 19, 23, 34 and 35)	14,315,643	8	14,502,721	8
Other advance account	217,218	-	193,696	-
Other current liabilities	657,644	-	547,942	-
Total current liabilities	59,749,354	30	61,249,304	32
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 16 and 33)	40,383,562	21	41,888,032	22
Bonds payable (Notes 4, 19, 34 and 35)	4,945,877	3	12,210,456	7
Long-term borrowings (Notes 4, 18, 34 and 35)	41,096,387	21	44,109,520	23
Provisions - non-current (Notes 4 and 22)	1,396	-	1,444	-
Deferred tax liabilities (Notes 4 and 28)	2,573,337	1	1,723,839	1
Lease liabilities - non-current (Notes 4, 16 and 34)	6,089,430	3	7,343,146	4
Other advance account - non-current	163,942	-	150,163	-
Other financial liabilities - non-current (Notes 4 and 23)	-	-	2,454,039	1
Net defined benefit liabilities - non-current (Notes 4 and 24)	3,027,709	2	2,503,671	1
Other non-current liabilities	610,139	-	286,026	-
Total non-current liabilities	98,891,779	51	112,670,336	59
Total liabilities	158,641,133	81	173,919,640	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	31,676,622	16	26,013,357	14
Capital surplus	384,106	-	1,939,381	1
Retained earnings (accumulated deficits)	-	-	-	-
Unappropriated earnings (deficit to be compensated)	1,660,919	1	(11,462,514)	(6)
Other equity	1,956,585	1	(26,690)	-
Total equity attributable to owners of the Company	35,678,232	18	16,463,534	9
NON-CONTROLLING INTERESTS	656,620	1	618,665	-
Total equity	36,334,852	19	17,082,199	9
TOTAL	\$ 194,975,985	100	\$ 191,001,839	100

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 16, 26 and 34)	\$ 151,276,683	100	\$ 149,181,262	100
OPERATING COSTS (Notes 4, 5, 12, 16, 27 and 34)	<u>125,192,367</u>	<u>83</u>	<u>143,106,496</u>	<u>96</u>
GROSS PROFIT	<u>26,084,316</u>	<u>17</u>	<u>6,074,766</u>	<u>4</u>
OPERATING EXPENSES (Notes 10, 16, 27 and 34)				
Selling and marketing expenses	5,889,749	4	5,526,339	4
General and administrative expenses	1,060,383	-	747,390	1
Expected credit loss	<u>35,547</u>	<u>-</u>	<u>341,063</u>	<u>-</u>
Total operating expenses	<u>6,985,679</u>	<u>4</u>	<u>6,614,792</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 16 and 27)	<u>361,555</u>	<u>-</u>	<u>(474,659)</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>19,460,192</u>	<u>13</u>	<u>(1,014,685)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16, 23, 27 and 34)				
Interest income	133,458	-	202,253	-
Other income	144,889	-	182,848	-
Other gains and losses	(400,445)	-	872,138	1
Finance costs	(3,560,297)	(2)	(3,982,954)	(3)
Share of profit or loss of associates and joint ventures	<u>372,246</u>	<u>-</u>	<u>152,585</u>	<u>-</u>
Total non-operating income and expenses	<u>(3,310,149)</u>	<u>(2)</u>	<u>(2,573,130)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	16,150,043	11	(3,587,815)	(3)
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(3,963,255)</u>	<u>(3)</u>	<u>(410,081)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>12,186,788</u>	<u>8</u>	<u>(3,997,896)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(603,380)	-	(4,747)	-
Unrealized gain on investments in equity instruments at FVTOCI	231,000	-	69,658	-

(Continued)



YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	\$ 22,098	-	\$ (6,324)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>120,832</u>	-	<u>688</u>	-
	<u>(229,450)</u>	-	<u>59,275</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(559,738)	-	(331,128)	-
Gain on hedging instruments	2,237,303	1	1,218,522	1
Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	-	<u>3,712</u>	-
	<u>1,677,565</u>	1	<u>891,106</u>	1
Other comprehensive income for the year, net of income tax	<u>1,448,115</u>	1	<u>950,381</u>	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 13,634,903</u>	9	<u>\$ (3,047,515)</u>	(2)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 11,977,013	8	\$ (4,309,957)	(3)
Non-controlling interests	<u>209,775</u>	-	<u>312,061</u>	-
	<u>\$ 12,186,788</u>	8	<u>\$ (3,997,896)</u>	(3)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,476,092	9	\$ (3,330,571)	(2)
Non-controlling interests	<u>158,811</u>	-	<u>283,056</u>	-
	<u>\$ 13,634,903</u>	9	<u>\$ (3,047,515)</u>	(2)
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	<u>\$ 4.51</u>		<u>\$ (1.66)</u>	
Diluted	<u>\$ 3.64</u>		<u>\$ (1.66)</u>	

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Non-controlling Interests (Note 25)	Total Equity
	Share Capital (Notes 4, 19 and 25)		Capital Surplus (Notes 4, 19 and 25)	Retained Earnings (Accumulated Deficit) (Note 25)	Other Equity				
	Shares (In Thousands)	Amount		Unappropriated Earnings (Deficit to be Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 25)	Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 25)	Gain on Hedging Instruments (Notes 4 and 25)		
BALANCE AT JANUARY 1, 2019	2,223,025	\$ 23,230,248	\$ 4,739,792	\$ (7,160,989)	\$ 92,350	\$ (1,102,531)	\$ -	\$ 19,798,870	\$ 20,265,169
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)	(3,997,896)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(4,104)	(298,296)	63,264	1,218,522	979,386	950,381
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)	(3,047,515)
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	23	(4,788)	-	-	-	(4,765)	23
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(135,478)	(135,478)
BALANCE AT DECEMBER 31, 2019	2,601,336	26,013,357	1,939,381	(11,462,514)	(205,946)	(1,039,266)	1,218,522	16,463,534	17,082,199
Capital surplus used to offset accumulated deficits	-	-	(1,630,616)	1,630,616	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	11,977,013	-	-	-	11,977,013	12,186,788
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	(484,196)	(507,564)	253,536	2,237,303	1,499,079	1,448,115
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	11,492,817	(507,564)	253,536	2,237,303	13,476,092	13,634,903
Convertible bonds converted to ordinary shares	566,326	5,663,265	75,341	-	-	-	-	5,738,606	5,738,606
Decrease in non-controlling interests	-	-	-	-	-	-	-	(120,856)	(120,856)
BALANCE AT DECEMBER 31, 2020	3,167,662	\$ 31,676,622	\$ 384,106	\$ 1,660,919	\$ (713,510)	\$ (788,730)	\$ 3,455,825	\$ 35,678,232	\$ 36,334,852

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



CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FORM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 16,150,043	\$ (3,587,815)
Adjustments for:		
Depreciation expenses	17,149,693	16,818,918
Amortization expenses	52,192	51,891
Expected credit loss recognized	35,547	341,063
Net gain on fair value change of financial assets/liabilities at FVTPL	(65,415)	(47,069)
Finance costs	3,560,297	3,982,954
Interest income	(133,458)	(202,253)
Dividend income	(58,469)	(98,847)
Share of profit of associates and joint ventures	(372,246)	(152,585)
Gain on disposal of property, plant and equipment	(299,609)	(492,738)
Loss on disposal of associates	689	-
Impairment loss recognized on associates	1,027,207	14,839
Impairment loss recognized on right-of-use assets	511,539	193,524
Write-downs of (reversal of) shipping fuel	172,303	(133,789)
Net gain on foreign currency exchange	(518,098)	(604,743)
Gain on changes in fair value of investment properties	(3,899)	(40,827)
Loss (gain) on lease modification	3,448	(27)
Gain on right-of-use assets sublease	-	(57,732)
Recognized of provisions	30,620	1,079,417
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(1,423,483)	16,745
Contract assets	(1,109,216)	(45,392)
Notes receivable	(3,453)	2,742
Trade receivables	(1,053,489)	(1,781,924)
Trade receivables from related parties	(28,082)	102,527
Shipping fuel	1,432,115	454,449
Prepayments	153,047	145,527
Prepayments to shipping agents	(21,295)	(62,707)
Other current assets	185,542	(9,823)
Financial liabilities held for trading	(9,987)	(4,504)
Notes payable	7,011	(11,370)
Trade payables	3,411,123	(698,560)
Trade payables to related parties	(46,037)	(99,591)
Other payables	613,236	326,263
Contract liabilities	13,172	1,090
Provision	(1,058,370)	-
Other advance account	37,301	164,133
Other current liabilities	145,734	(5,131)
Net defined benefit liabilities	(79,342)	(58,628)
Cash generated from operations	38,407,911	15,500,027
Interest received	148,402	196,511
Dividends received	356,200	304,523
Interest paid	(3,431,303)	(4,144,242)
Income tax paid	(438,584)	(663,244)
Net cash generated from operating activities	35,042,626	11,193,575

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction and withdrawal of shares of financial assets at FVTOCI	\$ 5,362	\$ 1,412
Purchase of financial assets at amortized cost	(1,888,352)	(506,106)
Proceeds from sale of financial assets at amortized cost	3,200,427	730,971
Acquisition of associates and joint ventures	(1,791)	-
Proceeds from disposal of associates	3,675	-
Payments for property, plant and equipment	(8,396,372)	(2,448,890)
Proceeds from disposal of property, plant and equipment	1,160,981	977,934
Increase in refundable deposits	(57,715)	(1,031)
Payments for intangible assets	(21,992)	(77,895)
Decrease in financial lease receivables	19,675	19,416
Decrease (increase) in other financial assets	8,121	(7,876)
Increase in other non-current assets	(1,944)	(7,276)
Increase in prepayments for equipment	<u>(158,993)</u>	<u>(161,331)</u>
Net cash used in investing activities	<u>(6,128,918)</u>	<u>(1,480,672)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(2,548,878)	(135,343)
(Repayments of) proceeds from short-term bills payable	(1,390,000)	3,902,000
Proceeds from issuance of bonds payable	-	5,000,000
Repayments of bonds payable	(5,900,000)	(6,024,000)
Proceeds from long-term borrowings	25,686,492	32,585,640
Repayments of long-term borrowings	(24,127,921)	(35,062,922)
Repayments of the principal portion of lease liabilities	(10,475,160)	(10,351,341)
Decrease in other financial liabilities	(2,671,657)	(278,689)
Increase in other non-current liabilities	324,113	45,799
Net change in non-controlling interests	<u>(120,856)</u>	<u>(135,478)</u>
Net cash used in financing activities	<u>(21,223,867)</u>	<u>(10,454,334)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(348,459)</u>	<u>519,020</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,341,382	(222,411)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,177,339</u>	<u>17,399,750</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 24,518,721</u>	<u>\$ 17,177,339</u>

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

(Concluded)



YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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 March 25, 2021.

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

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

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

Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

As of the date the consolidated financial statements were authorized for issue, the Group assessed there is no material impact on the Group’s accounting policies from the application of these standards and interpretations.

- 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)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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

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

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

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

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

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

3) 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 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.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;



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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

e. Foreign currencies

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

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

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

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

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

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

f. Shipping fuel

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

g. Investment in associates and joint ventures

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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



1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been

recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

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

m. Hedge accounting

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

Cash flow hedges

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

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

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

n. Provisions

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

o. Revenue recognition

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

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

1) Revenue from container shipping services

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

2) Other operating revenue

a) Terminal operating revenue

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

b) Forwarding agency revenue

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

c) Other service revenue

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

p. Leasing

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

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

1) The Group as lessor

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

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

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

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

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

2) The Group as lessee

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

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

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

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

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

of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, The Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Impairment of non-financial assets

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

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

b. Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 202,651	\$ 93,294
Checking accounts and demand deposits	14,658,750	13,444,141
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	8,022,568	3,499,001
Repurchase agreements	<u>1,634,752</u>	<u>140,903</u>
	<u>\$ 24,518,721</u>	<u>\$ 17,177,339</u>

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

	December 31	
	2020	2019
Time deposits	0.10%-6.30%	0.60%-10.00%
Repurchase agreements	0.38%-0.55%	2.13%-2.20%



7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Call option of bonds payable	\$ 8,636	\$ -
Non-derivative financial assets		
Domestic listed shares	23,923	209,500
Mutual funds	<u>1,710,854</u>	<u>117,951</u>
	<u>\$ 1,743,413</u>	<u>\$ 327,451</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option	\$ -	\$ -
Cross-currency swap contracts	-	-
Put option of bonds payable	<u>-</u>	<u>67,549</u>
	<u>\$ -</u>	<u>\$ 67,549</u>

The Group's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts which were settled in US\$431 thousand every month from January 1 to June 30, 2019. The Group did not enter into oil swap and oil swap option contracts in 2020. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Group's purpose for trading cross-currency swap contract in 2020 was to minimize the risk of exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Groups did not have outstanding contracts for the years ended December 31, 2020 and 2019.

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	December 31	
	2020	2019
<u>Domestic investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd.	\$ 1,492,999	\$ 1,255,959
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	496,702	505,102
Ordinary shares - United Stevedoring Corp.	6,024	6,432
Ordinary shares - United Raw Material Solutions Inc.	1,564	1,136
Ordinary shares - Ascentek Venture Capital Corporation	<u>1,242</u>	<u>4,264</u>
	<u>\$ 1,998,531</u>	<u>\$ 1,772,893</u>

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 \$57,505 thousand and \$93,106 thousand were recognized during 2020 and 2019, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Time deposits with original maturity of more than 3 months (a)	\$ 468,391	\$ 505,340
Deposits of stand-by letter of credit (Notes 23 and 35)	-	2,883,329
Restricted bank balance (Note 35)	271,779	301,288
Repurchase agreements (b)	1,534,502	-
Corporate bonds (c)	<u>20,000</u>	<u>20,000</u>
	<u>\$ 2,294,672</u>	<u>\$ 3,709,957</u>
Current	<u>\$ 2,191,233</u>	<u>\$ 685,687</u>
Non-current	<u>\$ 103,439</u>	<u>\$ 3,024,270</u>

- The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.01%-6.85% and 1.00%-8.30% per annum as of December 31, 2020 and 2019, respectively.
- The range of interest rates for repurchase agreements was approximately 0.50%-0.55% per annum as of December 31, 2020.
- In June 2019, the Group purchased corporate bonds issued by Cathay Life Insurance Co., Ltd. at a par value of \$20,000 thousand with a coupon rate and an effective interest rate of 3.00%.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable - operating</u>	<u>\$ 8,245</u>	<u>\$ 4,792</u>
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 11,055,284	\$ 10,016,025
Trade receivable - related parties	173,823	145,741
Less: Allowance for impairment loss	<u>(51,238)</u>	<u>(50,419)</u>
	<u>\$ 11,177,869</u>	<u>\$ 10,111,347</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.

December 31, 2020

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.63%	0.50%-1.63%	0.50%-5.13%	0.50%-10.13%	0.50%-20.13%	100.00%	
Gross carrying amount	\$ 10,956,011	\$ 175,532	\$ 78,726	\$ 15,262	\$ 7,504	\$ 4,317	\$ 11,237,352
Loss allowance (Lifetime ECLs)	(41,598)	(2,239)	(1,786)	(128)	(1,170)	(4,317)	(51,238)
Amortized cost	<u>\$ 10,914,413</u>	<u>\$ 173,293</u>	<u>\$ 76,940</u>	<u>\$ 15,134</u>	<u>\$ 6,334</u>	<u>\$ -</u>	<u>\$ 11,186,114</u>

December 31, 2019

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.50%	0.50%-1.59%	0.50%-5.09%	0.50%-10.09%	0.50%-20.09%	100.00%	
Gross carrying amount	\$ 9,891,290	\$ 167,922	\$ 72,561	\$ 15,904	\$ 8,538	\$ 10,343	\$ 10,166,558
Loss allowance (Lifetime ECLs)	(35,438)	(2,382)	(1,740)	(277)	(239)	(10,343)	(50,419)
Amortized cost	<u>\$ 9,855,852</u>	<u>\$ 165,540</u>	<u>\$ 70,821</u>	<u>\$ 15,627</u>	<u>\$ 8,299</u>	<u>\$ -</u>	<u>\$ 10,116,139</u>

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

	December 31	
	2020	2019
Balance at January 1	\$ 50,419	\$ 37,076
Add: Net remeasurement of loss allowance	15,779	21,315
Less: Amounts written off	(14,230)	(6,513)
Foreign exchange gains and losses	<u>(730)</u>	<u>(1,459)</u>
Balance at December 31	<u>\$ 51,238</u>	<u>\$ 50,419</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2020	2019
<u>Undiscounted lease payments</u>		
Year 1	\$ 22,011	\$ 22,011
Year 2	22,011	22,011
Year 3	22,011	22,011
Year 4	22,011	22,011
Year 5	22,011	22,011
Year 6 onwards	<u>66,030</u>	<u>88,041</u>
	176,085	198,096
Less: Unearned finance income	<u>(8,927)</u>	<u>(11,263)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 167,158</u>	<u>\$ 186,833</u>
Current	<u>\$ 19,938</u>	<u>\$ 19,675</u>
Non-current	<u>\$ 147,220</u>	<u>\$ 167,158</u>

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

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The interest rate inherent in the finance lease was approximately 1.33% per annum as of December 31, 2020 and 2019.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2020, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. SHIPPING FUEL

	December 31	
	2020	2019
Shipping fuel	<u>\$ 2,189,744</u>	<u>\$ 3,790,096</u>



The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 was \$16,335,986 thousand and \$23,635,901 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 included shipping fuel write-downs of \$172,303 thousand and reversals of shipping fuel write-downs of \$133,789 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

			Proportion of Ownership (%)		
			December 31		
Investor	Investee	Nature of Activities	2020	2019	Note
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	-	Note a
"	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note b
"	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	98.88	98.88	Note c
"	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	-	-	Note d
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	
"	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	100.00	100.00	Note e
"	Topline Transportation, Inc.	Container transportation	100.00	100.00	Note e
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	-	100.00	Note a

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2020	2019	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note f
"	Yang Ming Shipping Europe GmbH	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
"	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	
"	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
"	Yang Ming (Russia) LLC.	Shipping agency	60.00	60.00	
"	Yang Ming (Spain), S.L.	Shipping agency	60.00	60.00	
"	Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l.	Forwarding agency	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping (B.V.I.) Inc.	Forwarding agency and shipping agency	100.00	100.00	
"	Yangming (Japan) Co., Ltd. (Yangming-Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	Note g
"	Yang Ming Line (Hong Kong) Ltd.	Forwarding agency and shipping agency	100.00	100.00	Note h
"	Yangming Shipping (Singapore) Pte. Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming (Korea) Co., Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming Anatolia Shipping Agency S.A. (Yang Ming Anatolia)	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
"	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Philippines, Inc. (Yang Ming Philippines)	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Latin America) Corp.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (Thailand) Co., Ltd. (YML-Thailand)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
"	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	49.00	49.00	
"	Yang Ming Insurance Co., Ltd.	Insurance	100.00	100.00	Note i
"	PT Yang Ming Shipping Indonesia (PT Yang Ming Indonesia)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	Note j
"	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	51.00	51.00	Note k
"	Yang Ming (France) SAS	Shipping agency, forwarding agency and shipping managers	60.00	-	Note l
YML-Thailand	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	50.00	50.00	
Yang Ming Line shipping (Thailand) Co., Ltd.	YML-Thailand	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	Note m

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2020	2019	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
"	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	69.80	69.80	
"	PT. YES Logistics Indonesia	Forwarding agency	51.00	51.00	
Yes-USA	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	30.20	30.20	
"	Golden Logistics USA Corporation	Container transportation	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
"	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	
Yes-ERO	Yes MLC GmbH	Import and export, storage and delivery, and other warehousing related business	100.00	100.00	
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Cargo consolidation service and forwarding agency	100.00	100.00	

(Concluded)

- Note a: The Group reorganized the organization in December 2020 and adjusted the holding structure of the Group in Europe. YMTA acquired equity of YML-BV from YML-NV.
- Note b: The Group's board of directors resolved in January 2021 to apply for the capital increase by cash of All Ocean Transportation with a limit amount of \$1,497,000 thousand.
- Note c: The Group's board of directors resolved in January 2019 to participate in the capital increase by cash of Kuang Ming, which is the Group's subsidiary, on March 8, 2019. The Group acquired 99,969 thousand shares in the total amount of \$999,694 thousand, with a par value of \$10. Its shareholding ratio rose from 98.52% to 98.88% after the acquisition. The Group's board of directors resolved in March 2021 to apply for a capital reduction to offset deficits in the amount of \$3,000,000 thousand, and the ratio of capital reduction is about 75%.
- Note d: The Group's board of directors resolved in November 2018 to liquidate Yang Ming (Liberia) Corp. (Yang Ming-Liberia). The liquidation had completed in February 2019.
- Note e: The Group's board of directors resolved in March 2020 to liquidate Triumph Logistics, Inc. and Topline Transportation, Inc.
- Note f: 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 GBP68,098 thousand.
- Note g: The Group's board of directors resolved in January 2020 to liquidate Sunbright Insurance Co., Ltd.
- Note h: The Group's board of directors resolved in December 2020 to apply for capital increase of Yang Ming Line (Hong Kong) Ltd. by the accounts receivable of Yang Ming Shipping (B.V.I.) Inc. to Yang Ming Line (Hong Kong) Ltd. Yang Ming Shipping (B.V.I.) Inc acquired about 68,556 thousand shares of Yang Ming Line (Hong Kong) Ltd. in the amount of HK\$68,556 thousand.
- Note i: The Group's board of directors resolved to establish Yang Ming Insurance Co., Ltd. in February 2019 and had completed registration in May 2019.

Note j: The Group's board of directors resolved to establish PT Yang Ming Shipping Indonesia in November 2018 and had completed registration in May 2019.

Note k: The Group's board of directors resolved to establish Huan Ming (Shanghai) International Shipping Agency Co., Ltd. in December 2018 and had completed registration in October 2019.

Note l: The Group's board of directors resolved to establish Yang Ming (France) SAS in August 2018 and had completed registration in January 2020.

Note m: The Group's board of directors resolved to apply for capital increase by cash of Kuang Ming, the Group's subsidiary, in the amount of US \$2,000 thousand in November 2020 and had completed registration in December 2020.

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

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investment in associates	\$ 6,602,649	\$ 7,593,891
Investments in joint ventures	<u>369,751</u>	<u>362,429</u>
	<u>\$ 6,972,400</u>	<u>\$ 7,956,320</u>

- a. Investment in associates

	December 31	
	2020	2019
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 4,759,757	\$ 5,867,216
West Basin Container Terminal LLC	1,049,619	935,257
United Terminal Leasing LLC	271,175	282,126
Sino Trans PFS Cold Chain Logistics Co., Ltd.	108,384	107,649
Yunn Wang Investment Co., Ltd.	132,962	109,431
Taiwan Foundation International Pte. Ltd.	98,219	103,312
Shanghai United Cold Chain logistics Co., Ltd.	51,882	46,599
Yang Ming Shipping (Egypt) S.A.E.	49,170	49,674
Yang Ming (U.A.E.) LLC	43,616	49,809
Yang Ming (Australia) Pty. Ltd.	23,938	27,145
Corstor Ltd.	8,513	5,600
PT. Formosa Sejati Logistics	5,414	5,657
Yang Ming (Vietnam) Corp. (Note)	-	4,416
Formosa International Development Corporation	<u>-</u>	<u>-</u>
	<u>\$ 6,602,649</u>	<u>\$ 7,593,891</u>



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

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

All the associates are accounted for using the equity method.

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
The Group's share of:		
Net gain for the year	\$ 369,113	\$ 161,792
Other comprehensive income (loss)	<u>22,249</u>	<u>(6,324)</u>
Total comprehensive income for the year	<u>\$ 391,362</u>	<u>\$ 155,468</u>

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

At December 31, 2019, the carrying amount of SinoTrans PFS Cold Chain Logistics Co., Ltd., the associate that is not individually material, was higher than recoverable amount which was measured by determining the value in use of the investment using the income approach with the discounted cash flow method at the discount rate of 13.5%. An impairment loss recognized for the year ended December 31, 2019 was \$14,839 thousand.

b. Investments in joint ventures

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	\$ 273,663	\$ 273,042
YES LIBERAL Logistics Corp.	74,430	69,643
LogiTrans Technology Private Limited	18,886	18,137
Jambatan Merah Formosa Depot Sdn Bhd. (Note)	1,733	-
Yes And HQL Logistics Company	<u>1,039</u>	<u>1,607</u>
	<u>\$ 369,751</u>	<u>\$ 362,429</u>

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

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

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Net gain (loss) for the year	\$ 3,133	\$ (9,207)
Other comprehensive loss	<u>(151)</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 2,982</u>	<u>\$ (9,207)</u>

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Group	\$ 66,746,767	\$ 64,764,040
Assets leased under operating leases	<u>6,916,469</u>	<u>7,494,642</u>
	<u>\$ 73,663,236</u>	<u>\$ 72,258,682</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, 2020	\$ 697,331	\$ 1,529,835	\$ 23,773,568	\$ 87,389,224	\$ 566,091	\$ 3,384,184	\$ 2,851,888	\$ 120,192,121
Additions	-	4,166	1,740,950	511,189	10,685	103,565	5,941,271	8,311,826
Disposals	-	(2,485)	(840,995)	(6,453,870)	(290,519)	(262,155)	-	(7,850,024)
Transfer to assets leased under operating leases	-	-	-	(75,685)	-	-	-	(75,685)
Reclassification	-	-	193,004	7,428,892	-	2,299	(7,201,229)	422,966
Effects of foreign currency exchange differences	255	(19,972)	(74)	(149,774)	(1,008)	(6,099)	-	(176,672)
Balance at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 1,511,544</u>	<u>\$ 24,866,453</u>	<u>\$ 88,649,976</u>	<u>\$ 285,249</u>	<u>\$ 3,221,794</u>	<u>\$ 1,591,930</u>	<u>\$ 120,824,532</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 547,236	\$ 13,239,912	\$ 38,300,508	\$ 486,100	\$ 2,854,325	\$ -	\$ 55,428,081
Depreciation expenses	-	32,323	1,599,216	3,931,454	53,195	123,949	-	5,740,137
Disposals	-	(2,227)	(743,417)	(5,683,772)	(290,518)	(232,686)	-	(6,952,620)
Transfers to assets leased under operating leases	-	-	-	(7,884)	-	-	-	(7,884)
Effects of foreign currency exchange differences	-	(8,779)	-	(115,880)	(438)	(4,852)	-	(129,949)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 568,553</u>	<u>\$ 14,095,711</u>	<u>\$ 36,424,426</u>	<u>\$ 248,330</u>	<u>\$ 2,740,736</u>	<u>\$ -</u>	<u>\$ 54,077,765</u>
Carrying amounts at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 942,991</u>	<u>\$ 10,770,742</u>	<u>\$ 52,225,550</u>	<u>\$ 36,919</u>	<u>\$ 481,058</u>	<u>\$ 1,591,930</u>	<u>\$ 66,746,767</u>
Cost								
Balance at January 1, 2019	\$ 691,283	\$ 1,447,168	\$ 25,443,295	\$ 84,484,210	\$ 561,918	\$ 3,489,955	\$ -	\$ 116,117,829
Additions	6,252	99,311	4,953	597,617	5,777	124,033	1,832,528	2,670,471
Disposals	-	-	(2,364,425)	(97,621)	(1,306)	(235,772)	-	(2,699,124)
Transfers from assets leased under operating leases	-	-	-	4,814,435	-	-	-	4,814,435
Transfer to assets leased under operating leases	-	-	-	(2,289,741)	-	-	-	(2,289,741)
Reclassification	-	-	689,790	9,086	38	20,375	1,019,360	1,738,649
Effects of foreign currency exchange differences	(204)	(16,644)	(45)	(128,762)	(336)	(14,407)	-	(160,398)
Balance at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 1,529,835</u>	<u>\$ 23,773,568</u>	<u>\$ 87,389,224</u>	<u>\$ 566,091</u>	<u>\$ 3,384,184</u>	<u>\$ 2,851,888</u>	<u>\$ 120,192,121</u>
Accumulated depreciation and impairment								
Balance at January 1, 2019	\$ -	\$ 521,543	\$ 13,142,074	\$ 34,151,744	\$ 465,874	\$ 2,965,900	\$ -	\$ 51,247,135
Depreciation expenses	-	30,453	1,504,479	3,909,211	21,897	133,559	-	5,599,599
Disposals	-	-	(2,096,431)	(97,621)	(1,060)	(233,020)	-	(2,428,132)
Transfers from assets leased under operating leases	-	-	-	1,595,914	-	-	-	1,595,914
Transfer to assets leased under operating leases	-	-	-	(1,162,506)	-	-	-	(1,162,506)
Reclassification	-	-	689,790	-	(31)	31	-	689,790
Effects of foreign currency exchange differences	-	(4,760)	-	(96,234)	(580)	(12,145)	-	(113,719)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 547,236</u>	<u>\$ 13,239,912</u>	<u>\$ 38,300,508</u>	<u>\$ 486,100</u>	<u>\$ 2,854,325</u>	<u>\$ -</u>	<u>\$ 55,428,081</u>
Carrying amounts at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 982,599</u>	<u>\$ 10,533,656</u>	<u>\$ 49,088,716</u>	<u>\$ 79,991</u>	<u>\$ 529,859</u>	<u>\$ 2,851,888</u>	<u>\$ 64,764,040</u>



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

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

The dry dock is a significant component of ships.

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

b. Assets leased under operating leases

	Ship	Miscellaneous Equipment	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 10,391,147	\$ 7,445	\$ 10,398,592
Transfers from assets used by the Group	75,685	-	75,685
Effects of foreign currency exchange differences	(322,109)	-	(322,109)
Balance at December 31, 2020	<u>\$ 10,144,723</u>	<u>\$ 7,445</u>	<u>\$ 10,152,168</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 2,896,505	\$ 7,445	\$ 2,903,950
Transfers from assets used by the Group	7,884	-	7,884
Depreciation expenses	449,521	-	449,521
Effects of foreign currency exchange differences	(125,656)	-	(125,656)
Balance at December 31, 2020	<u>\$ 3,228,254</u>	<u>\$ 7,445</u>	<u>\$ 3,235,699</u>
Carrying amounts at December 31, 2020	<u>\$ 6,916,469</u>	<u>\$ -</u>	<u>\$ 6,916,469</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 13,578,421	\$ 7,445	\$ 13,585,866
Additions	117,467	-	117,467
Disposals	(626,559)	-	(626,559)
Transfers from assets used by the Group	2,289,741	-	2,289,741
Transfers to assets used by the Group	(4,814,435)	-	(4,814,435)
Effects of foreign currency exchange differences	(153,488)	-	(153,488)
Balance at December 31, 2019	<u>\$ 10,391,147</u>	<u>\$ 7,445</u>	<u>\$ 10,398,592</u>

(Continued)

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

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

	<u>December 31</u>	
	2020	2019
Year 1	\$ 651,800	\$ 552,215
Year 2	16,807	5,479
Year 3	9,833	-
Year 4	1,912	-
Year 5 onwards	-	-
	<u>\$ 680,352</u>	<u>\$ 557,694</u>

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

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

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

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

The dry dock is a significant component of ships.

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



16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 50,412	\$ 2,032
Buildings	2,400,451	1,960,719
Container and chassis	121,302	446,288
Ships	53,214,935	54,925,410
Miscellaneous equipment	<u>66,613</u>	<u>42,320</u>
	<u>\$ 55,853,713</u>	<u>\$ 57,376,769</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 10,235,839</u>	<u>\$ 13,135,698</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,674	\$ 4,064
Buildings	477,688	456,746
Container and chassis	324,986	240,805
Ships	10,113,852	9,918,382
Miscellaneous equipment	<u>34,835</u>	<u>32,820</u>
	<u>\$ 10,960,035</u>	<u>\$ 10,652,817</u>
Income from the subleasing of right-of-use assets (presented in operating revenue and other income)	<u>\$ 825,505</u>	<u>\$ 1,269,577</u>

As a result of the continued decline in bulk shipping market price, the Group expected the future cash flows from right-of-use assets of bulk shipping department to decrease. Therefore, the recoverable amount will be lower than the carrying amount. The review led to the recognition of an impairment loss of \$511,939 thousand and \$193,524 thousand, which were recognized in operating costs for the years ended December 31, 2020 and 2019, respectively. The Group determined the recoverable amounts of the relevant right-of-use assets on the basis of their value in use. The range of discount rate used in measuring the value in use were 7.33%-8.02% per annum and 5.71%-6.66% per annum in 2020 and 2019, respectively.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 2,146,472</u>	<u>\$ 2,894,785</u>
Non-current	<u>\$ 6,089,430</u>	<u>\$ 7,343,146</u>
Lease liabilities designated as hedging (included in financial liabilities for hedging)		
Current	<u>\$ 7,370,742</u>	<u>\$ 7,002,378</u>
Non-current	<u>\$ 40,383,562</u>	<u>\$ 41,888,032</u>

Financial liabilities designated as hedging

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

	Maturity Period	Account	Carrying Amount
December 31, 2020	2025/01/31-2030/09/30	Financial liabilities for hedging	\$ 47,754,304
December 31, 2019	2019/02/28-2029/03/31	Financial liabilities for hedging	48,890,410

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the year ended December 31, 2020	<u>\$ 2,489,548</u>	<u>\$ (252,245)</u>
For the year ended December 31, 2019	<u>\$ 1,171,856</u>	<u>\$ 46,666</u>

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

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

	December 31	
	2020	2019
Land	1.12%-1.49%	1.14%
Buildings	0.85%-10.00%	0.95%-10.00%
Container and chassis	3.65%-3.87%	3.65%-3.87%
Ships	1.51%-7.24%	3.60%-7.24%
Miscellaneous equipment	1.23%-13.00%	1.00%-13.00%



c. Material lease-in activities and terms

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

	Lease Liabilities Recognized (Discounted)	Potential Future Lease Payments Not Included in Lease Liabilities (Discounted)	Historical Rate of Exercise of Extension Options
Containership Department			
<u>December 31, 2020</u>			
Ships	<u>\$ 41,520,613</u>	<u>\$ 13,963,734</u>	0%
<u>December 31, 2019</u>			
Ships	<u>\$ 41,544,188</u>	<u>\$ 11,401,944</u>	0%

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

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

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

d. Subleases

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

Sublease of right-of-use assets

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

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

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

	December 31	
	2020	2019
Year 1	\$ 300,031	\$ 490,167
Year 2	662	-
Year 3 onwards	-	-
	<u>\$ 300,693</u>	<u>\$ 490,167</u>

e. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 702,752</u>	<u>\$ 3,535,220</u>
Expenses relating to low-value asset leases	<u>\$ 4,667,120</u>	<u>\$ 4,997,507</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 97,147</u>	<u>\$ 3,836</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 3,418,248</u>	<u>\$ 3,366,389</u>
Total cash outflow for leases	<u>\$ (21,580,388)</u>	<u>\$ (24,711,729)</u>

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

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms ended on or before December 31, 2019 and for which the recognition exemption is applied. The amounts of lease commitments for short-term leases and low-value asset lease for which the recognition exemption is applied were \$14,844,828 thousand and \$18,816,688 thousand as of December 31, 2020 and 2019, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$18,242,252 thousand and \$19,861,218 thousand as of December 31, 2020 and 2019, respectively.

17. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2019	\$ 6,272,493
Additions	-
Gain on change in fair value of investment properties	<u>40,827</u>
Balance at December 31, 2019	6,313,320
Additions	-
Gain on change in fair value of investment properties	<u>3,899</u>
Balance at December 31, 2020	<u>\$ 6,317,219</u>

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

The maturity analysis of lease payments receivable under operating lease of investment properties at December 31, 2020 and 2019 was as follows:

	December 31	
	2020	2019
Year 1	\$ 56,384	\$ 64,252
Year 2	37,490	30,376
Year 3	18,852	11,345
Year 4	9,186	2,983
Year 5	5,671	654
Year 6 onwards	<u>4,114</u>	<u>-</u>
	<u>\$ 131,697</u>	<u>\$ 109,610</u>

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

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

	December 31	
	2020	2019
Independent valuation	\$ 6,309,844	\$ 6,305,794
Valuation by the Group	<u>7,375</u>	<u>7,526</u>
	<u>\$ 6,317,219</u>	<u>\$ 6,313,320</u>

As of December 31, 2020 and 2019, the fair values were based on the valuations carried out on January 12, 2021 and January 8, 2020, respectively, by independent qualified professional valuers, Ms. Chang, Yi-Chih, Mr. Chang, Hung-Kai and Ms. Yeh, Yu-Fen, all Certified Real Estate Appraisers in the ROC, from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm.

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

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

	Keelung	Taipei	Kaohsiung	Total
Balance at January 1, 2019	326,582	5,352,710	593,201	6,272,493
Recognized in profit or loss (gain arising from the change in fair value of investment property)	3,658	31,458	5,711	40,827
Addition	-	-	-	-
Balance at December 31, 2019	330,240	5,384,168	598,912	6,313,320
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(7,184)	2,310	8,773	3,899
Addition	-	-	-	-
Balance at December 31, 2020	<u>\$ 323,056</u>	<u>\$ 5,386,478</u>	<u>\$ 607,685</u>	<u>\$ 6,317,219</u>
Unrealized gain (loss) arising from the change in fair value of investment properties for the year ended December 31				
2020	<u>\$ (7,184)</u>	<u>\$ 2,310</u>	<u>\$ 8,773</u>	<u>\$ 3,899</u>
2019	<u>\$ 3,658</u>	<u>\$ 31,458</u>	<u>\$ 5,711</u>	<u>\$ 40,827</u>

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

	December 31	
	2020	2019
Expected future cash inflows	\$ 4,975,722	\$ 5,065,023
Expected future cash outflows	<u>(409,697)</u>	<u>(397,559)</u>
Expected future cash inflows, net	<u>\$ 4,566,025</u>	<u>\$ 4,667,464</u>
Discount rate	3.595%-4.095%	3.845%-4.31%

The market rentals in the area where the investment property is located were between \$0.5 thousand and \$3 thousand per ping (35.59 square feet) in 2020 and 2019. The market rentals for comparable properties were between \$0.4 thousand and \$2.5 thousand per ping (35.59 square feet) in 2020 and 2019.

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



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

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

	December 31	
	2020	2019
Estimated total sale price	\$ 7,535,602	\$ 7,480,431
Rate of return	15%-20%	14%-20%
Overall capital interest rate	1.32%-4.47%	1.50%-4.78%

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

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

The properties located in Zhongzheng District, Taipei City were offered to Chunghwa Post Co., Ltd. for Zhongnan Post Office. The Group needs to obtain approval from Chunghwa Post Co., Ltd. and Ministry of Transportation and Communication's approval when reclaiming the properties in future.

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

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

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,401,276	\$ 3,006,676
Loans from related parties (Note 34)	670,880	1,214,880
Other borrowings	-	399,478
	<u>\$ 2,072,156</u>	<u>\$ 4,621,034</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.35%-2.50% and 1.70%-4.00% per annum as of December 31, 2020 and 2019, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rates were 1.32%-2.20% and 1.20%-3.24% per annum as of December 31, 2020 and 2019, respectively.

- 3) Other borrowings of the Group were the unsecured borrowings from non-bank financial institutions. Interest rate was 2.06%-4.00% per annum as of December 31, 2019.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 9,940,000	\$ 11,330,000
Less: Unamortized discount on bills payable	17,575	33,444
	<u>9,922,425</u>	<u>11,296,556</u>
Loans from related parties (Note 34)	2,200,000	2,200,000
Less: Unamortized discount on bills payable	8,799	10,716
	<u>2,191,201</u>	<u>2,189,284</u>
	<u>\$ 12,113,626</u>	<u>\$ 13,485,840</u>

Interest rates of the outstanding short-term bills payable were 0.69%-2.27% and 1.04%-2.24% per annum as of December 31, 2020 and 2019, respectively. Interest rates of the outstanding related parties' short-term bills payable were 1.02%-2.00% and 1.16%-2.00% per annum as of December 31, 2020 and 2019, respectively.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 35)		
Secured bank loans	\$ 2,331,332	\$ 3,702,464
Loans from related parties (Note 34)	15,197,848	15,601,466
Others borrowings	469,644	869,896
	<u>17,998,824</u>	<u>20,173,826</u>
Unsecured borrowings		
Line of credit borrowings	371,043	6,625,333
Loans from related parties (Note 34)	13,743,344	6,469,496
Others borrowings	-	-
	<u>14,114,387</u>	<u>13,094,829</u>
Commercial paper		
Line of credit borrowings	20,150,000	17,700,000
Less: Unamortized discount on bills payable	23,735	24,440
	<u>20,126,265</u>	<u>17,675,560</u>
Loans from related parties (Note 34)	1,500,000	1,500,000
Less: Unamortized discount on bills payable	1,255	1,810
	<u>1,498,745</u>	<u>1,498,190</u>
	<u>21,625,010</u>	<u>19,173,750</u>
	53,738,221	52,442,405
Less: Current portion	<u>12,641,834</u>	<u>8,332,885</u>
Long-term borrowings	<u>\$ 41,096,387</u>	<u>\$ 44,109,520</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:

	December 31	
	2020	2019
<u>NT\$</u>		
Amount	\$ 48,480,221	\$ 45,886,856
Interest rate	0.69%-4.00%	1.28%-4.00%
Contract term	2012/08/10- 2031/05/15	2012/06/18- 2031/05/15
<u>US\$</u>		
Foreign currency amount	\$ 184,147	\$ 217,668
New Taiwan dollar amount	5,245,008	6,526,471
Interest rate	1.00%-2.84%	2.75%-4.86%
Contract term	2011/04/19- 2028/02/09	2011/04/19- 2028/02/09
<u>MYR</u>		
Foreign currency amount	\$ 1,707	\$ 3,970
New Taiwan dollar amount	12,098	29,078
Interest rate	3.25%	4.50%
Contract term	2019/08/26- 2034/04/01	2019/08/26- 2034/04/01
<u>CAD</u>		
Foreign currency amount	\$ 40	\$ -
New Taiwan dollar amount	894	-
Interest rate	5.00%	-
Contract term	2020/06/03- 2022/12/31	-

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars, MYR and New Taiwan dollars. The loans are repayable in installment at varying amounts before April 1, 2034. Interest rates were 1.25%-3.25% and 1.45%-4.34% on December 31, 2020 and 2019, 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 6, 2030. Interest rates were 1.13%-1.83% and 1.33%-3.61% on December 31, 2020 and 2019, 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% and 2.15%-4.00% on December 31, 2020 and 2019, respectively. The Group's containers and cash in bank are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Group's unsecured bank loans will be repaid in New Taiwan dollars, U.S. dollars and CAD dollars in installments at very amounts or repaid in one-lump sum payment at maturity as the borrowing terms. The loans are expected to be fully repaid before November 21, 2024. Interest rates were 1.00%-5.00% and 1.28%-4.86% on December 31, 2020 and 2019, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in installments at varying amounts or repaid in one-lump sum payment as the borrowing terms. The loans are expected to be fully repaid before May 15, 2031. Interest rates were 1.02%-2.46% and 1.30%-3.23% on December 31, 2020 and 2019, 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. As of December 31, 2020, the Group had made a drawdown in the amount of \$7,636,500 thousand. The loan had been repaid in the amount of \$7,500,000 thousand on January 25, 2021.

3) Other borrowings

Other borrowings were unsecured loans from a finance company. The loans had been fully repaid on March 11, 2019.

Commercial paper

YMTC signed 3-5 years underwriting contracts for the issuance of commercial paper with a bill finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before March 2024. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2020 and 2019, YMTC had met the above requirements.

1) Line of credit borrowings

The Group's commercial paper will be fully repaid in the New Taiwan dollar before October 29, 2023. Interest rates were 1.41%-1.59% and 1.52%-1.62% on December 31, 2020 and 2019, 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 are expected to be fully repaid before March 14, 2024. Interest rates were 1.40%-1.45% and 1.51%-1.57% on December 31, 2020 and 2019, respectively.

19. BONDS PAYABLE

	December 31	
	2020	2019
Domestic privately placed secured mandatory convertible bonds	\$ -	\$ -
Domestic privately placed unsecured bonds	-	-
Secured domestic bonds	4,945,877	6,931,207
Unsecured domestic bonds	-	3,900,000
Domestic secured convertible bonds	<u>1,673,809</u>	<u>7,266,609</u>
	6,619,686	18,097,816
Less: Current portion	<u>1,673,809</u>	<u>5,887,360</u>
	<u>\$ 4,945,877</u>	<u>\$ 12,210,456</u>

a. Domestic privately placed secured mandatory convertible bonds

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

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

The bond is guaranteed by banks (including government-related banks amounting to \$5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. The guarantee payments had been fully amortized as of June 27, 2019.

b. Domestic privately placed unsecured bonds

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

c. Secured domestic bonds

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

The bond features and terms are as follows:

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

The October 2015 bonds had been fully repaid.

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

The bond features and terms are as follows:

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



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

YMTC's board of directors resolved in January 27, 2021 to issue domestic secured bonds with a limit amount of \$7,000,000 thousands; the term is 5 to 7 years.

d. Domestic unsecured bonds

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

The bond features and terms were as follows:

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

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

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

The November 2013 Bonds had been fully repaid.

e. 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 \$5,889,800 thousand of bonds converted into 566,326 thousand common shares as of December 31, 2020.

There were \$1,710,200 thousand of bonds converted into 164,442 thousand common shares between January and March 2021 and had been fully converted in March 2021.

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

20. TRADE PAYABLES

	December 31	
	2020	2019
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 15,677,632	\$ 12,266,509
Trade payables - related parties	<u>425,388</u>	<u>471,425</u>
	<u>\$ 16,103,020</u>	<u>\$ 12,737,934</u>
Payable for cost of voyage in sailing	\$ 10,656,203	\$ 8,224,180
Payable for fuel	1,735,049	3,128,246
Payable for space hire	3,263,589	713,485
Payable for freight expenses	347,550	535,208
Payable for stevedoring expenses	95,829	114,922
Payable for management expenses	<u>4,800</u>	<u>21,893</u>
	<u>\$ 16,103,020</u>	<u>\$ 12,737,934</u>

21. OTHER PAYABLES

	December 31	
	2020	2019
Payable for container lease	\$ 889,476	\$ 1,024,525
Payable for salary and bonus	1,188,057	315,117
Payable for interest expenses	75,517	126,436
Payable for equipment M&R expenses	211,143	214,118
Payable for annual leave	220,137	205,222
Payable for vessel charter hire	142,381	169,865
Payable for equipment	214,910	339,102
Others	<u>1,386,645</u>	<u>1,495,756</u>
	<u>\$ 4,328,266</u>	<u>\$ 3,890,141</u>

22. PROVISIONS

	December 31	
	2020	2019
Restoration cost for leased assets (a)	\$ 1,396	\$ 1,444
Others (b)	<u>-</u>	<u>1,032,332</u>
	<u>\$ 1,396</u>	<u>\$ 1,033,776</u>
Current	\$ -	\$ 1,032,332
Non-current	<u>1,396</u>	<u>1,444</u>
	<u>\$ 1,396</u>	<u>\$ 1,033,776</u>



	Restoration Cost for Leased Assets	Onerous Leases	Others	Total
Balance at January 1, 2020	\$ 1,444	\$ -	\$ 1,032,332	\$ 1,033,776
Additional provision recognized	-	-	49,176	49,176
Amount used	-	-	(1,058,370)	(1,058,370)
Reversal of unused balance	-	-	(18,556)	(18,556)
Effect of foreign currency exchange differences	(48)	-	(4,582)	(4,630)
Balance at December 31, 2020	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,396</u>
Balance at January 1, 2020	\$ 1,445	\$ 1,896	\$ -	\$ 3,341
Additional provisions recognized (reversing the balances)	12	(1,896)	1,081,301	1,079,417
Effect of foreign currency exchange differences	(13)	-	(48,969)	(48,982)
Balance at December 31, 2020	<u>\$ 1,444</u>	<u>\$ -</u>	<u>\$ 1,032,332</u>	<u>\$ 1,033,776</u>

- 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.
- Other provisions are mainly the risk of compensation responsibility for ship owner's outstanding principle and interest after the term expired if the Group did not exercise the repurchase option; the possible loss if the Group terminated the capital lease agreements of ship before expiration. Refer to Note 16 and Note 23 for additional information.

23. OTHER FINANCIAL LIABILITIES

	December 31	
	2020	2019
Others	<u>\$ -</u>	<u>\$ 2,736,515</u>
Current (included in current portion of long-term liabilities)	\$ -	\$ 282,476
Non-current	<u>-</u>	<u>2,454,039</u>
	<u>\$ -</u>	<u>\$ 2,736,515</u>

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

The Group's board of directors resolved in August 13, 2020 to terminate the capital lease agreements of YML-BVI for consideration of the Group's organizational structure and operation. The Group terminated the lease contracts with the lessor on October 14, 2020, and YMTC signed the sales and purchase contracts with the lessor to acquire the ships. According to the capital lease agreements, the Group has to pay compensation to the lessor if the contracts are terminated before expiration. The loss on lease termination in the amount of \$49,716 thousand had been recognized and paid in 2020.

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

Related gains and losses for the years ended December 31, 2020 and 2019 are included in the following:

	For the Year Ended December 31	
	2020	2019
Non-operating income and expenses		
Other income	<u>\$ 16,509</u>	<u>\$ 26,611</u>
Finance costs	<u>\$ (8,107)</u>	<u>\$ (19,187)</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

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

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

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

b. Defined benefit plans

1) Pension plan of YMTC

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

The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributed amounts equal to 3% of salaries every

month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is insufficient to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

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

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

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

2) Pension plan of subsidiaries

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

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

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 3,865,364	\$ 3,328,129
Fair value of plan assets	<u>(837,655)</u>	<u>(824,458)</u>
Net defined benefit liability	<u>\$ 3,027,709</u>	<u>\$ 2,503,671</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	<u>\$ 3,399,747</u>	<u>\$ (848,128)</u>	<u>\$ 2,551,619</u>
Service cost			
Current service cost	97,436	-	97,436
Past service cost	2,729	-	2,729
Net interest expense (income)	<u>41,654</u>	<u>(10,465)</u>	<u>31,189</u>
Recognized in profit or loss	<u>141,819</u>	<u>(10,465)</u>	<u>131,354</u>
Remeasurement			
Return on plan assets	-	(28,446)	(28,446)
Actuarial loss (gain)			
Changes in demographic assumptions	(4,149)	-	(4,149)
Changes in financial assumptions	112,909	-	112,909
Experience adjustments	<u>(75,567)</u>	<u>-</u>	<u>(75,567)</u>
Recognized in other comprehensive income (loss)	<u>33,193</u>	<u>(28,446)</u>	<u>4,747</u>
Contributions from the employer	(68,720)	(20,259)	(88,979)
Benefits paid	(185,541)	82,840	(102,701)
Exchange differences on foreign plans	<u>7,631</u>	<u>-</u>	<u>7,631</u>
Balance at December 31, 2019	<u>3,328,129</u>	<u>(824,458)</u>	<u>2,503,671</u>
Service cost			
Current service cost	83,470	-	83,470
Past service cost	153	-	153
Net interest expense (income)	<u>25,719</u>	<u>(6,234)</u>	<u>19,485</u>
Recognized in profit or loss	<u>109,342</u>	<u>(6,234)</u>	<u>103,108</u>
Remeasurement			
Return on plan assets	-	(28,520)	(28,520)
Actuarial loss			
Changes in demographic assumptions	79	-	79
Changes in financial assumptions	139,550	-	139,550
Experience adjustments	<u>492,271</u>	<u>-</u>	<u>492,271</u>
Recognized in other comprehensive income (loss)	<u>631,900</u>	<u>(28,520)</u>	<u>603,380</u>
Contributions from the employer	(169,729)	(17,719)	(187,448)
Benefits paid	(43,430)	39,276	(4,154)
Exchange differences on foreign plans	<u>9,152</u>	<u>-</u>	<u>9,152</u>
Balance at December 31, 2020	<u>\$ 3,865,364</u>	<u>\$ (837,655)</u>	<u>\$ 3,027,709</u>

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

	For the Year Ended December 31	
	2020	2019
Current service cost	\$ 83,470	\$ 97,436
Past service cost	153	2,729
Net interest expense	<u>19,485</u>	<u>31,189</u>
	<u>\$ 103,108</u>	<u>\$ 131,354</u>

(Continued)



	For the Year Ended December 31	
	2020	2019
An analysis by function		
Operating costs	\$ 57,099	\$ 72,578
Selling and marketing expenses	37,735	46,274
General and administrative expenses	<u>8,274</u>	<u>12,502</u>
	<u>\$ 103,108</u>	<u>\$ 131,354</u>
		(Concluded)

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

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

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

	December 31	
	2020	2019
Discount rates	0.40%-0.90%	0.70%-1.25%
Expected rates of salary increase	1.50%-2.50%	1.50%-2.50%

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

	December 31	
	2020	2019
Discount rates		
0.25%-0.50% increase	<u>\$ (182,559)</u>	<u>\$ (156,298)</u>
0.25%-0.50% decrease	<u>\$ 198,281</u>	<u>\$ 169,627</u>
Expected rates of salary increase		
0.25%-0.50% increase	<u>\$ 193,329</u>	<u>\$ 166,062</u>
0.25%-0.50% decrease	<u>\$ (180,014)</u>	<u>\$ (154,692)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ 18,050	\$ 20,753
The average duration of the defined benefit obligation	6.9-16.1 years	7.5-16 years
c. In an effort to encourage employee retirement, improve human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of \$54,421 thousand and \$42,644 thousand for the years ended December 31, 2020 and 2019, respectively.		

25. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	\$ 45,000,000	\$ 45,000,000
Number of shares issued and fully paid (in thousands)	3,167,662	2,601,336
Shares issued	\$ 31,676,622	\$ 26,013,357

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

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

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

The board of directors resolved on March 25, 2021 to issue common shares with a limit of 300,000,000 shares by book building. The above transaction will be determined after getting approval from the FSC.

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.



3) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. As of December 31, 2019, there were 896 units outstanding, representing 8,971 shares, which was 0.0003% of the total issued shares. In addition, the board of directors resolved to cancel the GDRs on August 13, 2019 and delisted them on December 5, 2019. There were no outstanding GDRs on December 31, 2020.

b. Capital surplus

	<u>May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)</u>		<u>The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition</u>			<u>May Be Used to Offset a Deficit Only</u>	<u>Changes in Percentage of Ownership Interests in Subsidiaries (2)</u>	<u>May Not Be Used for Any Purpose</u>	<u>Total</u>
	<u>Issuance of Ordinary Shares</u>		<u>Treasury Share Transactions</u>					<u>Share Warrants</u>	
Balance at January 1, 2019	\$ -	\$ 5,718	\$ 11,437	\$ 170	\$ 4,722,467	\$ 4,739,792			
Changes in percentage of ownership interests in subsidiaries	-	-	-	23	-	23			
Convertible bonds converted to ordinary shares	1,630,593	-	-	-	(4,413,702)	(2,783,109)			
Capital surplus used to offset accumulated deficit	-	(5,718)	(11,437)	(170)	-	(17,325)			
Balance at December 31, 2019	<u>\$ 1,630,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 308,765</u>	<u>\$ 1,939,381</u>			
Balance at January 1, 2020	\$ 1,630,593	\$ -	\$ -	\$ 23	\$ 308,765	\$ 1,939,381			
Convertible bonds converted to ordinary shares	314,626	-	-	-	(239,285)	75,341			
Capital surplus used to offset accumulated deficit	(1,630,593)	-	-	(23)	-	(1,630,616)			
Balance at December 31, 2020	<u>\$ 314,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,480</u>	<u>\$ 384,106</u>			

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and then any remaining profit together with any undistributed retained earnings, distributed at least 25%, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 27 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.

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

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

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

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

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

The appropriation of earnings for 2020 proposed by the Company's board of directors on March 25, 2021 was as follows:

	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 166,092</u>
Special reserve	<u>\$ 1,494,827</u>

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on May 14, 2021.



d. Special reserves

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

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

e. Others equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (205,946)	\$ 92,350
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(507,531)	(302,008)
Related income tax	-	3,712
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	(33)	-
Other comprehensive income loss recognized for the year	<u>(507,564)</u>	<u>(298,296)</u>
Balance at December 31	<u>\$ (713,510)</u>	<u>\$ (205,946)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (1,039,266)	\$ (1,102,531)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	230,984	69,793
Share from associates and joint ventures accounted for using the equity method	22,552	(6,268)
Related income tax	-	(261)
Other comprehensive income recognized for the year	<u>253,536</u>	<u>63,264</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	<u>-</u>	<u>1</u>
Balance at December 31	<u>\$ (785,730)</u>	<u>\$ (1,039,266)</u>

3) Gain on hedging instruments

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 1,218,522	\$ -
Recognized for the year		
Foreign currency risk-lease liabilities	2,489,548	1,171,856
Reclassification adjustments		
Foreign currency risk-operating revenue	(252,245)	46,666
Other comprehensive income recognized for the year	<u>2,237,303</u>	<u>1,218,522</u>
Balance at December 31	<u>\$ 3,455,825</u>	<u>\$ 1,218,522</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 618,665	\$ 466,299
Share of profit for the year	209,775	312,061
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign entities	(52,174)	(29,120)
Unrealized gain (loss) on financial assets at FVTOCI	16	(135)
Remeasurement of the defined benefit liability	1,200	250
Share in other comprehensive loss of joint ventures accounted for using the equity method	(6)	-
Increasing in non-controlling interests by establishing foreign subsidiaries	2,016	57,772
Issue of ordinary share for cash by subsidiaries	-	1,314
Changes in percentage of ownership interest in subsidiaries (Note 30)	-	4,788
Cash dividends distributed by subsidiaries	<u>(122,872)</u>	<u>(194,564)</u>
Balance at December 31	<u>\$ 656,620</u>	<u>\$ 618,665</u>

26. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Cargo revenue	\$ 136,459,454	\$ 128,710,046
Rental income		
Rental revenue on vessel	2,025,636	3,293,912
Slottage revenue	2,640,645	5,567,533
Other operating revenue	<u>10,150,948</u>	<u>11,609,771</u>
	<u>\$ 151,276,683</u>	<u>\$ 149,181,262</u>



a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 10)	<u>\$ 11,177,869</u>	<u>\$ 10,111,347</u>	<u>\$ 8,451,806</u>
Contract assets			
Cargo revenue	\$ 2,906,252	\$ 1,797,036	\$ 1,751,644
Less: Allowance for impairment loss	<u>(15,978)</u>	<u>(8,898)</u>	<u>(4,007)</u>
Contract assets	<u>\$ 2,890,274</u>	<u>\$ 1,788,138</u>	<u>\$ 1,747,637</u>
Contract liabilities - current			
Advance on contract	<u>\$ 134,998</u>	<u>\$ 121,826</u>	<u>\$ 120,736</u>

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 8,898	\$ 4,007
Add: Net remeasurement of loss allowance	7,219	4,903
Foreign exchange gains and losses	<u>(139)</u>	<u>(12)</u>
Balance at December 31	<u>\$ 15,978</u>	<u>\$ 8,898</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.

27. NET PROFIT (LOSS)

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain on disposal and retirement of property, plant and equipment	\$ 299,609	\$ 492,738
Reimbursement income	61,946	109,925
Reimbursement loss (Note 16 (c))	<u>-</u>	<u>(1,077,322)</u>
	<u>\$ 361,555</u>	<u>\$ (474,659)</u>

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 114,379	\$ 191,636
Net investments in leases	2,336	2,595
Short-term bills	9,280	994
Others	<u>7,463</u>	<u>7,028</u>
	<u>\$ 133,458</u>	<u>\$ 202,253</u>

c. Other income

	For the Year Ended December 31	
	2020	2019
Rental income - operating leases	\$ 86,420	\$ 84,001
Dividends	<u>58,469</u>	<u>98,847</u>
	<u>\$ 144,889</u>	<u>\$ 182,848</u>

d. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gains	\$ 728,885	\$ 821,300
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	7,853	81,662
Financial liabilities held for trading	57,562	(34,593)
Loss on disposal of associates	(689)	-
Gain arising from the subleasing of right-of-use assets	-	57,732
Gain arising from lease modifications	(3,448)	27
Gain arising from the change in fair value of investment properties	3,899	40,827
Impairment loss recognized on associates (Note 14)	(1,027,207)	(14,839)
Others (Note 23)	<u>(167,300)</u>	<u>(79,978)</u>
	<u>\$ (400,445)</u>	<u>\$ 872,138</u>

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 586,117	\$ 882,930
Interest on lease liabilities (including U.S. dollar lease contracts designated as hedging instruments)	2,248,252	2,524,170
Other interest expenses	<u>765,574</u>	<u>591,097</u>
	3,599,943	3,998,197
Less: Amounts included in the cost of qualifying assets	<u>(39,646)</u>	<u>(15,243)</u>
	<u>\$ 3,560,297</u>	<u>\$ 3,982,954</u>



Information about capitalized interest is as follow:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	\$ 39,646	\$ 15,243
Capitalization rate	1.14%-1.76%	1.42%-1.90%
f. Depreciation and amortization		
	For the Year Ended December 31	
	2020	2019
Right-of-use assets	\$ 10,960,035	\$ 10,652,817
Property, plant and equipment	6,189,658	6,166,101
Intangible assets	<u>52,192</u>	<u>51,891</u>
	<u>\$ 17,201,885</u>	<u>\$ 16,870,809</u>
An analysis of depreciation by function		
Operating costs	\$ 16,785,562	\$ 16,465,751
Operating expenses	<u>364,131</u>	<u>353,167</u>
	<u>\$ 17,149,693</u>	<u>\$ 16,818,918</u>
An analysis of amortization by function		
Operating costs	\$ 7,894	\$ 11,514
Operating expenses	<u>44,298</u>	<u>40,377</u>
	<u>\$ 52,192</u>	<u>\$ 51,891</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 288,161	\$ 269,999
Defined benefit plans (Note 24)	103,108	131,354
Termination benefits	54,421	42,644
Other employee benefits	<u>8,000,561</u>	<u>7,047,533</u>
Total employee benefits expense	<u>\$ 8,446,251</u>	<u>\$ 7,491,530</u>
An analysis of employee benefits by function		
Operating costs	\$ 3,025,530	\$ 2,887,940
Operating expenses	<u>5,420,721</u>	<u>4,603,590</u>
	<u>\$ 8,446,251</u>	<u>\$ 7,491,530</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 year ended December 31, 2020, which were approved by the Company's board of directors on March 25, 2021 are as follows:

Accrual rate

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

Amount

	For the Year Ended December 31, 2020
Compensation of employees	<u>\$ 57,851</u>
Remuneration of directors	<u>\$ 57,851</u>

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

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.

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.

28. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follow:

	For the Year Ended December 31 2020	2019
Current tax		
In respect of the current year	\$ 586,265	\$ 620,911
Income tax on unappropriated earnings	-	519
Adjustments for prior years	<u>(6,163)</u>	<u>(172)</u>
	<u>580,102</u>	<u>621,258</u>

(Continued)



	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year	\$ 3,380,783	\$ (203,007)
Adjustments for prior years	<u>2,370</u>	<u>(8,170)</u>
	<u>3,383,153</u>	<u>(211,177)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,963,255</u>	<u>\$ 410,081</u>
		(Concluded)

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

	For the Year Ended December 31	
	2020	2019
Profit (loss) before tax	<u>\$ 16,150,043</u>	<u>\$ (3,587,815)</u>
Tax expense (benefit) calculated at the statutory rate	\$ 3,315,201	\$ (614,812)
Nondeductible expenses in determining taxable income	6,948	7,749
Tax-exempt income	393,990	65,723
Unrecognized loss carryforwards and deductible temporary differences	(629,684)	495,896
Offshore income tax	150,765	233,652
Income tax on unappropriated earnings	-	519
Adjustments for prior years' tax	(6,163)	(172)
Others	<u>732,198</u>	<u>221,526</u>
Income tax expense recognized in profit or loss	<u>\$ 3,963,255</u>	<u>\$ 410,081</u>

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

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ (3,712)
Remeasurement on defined benefit plans	(120,832)	(949)
Fair value changes of financial assets at FVTOCI	<u>-</u>	<u>261</u>
	<u>\$ (120,832)</u>	<u>\$ (4,400)</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 105,276</u>	<u>\$ 115,362</u>
Current tax liabilities		
Income tax payable	<u>\$ 264,165</u>	<u>\$ 132,733</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

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

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

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 4,688,658	\$ (61,878)	\$ -	\$ -	\$ 4,626,780
Temporary differences					
Unrealized shipping fuel valuation losses	26,378	(23,880)	-	-	2,498
Loss on investments accounted for using the equity method	48,018	3,311	-	-	51,329
Defined benefit plan	450,964	13,798	949	-	465,711
Unrealized loss on voyage in sailing	11,472	(10,811)	-	-	661
Payable for annual leave	31,932	(1,648)	-	-	30,284
FVTOCI financial assets	261	-	(261)	-	-
Others	66,823	325,769	-	-	392,592
	<u>\$ 5,324,506</u>	<u>\$ 244,661</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 5,569,855</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 928,876	\$ (59,826)	\$ -	\$ -	\$ 869,050
Reserve for land value increment tax	648,730	5,479	-	-	654,209
Investment properties	15,729	336	-	-	16,065
Property, plant and equipment	28,227	1,202	-	-	29,429
Exchange differences on translation of the financial statements of foreign operations	3,712	-	(3,712)	-	-
Others	71,373	86,293	-	(2,580)	155,086
	<u>\$ 1,696,647</u>	<u>\$ 33,484</u>	<u>\$ (3,712)</u>	<u>\$ (2,580)</u>	<u>\$ 1,723,839</u>



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

	December 31	
	2020	2019
Loss carryforwards		
Expire in 2021	\$ 59,413	\$ 9,246,501
Expire in 2022	230,994	2,701,422
Expire in 2023	5,692,310	8,040,895
Expire in 2024	381,489	381,489
Expire in 2025	4,921,391	4,921,391
Expire in 2026	13,344,470	3,073,215
Expire in 2027	1,757,965	273,118
Expire in 2028	253,383	253,383
Expire in 2029	451,340	401,566
Expire in 2030	173,435	-
	<u>\$ 27,266,190</u>	<u>\$ 29,292,980</u>
Deductible temporary differences	<u>\$ 2,291,360</u>	<u>\$ 3,412,990</u>

- f. Information about unused loss carryforward

As of December 31, 2020, unused loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 59,413	2021
230,994	2022
5,692,310	2023
381,489	2024
4,921,391	2025
13,344,470	2026
4,883,822	2027
6,240,986	2028
3,287,147	2029
<u>439,786</u>	2030
<u>\$ 39,481,808</u>	

- g. Income tax assessments

Group	Year
Yang Ming Marine Transport Corporation	2018
Kuang Ming Shipping Corp.	2018
Honming Terminal & Stevedoring Co., Ltd.	2018
Jing Ming Transportation Co., Ltd.	2018
YES Logistics Corp.	2018
Ching Ming Investment Corp.	2018

29. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings (loss) per share	\$ 4.51	\$ (1.66)
Diluted earnings (loss) per share	\$ 3.64	\$ (1.66)

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2020	2019
Earnings (loss) used in the computation of basic earnings (loss) per share	\$ 11,977,013	\$ (4,309,957)
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>173,511</u>	<u>-</u>
Earnings (loss) used in the computation of diluted earnings (loss) per share	<u>\$ 12,150,524</u>	<u>\$ (4,309,957)</u>

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	2,656,125	2,601,336
Effect of potentially dilutive ordinary shares:		
Convertible bonds	675,980	-
Compensation of employees	<u>1,978</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>3,334,083</u>	<u>2,601,336</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.

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

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

**Total**

The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests \$ (4,788)

Line items adjusted for equity transaction
Accumulated deficit \$ (4,788)

The above transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

31. CASH FLOW INFORMATION**Changes in Liabilities Arising from Financing Activities**

For the year ended December 31, 2020

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

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 4,756,377	\$ (135,343)	\$ -	\$ -	\$ 4,621,034
Short-term bills payable	9,601,979	3,902,000	-	(18,139)	13,485,840
Long-term borrowings	55,070,990	(2,477,282)	-	(151,303)	52,442,405
Bonds payable	19,171,447	(1,024,000)	-	(49,631)	18,097,816
Lease liabilities	57,445,253	(10,351,341)	13,135,698	(1,101,269)	59,128,341
Other financial liabilities	2,958,842	(278,689)	-	56,362	2,736,515
Other non-current liabilities	240,227	45,799	-	-	286,026
	<u>\$ 149,245,115</u>	<u>\$ (10,318,856)</u>	<u>\$ 13,135,698</u>	<u>\$ (1,263,980)</u>	<u>\$ 150,797,977</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 (accumulated deficit), other equity and non-controlling interests).

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

	December 31	
	2020	2019
Debt (a)	\$ 158,641,133	\$ 173,852,091
Cash and cash equivalents	<u>(24,518,721)</u>	<u>(17,177,339)</u>
Net debt	<u>\$ 134,122,412</u>	<u>\$ 156,674,752</u>
Equity (b)	<u>\$ 36,334,852</u>	<u>\$ 17,082,199</u>
Net debt to equity ration	<u>369.13%</u>	<u>917.18%</u>

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

33. FINANCIAL INSTRUMENTS

- Fair value of financial instruments not measured at fair value

December 31, 2020

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

December 31, 2019

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



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

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

1) Fair value hierarchy

December 31, 2020

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

December 31, 2019

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

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

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

For the year ended December 31, 2020

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

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2020	\$ 516,934
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(11,402)</u>
Balance at December 31, 2020	<u>\$ 505,532</u>

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



For the year ended December 31, 2019

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2019	\$ 357,294
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>159,640</u>
Balance at December 31, 2019	<u>\$ 516,934</u>

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

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 1,743,413	\$ 327,451
Financial assets at amortized cost (1)	38,266,073	31,335,814
Financial assets at FVTOCI		
Equity instruments	1,998,531	1,772,893
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	-	67,549
Financial liabilities for hedging	47,754,304	48,890,410
Amortized cost (2)	93,592,185	107,509,739

- 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, deposits of stand-by letter of credit, 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, lease liabilities and other financial liabilities. The Group's Corporate Treasury function provides all kinds of financial service to each division by using different financial instruments. Also, the treasury function controls and analyzes the financial risks related to operations; these risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

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

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



a) Foreign currency risk

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

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

Sensitivity analysis

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

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

Profit (Loss)/Equity of 1% Variation	<u>For the Year Ended December 31</u>	
	2020	2019
Profit (loss) (i)		
U.S. dollars	\$ (58,814)	\$ (115,615)
RMB	4,330	(5,711)
GBP	575	1,663
EUR	983	(1,589)
HKD	6,812	2,826
Equity (ii)		
U.S. dollars	(477,543)	(488,904)

- i. This was mainly attributable to the exposure of outstanding foreign currency deposits, receivables, payables, and bank loans at the end of the reporting period.
- ii. This was mainly attribute to the exposure of changing in foreign exchange rates of lease contracts designated as cash flow hedge.

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

Hedge accounting

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

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

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

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

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 7,449,866	\$ 4,188,438
Financial liabilities	89,437,508	98,257,488
Cash flow interest rate risk		
Financial assets	18,472,785	11,950,904
Financial liabilities	41,096,387	52,254,463

Sensitivity analysis

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

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

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



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

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities 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 year ended December 31, 2020 would have increased/decreased by \$1,196 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the years ended December 31, 2020 would have increased/decreased by \$99,927 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

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

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

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

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized bank loans facilities of \$15,972,373 thousand and \$16,147,285 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 20,456,690	\$ 514,763	\$ -
Lease liabilities	13,079,225	40,308,707	14,468,135
Variable interest rate liabilities	5,621,172	43,841,475	4,132,128
Fixed interest rate liabilities	16,171,617	5,413,673	-
Short-term and low value lease commitment	4,500,303	10,344,525	-
Lease commitment for future service costs	3,285,868	12,689,003	2,267,381
Financial guarantee liabilities	<u>176,968</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,291,843</u>	<u>\$ 113,112,146</u>	<u>\$ 20,867,644</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 13,079,225</u>	<u>\$ 40,308,707</u>	<u>\$ 14,443,070</u>	<u>\$ 22,574</u>	<u>\$ 2,491</u>	<u>\$ -</u>

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 16,646,468	\$ 252,015	\$ -
Lease liabilities	12,086,689	38,400,559	16,835,249
Other financial liabilities*	291,717	1,440,050	1,115,841
Variable interest rate liabilities	8,945,444	42,499,160	2,366,212
Fixed interest rate liabilities	24,572,936	13,359,297	-
Short-term and low value lease commitment	4,321,052	14,495,636	-
Lease commitment for future service costs	3,331,246	13,594,212	2,935,760
Financial guarantee liabilities	<u>186,288</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,381,840</u>	<u>\$ 124,040,929</u>	<u>\$ 23,253,062</u>

Additional information about the maturity analysis for lease liabilities

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

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

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

b) Derivative instruments

The Group did not have outstanding derivative instruments contracts for the years ended December 31, 2020 and 2019.

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 39.11% and 47.62% of the ordinary shares of YMTC as of December 31, 2020 and 2019, 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), 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

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

(Continued)



Related Party Name	Relationship with the Group
Marine Container Services India Pvt. Ltd.	Investor that have significant influence over the subsidiaries
UNICORN ENTERPRISES	Investor that have significant influence over the subsidiaries
Bay Container Terminal P. Ltd.	Investor that have significant influence over the subsidiaries
Marine Container Services (South) Pvt. Ltd.	Investor that have significant influence over the subsidiaries
Omega Intermodal Container Services Private Limited	Investor that have significant influence over the subsidiaries
Yang Ming Cultural Foundation	Other related party

(Concluded)

b. Operating transaction

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Operating revenue	Associates	\$ 222,541	\$ 236,961
	Joint ventures	3,478	1,159
	Government - related parties	326,633	319,635
	Investors that have significant influence over the subsidiaries	<u>-</u>	<u>230</u>
		<u>\$ 552,652</u>	<u>\$ 557,985</u>
Operating cost	Associates	\$ 2,674,557	\$ 2,988,133
	Joint ventures	74,677	53,516
	Government - related parties	177,340	240,751
	Investors that have significant influence over the subsidiaries	<u>340,668</u>	<u>369,504</u>
		<u>\$ 3,267,242</u>	<u>\$ 3,651,904</u>
Operating expenses	Joint ventures	\$ 66,565	\$ 48,534
	Government - related parties	30,304	36,687
	Investors that have significant influence over the subsidiaries	947	1,147
	Other related parties	<u>15,724</u>	<u>23,087</u>
		<u>\$ 113,540</u>	<u>\$ 109,455</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 December 31, 2020 and 2019) were as follows:

Related Party Category/Name	December 31	
	2020	2019
Government - related parties		
Land Bank of Taiwan	\$ 4,984,106	\$ 1,929,329
Others	<u>3,989,973</u>	<u>4,933,737</u>
	<u>\$ 8,974,079</u>	<u>\$ 6,863,066</u>

d. Contract assets

Line Item	Related Party Category/Name	December 31	
		2020	2019
Contract assets	Associates	<u>\$ 94,760</u>	<u>\$ 83,294</u>

e. Contract liabilities

Line Item	Related Party Category/Name	December 31	
		2020	2019
Contract liabilities	Government - related parties	<u>\$ 491</u>	<u>\$ 2,152</u>

f. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2020	2019
Notes receivable	Investors that have significant influence over the subsidiaries	<u>\$ 3</u>	<u>\$ -</u>
Trade receivables	Associates	\$ 172,632	\$ 145,036
	Joint ventures	901	605
	Government - related parties	<u>290</u>	<u>100</u>
		<u>\$ 173,823</u>	<u>\$ 145,741</u>
Other receivables	Associates	\$ 17,935	\$ 21,108
(included in other current assets)	Government - related parties	21,308	21,289
	Other related parties	<u>2,753</u>	<u>-</u>
		<u>\$ 41,996</u>	<u>\$ 42,397</u>
Notes payable	Investors that have significant influence over the subsidiaries	<u>\$ -</u>	<u>\$ 34</u>

(Continued)



Line Item	Related Party Category/Name	December 31	
		2020	2019
Trade payables	Associates	\$ 327,318	\$ 336,626
	Joint ventures	6,742	3,688
	Government - related parties	3,393	33,386
	Investors that have significant influence over the subsidiaries	<u>87,935</u>	<u>97,725</u>
		<u>\$ 425,388</u>	<u>\$ 471,425</u>
Other payables	Associates	\$ 44,480	\$ 2,374
	Joint ventures	772	-
	Government - related parties	<u>30,666</u>	<u>392,496</u>
		<u>\$ 75,918</u>	<u>\$ 394,870</u>

(Concluded)

For the years ended December 31, 2020 and 2019, no impairment losses were recognized for notes receivable, trade receivables, contract assets, and other receivables from related parties.

g. Financial assets at amortized cost

Repurchase agreements on reporting period (including repurchase agreements under cash and cash equivalents as of December 31, 2020 and 2019) were as follows:

Related Party Category/Name	December 31	
	2020	2019
Government - related parties	<u>\$ 333,216</u>	<u>\$ -</u>

h. Prepayments

Line Item	Related Party Category/Name	December 31	
		2020	2019
Prepayments to shipping agents	Associates		
	Yang Ming Shipping (Egypt) S.A.E.	<u>\$ 87,393</u>	<u>\$ 51,029</u>
Prepayments	Associates	\$ 771	\$ 811
	Government - related parties	<u>2,564</u>	<u>-</u>
		<u>\$ 3,335</u>	<u>\$ 811</u>

i. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Associates	\$ 4,624	\$ -
Government-related parties	710,207	495,058
Investors that have significant influence over the subsidiaries	<u>10,237</u>	<u>-</u>
	<u>\$ 725,068</u>	<u>\$ 495,058</u>

Line Item	Related Party Category/Name	December 31	
		2020	2019
Lease liabilities	Associates	\$ 3,726	\$ 744
	Government-related parties	1,154,176	646,395
	Investors that have significant influence over the subsidiaries	<u>13,541</u>	<u>17,054</u>
		<u>\$ 1,171,443</u>	<u>\$ 664,193</u>
Interest expense	Associates	\$ 55	\$ 11
	Government - related parties	8,969	10,698
	Investors that have significant influence over the subsidiaries	<u>1,321</u>	<u>1,799</u>
		<u>\$ 10,345</u>	<u>\$ 12,508</u>

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

j. Bonds payable

Related Party Category/Name	December 31	
	2020	2019
Government - related parties	<u>\$ 4,180,000</u>	<u>\$ 5,480,000</u>

Note: Original investment amount of domestic bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2020	2019
Short-term borrowings	Government - related parties		
	Chang Hwa Bank Ltd.	\$ -	\$ 500,000
	Land Bank of Taiwan	300,000	300,000
	Others	<u>370,880</u>	<u>414,880</u>
		<u>\$ 670,880</u>	<u>\$ 1,214,880</u>
Short-term bills payable	Government - related parties		
	Mega Bills Finance Co., Ltd.	<u>\$ 2,191,201</u>	<u>\$ 2,189,284</u>
Long-term borrowings			
	Secured borrowings	<u>\$ 15,197,848</u>	<u>\$ 15,601,466</u>
	Unsecured borrowings	<u>\$ 13,743,344</u>	<u>\$ 6,469,496</u>
	Commercial papers	<u>\$ 1,498,745</u>	<u>\$ 1,498,190</u>



1. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Rental income	Associates	\$ 114	\$ 114
	Other related parties	<u>2,738</u>	<u>2,743</u>
		<u>\$ 2,852</u>	<u>\$ 2,857</u>
Interest income	Government - related parties	<u>\$ 15,000</u>	<u>\$ 38,367</u>
Dividends	Government - related parties		
	Taiwan Navigation Co., Ltd.	<u>\$ 56,607</u>	<u>\$ 91,986</u>
Finance cost	Government - related parties	<u>\$ 634,675</u>	<u>\$ 713,795</u>

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

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 107,791	\$ 39,098
Post-employment benefits	<u>2,208</u>	<u>2,864</u>
	<u>\$ 109,999</u>	<u>\$ 41,962</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Deposit of stand-by letter of credit (included in financial assets at amortized cost)	\$ -	\$ 2,883,329
Pledged time deposits (included in financial assets at amortized cost)	271,779	301,288
Property, plant and equipment, net	45,751,447	54,915,665
Investment properties, net	<u>4,698,219</u>	<u>4,795,387</u>
	<u>\$ 50,721,445</u>	<u>\$ 62,895,669</u>

36. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 16, 19 and 22, commitments and contingent liabilities on reporting periods were as follows:

- a. Kuang Ming Shipping Corp. signed a contract, “operating commission”, with Taiwan Power Group, Ltd. since January 2017 and the contract term is five years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Group.
- b. The Group signed ship lease contracts with other companies in 2018, contracts that are effective beginning either in 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2020 and 2019, rentals for contracts that were yet in effect were respectively estimated from US\$1,206,000 thousand to US\$1,454,000 thousand and from US\$1,550,000 thousand to US\$1,867,000 thousand.
- c. The Group’s shipping and port business were secured by the letter of guarantee issued by a bank for \$556,034 thousand and \$614,811 thousand as of December 31, 2020 and 2019, respectively.
- d. The Group signed shipbuilding contracts with government - related parties. As of December 31, 2020 and 2019, prepayments for equipment for these contracts amounted to \$0 thousand and \$113,262 thousand, and unpaid amounts for these contracts were \$1,477,251 thousand and US\$47,944 thousand and US\$4,374,934 thousand and US\$141,988 thousand, respectively.

37. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group’s business scale has decreased this year. The market for shipping containers has been gradually recovering since the epidemic eased in the second half of the year. The right-of-use assets of bulk shipping department recognized an impairment loss because the recoverable amount of assets was expected to be lower than its carrying amount due to the continued decline in freight rates.

The demand for shipment of goods also increased as Europe and the U.S. lifted the lockdown. However, the market for shipping containers still faces uncertainty due to the epidemic. The Group will adjust its business operation based on the recovery of market conditions.

To mitigate the impact of the epidemic, the Group took the following actions:

- a. Adjustment of operating strategies

Due to the impact of Covid-19 on the global economy and supply chain, the Company and THE Alliance pay close attention to the change in epidemic situation and impact on shipping market to take real-time actions based on the original route plan in 2020. The Company reduces the routes of duplicated ports and adjusts the vessel schedules to improve the performance and stability of the Company’s shipping services. The Company also makes an adjustment of flexible shipping space and suspends some shipments to protect against the shrinking market caused by the epidemic. In addition, the Company started taking delivery of new 2,800 TEU self-owned vessels and 11,000 TEU chartered-in vessels in 2020. With the delivery of these energy-efficient newly-built ships, the competitiveness of the Company’s global fleet and service network in THE Alliance will be enhanced significantly.



b. Financing strategies

The Group's annual financing activities were conducted according to original plans. The capital expenditures and loan repayments were made based on capital market and operating condition. The capital for operation was managed through short-term financing plan based on revenue and expenditure conditions. The Group reduces the impact on its operation by applying for "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens".

c. Government relief measures

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, the Group applied for project finance loans in the amount of \$8,500,000 thousand and had a right to apply for subsidized interest. The rate of subsidized interest should not exceed the 1-Year Time Variable Savings Deposits Rate posted by Chunghwa Post Co., Ltd. The maximum term of subsidized interest is one year till June 30, 2021. Refer to Note 18(c) long-term borrowings for the drawdown of the loan as of December 31, 2020.

d. Others

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 401,382	28.4800 (USD:NTD)	\$ 11,431,351
RMB	264,225	4.3548 (RMB:NTD)	1,150,649
USD	20,166	7.3892 (USD:TRY)	574,321
EUR	32,134	35.0033 (EUR:NTD)	1,124,789
GBP	5,232	38.8781 (GBP:NTD)	203,394
HKD	186,284	3.6740 (HKD:NTD)	684,406
JPY	1,643,278	0.2761 (JPY:NTD)	453,648
USD	13,596	6.5399 (USD:RMB)	387,227
CAD	2,720	22.3451 (CAD:NTD)	60,772
(Continued)			

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 49,825	28.4800 (USD:NTD)	\$ 1,419,013
AUD	1,091	21.9396 (AUD:NTD)	23,938
AED	5,625	7.7539 (AED:NTD)	43,616
INR	48,450	0.3898 (INR:NTD)	18,886
GBP	219	38.8781 (GBP:NTD)	8,513
RMB	99,644	4.3548 (RMB:NTD)	433,929
IDR	2,707,000	0.0020 (IDR:NTD)	5,414
VND	865,833	0.0012 (VND:NTD)	1,039
EGP	27,151	1.8110 (EGP:NTD)	49,170
MYR	244	7.0881 (MYR:NTD)	1,733
<u>Financial liabilities</u>			
Monetary items			
USD	2,298,838	28.4800 (USD:NTD)	65,470,914
RMB	164,801	4.3548 (RMB:NTD)	717,677
EUR	29,325	35.0033 (EUR:NTD)	1,026,461
USD	5,542	7.3892 (USD:TRY)	157,834
JPY	1,848,196	0.2761 (JPY:NTD)	510,218
GBP	3,754	38.8781 (GBP:NTD)	145,941
USD	14,041	6.5399 (USD:RMB)	399,880
HKD	870	3.6740 (HKD:NTD)	3,197
CAD	7,548	22.3451 (CAD:NTD)	168,670
			(Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 205,359	29.9800 (USD:NTD)	\$ 6,156,656
GBP	73,378	1.3134 (GBP:USD)	2,889,298
RMB	104,357	4.3037 (RMB:NTD)	449,123
USD	17,254	5.9485 (USD:TRY)	517,289
EUR	22,971	33.5986 (EUR:NTD)	771,799
GBP	5,039	39.3757 (GBP:NTD)	198,403
HKD	73,394	3.8502 (HKD:NTD)	282,583
JPY	3,958,900	0.2759 (JPY:NTD)	1,092,286
USD	8,950	6.9661 (USD:RMB)	268,323
CAD	360	22.9749 (CAD:NTD)	8,271
			(Continued)



	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 44,053	29.9800 (USD:NTD)	\$ 1,320,695
AUD	1,292	21.0070 (AUD:NTD)	27,145
AED	6,102	8.1623 (AED:NTD)	49,809
INR	37,582	0.4826 (INR:NTD)	18,137
GBP	142	39.3757 (GBP:NTD)	5,600
RMB	99,284	4.3037 (RMB:NTD)	427,290
IDR	2,571,364	0.0022 (IDR:NTD)	5,657
VND	4,633,077	0.0013 (VND:NTD)	6,023
EGP	26,557	1.8705 (EGP:NTD)	49,674
Financial assets at FVTPL			
USD	136	29.9800 (USD:NTD)	4,077
<u>Financial liabilities</u>			
Monetary items			
USD	2,296,641	29.9800 (USD:NTD)	68,853,285
GBP	69,406	1.3134 (GBP:USD)	2,732,911
RMB	237,060	4.3037 (RMB:NTD)	1,020,234
EUR	27,701	33.5986 (EUR:NTD)	930,722
USD	4,619	5.9485 (USD:TRY)	138,489
JPY	1,370,346	0.2759 (JPY:NTD)	378,087
GBP	4,788	39.3757 (GBP:NTD)	188,538
USD	9,236	6.9661 (USD:RMB)	276,905
(Concluded)			

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains were \$728,885 thousand and \$821,300 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

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:

- a. The segments have similar long-term gross profit;
- b. The methods used to provide the segments' services are similar; and



- c. The type or class of customers is similar among the segments.
- a. Segment revenue and results

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

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

	For the Year Ended December 31, 2019				
	Containership Department	Bulk Shipping Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	\$ 140,396,933	\$ 3,002,751	\$ 5,781,578	\$ -	\$ 149,181,262
Intercompany sales	<u>741,498</u>	<u>-</u>	<u>1,534,292</u>	<u>(2,275,790)</u>	<u>-</u>
Total revenue	<u>\$ 141,138,431</u>	<u>\$ 3,002,751</u>	<u>\$ 7,315,870</u>	<u>\$ (2,275,790)</u>	<u>\$ 149,181,262</u>
Segment operating income (loss)	<u>\$ (248,249)</u>	<u>\$ (303,752)</u>	<u>\$ 217,762</u>	<u>\$ 115,514</u>	\$ (218,725)
Administration cost					(321,301)
Other operating income and expenses					(474,659)
Interest income					202,253
Other income					182,848
Other gains and losses					872,138
Financial costs					(3,982,954)
Share of profit of associates and joint ventures					<u>152,585</u>
Loss before income tax					<u>\$ (3,587,815)</u>

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 is zero.

- c. Geographical information

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

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

	Revenue From External Customers For the Year Ended December 31, 2020	Noncurrent Assets December 31, 2020
Domestic	\$ 8,321,735	\$ 9,568,419
America	62,882,817	176,154
Europe	51,167,290	592,097
Asia	28,890,125	764,773
Others	14,716	4,556
	<u>\$ 151,276,683</u>	11,105,999
Containers		10,885,734
Ships and construction in progress		114,076,689
		<u>\$ 136,068,422</u>

	Revenue From External Customers For the Year Ended December 31, 2019	Noncurrent Assets December 31, 2019
Domestic	\$ 11,908,033	\$ 9,140,547
America	56,590,338	231,729
Europe	47,746,960	639,546
Asia	32,922,171	734,866
Others	13,760	8,632
	<u>\$ 149,181,262</u>	10,755,320
Containers		10,972,230
Ships and construction in progress		114,752,648
		<u>\$ 136,480,198</u>

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

d. Information about major customers

No single customer accounted for at least 10% of the Group's total operating revenue for the years ended December 31, 2020 and 2019.



TABLE A

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral	Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value		
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Other receivables	Y	\$ 4,450,457	\$ 2,864,353	\$ 2,864,353	1.2917%-2.9949%	1	\$ 19,261	-	\$ -	-	\$ 14,271,292	\$ 17,839,115	B, C, D and O
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	(US\$ 185,120 thousand)	(US\$ 185,120 thousand)	(US\$ 185,120 thousand)	1.8344%	2	-	Obtain working capital	-	-	388,842	1,166,526	E and F
		All Oceans Transportation, Inc.	Other receivables	Y	(US\$ 284,800 thousand)	(US\$ 284,800 thousand)	(US\$ 284,800 thousand)	1.5774%	2	-	Obtain working capital	-	-	1,944,211	1,944,211	
		Yang Ming Shipping Philippines, Inc.	Other receivables	Y	(US\$ 11,392 thousand)	-	-	-	2	-	Obtain working capital	-	-	1,944,211	1,944,211	
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	(THB 16,530 thousand)	(THB 14,630 thousand)	(THB 14,630 thousand)	2.4544%	2	-	Obtain working capital	-	-	388,842	1,166,526	
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	(US\$ 83,440 thousand)	(US\$ 84,016 thousand)	(US\$ 84,016 thousand)	1.3359%	2	-	Obtain working capital	-	-	1,944,211	1,944,211	
2	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	Y	224,492	71,260	-	-	2	-	Obtain working capital	-	-	93,314	279,942	G and H
3	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	(EUR 39,076 thousand)	(EUR 39,076 thousand)	(EUR 39,076 thousand)	1.7000%-1.8500%	1	27,375	-	-	-	65,962	641,449	I and J
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	(US\$ 123,327 thousand)	(US\$ 123,327 thousand)	(US\$ 123,327 thousand)	2.7800%-3.0000%	1	271,907	-	-	-	192,434	641,449	
		Yes Logistics Benelux B.V.	Other receivables	Y	(EUR 105 thousand)	(EUR 105 thousand)	(EUR 105 thousand)	1.7500%	1	58,225	-	-	-	133,588	641,449	
4	Yang Ming Line Holding Co.	Kung Ming (Liberia) Corp.	Other receivables	Y	(US\$ 185,120 thousand)	(US\$ 185,120 thousand)	(US\$ 185,120 thousand)	1.8373%	2	-	Obtain working capital	-	-	227,706	683,118	K and L
		Triumph Logistics, Inc.	Other receivables	Y	(US\$ 22,784 thousand)	-	-	-	2	-	Obtain working capital	-	-	1,138,530	1,138,530	
		Yang Ming (America) Co.	Other receivables	Y	(US\$ 284,800 thousand)	(US\$ 284,800 thousand)	(US\$ 284,800 thousand)	0.7441%	2	-	Obtain working capital	-	-	1,138,530	1,138,530	

Notes:

A. Nature of financing:

- The Company has transactions with the borrower.
- The borrower needs short-term financing.

B. 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 borrowers with short-term financing used, the maximum is 10% of the net assets of the Company.

C. For borrowers 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 the borrower needing short-term financing, maximum financing is 5% of the net assets of the Company.

D. 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.

(Continued)

- E. The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For 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.
- F. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.
- L. The maximum financing amount is the 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the net assets of the lender. For borrowers with short-term financing need, the maximum is the 30% of the net assets of the lender.
- J. For borrowers with transactions with the lender, maximum financing is 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 30% of the latest net assets. For the borrower needing short-term financing maximum financing is 10% of the net assets of the lender.
- K. The maximum financing amount is 70% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For subsidiaries with short-term financing need, the maximum is 20% of the net assets of the lender.
- L. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 40% of the latest net assets. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.
- M. The maximum financing amount is 80% of the net assets of the lender. For borrower with transactions with lender maximum financing is 50% of the net total assets. 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.
- N. For borrower with transaction with the lender, maximum financing is 25% of the total amount of transaction between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For the borrower needing short-term financing maximum financing is 50% of the net assets of the lender.
- O. United States dollars, Euros and Renminbi translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48, THB1=NT\$0.9500, EUR1=NT\$35.0033 and RMB1=NT\$4.3548 as of December 31, 2020.

(Concluded)



TABLE B

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes C and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Note O)	Outstanding Endorsement/ Guarantee at the End of the Period (Note O)	Actual Borrowing Amount (Note O)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes C and D)	Endorsement/ Guarantee Given by 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	\$ 57,085,170 (Note B)	\$ 3,181,202 (US\$ 111,700 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ -	6.73	\$ 107,034,694 (Note A)	Y	N
		Kuang Ming Shipping Corp.	Subsidiary	57,085,170 (Note B)	6,203,845 (US\$ 78,260 thousand and NT\$ 3,975,000 thousand)	5,503,845 (US\$ 78,260 thousand and NT\$ 3,275,000 thousand)	4,349,662 (US\$ 66,157 thousand and NT\$ 2,465,500 thousand)	-	15.43	107,034,694 (Note A)	Y	N
		Kuang Ming (Liberia) Corp.	Subsidiary	57,085,170 (Note B)	3,575,389 (US\$ 125,540 thousand)	1,939,394 (US\$ 68,097 thousand)	1,243,485 (US\$ 43,662 thousand)	-	5.44	107,034,694 (Note A)	Y	N
		Yang Ming (America) Corp.	Subsidiary	57,085,170 (Note B)	227,840 (US\$ 8,000 thousand)	227,840 (US\$ 8,000 thousand)	6,745 (US\$ 237 thousand)	-	0.64	107,034,694 (Note A)	Y	N
1	Yang Ming Line Holding Co. LLC	West Basin Container Terminal LLC	Investments in associates	959,631 (Note F)	126,697 (US\$ 4,449 thousand)	126,697 (US\$ 4,449 thousand)	65,417 (US\$ 2,297 thousand)	-	0.36	1,199,539 (Note E)	N	N
		United Terminal Leasing LLC	Investments in associates	959,631 (Note F)	50,271 (US\$ 1,765 thousand)	50,271 (US\$ 1,765 thousand)	24,615 (US\$ 864 thousand)	-	0.14	1,199,539 (Note E)	N	N
2	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	32,931,794 (Note H)	3,922,813	3,791,000	3,791,000	3,791,000 (Note P)	10.63	38,470,426 (Note G)	N	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	25,171,219 (Note J)	797,440 (US\$ 28,000 thousand)	797,440 (US\$ 28,000 thousand)	462,877 (US\$ 16,253 thousand)	-	2.24	31,464,023 (Note I)	N	N
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	1,558,963 (Note N)	28,352 (MYR 4,000 thousand)	28,352 (MYR 4,000 thousand)	12,098 (MYR 1,707 thousand)	-	0.08	1,948,703 (Note K)	N	N
5	Karlman Properties Limited	Yang Ming Marine Transport Corporation	Parent	338,848 (Note L)	232,500	201,500	201,500	201,500	0.56	423,561 (Note M)	N	N

A. Represents 300% of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation").

B. Represents 160% of the amount mentioned in Note A.

C. Represents 400% of the latest net assets audited or reviewed by CPA of the Company and subsidiaries.

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

(Continued)

E.	Represents 50% of assets of Yang Ming Line Holding Co.	
F.	Represents 80% of the amount mentioned in Note E.	
G.	Represents 100% of asset of All Oceans Transportation, Inc.	
H.	Represents 80% of the amount mentioned in Note G.	
I.	Represents 40% of the net asset value of Kuang Ming Shipping Corp.	
J.	Represents 320% of the amount mentioned in Note I.	
K.	Represents 50% of the net asset value of Yang Ming Line (Singapore) Pte. Ltd.	
L.	Represents 400% of the amount mentioned in Note K.	
M.	Represents 500% of assets of Karlman Properties Limited.	
N.	Represents 40% of the amount mentioned in Note MO. United States dollars, Great Britain Pounds and Japanese yen translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48, and MYR1=NT\$7.0881 on December 31, 2020.	
P.	Represents 15 ships used as guarantees, with carrying value of \$11,959,081 thousand as of December 31, 2020.	(Concluded)



TABLE C

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Yang Ming Marine Transport Corporation	Domestic unlisted shares Taipei Port Container Terminal Co., Ltd. United Stevedoring Corp.	- -	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	51,000,000 500,000	\$ 496,702 6,024	9.81 10.00	\$ 496,702 6,024
	Domestic listed shares Taiwan Navigation Co., Ltd.	Government - related party	Financial assets at FVTOCI - non-current	70,758,243	1,492,999	16.96	1,492,999
	Mutual funds Hua Nan Multi-Assets Balanced Income Fund TWD (Original: Hua Nan Sele Inc Multi-Asset Fd MID TWD)	-	Financial assets at FVTPL - current	355,849	5,704	-	5,704
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	7,329,874	100,023	-	100,023
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	70,245,928	1,050,177	-	1,050,177
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	10,550,565	110,025	-	110,025
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - current	9,722,141	150,047	-	150,047
	Corporate bonds Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Subsidiary	Financial assets at amortized cost - non-current	-	600,000	-	600,000
	Domestic unquoted shares Ascentek Venture Capital Corporation	-	Financial assets at FVTOCI - non-current	28,224	1,242	2.14	1,242
	Domestic quoted shares Nan Ya Printed Circuit Board Corporation Fitech Co., Ltd. President Chain Store Corporation Center Laboratories, Inc. Common Stock Taiwan Semiconductor Manufacturing Co., Ltd. Common Stock WPG Holdings Limited Preferred Stock A	- - - - - -	Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current	5,000 18,000 18,000 84,322 12,000 60,000	910 3,006 4,797 5,844 6,360 3,006	- - - - - -	910 3,006 4,797 5,844 6,360 3,006
Ching Ming Investment Corp.	Mutual funds Cathay Taiwan 5G Plus ETF Yuanta S&P GSCI Gold ER Futures ETF Fuh Hwa China 5G Communication ETF	- - -	Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current	70,000 60,000 100,000	1,068 1,538 1,354	- - -	1,068 1,538 1,354

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
	PGIM US Corporate Bond Fund USD T Accumulation	-	Financial assets at FVTPL - current	818	\$ 2,894	-	\$ 2,894
	Allianz Global Investors Preferred Securities and Income Fund HA	-	Financial assets at FVTPL - current	80,000	3,794	-	3,794
	Taishin Short Duration Emerging High Yield Bond Fund A-USD	-	Financial assets at FVTPL - current	15,000	4,389	-	4,389
	Nomura Global Luxury Brands Fund	-	Financial assets at FVTPL - current	27,878	1,068	-	1,068
	Nomura Taiwan Superior Equity Fund	-	Financial assets at FVTPL - current	34,620	2,438	-	2,438
	TAROBORobotics Quantitative Chinese Fund	-	Financial assets at FVTPL - current	123,367	2,045	-	2,045
	CTBC Vietnam Equity Fund	-	Financial assets at FVTPL - current	100,000	1,114	-	1,114
	Manulife Global Fund - India Equity Fund AA	-	Financial assets at FVTPL - current	30,779	1,996	-	1,996
	Yuanta Global NexGen Communication Innovative Technology ETF	-	Financial assets at FVTPL - current	140,000	3,671	-	3,671
	Hua Nan Multi-Assets Balanced Income Fund	-	Financial assets at FVTPL - current	142,340	2,282	-	2,282
	Shin Kong Emerging Wealthy Nations Bond Fund	-	Financial assets at FVTPL - current	300,000	3,052	-	3,052
	Taishin Global Investors Fund	-	Financial assets at FVTPL - current	20,000	6,629	-	6,629
	Schroder 2025 Maturity Emerging Market Bond Fund ATWD	-	Financial assets at FVTPL - current	200,000	1,883	-	1,883
	Nomura Global Financial Bond Fund Acc	-	Financial assets at FVTPL - current	279,588	3,120	-	3,120
	Mega Danish Covered Mortgage Bd Idx	-	Financial assets at FVTPL - current	199,513	1,997	-	1,997
	Taishin North American Income Trust Fund A	-	Financial assets at FVTPL - current	63,939	1,482	-	1,482
	PineBridge China A-Shares Quantitative Equity Fund A	-	Financial assets at FVTPL - current	46,993	2,710	-	2,710
	Eastspring Inv Trgt Mlt 3-6Y EM Bd	-	Financial assets at FVTPL - current	10,000	2,999	-	2,999
	Yuanta S&P U.S. High Yield Preferred Stock ETF	-	Financial assets at FVTPL - current	50,000	959	-	959
	FSITC US Top 100 Bond Fund Acc	-	Financial assets at FVTPL - current	5,000	1,587	-	1,587
	Allianz US Low Average Duration High Yield Fund A	-	Financial assets at FVTPL - current	10,000	3,080	-	3,080
	Eastspring Investments - Asian High Yield Bond Fund	-	Financial assets at FVTPL - current	5,496	1,352	-	1,352
	Nomura Global Financial Bond Fund	-	Financial assets at FVTPL - current	4,943	1,516	-	1,516
	Taishin Strategy Senior Total Return High Yield Bond Fund Inc	-	Financial assets at FVTPL - current	20,311	5,966	-	5,966
	Fubon China CSI 500 Index ETF	-	Financial assets at FVTPL - current	60,000	1,293	-	1,293
	YUANTAP-shares Taiwan Top 50 IX Bear ETF	-	Financial assets at FVTPL - current	903,000	6,285	-	6,285
	Yuanta MSCI CHINA A ETF	-	Financial assets at FVTPL - current	50,000	1,395	-	1,395
	Nomura Global Equity Fund	-	Financial assets at FVTPL - current	94,384	2,194	-	2,194
	Fuh Hwa Asia Pacific Tech Equity Fund	-	Financial assets at FVTPL - current	66,578	1,131	-	1,131
	KGII Hospital & Dependency Related Industries Fund	-	Financial assets at FVTPL - current	244,113	3,588	-	3,588

(Continued)



Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares	Carrying Amount	Percentage of Ownership	
Yes Logistics Corp.	M&G Optimal Income Fund - M&G Optimal Income Fund USD C-H Acc	-	Financial assets at FVTPL - current	29,964	\$ 9,706	-	9,706
	Nomura Four Years Ladder Maturity	-	Financial assets at FVTPL - current	100,000	4,669	-	4,669
	Emerging Market Bond Fund USD	-	Financial assets at FVTPL - current	10,585,385	110,389	-	110,389
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	5,545,403	70,149	-	70,149
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - current	37,556	1,784	-	1,784
	Eastspring Investments US High Tech Fund	-	Financial assets at FVTPL - current	174,520	1,042	-	1,042
	Prudential Financial Global Resources Fund	-	Financial assets at FVTPL - current	75,075	2,435	-	2,435
	Cathay China Domestic Demand Growth Fund	-	Financial assets at FVTPL - current	166,945	1,220	-	1,220
	Allianz Global Investors Global Resources Trends Fund	-	Financial assets at FVTPL - current	164,677	2,029	-	2,029
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at FVTPL - current	68,111	2,161	-	2,161
	SinoPac China Economic Development	-	Financial assets at FVTPL - current	2,002	1,812	-	1,812
	UPAMC Global Innovative Tech Fund	-	Financial assets at FVTPL - current	252,325	3,613	-	3,613
	Prudential Financial China Flexible Balanced Fund	-	Financial assets at FVTPL - current				
	Corporate bond	-	Financial assets at amortized cost	20,000	20,000	-	20,000
	Cathay Life Insurance, 3% perp., TWD	-	Financial assets at amortized cost				
	Domestic unquoted shares	-	Financial assets at FVTOCI - non-current	319,751	1,564	2.76	1,564
	United Raw Material Solutions Inc./URMS	-	Financial assets at FVTOCI - non-current				

(Concluded)

TABLE D

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on Disposal	Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount			Shares	Amount
Yang Ming Marine Transport Corporation	Mutual Funds		-	-	-	-	-	-	-	-	-	-	-	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$	47,593,614	\$	600,334	600,000	\$	\$	-	-
	TaiShin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	359,836,335	4,900,000	4,801,347	4,800,000	1,347	-	7,329,874	100,000
	Franklin Templeton Sinoam Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	77,857,420	810,000	700,374	700,000	374	-	10,550,565	110,000
	FSTIC Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	97,383,483	1,500,000	1,350,363	1,350,000	363	-	9,722,141	150,000
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	17,855,938	300,000	300,026	300,000	26	-	-	-
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,823,046	500,000	500,146	500,000	146	-	-	-
	Allianz Global Investors Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	39,697,096	500,000	500,138	500,000	138	-	-	-
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	365,302,974	5,450,000	4,401,624	4,400,000	1,624	-	70,245,928	1,050,000
	Nomura Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,456,177	500,000	500,081	500,000	81	-	-	-
	TCB Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	29,330,101	300,000	300,076	300,000	76	-	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	34,842,759	550,000	550,129	550,000	129	-	-	-
	Corporate bonds													
	Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Financial assets at amortized cost - non-current	Kuang Ming Shipping Corp	Subsidiary	-	-	-	600,000	-	-	-	-	-	600,000



TABLE E

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2020

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	A	\$ 2,864,353 (Note D)	-	-	-	\$ -	\$ -
	Yes Logistics (Shanghai) Corp.	A	469,406	-	-	-	468,821	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	A	148,125	-	-	-	148,125	-
	Yang Ming (Singapore) Pte. Ltd.	A	627,263	-	-	-	116,108	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	A	620,700	-	-	-	620,700	-
Jing Ming Transportation Co., Ltd.	Homming Terminal & Stevedoring Co., Ltd.	A	146,625 (Note E)	-	-	-	11,594	-
	YES Logistics Corp.	A	589,822 (Note E)	-	-	-	23,074	-
	Yang Ming Marine Transport Corp.	C	124,116	-	-	-	78,038	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	B	284,800 (Note D)	-	-	-	-	-
	Kuang Ming (Liberia) Shipping Corp.	B	185,120 (Note D)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	251,875	-	-	-	-	-
Yang Ming (Singapore) Pte. Ltd.	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	A	750,640	-	-	-	70,269	-
	Yang Ming (Spain), S.L.	B	109,218	-	-	-	11,030	-
Yang Ming Shipping (Vietnam) Co., Ltd.	Yang Ming Marine Transport Corp.	C	116,126	-	-	-	116,126	-
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yang Ming Marine Transport Corp.	C	100,361	-	-	-	100,361	-
Yang Ming Anatolia Shipping Agency S.A.	Yang Ming (Singapore) Pte. Ltd.	B	100,679	-	-	-	100,679	-
	Yang Ming Marine Transport Corp.	C	100,974	-	-	-	100,974	-
Yang Ming Line Holding Corp.	Yang Ming (America) Corp.	A	287,648 (Note D)	-	-	-	-	-
	Kuang Ming (Liberia) Shipping Corp.	B	185,120 (Note D)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming (America) Corp.	Yang Ming Marine Transport Corp.	C	\$ 476,071	-	\$ -	-	\$ 476,071	\$ -
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (U.K.) Ltd.	A	4,205,613 (Note E)	-	-	-	-	-
Yang Ming (U.K.) Ltd.	Yang Ming Marine Transport Corp.	C	449,414	-	-	-	449,414	-
	Yang Ming Line (India) Pvt. Ltd.	B	117,724	-	-	-	1,201	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	B	149,513	-	-	-	9,047	-
Yang Ming Shipping Europe GmbH	Yang Ming Marine Transport Corp.	C	116,790	-	-	-	116,790	-
YES Logistics Corp.	Yes Logistics (Shanghai) Corp.	A	155,498 (Note F)	-	-	-	9,665	-

Notes:

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

(Concluded)



TABLE F

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Long-term notes receivable and trade receivables	\$ 2,864,353	Conducted as agreed terms	0.01
				Other payables	39,233	Conducted as agreed terms	-
				Right-of-use assets	24,067,316	Conducted as agreed terms	0.12
				Lease liabilities	5,263,943	Conducted as agreed terms	0.03
				Operating revenue	3,477	Conducted as agreed terms	-
				Operating cost	4,803,725	Conducted as agreed terms	0.03
				Interest revenue	41,306	Conducted as agreed terms	-
				Gain from lease modification	22,201	Conducted as agreed terms	-
				Interest expense	94,593	Conducted as agreed terms	-
				Other receivables	11,594	Conducted as agreed terms	-
	Honming Terminal & Stevedoring Co., Ltd.	1		Other payables	98,971	Conducted as agreed terms	-
				Finance lease receivable	21,631	Conducted as agreed terms	-
				Long-term lease receivable	113,400	Conducted as agreed terms	-
				Operating revenue	4,558	Conducted as agreed terms	-
				Operating cost	395,902	Conducted as agreed terms	-
				Interest revenue	25,978	Conducted as agreed terms	-
				Right-of-use assets	3,710	Conducted as agreed terms	-
				Lease liabilities	3,768	Conducted as agreed terms	-
				Marketing expense	323	Conducted as agreed terms	-
				Rent income	943	Conducted as agreed terms	-
Jing Ming Transportation Co., Ltd.	1	Interest expense	65	Conducted as agreed terms	-		
		Trade receivables	302	Conducted as agreed terms	-		
		Other receivables	16	Conducted as agreed terms	-		
		Other payables	124,116	Conducted as agreed terms	-		
		Guarantee deposits received	137	Conducted as agreed terms	-		
		Right-of-use assets	3,439	Conducted as agreed terms	-		
		Lease liabilities	3,532	Conducted as agreed terms	-		
		Operating revenue	3,541	Conducted as agreed terms	-		
		Operating cost	635,309	Conducted as agreed terms	-		
		Rent income	764	Conducted as agreed terms	-		
Ching Ming Investment Corp.	1	Interest expense	120	Conducted as agreed terms	-		
		Guarantee deposits received	185	Conducted as agreed terms	-		
		Rent income	1,180	Conducted as agreed terms	-		
		Interest expense	2	Conducted as agreed terms	-		
Yang Ming Shipping (B.V.I.) Inc. Yang Ming Line (Hong Kong) Ltd.	1 1	Operating cost	37	Conducted as agreed terms	-		
		Contract assets	19,430	Conducted as agreed terms	-		
		Payables to shipping agents	91,097	Conducted as agreed terms	-		
		Operating cost	100,313	Conducted as agreed terms	-		
		Trade receivables	805	Conducted as agreed terms	-		

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
		Yang Ming Line (India) Pvt. Ltd.	1	Contract assets	\$ 4,681	Conducted as agreed terms
				Trade receivables	62,711	Conducted as agreed terms
				Advances to shipping agent	35,015	Conducted as agreed terms
		Yang Ming (Korea) Co., Ltd.	1	Operating cost	14,982	Conducted as agreed terms
				Contract assets	21	Conducted as agreed terms
				Payables to shipping agents	39,823	Conducted as agreed terms
		Young-Carrier Company Ltd.	1	Operating cost	165,053	Conducted as agreed terms
		Yang Ming (Japan) Co., Ltd.	1	Operating revenue	4,069	Conducted as agreed terms
				Contract assets	128,260	Conducted as agreed terms
				Trade receivables	48,025	Conducted as agreed terms
				Payables to shipping agents	68,112	Conducted as agreed terms
				Operating cost	235,148	Conducted as agreed terms
		Manwa & Co., Ltd.	1	Trade receivables	5,305	Conducted as agreed terms
		Yang Ming (Singapore) Pte. Ltd.	1	Contract assets	41,589	Conducted as agreed terms
				Trade receivables	56,351	Conducted as agreed terms
				Other receivables	627,263	Conducted as agreed terms
				Payables to shipping agents	22,404	Conducted as agreed terms
				Operating revenue	1,451,917	Conducted as agreed terms
				Operating cost	121,290	Conducted as agreed terms
		Yang Ming Line (M) Sdn. Bhd.	1	Contract assets	15,180	Conducted as agreed terms
				Trade receivables	19,140	Conducted as agreed terms
				Payables to shipping agents	50,289	Conducted as agreed terms
				Operating cost	48,850	Conducted as agreed terms
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Contract assets	287,644	Conducted as agreed terms
				Trade receivables	148,125	Conducted as agreed terms
				Payables to shipping agents	116,126	Conducted as agreed terms
				Operating revenue	64	Conducted as agreed terms
				Operating cost	67,296	Conducted as agreed terms
		Yang Ming Anatolia Shipping Agency S.A.	1	Contract assets	124,144	Conducted as agreed terms
				Payables to shipping agents	100,974	Conducted as agreed terms
				Operating cost	64,320	Conducted as agreed terms
		Yang Ming Shipping Philippines, Inc.	1	Payables to shipping agents	36,635	Conducted as agreed terms
				Trade receivables	3,768	Conducted as agreed terms
				Operating cost	41,756	Conducted as agreed terms
				Contract assets	1,808	Conducted as agreed terms
		Yang Ming (Latin America) Corp.	1	Payables to shipping agents	1,918	Conducted as agreed terms
				Operating cost	21,868	Conducted as agreed terms
		Yang Ming Line (Thailand) Co., Ltd.	1	Contract assets	50,762	Conducted as agreed terms
				Payables to shipping agents	87,914	Conducted as agreed terms
				Operating cost	84,175	Conducted as agreed terms
		Yang Ming Insurance Co., Ltd.	1	Prepayment	2,121	Conducted as agreed terms
				Other receivables	2,373	Conducted as agreed terms
				Operating revenue	2,465	Conducted as agreed terms
				Operating cost	25,459	Conducted as agreed terms
		PY Yang Ming Shipping Indonesia	1	Payables to shipping agents	19,093	Conducted as agreed terms
				Trade receivables	11,016	Conducted as agreed terms
				Operating cost	85,673	Conducted as agreed terms
				Contract assets	16,397	Conducted as agreed terms

(Continued)



Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	Contract assets	\$ 1,188,901	Conducted as agreed terms
				Trade receivables	620,697	Conducted as agreed terms
				Payables to shipping agents	100,361	Conducted as agreed terms
				Operating cost	564,082	Conducted as agreed terms
				Other receivables	3	Conducted as agreed terms
				Operating revenue	4,734	Conducted as agreed terms
		Yang Ming (America) Corp.	1	Payables to shipping agents	476,071	Conducted as agreed terms
				Operating cost	1,022,019	Conducted as agreed terms
		Triumph Logistics, Inc.	1	Operating cost	37,714	Conducted as agreed terms
		Topline Transportation, Inc.	1	Operating cost	14,681	Conducted as agreed terms
		Yang Ming Shipping (Canada) Ltd.	1	Payables to shipping agents	19,955	Conducted as agreed terms
				Operating cost	34,911	Conducted as agreed terms
		Yang Ming (Belgium) N.V.	1	Contract assets	61,660	Conducted as agreed terms
				Trade receivables	6,220	Conducted as agreed terms
				Payables to shipping agents	20,881	Conducted as agreed terms
				Operating cost	46,788	Conducted as agreed terms
		Yang Ming (Netherlands) B.V.	1	Contract assets	103,540	Conducted as agreed terms
				Trade receivables	56,032	Conducted as agreed terms
				Payables to shipping agents	12,423	Conducted as agreed terms
				Operating revenue	11,466	Conducted as agreed terms
				Operating cost	65,559	Conducted as agreed terms
		Yang Ming (Italy) S.p.A.	1	Contract assets	241,471	Conducted as agreed terms
				Trade receivables	18,911	Conducted as agreed terms
				Payables to shipping agents	38,085	Conducted as agreed terms
				Operating cost	77,916	Conducted as agreed terms
		Yang Ming (U.K.) Ltd.	1	Contract assets	30,743	Conducted as agreed terms
				Prepayment	22,320	Conducted as agreed terms
				Payables to shipping agents	13,311	Conducted as agreed terms
				Trade payables	449,414	Conducted as agreed terms
				Operating revenue	2,537,168	Conducted as agreed terms
				Operating cost	1,442,614	Conducted as agreed terms
		Yang Ming Shipping Europe GmbH	1	Contract assets	127,733	Conducted as agreed terms
				Trade receivables	95,512	Conducted as agreed terms
				Payables to shipping agents	116,790	Conducted as agreed terms
				Operating revenue	3,589	Conducted as agreed terms
				Operating cost	317,672	Conducted as agreed terms
		Yang Ming (Russia) LLC.	1	Trade receivables	3,090	Conducted as agreed terms
				Payables to shipping agents	306	Conducted as agreed terms
				Operating cost	9,356	Conducted as agreed terms
				Contract assets	1,616	Conducted as agreed terms
		Yang Ming (Spain), S.L	1	Contract assets	5,812	Conducted as agreed terms
				Trade receivables	9,598	Conducted as agreed terms
				Payables to shipping agents	24,552	Conducted as agreed terms
				Operating cost	29,730	Conducted as agreed terms
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	1	Payables to shipping agents	7,677	Conducted as agreed terms
				Operating cost	52,340	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
1	All Oceans Transportation, Inc.	Kuang Ming Shipping Corp.	1	Other receivables	\$ 3,148	Conducted as agreed terms
				Right-of-use assets	2,099	Conducted as agreed terms
				Lease liabilities	2,124	Conducted as agreed terms
				Refundable deposits	126	Conducted as agreed terms
				Interest expense	28	Conducted as agreed terms
				Operating revenue	2,448	Conducted as agreed terms
				Marketing expense	701	Conducted as agreed terms
				Rent income	4,009	Conducted as agreed terms
				Interest revenue	858	Conducted as agreed terms
				Financial assets at amortized cost - non-current	600,000	Conducted as agreed terms
				Other receivables	13,834	Conducted as agreed terms
				Other payables	3,978	Conducted as agreed terms
				Finance lease receivable	37,283	Conducted as agreed terms
				Long-term lease receivable	538,704	Conducted as agreed terms
2	Honming Terminal & Stevedoring Co., Ltd.	YES Logistics Corp.	1	Operating revenue	576,351	Conducted as agreed terms
				Operating cost	12,367	Conducted as agreed terms
				Marketing expense	117	Conducted as agreed terms
				Rent income	5,881	Conducted as agreed terms
				Interest revenue	13,968	Conducted as agreed terms
				Trade payables	40	Conducted as agreed terms
				Operating revenue	276,519	Conducted as agreed terms
				Operating cost	150	Conducted as agreed terms
				Trade payables	543	Conducted as agreed terms
				Operating revenue	34	Conducted as agreed terms
				Operating cost	8,993	Conducted as agreed terms
				Trade receivables	469,406	Conducted as agreed terms
				Operating revenue	1,495,239	Conducted as agreed terms
				Operating cost	349	Conducted as agreed terms
3	Jing Ming Transportation Co., Ltd.	Jing Ming Transportation Co., Ltd.	2	Other payables	284,800	Conducted as agreed terms
				Interest expense	7,262	Conducted as agreed terms
				Prepayment	5,685	Conducted as agreed terms
				Operating cost	103,221	Conducted as agreed terms
				Other payables	15,456	Conducted as agreed terms
				Guarantee deposits received	1	Conducted as agreed terms
				Operating cost	64,252	Conducted as agreed terms
				Other payables	5,049	Conducted as agreed terms
				Operating revenue	1,120	Conducted as agreed terms
				Operating cost	29,351	Conducted as agreed terms
				Trade receivables	1,789	Conducted as agreed terms
				Operating revenue	9,674	Conducted as agreed terms
				Long-term notes receivable and trade receivables	84,016	Conducted as agreed terms
				Interest revenue	2,584	Conducted as agreed terms
4	Yang Ming Line (Singapore) Pte. Ltd.	Young-Carrier Company Ltd.	2	Other payables	745	Conducted as agreed terms
				Guarantee deposits received	6,888	Conducted as agreed terms
				Rent income	29,263	Conducted as agreed terms
				Long-term notes receivable and trade receivables	14,630	Conducted as agreed terms
				Interest revenue	472	Conducted as agreed terms
				Interest revenue	84,016	Conducted as agreed terms
				Interest revenue	2,584	Conducted as agreed terms
				Other payables	745	Conducted as agreed terms
				Guarantee deposits received	6,888	Conducted as agreed terms
				Rent income	29,263	Conducted as agreed terms
				Long-term notes receivable and trade receivables	14,630	Conducted as agreed terms
				Interest revenue	472	Conducted as agreed terms
				Interest revenue	84,016	Conducted as agreed terms
				Interest revenue	2,584	Conducted as agreed terms

(Continued)



Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
5	Yang Ming (Singapore) Pte. Ltd.	Yes Logistics (Shanghai) Corp. Kuang Ming (Liberia) Shipping Corp. Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Guarantee deposits received	\$ 145	Conducted as agreed terms
				Rent income	607	Conducted as agreed terms
				Other receivables	185,120	Conducted as agreed terms
				Interest revenue	5,562	Conducted as agreed terms
				Other payables	154	Conducted as agreed terms
				Guarantee deposits received	547	Conducted as agreed terms
				Rent income	1,283	Conducted as agreed terms
				Operating revenue	423	Conducted as agreed terms
				Trade receivables	14,664	Conducted as agreed terms
				Operating cost	921	Conducted as agreed terms
				Payables to shipping agents	6,068	Conducted as agreed terms
				Contract assets	29,183	Conducted as agreed terms
				Trade receivables	1,164	Conducted as agreed terms
				Contract assets	579	Conducted as agreed terms
				Trade receivables	27,247	Conducted as agreed terms
				Contract assets	40,850	Conducted as agreed terms
				Trade receivables	12,948	Conducted as agreed terms
				Contract assets	23,100	Conducted as agreed terms
				Trade receivables	8,264	Conducted as agreed terms
				Contract assets	9,670	Conducted as agreed terms
6	Yang Ming Shipping (B.V.I.) Inc.	Kuang Ming (Liberia) Shipping Corp. Yang Ming Line (M) Sdn. Bhd. Yang Ming (Belgium) N.V. Yang Ming (Netherlands) B.V. Yang Ming Shipping Europe GmbH Yang Ming (Italy) S.p.A. Yang Ming (U.K.) Ltd. Yang Ming Shipping (Vietnam) Co., Ltd. Yang Ming (Russia) LLC. Yang Ming (Spain), S.L. Yang Ming Shipping Philippines, Inc. Yang Ming Line (Thailand) Co., Ltd. PY Yang Ming Shipping Indonesia Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Trade payables	64,060	Conducted as agreed terms
				Operating cost	66,535	Conducted as agreed terms
				Trade receivables	54,230	Conducted as agreed terms
				Contract assets	59,698	Conducted as agreed terms
				Trade receivables	41,246	Conducted as agreed terms
				Contract assets	43,084	Conducted as agreed terms
				Payables to shipping agents	10,734	Conducted as agreed terms
				Operating cost	8,422	Conducted as agreed terms
				Trade receivables	2,588	Conducted as agreed terms
				Trade receivables	109,218	Conducted as agreed terms
				Contract assets	66,468	Conducted as agreed terms
				Trade receivables	676	Conducted as agreed terms
				Operating cost	803	Conducted as agreed terms
				Contract assets	192	Conducted as agreed terms
				Contract assets	11,229	Conducted as agreed terms
				Trade receivables	17,050	Conducted as agreed terms
				Payables to shipping agents	7,416	Conducted as agreed terms
				Operating cost	10,491	Conducted as agreed terms
				Trade receivables	5,526	Conducted as agreed terms
				Payables to shipping agents	14,987	Conducted as agreed terms
				Operating cost	7,114	Conducted as agreed terms
				Contract assets	6,425	Conducted as agreed terms
				Trade receivables	750,640	Conducted as agreed terms
				Payables to shipping agents	100,679	Conducted as agreed terms
				Operating cost	26,180	Conducted as agreed terms
				Contract assets	694,229	Conducted as agreed terms
				Trade receivables	251,875	Conducted as agreed terms

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
7	Karlman Properties Limited	Yang Ming Line (Hong Kong) Ltd.	2	Guarantee deposits received Rent income	\$ 735 9,153	Conducted as agreed terms Conducted as agreed terms
8	Yang Ming Line (Hong Kong) Ltd.	Young-Carrier Company Ltd. Yes Logistics Company Ltd. Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2 2 2	Rent income Rent income Rent income	600 210 893	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms
9	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.	2	Other receivables Operating revenue	52 292	Conducted as agreed terms Conducted as agreed terms
		Kuang Ming (Liberia) Shipping Corp.	2	Rent income Operating revenue	166 6	Conducted as agreed terms Conducted as agreed terms
10	Manwa & Co., Ltd.	YES Logistics Corp.	2	Trade payables Operating revenue	4,883 221	Conducted as agreed terms Conducted as agreed terms
11	Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line Shipping (Thailand) Co., Ltd.	2	Trade payables	2,312	Conducted as agreed terms
12	Yang Ming Insurance Co., Ltd.	Kuang Ming Shipping Corp. Kuang Ming (Liberia) Shipping Corp.	2 2	Operating cost Advances from customers Operating revenue Advances from customers Operating revenue	16,466 286 3,840 2,458 35,610	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms
13	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yes Logistics (Shanghai) Corp.	2	Marketing expense Administrative expense Right-of-use assets Lease liabilities Interest expense	5,425 1,092 5,744 5,874 405	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms
14	Yang Ming Line Holding Corp.	Yang Ming (America) Corp.	2	Other receivables Long-term notes receivable and trade receivables Interest revenue	2,848 284,800 4,853	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms
		Triumph Logistics, Inc. Kuang Ming (Liberia) Shipping Corp.	2 2	Interest revenue Other receivables Interest revenue	526 185,120 5,592	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms
15	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	2	Other receivables	4,345	Conducted as agreed terms
16	Yang Ming Line N.V.	Yang Ming Line B.V.	2	Other receivables	4,195	Conducted as agreed terms
17	Yang Ming (Belgium) N.V.	Yang Ming (Netherlands) B.V.	2	Marketing expense	445	Conducted as agreed terms
18	Yang Ming (Netherlands) B.V.	Yes Logistics Benelux B.V.	2	Trade receivables	2,102	Conducted as agreed terms

(Continued)

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
21	Yang Ming Shipping Europe GmbH	Yang Ming Anatolia Shipping Agency S.A.	2	Trade receivables	\$ 943	Conducted as agreed terms
				Operating cost	309	Conducted as agreed terms
		Yang Ming (Belgium) N.V.	2	Contract assets	197	Conducted as agreed terms
				Trade receivables	2,071	Conducted as agreed terms
				Payables to shipping agents	4,024	Conducted as agreed terms
				Operating cost	4,388	Conducted as agreed terms
		Yang Ming (Netherlands) B.V.	2	Contract assets	1,111	Conducted as agreed terms
				Trade receivables	2,008	Conducted as agreed terms
				Payables to shipping agents	1,844	Conducted as agreed terms
				Operating cost	2,643	Conducted as agreed terms
		Yang Ming Shipping Europe GmbH	2	Contract assets	1,133	Conducted as agreed terms
				Trade receivables	2,599	Conducted as agreed terms
				Payables to shipping agents	4,294	Conducted as agreed terms
				Operating cost	4,445	Conducted as agreed terms
		Yang Ming (Italy) S.p.A.	2	Trade receivables	5,851	Conducted as agreed terms
				Operating cost	4,917	Conducted as agreed terms
22	Kuang Ming Shipping Corp.	Yang Ming (Russia) LLC.	2	Contract assets	739	Conducted as agreed terms
				Contract assets	21	Conducted as agreed terms
		Yang Ming (Spain), S.L	2	Contract assets	1	Conducted as agreed terms
				Operating cost	303	Conducted as agreed terms
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Trade receivables	240	Conducted as agreed terms
				Operating cost	190	Conducted as agreed terms
				Contract assets	81,022	Conducted as agreed terms
				Trade receivables	149,513	Conducted as agreed terms
				Payables to shipping agents	38,980	Conducted as agreed terms
				Operating cost	27,810	Conducted as agreed terms
		Yes Logistics Europe GmbH	2	Trade receivables	3,279	Conducted as agreed terms
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	2	Rent income	1,414	Conducted as agreed terms
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	15,912	Conducted as agreed terms
				Other income	12,571	Conducted as agreed terms
		YES Logistics Corp.	2	Operating revenue	130,337	Conducted as agreed terms
				Administrative expense	34	Conducted as agreed terms
23	YES Logistics Corp.	Yes Logistics Benelux B.V.	2	Trade receivables	2,059	Conducted as agreed terms
				Long-term notes receivable and trade receivables	3,675	Conducted as agreed terms
				Trade payables	3,113	Conducted as agreed terms
				Operating revenue	11,365	Conducted as agreed terms
				Operating cost	58,225	Conducted as agreed terms
				Interest revenue	55	Conducted as agreed terms
		Yes Logistics Company Ltd.	2	Trade receivables	15,403	Conducted as agreed terms
				Trade payables	3,455	Conducted as agreed terms
				Operating revenue	308	Conducted as agreed terms
				Operating cost	11,877	Conducted as agreed terms

(Continued)



Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details		
				Financial Statement Accounts	Amount (Note C)	% to Total Sales or Assets
24	Yes Logistics Benelux B.V.	Yes Logistics Corp. (USA)	2	Trade receivables	\$ 4,843	Conducted as agreed terms
				Trade payables	10,885	Conducted as agreed terms
				Operating revenue	21,065	Conducted as agreed terms
				Operating cost	221,293	Conducted as agreed terms
		Yes Logistics Europe GmbH	2	Trade receivables	3,576	Conducted as agreed terms
				Prepayment	96,260	Conducted as agreed terms
				Long-term notes receivable and trade receivables	39,076	Conducted as agreed terms
				Operating revenue	12,037	Conducted as agreed terms
	Yes Logistics (Shanghai) Corp.		2	Operating cost	27,375	Conducted as agreed terms
				Interest revenue	683	Conducted as agreed terms
				Trade receivables	32,171	Conducted as agreed terms
				Long-term notes receivable and trade receivables	123,327	Conducted as agreed terms
		YES MLC GmbH	2	Trade payables	91,455	Conducted as agreed terms
				Operating revenue	73,121	Conducted as agreed terms
				Operating cost	271,907	Conducted as agreed terms
				Interest revenue	3,266	Conducted as agreed terms
25	Yes Logistics Company Ltd.	Yes Logistics (Shanghai) Corp.	2	Trade payables	468	Conducted as agreed terms
				Operating cost	3,398	Conducted as agreed terms
				Trade receivables	500	Conducted as agreed terms
				Trade payables	78	Conducted as agreed terms
		PT. YES Logistics Indonesia	2	Operating revenue	1	Conducted as agreed terms
				Operating cost	84	Conducted as agreed terms
				Trade receivables	10,518	Conducted as agreed terms
				Trade payables	4,587	Conducted as agreed terms
		Yes Logistics (Shanghai) Corp.	2	Operating revenue	7,686	Conducted as agreed terms
				Operating cost	1,846	Conducted as agreed terms
26	Yes Logistics Corp. (USA)	Yes Logistics (Shanghai) Corp.	2	Trade payables	392	Conducted as agreed terms
				Operating revenue	1,908	Conducted as agreed terms
				Operating cost	1,169	Conducted as agreed terms
				Operating revenue	472	Conducted as agreed terms
		Yes Logistics (Shanghai) Corp.	2	Trade receivables	4,575	Conducted as agreed terms
				Trade payables	17,533	Conducted as agreed terms
				Operating cost	7	Conducted as agreed terms
		Golden Logistics USA Corporation	2	Trade receivables	5,418	Conducted as agreed terms
				Trade payables	7,512	Conducted as agreed terms
				Operating revenue	57,368	Conducted as agreed terms
				Operating cost	13,663	Conducted as agreed terms
		PT. YES Logistics Indonesia	2	Trade receivables	325	Conducted as agreed terms
				Trade payables	105	Conducted as agreed terms
				Trade receivables	446	Conducted as agreed terms
				Trade payables	540	Conducted as agreed terms
				Operating revenue	527	Conducted as agreed terms
				Operating cost	517	Conducted as agreed terms
				Trade receivables	5,418	Conducted as agreed terms
				Trade payables	7,512	Conducted as agreed terms
				Operating revenue	57,368	Conducted as agreed terms
				Operating cost	13,663	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	
27	Yes Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	2	Trade receivables	\$ 3,641	Conducted as agreed terms	-
				Trade payables	4,282	Conducted as agreed terms	-
				Operating revenue	7,198	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Operating cost	7,842	Conducted as agreed terms	-
				Trade receivables	184	Conducted as agreed terms	-
				Operating revenue	93	Conducted as agreed terms	-
			Trade payables	1	Conducted as agreed terms	-	
			Operating cost	1	Conducted as agreed terms	-	
28	Yes Logistics Europe GmbH	YES MLC GmbH	2	Trade receivables	32,280	Conducted as agreed terms	-
				Operating revenue	10,084	Conducted as agreed terms	-
				Interest revenue	338	Conducted as agreed terms	-
29	Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Corp. (USA)	2	Operating revenue	35	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)



TABLE G

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership			
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	\$ 4,759,757	\$ (31,354)	Investments in associates
	Yang Ming Line (B.V.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	3,272,005	3,272,005	10,351	100.00	5,480,735	1,430,911	Subsidiary
	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	(1,161,655)	-	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857	8,927,857	395,527,339	98.88	848,046	(1,089,054)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service, chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	3,888,620	1,801,532	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	2,277,061	236,136	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Shipping agency, forwarding agency and shipping managers	1,098,388	1,098,388	120,487,500	100.00	1,159,267	17,055	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	(293,257)	421,444	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	541,036	104,145	Subsidiary
	Honning Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	122,286	10,066	Subsidiary
Ching Ming Investment Corp.	Yang Ming Transportation Co., Ltd.	Taiwan	Container transportation	15,593,444	15,593,444	5,513,933	50.00	16,000	8,027	Subsidiary
	Yun Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,782,441	49.75	132,062	4,427	Investments in associates
	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	98,219	53	Investments in associates
	Honning Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	32,151	12,662	Subsidiary
Yang Ming Line Holding Co.	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	594,752	104,145	Subsidiary
	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	222,917	12,996	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	13,223	1,699	200	100.00	5,207	(15,478)	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	708	(9,872)	Subsidiary
Yang Ming Line N.V.	Transcost Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	326	200	100.00	233	(12)	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	23,942	533	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40.00	1,049,619	802,989	Investments in associates
	United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note E)	40.00	271,175	8,217	Investments in associates
Yang Ming Line (B.V.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(1,161,805)	1,490,930	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	41,235	-	-	-	1,491,365	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	26,860	3,573	Subsidiary
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	13,285	13,285	400,000	100.00	11,023	86,444	Subsidiary
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	13,319	13,319	125,000	50.00	35,440	3,573	Subsidiary
	Yang Ming (UK) Ltd.	U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100.00	(2,394,750)	1,381,744	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note F)	100.00	174,879	5,728	Subsidiary
	YanMing (Russia) LLC	Russia	Shipping agency	3,017	3,017	(Note G)	60.00	10,158	14,136	Subsidiary
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	126,941	78,349	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	40,551	1,530	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	49,170	82,302	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	3,011	3,573	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership			
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Storage management and trailer transportation	\$	\$	25	500	\$	8,513	-
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	1,695 (Note R)	238	(Note I)	60.00	2,911 (Note C)	4,262	-
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	247,772	247,772	1,000	100.00	367,606	(34,131)	-
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	100.00	(316,172)	(31,877)	-
Yang Ming Line (India) Pvt. Ltd.	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	4,192	(2,705)	-
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	37,441	6,342	-
Yangming (Japan) Co., Ltd.	Yangming (Japan) Co., Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	209,720	(105,364)	-
	Yangming Shipping (Singapore) Pte. Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	28,597	(980)	-
Yang Ming Line (M) Sdn. Bhd.	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	1,714,438	1,654,143	-
	Sunbright Insurance Pte. Ltd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	56,614	331	-
Yang Ming Anatolia Shipping Agency	Yang Ming Line (M) Sdn. Bhd.	Singapore	Insurance	2,271	32,440	350,000	100.00	35,528	230	-
	Formosa International Development Corporation	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	245,282	380,244	-
Yang Ming (U.A.E.) LLC.	Yang Ming (U.A.E.) LLC.	Vietnam	Invest industry district and real estate	246,818	251,329	(Note I)	30.00	-	-	-
	Yang Ming (Vietnam) Company Limited	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note J)	49.00	43,616	36,449	-
Yang Ming Shipping Philippines, Inc.	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	-	3,197	-	-	-	-	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note K)	100.00	50,520	7,055	-
LogiTrans Technology Private Limited	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	23,938	16,247	-
	Yang Ming Shipping Philippines, Inc.	India	Information system service	10,211	10,211	2,040,000	51.00	18,886	2,585	-
Yang Ming Line (Latin America) Corp.	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	6,435	99,995	100.00	(11,549) (Note C)	(2,263)	-
	Yang Ming Line (Thailand) Co., Ltd.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	7,337	345	-
Yang Ming Line shipping (Thailand) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	16,581	11,455	-
	Yang Ming Insurance Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	9,744	6,618	-
PT. Formosa Sejahtera Logistics	PT. Formosa Sejahtera Logistics	Bermuda	Insurance	7,740	7,740	250,000	100.00	112,940	84,024	-
	Yang Ming (France) SAS	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	40,946	18,865	49.00	39,780	(4,660)	-
Jambatan Merah Formosa Depot Sdn Bhd	PT. Formosa Sejahtera Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	5,414	362	-
	Yang Ming (France) SAS	France	Shipping agency, forwarding agency and shipping managers	3,025	-	90,000	60.00	3,150	-	-
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Malaysia	Storage and stevedoring	1,791	-	250,000	25.00	1,733	(74)	-
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,328	2,328	2,500	50.00	9,943	6,618	-
Yangming (Japan) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,678	3,678	3,920	49.00	16,581	11,455	-
	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,427	(154)	-
Karlman Properties Limited	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	83,331	433	-
	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	6,026,744 (Note R)	5,450,544 (Note R)	5	100.00	1,997,443	(590,127)	-
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	(266) (Note C)	24,208	-
	PT. YES Logistics Indonesia	Singapore	Investment and subsidiaries management	37,263	37,263	1,607,984	100.00	22,548	(1,015)	-
Yes LIBERAL Logistics Corp.	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	51,000	51.00	10,318	(1,595)	-
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	75,000	7,500,000	50.00	74,430	10,464	-

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	\$ 10,179	\$ 10,179	12,600	70.00	\$ (1,562) (Note C)	\$ -	- Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278 (Note O)	100.00	21,775 (1,186)	-	- Subsidiary
	YES and HQL Logistics Company	Vietnam	Forwarding agency	3,128	3,128		51.00	1,039 (898)	-	- Investments in joint ventures
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	3,073 (106,706) (Note C)	895	- Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note L)	100.00		498	- Subsidiary
YES Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	10,826	(Note M)	100.00	(47,540) (Note C)	7,309	- Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	(Note N)	100.00	234	(117)	- Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,420) (Note C)	-	- Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- D. This is equivalent to US\$3,800 thousand, and no shares were issued.
- E. This is equivalent to US\$1,000 thousand, and no shares were issued.
- F. This equivalent to EUR818 thousand and no shares were issued.
- G. This equivalent to US\$92 thousand and no shares were issued.
- H. This is equivalent to EUR6 thousand, and no shares were issued.
- I. This is equivalent to US\$7,700 thousand, and no shares were issued.
- J. This is equivalent to AED245 thousand, and no shares were issued.
- K. This 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 \$4,701,339 thousand in May 2017.
- 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 YMTIC acquired equity of YML-BV from YML-NV.
- T. The information on investments in mainland China is provided in Table H.

(Concluded)

TABLE II

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from January 1, 2020 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from December 31, 2020 (Note J)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2020 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2020
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd. (Note H)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note I)	Indirect investment through Singapore-based subsidiary's direct investment in mainland China	\$ -	\$ -	\$ -	\$ -	\$ 6,258	51.00%	\$ 3,192	\$ 15,924	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US\$ 4,300 thousand	Indirect investment through US based subsidiary's direct investment in mainland China.	227,840 (US\$ 8,000 thousand)	-	-	227,840 (US\$ 8,000 thousand)	28,028	96.36%	27,008	170,840	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	264,892 (US\$ 9,301 thousand)	-	-	264,892 (US\$ 9,301 thousand)	(4,816)	47.22%	(2,274)	273,663	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	175,551 (US\$ 6,164 thousand)	-	-	175,551 (US\$ 6,164 thousand)	30,503	12.85%	3,920	72,316	-
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and related service	RMB 50,000 thousand	Investee's direct investment in mainland China	43,548 (RMB 10,000 thousand)	-	-	43,548 (RMB 10,000 thousand)	23,305	19.27%	4,491	51,882	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	87,832 (US\$ 3,084 thousand)	-	-	87,832 (US\$ 3,084 thousand)	30,503	6.67%	2,035	36,068	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note J)	Investment Amounts Authorized by Investment Commission, MOEA (Note J)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transportation Corporation	\$ -	\$ 200,414 (US\$ 7,037 thousand)	\$ 21,800,911
Yes Logistics Corp. (Note C)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)	- (Note F)
Ching Ming Investment Corp. (Note D)	87,096 (RMB 20,000 thousand)	87,096 (RMB 20,000 thousand)	695,556

Notes:

- 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.
- 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.
- 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.
- Ching Ming Investment Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013
- Calculated by the % ownership of direct or indirect investment.
- Yes Logistics Corp. applied for and obtained the Business Operations Headquarters letter on September 16, 2019 and the term for the letter is to September 15, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- 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.
- The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019
- Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte. Ltd.
- United States dollars and Renminbi translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48 and RMB1=NT\$4.3548 as of December 31, 2020.



YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

December 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
The Ministry of Transportation and Communications R.O.C.	467,682,372	14.76
National Development Fund	460,000,000	14.52
Taiwan International Ports Corporation, Ltd.	311,453,287	9.83

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

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

**Attachment 2 Individual Consolidated Financial Statements 2020****INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying financial statements of Yang Ming Marine Transport Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements of the Company for the year ended December 31, 2020 are as follows:

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

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$114,262,445 thousand, and the subsidiaries' carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$15,470,577 thousand, which amounted to NT\$129,733,022 thousand in total. The amount was material to the financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Company. The Company's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Company's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matter.

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

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

Audit of the Percentage-of-completion

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

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

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 24 to the accompanying financial statements.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

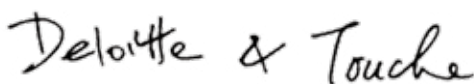
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Tsung Cheng and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China



March 25, 2021

Notice to Readers

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

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



BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 13,961,189	8	\$ 11,561,085	7
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,424,612	1	4,955	-
Financial assets at amortized cost - current (Notes 4, 9 and 32)	1,534,502	1	-	-
Contract assets, net (Notes 4, 24 and 32)	5,077,926	3	3,516,865	2
Trade receivables, net (Notes 4, 10 and 24)	2,256,870	1	4,074,570	3
Trade receivables from related parties (Notes 4, 10, 24 and 32)	1,685,982	1	1,973,519	1
Financial lease receivables (Notes 4, 11 and 32)	78,852	-	74,296	-
Other receivables from related parties (Notes 4 and 32)	679,711	-	30,363	-
Shipping fuel (Notes 4 and 12)	1,569,829	1	3,310,791	2
Prepayments (Notes 4 and 32)	210,360	-	332,494	-
Prepayments to shipping agents (Note 32)	137,625	-	125,688	-
Other current assets (Note 26)	216,914	-	531,367	-
Total current assets	28,834,372	16	25,535,993	15
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,995,725	1	1,767,493	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 32)	600,623	-	623	-
Investments accounted for using equity method (Notes 4 and 13)	19,441,742	11	17,745,298	10
Property, plant and equipment (Notes 4, 5, 14 and 33)	40,503,281	23	34,649,013	20
Right-of-use assets (Notes 4, 15 and 32)	73,572,414	41	76,223,022	45
Investment properties (Notes 4, 16 and 33)	6,766,594	4	6,761,116	4
Other intangible assets (Notes 4 and 5)	62,005	-	78,223	-
Deferred tax assets (Notes 4 and 26)	3,019,704	2	5,460,334	3
Prepayments for equipment (Note 34)	124,745	-	384,922	-
Refundable deposits	85,072	-	360,630	-
Financial lease receivable - non-current (Notes 4, 11 and 32)	799,324	-	878,176	1
Long-term receivables from related parties (Note 32)	2,864,353	2	1,535,210	1
Total non-current assets	149,835,582	84	145,844,060	85
TOTAL	\$ 178,669,954	100	\$ 171,380,053	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 32)	\$ -	-	\$ 2,050,000	1
Short-term bills payable (Notes 17 and 32)	11,714,456	7	13,087,347	8
Financial liabilities at FVTPL - current (Notes 4 and 7)	-	-	67,549	-
Financial liabilities for hedging - current (Notes 4, 15 and 31)	7,370,742	4	7,002,378	4
Contract liabilities - current (Notes 4 and 24)	56,318	-	84,699	-
Trade payables (Note 19)	10,518,319	6	9,124,328	5
Trade payables to related parties (Notes 19 and 32)	2,219,515	1	2,876,319	2
Other payables (Note 20)	2,807,808	2	2,077,063	1
Other payables to related parties (Note 20 and 32)	330,624	-	645,146	-
Provision - current (Notes 4 and 21)	-	-	1,032,332	1
Lease liabilities - current (Notes 4, 15 and 32)	538,501	-	930,911	1
Other advance account	127,586	-	99,551	-
Current portion of long-term liabilities (Notes 4, 17, 18, 32 and 33)	12,929,068	7	12,535,831	7
Other current liabilities	167,803	-	213,191	-
Total current liabilities	48,780,740	27	51,826,645	30
NON-CURRENT LIABILITIES				
Lease liabilities for hedging - non-current (Notes 4, 15 and 31)	40,383,562	23	41,888,032	24
Bonds payable (Notes 4, 18, 32 and 33)	4,945,877	3	12,210,456	7
Long-term borrowings (Notes 17, 32 and 33)	36,446,344	20	38,705,152	23
Deferred tax liabilities (Notes 4 and 26)	2,413,923	1	1,601,498	1
Lease liabilities - non-current (Notes 4, 15 and 32)	5,422,960	3	6,132,344	4
Other advance account - non-current	163,941	-	150,163	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	2,842,886	2	2,334,579	1
Cumulative losses in excess of cost of investment (Notes 4 and 13)	1,454,912	1	-	-
Other non-current liabilities	136,577	-	67,650	-
Total non-current liabilities	94,210,982	53	103,089,874	60
Total liabilities	142,991,722	80	154,916,519	90
EQUITY				
Share capital - ordinary shares	31,676,622	18	26,013,357	15
Capital surplus	384,106	-	1,939,381	1
Retained earnings (accumulated deficits)	-	-	-	-
Unappropriated earnings (deficit to be compensated)	1,660,919	1	(11,462,514)	(6)
Other equity	1,956,585	1	(26,690)	-
Total equity	35,678,232	20	16,463,534	10
TOTAL	\$ 178,669,954	100	\$ 171,380,053	100

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

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 24 and 32)	\$ 127,808,609	100	\$ 129,368,247	100
OPERATING COSTS (Notes 4, 12, 25 and 32)	<u>109,712,848</u>	<u>86</u>	<u>129,299,112</u>	<u>100</u>
GROSS PROFIT	<u>18,095,761</u>	<u>14</u>	<u>69,135</u>	<u>-</u>
OPERATING EXPENSES (Notes 10, 25 and 32)				
Selling and marketing expenses	1,973,383	2	1,476,556	1
General and administrative expenses	559,225	-	321,122	1
Expected credit loss	<u>16,911</u>	<u>-</u>	<u>17,489</u>	<u>-</u>
Total operating expenses	<u>2,549,519</u>	<u>2</u>	<u>1,815,167</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 15 and 25)	<u>269,141</u>	<u>-</u>	<u>(520,180)</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>15,815,383</u>	<u>12</u>	<u>(2,266,212)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 15, 25 and 32)				
Interest income	141,044	-	143,393	-
Other income	153,152	-	185,939	-
Other gains and losses	(503,002)	-	639,933	-
Finance costs	(2,965,834)	(2)	(3,153,480)	(2)
Share of profits or loss of subsidiaries and associates	<u>2,860,536</u>	<u>2</u>	<u>146,505</u>	<u>-</u>
Total non-operating income and expenses	<u>(314,104)</u>	<u>-</u>	<u>(2,037,710)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	15,501,279	12	(4,303,922)	(4)
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(3,524,266)</u>	<u>(2)</u>	<u>(6,035)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>11,977,013</u>	<u>10</u>	<u>(4,309,957)</u>	<u>(4)</u>

(Continued)



YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (602,228)	-	\$ (54,444)	-
Unrealized gain on investments in equity instruments at FVTOCI	228,232	-	72,188	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	22,890	-	30,527	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>120,446</u>	<u>-</u>	<u>10,889</u>	<u>-</u>
	<u>(230,660)</u>	<u>-</u>	<u>59,160</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(507,564)	(1)	(302,008)	-
Gain on hedging instruments	2,237,303	2	1,218,522	1
Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>3,712</u>	<u>-</u>
	<u>1,729,739</u>	<u>1</u>	<u>920,226</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>1,499,079</u>	<u>1</u>	<u>979,386</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 13,476,092</u>	<u>11</u>	<u>\$ (3,330,571)</u>	<u>(3)</u>
EARNINGS (LOSS) PER SHARE (Note 27)				
Basic	<u>\$4.51</u>		<u>\$(1.66)</u>	
Diluted	<u>\$3.64</u>		<u>\$(1.66)</u>	

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

(Concluded)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

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



YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FORM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 15,501,279	\$ (4,303,922)
Adjustments for:		
Depreciation expenses	13,898,013	13,503,568
Amortization expenses	35,619	29,073
Expected credit loss recognized	16,911	17,489
Net (gain) loss on fair value change of financial assets/liabilities at FVTPL	(88,796)	23,754
Finance costs	2,965,834	3,153,480
Interest income	(141,044)	(143,393)
Dividend income	(57,284)	(92,721)
Share of profit of subsidiaries and associates	(2,860,536)	(146,505)
Gain on disposal of property, plant and equipment	(224,547)	(470,339)
Write-down of (reversal of) shipping fuel	62,947	(119,399)
Impairment loss recognized on associates	1,027,207	-
Net gain on foreign currency exchange	(4,582)	(72,432)
Gain on change in fair value of investment properties	(5,478)	(40,811)
Gain on lease modification	(22,205)	-
Gain on right-of-use assets sublease	-	(57,732)
(Reversal of) recognition of provisions	(18,556)	1,079,405
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(1,403,797)	5,954
Contract assets	(1,565,129)	(437,713)
Trade receivables	1,817,406	(895,053)
Trade receivables from related parties	287,537	197,750
Other receivables from related parties	(649,348)	60,618
Shipping fuel	1,678,015	217,354
Prepayments	110,455	45,921
Prepayments to shipping agents	(11,937)	(45,072)
Other current assets	303,047	(45,255)
Financial liability held for trading	(9,987)	(4,504)
Contract liabilities	(28,381)	43,260
Trade payables	1,393,991	(893,763)
Trade payables to related parties	(656,804)	(277,594)
Other payables	551,819	225,222
Other payables to related parties	21,779	51,001
Other advances account	41,813	107,418
Other current liabilities	(9,355)	31,759
Net defined benefit liabilities	(93,921)	(72,788)
Cash generated from operations	31,861,985	10,674,030
Interest received	97,536	144,763
Dividend received	155,213	504,905

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	\$ (2,818,760)	\$ (3,289,525)
Income tax paid	<u>(149,706)</u>	<u>(235,188)</u>
Net cash generated from operating activities	<u>29,146,268</u>	<u>7,798,985</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,134,502)	-
Proceeds from sale of financial assets at amortized cost	-	504,846
Net cash inflow from liquidation of subsidiaries	-	642,320
Payments for property, plant and equipment	(8,887,656)	(2,099,954)
Proceeds from disposal of property, plant and equipment	285,634	917,755
Decrease in refundable deposits	275,558	1,126
Increase in long-term receivables from related parties	(1,829,680)	(3,252,683)
Payments for intangible assets	(19,401)	(50,076)
Decrease in financial lease receivables	74,296	-
Increase in financial lease receivables	-	(98,176)
Increase in prepayments for equipment	<u>(119,213)</u>	<u>(262,621)</u>
Net cash used in investing activities	<u>(12,354,964)</u>	<u>(3,697,463)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(2,050,000)	(950,000)
(Repayments of) proceeds from short-term bills payable	(1,390,000)	3,802,000
Proceeds from bonds payable	-	5,000,000
Repayments of bonds payable	(5,900,000)	(6,024,000)
Proceeds from long-term borrowings	24,196,100	32,128,500
Repayments of long-term borrowings	(21,858,470)	(31,723,009)
Repayments of the principal portion of lease liabilities	(7,457,757)	(6,221,491)
Decrease in other financial liabilities	-	(13,896)
Increase in other non-current liabilities	68,927	16,783
Acquisition of subsidiaries	<u>-</u>	<u>(999,694)</u>
Net cash used in financing activities	<u>(14,391,200)</u>	<u>(4,984,807)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,400,104	(883,285)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,561,085</u>	<u>12,444,370</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 13,961,189</u>	<u>\$ 11,561,085</u>

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

(Concluded)



YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by YMTC’s board of directors on March 25, 2021.

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

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

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

Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

As of the date the financial statements were authorized for issue, the Company assessed there is no material impact on the Company’s accounting policies from the application of these standards and interpretations.

- 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)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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

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

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

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

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

The Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

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

The amendments specify that the Company 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 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 Company 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 Company 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 Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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.

4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

e. Shipping fuel

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

f. Investment in subsidiaries

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

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

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

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

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

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

g. Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

i. Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

ii. Financial guarantee contract

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

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

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

m. Hedge accounting

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

Cash flow hedges

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

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

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

n. Provisions

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

o. Revenue recognition

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

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

1) Revenue from container shipping service

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

2) Other operating revenue

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

p. Leasing

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

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

1) The Company as lessor

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

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

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

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

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

2) The Company as lessee

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

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

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

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

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

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, The Company recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Impairment of non-financial assets

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

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

b. Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 1,453	\$ 1,323
Checking accounts and demand deposits	9,533,586	9,846,471
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,791,398	1,713,291
Repurchase agreements	1,634,752	-
	<u>\$ 13,961,189</u>	<u>\$ 11,561,085</u>

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

	December 31	
	2020	2019
Time deposits	0.30%-2.55%	0.60%-2.95%
Repurchase agreements	0.38%-0.55%	-



7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option of bonds payable	\$ 8,636	\$ -
Non-derivative financial assets		
Mutual funds	<u>1,415,976</u>	<u>4,955</u>
	<u>\$ 1,424,612</u>	<u>\$ 4,955</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option	\$ -	\$ -
Cross-currency swap contract	-	-
Put option of bonds payable	<u>-</u>	<u>67,549</u>
	<u>\$ -</u>	<u>\$ 67,549</u>

The Company's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Company entered into oil swap and oil swap option contracts which were settled in US\$431 thousand every month from January 1 to June 30, 2019. The Company didn't enter into oil swap and oil swap option contracts in 2020. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Company's purpose for trading cross-currency swap contract in 2020 was to minimize the risk of exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Company did not have outstanding contracts for the years ended December 31, 2020 and 2019.

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	December 31	
	2020	2019
<u>Domestic investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd.	\$ 1,492,999	\$ 1,255,959
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal CO., LTD.	496,702	505,102
Ordinary shares - United Stevedoring Corp.	<u>6,024</u>	<u>6,432</u>
	<u>\$ 1,995,725</u>	<u>\$ 1,767,493</u>

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 Company's strategy of holding these investments for long-term purposes.

Dividends of \$57,284 thousand and \$92,721 thousand were recognized during 2020 and 2019, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
<u>Current</u>		
Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp. (a)	\$ -	\$ -
Repurchase agreements (b)	<u>1,534,502</u>	<u>-</u>
	<u>\$ 1,534,502</u>	<u>\$ -</u>
<u>Non-current</u>		
Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp (c)	\$ 600,000	\$ -
Time deposits with original maturity of more than 3 months (d)	<u>623</u>	<u>623</u>
	<u>\$ 600,623</u>	<u>\$ 623</u>

- In November 2014, the Company bought a 5-year corporate bond issued by Kuang Ming Shipping Corp. with a coupon rate of 2.30% and an effective interest rate of 2.30%, at a par value of \$1,000,000 thousand. The corporate bond is repaid in 3, 4, and 5 years since the release date, and fully is repaid on November 27, 2019.
- The range of interest rates for repurchase agreements was approximately 0.50%-0.55% per annum as of December 31, 2020.
- In December 2020, the Company bought a 5-year corporate bond issued by Kuang Ming Shipping Corp. with a coupon rate of 1.80% and an effective interest rate of 1.80%, at a par value of \$600,000 thousand. The corporate bond is repaid at the maturity date.
- The range of interest rates for time deposits with original maturities of more than 3 months was approximately 1.04% per annum as of December 31, 2020 and 2019.

10. TRADE RECEIVABLES

	December 31	
	2020	2019
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 2,270,117	\$ 4,090,404
Trade receivable - related parties	1,685,982	1,973,519
Less: Allowance for impairment loss	<u>(13,247)</u>	<u>(15,834)</u>
	<u>\$ 3,942,852</u>	<u>\$ 6,048,089</u>



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

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

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

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

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

December 31, 2020

	No Sign of Default by Client		
	Less than 30 Days	31 to 60 Days	Total
Expected credit loss rate	0.28%	0.63%-1.63%	
Gross carrying amount	\$ 3,862,960	\$ 93,139	\$ 3,956,099
Loss allowance (Lifetime ECLs)	<u>(12,548)</u>	<u>(699)</u>	<u>(13,247)</u>
Amortized cost	<u>\$ 3,850,412</u>	<u>\$ 92,440</u>	<u>\$ 3,942,852</u>

December 31, 2019

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

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

	2020	2019
Balance at January 1	\$ 15,834	\$ 8,117
Add: Net remeasurement of loss allowance	294	8,839
Less: Amounts written off	<u>(2,881)</u>	<u>(1,122)</u>
Balance at December 31	<u>\$ 13,247</u>	<u>\$ 15,834</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2020	2019
<u>Undiscounted lease payments</u>		
Year 1	\$ 116,577	\$ 116,577
Year 2	116,577	116,577
Year 3	116,577	116,577
Year 4	116,577	116,577
Year 5	116,577	116,577
Year 6 onwards	<u>463,031</u>	<u>579,607</u>
	1,045,916	1,162,492
Less: Unearned finance income	<u>(167,740)</u>	<u>(210,020)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 878,176</u>	<u>\$ 952,472</u>
Current	<u>\$ 78,852</u>	<u>\$ 74,296</u>
Non-current	<u>\$ 799,324</u>	<u>\$ 878,176</u>

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

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

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The range of interest rates inherent in the finance leases was approximately 0.40%-17.71% per annum as of December 31, 2020, and 2019.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2020, no finance lease receivable was past due. The Company has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.



12. SHIPPING FUEL

	December 31	
	2020	2019
Shipping fuel	\$ 1,569,829	\$ 3,310,791

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 was \$13,321,347 thousand and \$21,086,531 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 included shipping fuel write-downs of \$62,947 thousand and reversals of shipping fuel write-downs of \$119,399 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 14,450,804	\$ 11,665,339
Investments in associates	<u>4,990,938</u>	<u>6,079,959</u>
	<u>\$ 19,441,742</u>	<u>\$ 17,745,298</u>

a. Investments in subsidiaries

	December 31	
	2020	2019
Unlisted shares		
Yang Ming Shipping (B.V.I.) Inc.	\$ 5,480,735	\$ 2,973,296
Yang Ming Line B.V.	(1,161,655)	-
Yang Ming Line (Singapore) Pte Ltd.	3,888,620	2,287,357
Yang Ming Line Holding Co.	2,277,061	2,157,078
Kuang Ming Shipping Corp.	848,046	2,030,841
Ching Ming Investment Corp.	1,159,267	1,144,817
Yes Logistics Corp.	541,036	521,813
All Oceans Transportation Inc.	(293,257)	294,493
Jing Ming Transportation Co., Ltd.	133,753	128,163
Honming Terminal & Stevedoring Co., Ltd.	122,286	127,481
Yang Ming (Liberia) Corp.	-	-
	<u>12,995,892</u>	<u>11,665,339</u>
Plus: Reclassified to cumulative losses in excess of cost of investment	<u>1,454,912</u>	<u>-</u>
	<u>\$ 14,450,804</u>	<u>\$ 11,665,339</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Yang Ming Shipping (B.V.I.) Inc.	100.00%	100.00%
Yang Ming Line B.V. (Note a)	100.00%	-
Yang Ming Line (Singapore) Pte Ltd.	100.00%	100.00%
Yang Ming Line Holding Co.	100.00%	100.00%
Kuang Ming Shipping Corp. (Note b)	98.88%	98.88%
Ching Ming Investment Corp.	100.00%	100.00%
Yes Logistics Corp.	50.00%	50.00%
All Oceans Transportation Inc. (Note c)	100.00%	100.00%
Jing Ming Transportation Co., Ltd.	50.98%	50.98%
Honming Terminal & Stevedoring Co., Ltd.	79.17%	79.17%
Yang Ming (Liberia) Corp. (Note d)	-	-

Note a: The Company reorganized the organization in December 2020 and adjusted the holding structure of the Company in Europe. The Company acquired equity of Yang Ming Line B.V. from Yang Ming Line N.V.

Note b: The Company's board of directors resolved in January 2019 to apply for the capital increase by cash of Kuang Ming on March 8, 2019. The Company injected for \$999,694 thousand for 99,969 thousand shares, with a par value of \$10, and increased its continuing interest from 98.52% to 98.88%. The Company's board of directors resolved in March 2021 to apply for a capital reduction to offset deficit in the amount of \$3,000,000 thousand, and the ratio of capital reduction is about 75%.

Note c: The Company's board of directors resolved in January 2021 to apply for the capital increase by cash of All Oceans Transportation Inc. with a limit amount of \$1,497,000 thousand.

Note d: The Company's board of directors resolved in November 2018 to liquidate Yang Ming (Liberia) Corp. The liquidation had been completed in February 2019.

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

b. Investment in associates

	December 31	
	2020	2019
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 4,759,757	\$ 5,867,216
Yunn Wang Investment Co., Ltd.	132,962	109,431
Taiwan Foundation International Pte. Ltd.	98,219	103,312
	<u>\$ 4,990,938</u>	<u>\$ 6,079,959</u>

All the associates are accounted for using the equity method.



Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Company's share of:		
Net loss for the year	\$ (26,819)	\$ (26,913)
Other comprehensive income (loss)	<u>22,249</u>	<u>(6,324)</u>
Total comprehensive loss for the year	<u>\$ (4,570)</u>	<u>\$ (33,237)</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Company	\$ 40,280,048	\$ 34,390,025
Assets leased under operating leases	<u>223,233</u>	<u>258,988</u>
	<u>\$ 40,503,281</u>	<u>\$ 34,649,013</u>

a. Assets used by the Company

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 343,210	\$ 773,385	\$ 23,755,059	\$ 28,347,443	\$ 146,272	\$ 1,216,997	\$ 2,851,888	\$ 57,434,254
Additions	-	178	1,740,951	1,083,268	-	32,528	5,941,270	8,798,195
Disposals	-	-	(840,490)	(125,763)	-	(24,257)	-	(990,510)
Reclassification	-	-	193,004	7,387,281	-	334	(7,201,229)	379,390
Balance at December 31, 2020	<u>\$ 343,210</u>	<u>\$ 773,563</u>	<u>\$ 24,848,524</u>	<u>\$ 36,692,229</u>	<u>\$ 146,272</u>	<u>\$ 1,225,602</u>	<u>\$ 1,591,929</u>	<u>\$ 65,621,329</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 310,260	\$ 13,229,118	\$ 8,337,800	\$ 146,272	\$ 1,020,779	\$ -	\$ 23,044,229
Depreciation expenses	-	13,640	1,598,391	1,534,565	-	43,846	-	3,190,442
Disposals	-	-	(743,417)	(125,763)	-	(24,210)	-	(893,390)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 323,900</u>	<u>\$ 14,084,092</u>	<u>\$ 9,746,602</u>	<u>\$ 146,272</u>	<u>\$ 1,040,415</u>	<u>\$ -</u>	<u>\$ 25,341,281</u>
Carrying amounts at December 31, 2020	<u>\$ 343,210</u>	<u>\$ 449,663</u>	<u>\$ 10,764,432</u>	<u>\$ 26,945,627</u>	<u>\$ -</u>	<u>\$ 185,187</u>	<u>\$ 1,591,929</u>	<u>\$ 40,280,048</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 343,210	\$ 773,258	\$ 25,441,327	\$ 27,835,089	\$ 146,272	\$ 2,262,429	\$ -	\$ 56,801,585
Additions	-	127	-	543,266	-	63,130	1,832,528	2,439,051
Disposals	-	-	(2,376,058)	(39,999)	-	(1,128,888)	-	(3,544,945)
Reclassification	-	-	689,790	9,087	-	20,326	1,019,360	1,738,563
Balance at December 31, 2019	<u>\$ 343,210</u>	<u>\$ 773,385</u>	<u>\$ 23,755,059</u>	<u>\$ 28,347,443</u>	<u>\$ 146,272</u>	<u>\$ 1,216,997</u>	<u>\$ 2,851,888</u>	<u>\$ 57,434,254</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 296,669	\$ 13,142,072	\$ 7,051,840	\$ 146,272	\$ 1,934,997	\$ -	\$ 22,571,850
Depreciation expenses	-	13,591	1,503,792	1,325,959	-	49,869	-	2,893,211
Disposals	-	-	(2,106,536)	(39,999)	-	(964,087)	-	(3,110,622)
Reclassification	-	-	689,790	-	-	-	-	689,790
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 310,260</u>	<u>\$ 13,229,118</u>	<u>\$ 8,337,800</u>	<u>\$ 146,272</u>	<u>\$ 1,020,779</u>	<u>\$ -</u>	<u>\$ 23,044,229</u>
Carrying amounts at December 31, 2019	<u>\$ 343,210</u>	<u>\$ 463,125</u>	<u>\$ 10,525,941</u>	<u>\$ 20,009,643</u>	<u>\$ -</u>	<u>\$ 196,218</u>	<u>\$ 2,851,888</u>	<u>\$ 34,390,025</u>

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

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

The dry dock is a significant component of ships.

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 33.

b. Assets leased under operating leases

	Ships
<u>Cost</u>	
Balance at January 1, 2020	\$ 503,735
Additions	<u>-</u>
Balance at December 31, 2020	<u>\$ 503,735</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 244,747
Disposals	-
Depreciation expenses	<u>35,755</u>
Balance at December 31, 2020	<u>\$ 280,502</u>
Carrying amounts at December 31, 2020	<u>\$ 223,233</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ 503,735
Additions	<u>-</u>
Balance at December 31, 2019	<u>\$ 503,735</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 209,090
Disposals	-
Depreciation expenses	<u>35,657</u>
Balance at December 31, 2019	<u>\$ 244,747</u>
Carrying amounts at December 31, 2019	<u>\$ 258,988</u>



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

	December 31	
	2020	2019
Year 1	\$ 30,082	\$ 32,791
Year 2 onwards	<u>-</u>	<u>-</u>
	<u>\$ 30,082</u>	<u>\$ 32,791</u>

At the end of the lease terms of ships under operating leases, the Company 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 to reduce the risk of the residual assets of the lease assets.

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

Ships	25 years
Dry dock	2.5 years

The dry dock is a significant component of ships.

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Buildings	Container and Chassis	Ships	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 6,096	\$ 318,639	\$ 679,271	\$ 85,765,069	\$ 15,873	\$ 86,784,948
Additions	57,054	7,202	-	8,698,687	26,370	8,789,313
Disposals	<u>(6,096)</u>	<u>(4,277)</u>	<u>(202,895)</u>	<u>(2,760,631)</u>	<u>(12,917)</u>	<u>(2,986,816)</u>
Balance at December 31, 2020	<u>\$ 57,054</u>	<u>\$ 321,564</u>	<u>\$ 476,376</u>	<u>\$ 91,703,125</u>	<u>\$ 29,326</u>	<u>\$ 92,587,445</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 4,064	\$ 34,213	\$ 228,718	\$ 10,286,475	\$ 8,456	\$ 10,561,926
Additions	8,674	34,980	325,811	10,294,477	7,874	10,671,816
Disposals	<u>(6,096)</u>	<u>(3,343)</u>	<u>(202,895)</u>	<u>(1,993,460)</u>	<u>(12,917)</u>	<u>(2,218,711)</u>
Balance at December 31, 2020	<u>\$ 6,642</u>	<u>\$ 65,850</u>	<u>\$ 351,634</u>	<u>\$ 18,587,492</u>	<u>\$ 3,413</u>	<u>\$ 19,015,031</u>
Carrying amounts at December 31, 2020	<u>\$ 50,412</u>	<u>\$ 255,714</u>	<u>\$ 124,742</u>	<u>\$ 73,115,633</u>	<u>\$ 25,913</u>	<u>\$ 73,572,414</u>

(Continued)

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

(Concluded)

For the Year Ended December 31
2020 2019

Income from the sublease of right-of-use assets (presented in operating revenue)	\$ 70,505	\$ 421,627

b. Lease liabilities

	December 31	
	2020	2019
Land	\$ 50,592	\$ 2,044
Buildings	503,581	554,497
Container and chassis	117,714	440,444
Ships	53,018,247	54,949,283
Miscellaneous equipment	25,631	7,397
	<u>\$ 53,715,765</u>	<u>\$ 55,953,665</u>
<u>Carrying amounts</u>		
Current	<u>\$ 538,501</u>	<u>\$ 930,911</u>
Non-current	<u>\$ 5,422,960</u>	<u>\$ 6,132,344</u>
<u>Lease liabilities designated as hedging (included in financial liabilities for hedging)</u>		
Current	<u>\$ 7,370,742</u>	<u>\$ 7,002,378</u>
Non-current	<u>\$ 40,383,562</u>	<u>\$ 41,888,032</u>



Financial liabilities designated as hedging

The Company 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 were summarized as follow:

	Maturity Period	Account	Carrying Amount
December 31, 2020	2025/01/31-2030/09/30	Financial liabilities for hedging	\$ 47,754,304
December 31, 2019	2020/02/28-2029/03/31	Financial liabilities for hedging	48,890,410

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the year ended December 31, 2020	<u>\$ 2,489,548</u>	<u>\$ (252,245)</u>
For the year ended December 31, 2019	<u>\$ 1,171,856</u>	<u>\$ 46,666</u>

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

As of December 31, 2020, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	Lease term	For the Year Ended December 31, 2020
Land	2020/01/01-2027/12/31	1.12%-1.49%
Buildings	2000/08/22-2036/09/30	0.85%-1.79%
Container and chassis	2019/03/01-2025/02/28	3.00%-3.87%
Ships	2012/02/21-2040/03/31	1.27%-3.83%
Miscellaneous equipment	2016/05/01-2025/04/30	1.23%-3.80%

As of December 31, 2019, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	Lease term	For the Year Ended December 31, 2019
Land	2015/07/01-2020/06/30	1.14%
Buildings	2000/08/22-2036/09/30	0.95%-1.79%
Container and chassis	2014/06/01-2025/02/28	3.00%-3.87%
Ships	2007/11/27-2040/03/31	1.08%-4.08%
Miscellaneous equipment	2016/05/01-2021/04/30	1.00%-3.80%

c. Material lease-in activities and terms

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

Containership Department	Lease Liabilities Recognized (Discounted)	Potential Future Lease Payments Not Included in Lease Liabilities (Discounted)	Historical Rate of Exercise of Extension Options
<u>December 31, 2020</u>			
Ships	\$ 41,520,613	\$ 13,963,734	0%
<u>December 31, 2019</u>			
Ships	\$ 41,544,188	\$ 11,401,944	0%

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

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

d. Subleases

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

Sublease of right-of-use assets

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



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

	December 31	
	2020	2019
Year 1	\$ -	\$ 90,800
Year 2 onwards	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 90,800</u>

e. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 630,113</u>	<u>\$ 2,980,077</u>
Expenses relating to low-value asset leases	<u>\$ 4,660,061</u>	<u>\$ 4,878,337</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 97,147</u>	<u>\$ 3,836</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 5,179,795</u>	<u>\$ 5,242,811</u>
Total cash outflow for leases	<u>\$ (20,097,523)</u>	<u>\$ (21,432,155)</u>

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

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms ended on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases and low-value asset lease for which the recognition exemption is applied were \$14,801,795 thousand and \$18,766,796 thousand as of December 31, 2020 and 2019, respectively.

The amount of lease commitments for future service cost which was recognized as non-lease components of contracts were \$41,531,971 thousand and \$36,956,962 thousand as of December 31, 2020 and 2019, respectively.

16. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2019	\$ 6,720,305
Additions	-
Gain on change in fair value of investment properties	<u>40,811</u>
Balance at December 31, 2019	6,761,116
Additions	-
Gain on change in fair value of investment properties	<u>5,478</u>
Balance at December 31, 2020	<u>\$ 6,766,594</u>

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

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

	December 31	
	2020	2019
Year 1	\$ 67,106	\$ 76,444
Year 2	41,502	37,458
Year 3	22,056	12,287
Year 4	11,683	3,690
Year 5	6,920	654
Year 6 onwards	<u>4,114</u>	<u>-</u>
	<u>\$ 153,381</u>	<u>\$ 130,533</u>

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

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

	December 31	
	2020	2019
Independent valuation	<u>\$ 6,766,594</u>	<u>\$ 6,761,116</u>

As of December 31, 2020 and 2019, the fair values were based on the valuations carried out on January 12, 2021 and January 8, 2020, respectively, by independent qualified professional valuers, Ms. Chang, Yi-Chih, Mr. Chang, Hung-Kai and Ms. Yeh, Yu-Fen, all Certified Real Estate Appraisers in the ROC, from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm.

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

	Keelung	Taipei	Kaohsiung	Total
Balance at January 1, 2019	\$ 326,582	\$ 5,808,200	\$ 585,523	\$ 6,720,305
Recognized in profit or loss (gain arising from the change in fair value of investment property)	3,658	31,291	5,862	40,811
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>330,240</u>	<u>5,839,491</u>	<u>591,385</u>	<u>6,761,116</u>
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(7,184)	3,738	8,924	5,478
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 323,056</u>	<u>\$ 5,843,229</u>	<u>\$ 600,309</u>	<u>\$ 6,766,594</u>
Unrealized gain (loss) arising from the change in fair value of investment properties for the year ended December 31				
2020	<u>\$ (7,184)</u>	<u>\$ 3,738</u>	<u>\$ 8,924</u>	<u>\$ 5,478</u>
2019	<u>\$ 3,658</u>	<u>\$ 31,291</u>	<u>\$ 5,862</u>	<u>\$ 40,811</u>



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

	December 31	
	2020	2019
Expected future cash inflows	\$ 5,643,340	\$ 5,741,317
Expected future cash outflows	<u>(451,573)</u>	<u>(436,502)</u>
Expected future cash inflows, net	<u>\$ 5,191,767</u>	<u>\$ 5,304,815</u>
Discount rate	3.595%	3.845%

The market rentals in the area where the investment property is located were between \$0.5 thousand and \$3 thousand per ping (35.59 square feet) in 2020 and 2019. The market rentals for comparable properties were between \$0.4 thousand and \$2.5 thousand per ping (35.59 square feet) in 2020 and 2019.

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

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

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

	December 31	
	2020	2019
Estimated total sale price	<u>\$ 7,535,602</u>	<u>\$ 7,480,431</u>
Rate of return	15%-20%	14%-20%
Overall capital interest rate	1.32%-4.47%	1.50%-4.78%

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

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

The properties located in Zhongzheng District, Taipei City were offered to Chunghwa Post Co., Ltd. for Zhongnan Post Office. The Company needs to obtain approval from Chunghwa Post Co., Ltd. and Ministry of Transportation and Communication's approval when reclaiming the properties in future.

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

The carrying amounts of investment properties pledged by the Company to secure borrowings granted to the Company were reflected in Note 33.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ -	\$ 1,550,000
Loans from related parties (Note 32)	-	500,000
	<u>\$ -</u>	<u>\$ 2,050,000</u>

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

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 9,640,000	\$ 11,030,000
Less: Unamortized discount on bills payable	<u>16,882</u>	<u>32,255</u>
	<u>9,623,118</u>	<u>10,997,745</u>
Loans from related parties (Note 32)	2,100,000	2,100,000
Less: Unamortized discount on bills payable	<u>8,662</u>	<u>10,398</u>
	<u>2,091,338</u>	<u>2,089,602</u>
	<u>\$ 11,714,456</u>	<u>\$ 13,087,347</u>

Interest rates of the outstanding short-term bills payable were 0.69%-1.40% and 1.04%-1.77% per annum as of December 31, 2020 and 2019, respectively. Interest rates of the outstanding short-term bills payable from related parties were 1.02% and 1.16% per annum as of December 31, 2020 and 2019 respectively.



c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 33)		
Secured bank loans	\$ 1,553,600	\$ 2,680,400
Loans from related parties (Note 32)	10,449,425	10,119,719
Others borrowings	469,644	616,021
	<u>12,472,669</u>	<u>13,416,140</u>
Unsecured borrowings		
Line of credit borrowings	-	6,300,233
Loans from related parties (Note 32)	13,603,924	6,463,500
	<u>13,603,924</u>	<u>12,763,733</u>
Commercial paper		
Line of credit borrowings	20,150,000	17,700,000
Less: Unamortized discount on bills payable	23,735	24,440
	<u>20,126,265</u>	<u>17,675,560</u>
Loans from related parties (Note 32)	1,500,000	1,500,000
Less: Unamortized discount on bills payable	1,255	1,810
	<u>1,498,745</u>	<u>1,498,190</u>
	<u>21,625,010</u>	<u>19,173,750</u>
	47,701,603	45,353,623
Less: Current portion	<u>11,255,259</u>	<u>6,648,471</u>
Long-term borrowings	<u>\$ 36,446,344</u>	<u>\$ 38,705,152</u>

Secured borrowings

1) Secured bank loans

The secured bank loans of the Company will be repaid in New Taiwan dollars. The loans are repayable in installment at varying amounts before February 23, 2024. Interest rates were 1.25%-1.79% and 1.45%-1.79% on December 31, 2020 and 2019, respectively. The Company's buildings, ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities and are repayable in installment at varying amounts as the borrowing terms before October 6, 2030. Interest rates were 1.13%-1.80% and 1.33%-1.90% on December 31, 2020 and 2019, respectively. The Company and the subsidiary All Oceans Transportation Inc.'s ships, the Company's lands, buildings, investment properties and containers are pledged as collaterals for the secured loans.

3) Other borrowings

Other borrowings were secured loans from a finance company. Interest rates was 4.00% on December 31, 2020 and 2019. The loans are repayable in installment at varying amounts before March 25, 2022. The Company's containers are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Company's unsecured bank loans will be repaid in New Taiwan dollars in installment at varying amounts or one-lump sum payment at maturity as the borrowing terms. The loans were fully repaid in advance on August 27, 2020. Interest rate was 1.28%-1.89% on December 31, 2019.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities, and will be repaid in installment at varying amounts or one-lump sum payment as the borrowing terms. The loans are expected to be fully repaid before May 15, 2031. Interest rates were 1.02%-1.47% and 1.30%-1.76% on December 31, 2020 and 2019, 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 Company 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 \$8,000,000 thousand, which shall be repaid within 2 years from the date of initial drawdown. As of December 31, 2020, the Company had made a drawdown in the amount of \$7,500,000 thousand. The loan had been fully repaid in advance on January 25, 2021.

Commercial paper

YMTC signed 3-5 years underwriting contracts for the issuance of commercial paper with a bill finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before March 2024. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2020 and 2019, YMTC had met the above requirements.

1) Line of credit borrowings

The Company's commercial papers will be fully repaid in New Taiwan dollars before October 29, 2023. Interest rates were 1.41%-1.59% and 1.52%-1.62% on December 31, 2020 and 2019, respectively.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities. The loans are expected to be fully repaid before March 14, 2024. Interest rates were 1.40%-1.45% and 1.51%-1.57% on December 31, 2020 and 2019, respectively.



18. BONDS PAYABLE

	December 31	
	2020	2019
Domestic privately placed secured mandatory convertible bonds	\$ -	\$ -
Domestic privately placed unsecured bonds	-	-
Secured domestic bonds	4,945,877	6,931,207
Unsecured domestic bonds	-	3,900,000
Domestic secured convertible bonds	<u>1,673,809</u>	<u>7,266,609</u>
	6,619,686	18,097,816
Less: Current portion	<u>1,673,809</u>	<u>5,887,360</u>
	<u>\$ 4,945,877</u>	<u>\$ 12,210,456</u>

a. Domestic privately placed secured mandatory convertible bonds

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

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

The bond is guaranteed by banks (including government - related banks amounting to \$5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. The guarantee payments had been fully amortized as of June 27, 2019.

b. Domestic privately placed unsecured bonds

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

c. Secured domestic bonds

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

The bond features and terms are as follows:

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

The October 2015 Bonds had been fully repaid.

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

The bond features and terms are as follows:

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

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

The Company's board of directors resolved on January 27, 2021 to issue domestic secured bonds with a limit amount of \$7,000,000 thousand; the term is 5 to 7 years.



d. Domestic unsecured bonds

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

The bond features and terms were as follows:

Bonds issued in November 2013:	Type A - aggregate par value: \$1,100,000 thousand and maturity on November 1, 2018. The principal will be repaid in a lump sum on November 1, 2018; 2.20% annual interest is repayable annually.
	Type B - aggregate par value: \$3,900,000 thousand and maturity on November 1, 2020. The principal will be repaid in a lump sum on November 1, 2020; 2.45% annual interest is repayable annually.

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

The November 2013 Bonds had been fully repaid.

e. 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 \$5,889,800 thousand of bonds converted into 566,326 thousand common shares as of December 31, 2020.

There were \$1,710,200 thousand of bonds converted into 164,442 thousand common shares between January and March 2021 and had been fully converted in March 2021.

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

19. TRADE PAYABLES

	December 31	
	2020	2019
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 10,518,319	\$ 9,124,328
Trade payables - related parties	<u>2,219,515</u>	<u>2,876,319</u>
	<u>\$ 12,737,834</u>	<u>\$ 12,000,647</u>
Payable for cost of voyage in sailing	\$ 8,770,728	\$ 8,701,816
Payable for fuel	1,126,934	2,750,734
Payable for space hire	<u>2,840,172</u>	<u>548,097</u>
	<u>\$ 12,737,834</u>	<u>\$ 12,000,647</u>

20. OTHER PAYABLES

	December 31	
	2020	2019
Other payables - non-related parties	\$ 2,807,808	\$ 2,077,063
Other payables - related parties	<u>330,624</u>	<u>645,146</u>
	<u>\$ 3,138,432</u>	<u>\$ 2,722,209</u>
Payable for container lease	\$ 889,476	\$ 1,024,525
Payable for salary and bonus	852,420	10,124
Payable for interest expenses	20,399	48,667
Payable for equipment M&R expenses	180,262	174,533
Payable for annual leave	141,486	128,965
Payable for vessel charter hire	102,379	117,239
Payable for purchases of equipment	209,990	339,097
Others	<u>742,020</u>	<u>879,059</u>
	<u>\$ 3,138,432</u>	<u>\$ 2,722,209</u>

21. PROVISIONS

	December 31	
	2020	2019
Other provisions	\$ -	\$ 1,032,332

Other provisions are mainly the risk of compensation responsibility in the range of ship owner's creditor bank unsettle principle and interest after the term expired if the Company did not exercise the repurchase option. Refer to Note 15 for additional information.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

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

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

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 3,533,536	\$ 3,015,060
Fair value of plan assets	<u>(690,650)</u>	<u>(680,481)</u>
Net defined benefit liability	<u>\$ 2,842,886</u>	<u>\$ 2,334,579</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	<u>\$ 3,051,841</u>	<u>\$ (698,918)</u>	<u>\$ 2,352,923</u>
Current service cost	80,138	-	80,138
Net interest expense (income)	<u>37,618</u>	<u>(8,624)</u>	<u>28,994</u>
Recognized in profit or loss	<u>117,756</u>	<u>(8,624)</u>	<u>109,132</u>
Remeasurement			
Return on plan assets	-	(23,362)	(23,362)
Actuarial gain - changes in demographic assumptions	(4,240)	-	(4,240)
Actuarial loss - changes in financial assumptions	130,130	-	130,130
Actuarial gain - experience adjustments	<u>(48,084)</u>	<u>-</u>	<u>(48,084)</u>
Recognized in other comprehensive loss (income)	<u>77,806</u>	<u>(23,362)</u>	<u>54,444</u>
Contributions from the employer	-	(17,725)	(17,725)
Benefits paid	<u>(232,343)</u>	<u>68,148</u>	<u>(164,195)</u>
Balance at December 31, 2019	<u>3,015,060</u>	<u>(680,481)</u>	<u>2,334,579</u>
Current service cost	68,716	-	68,716
Net interest expense (income)	<u>23,406</u>	<u>(5,101)</u>	<u>18,305</u>
Recognized in profit or loss	<u>92,122</u>	<u>(5,101)</u>	<u>87,021</u>
Remeasurement			
Return on plan assets	-	(23,707)	(23,707)
Actuarial loss - changes in financial assumptions	137,206	-	137,206
Actuarial loss - experience adjustments	<u>488,729</u>	<u>-</u>	<u>488,729</u>
Recognized in other comprehensive loss (income)	<u>625,935</u>	<u>(23,707)</u>	<u>602,228</u>
Contributions from the employer	-	(15,522)	(15,522)
Benefits paid	<u>(199,581)</u>	<u>34,161</u>	<u>(165,420)</u>
Balance at December 31, 2020	<u>\$ 3,533,536</u>	<u>\$ (690,650)</u>	<u>\$ 2,842,886</u>



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

	For the Year Ended December 31	
	2020	2019
Current service cost	\$ 68,716	\$ 80,138
Net interest expense	18,305	28,994
Less: Other receivables - related	<u>(22,417)</u>	<u>(29,265)</u>
	<u>\$ 64,604</u>	<u>\$ 79,867</u>
An analysis by function		
Operating costs	\$ 31,311	\$ 39,359
Selling and marketing expenses	26,812	32,668
General and administrative expenses	<u>6,481</u>	<u>7,840</u>
	<u>\$ 64,604</u>	<u>\$ 79,867</u>

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

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

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

	December 31	
	2020	2019
Discount rates	0.40%	0.80%
Expected rates of salary increase	2.50%	2.50%

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

	December 31	
	2020	2019
Discount rates		
0.50% increase	\$ (170,106)	\$ (144,002)
0.50% decrease	\$ 185,022	\$ 156,531
Expected rates of salary increase		
0.50% increase	\$ 180,207	\$ 153,091
0.50% decrease	\$ (167,583)	\$ (142,410)

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ 15,910	\$ 18,168
The average duration of the defined benefit obligation	9 - 11.2 years	9.4 - 10.7 years

- c. In an effort to encourage employee retirement, improve human resource structure and enhance vitality within organization, the Company calculates favorable retirement benefits according to the retirement policies. The Company recognized pension cost of \$15,936 thousand and \$10,677 thousand for the years ended December 31, 2020 and 2019, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	\$ 45,000,000	\$ 45,000,000
Number of shares issued and fully paid (in thousands)	3,167,662	2,601,336
Shares issued	\$ 31,676,622	\$ 26,013,357

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

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



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

The Company's board of directors resolved on March 25, 2021 to issue common shares with a limit of 300,000,000 shares by bookbuilding. The above transaction will be determined after getting approval from the FSC.

2) Preference shares

The Company's board of directors resolved on May 6, 2020 to privately place Type A preference shares with a limit of 300,000,000 shares.

3) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. As of December 31, 2019, there were 896 units outstanding, representing 8,971 shares, which was 0.0003% of the total issued shares. In addition, the Company's board of directors resolved to cancel the GDRs on August 13, 2019 and delisted them on December 5, 2019. There were no outstanding GDRs on December 31, 2020.

b. Capital surplus

	May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)					
		The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual	May Be Used to Offset A Deficit Only	Changes in Percentage of Ownership Interests in Subsidiaries (2)	May Not Be Used for Any Purpose Share Warrants	Total
	Issuance of Ordinary Shares	Disposal or Acquisition	Treasury Share Transactions			
Balance at January 1, 2019	\$ -	\$ 5,718	\$ 11,437	\$ 170	\$ 4,722,467	\$ 4,739,792
Changes in percentage of ownership interests in subsidiaries	-	-	-	23	-	23
Convertible bonds converted to ordinary shares	1,630,593	-	-	-	(4,413,702)	(2,783,109)
Capital surplus used to offset accumulated deficit	-	(5,718)	(11,437)	(170)	-	(17,325)
Balance at December 31, 2019	\$ 1,630,593	\$ -	\$ -	\$ 23	\$ 308,765	\$ 1,939,381
Balance at January 1, 2020	\$ 1,630,593	\$ -	\$ -	\$ 23	\$ 308,765	\$ 1,939,381
Convertible bonds converted to ordinary shares	314,626	-	-	-	(239,285)	75,341
Capital surplus used to offset accumulated deficit	(1,630,593)	-	-	(23)	-	(1,630,616)
Balance at December 31, 2020	\$ 314,626	\$ -	\$ -	\$ -	\$ 69,480	\$ 384,106

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

c. Retained earnings and dividend policy

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

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

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

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

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

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



The appropriation of earnings for 2020 proposed by the Company's board of directors on March 25, 2021 was as follows:

	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 166,092</u>
Special reserve	<u>\$ 1,494,827</u>

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on May 14, 2021.

d. Special reserves

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

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

e. Others equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	<u>\$ (205,946)</u>	<u>\$ 92,350</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(507,564)	(302,008)
Related income tax	<u>-</u>	<u>3,712</u>
Other comprehensive income (loss) recognized for the year	<u>(507,564)</u>	<u>(298,296)</u>
Balance at December 31	<u>\$ (713,510)</u>	<u>\$ (205,946)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	<u>\$ (1,039,266)</u>	<u>\$ (1,102,531)</u>
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	228,232	72,188
Share from associates accounted for using the equity method	<u>25,304</u>	<u>(8,924)</u>
Other comprehensive income (loss) recognized for the year	<u>253,536</u>	<u>63,264</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	<u>-</u>	<u>1</u>
Balance at December 31	<u><u>\$ (785,730)</u></u>	<u><u>\$ (1,039,266)</u></u>

3) Gain on hedging instruments

	Cash Flow Hedge	
	2020	2019
Balance at January 1	<u>\$ 1,218,522</u>	<u>\$ -</u>
Recognized for the year		
Foreign currency risk - lease liabilities	2,489,548	1,171,856
Reclassification adjustments		
Foreign currency risk - operating revenue	<u>(252,245)</u>	<u>46,666</u>
Other comprehensive income recognized for the year	<u>2,237,303</u>	<u>1,218,522</u>
Balance at December 31	<u><u>\$ 3,455,825</u></u>	<u><u>\$ 1,218,522</u></u>

24. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Cargo revenue	\$ 115,745,770	\$ 115,447,763
Rental income		
Rental revenue on vessel	978,196	3,688,873
Slottage revenue	2,802,361	1,846,953
Agency revenue	290,267	164,444
Other operating revenue	<u>7,992,015</u>	<u>8,220,214</u>
	<u><u>\$ 127,808,609</u></u>	<u><u>\$ 129,368,247</u></u>



a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 10)	<u>\$ 3,942,852</u>	<u>\$ 6,048,089</u>	<u>\$ 5,359,625</u>
Contract assets			
Cargo revenue	\$ 5,090,455	\$ 3,525,326	\$ 3,087,613
Less: Allowance for impairment loss	<u>(12,529)</u>	<u>(8,461)</u>	<u>(3,790)</u>
Contract assets	<u>\$ 5,077,926</u>	<u>\$ 3,516,865</u>	<u>\$ 3,083,823</u>
Contract liabilities - current			
Advance on contract	<u>\$ 56,318</u>	<u>\$ 84,699</u>	<u>\$ 41,439</u>

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 8,461	\$ 3,790
Add: Net remeasurement of loss allowance	<u>4,068</u>	<u>4,671</u>
Balance at December 31	<u>\$ 12,529</u>	<u>\$ 8,461</u>

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

b. Disaggregation of revenue

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

25. NET PROFIT (LOSS)

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain on disposal and retirement of property, plant and equipment	\$ 224,547	\$ 470,339
Reimbursement income	44,594	86,803
Reimbursement loss (Note 15 (c))	<u>-</u>	<u>(1,077,322)</u>
	<u>\$ 269,141</u>	<u>\$ (520,180)</u>

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 47,304	\$ 58,958
Net investments in leases	42,281	58,856
Long-term receivables - related party	41,306	14,280
Short-term bills	9,280	994
Other	<u>873</u>	<u>10,305</u>
	<u>\$ 141,044</u>	<u>\$ 143,393</u>

c. Other income

	For the Year Ended December 31	
	2020	2019
Rental income - operating leases	\$ 95,868	\$ 93,218
Dividends	<u>57,284</u>	<u>92,721</u>
	<u>\$ 153,152</u>	<u>\$ 185,939</u>

d. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gains	\$ 432,313	\$ 638,836
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	31,234	10,839
Financial liabilities held for trading	57,562	(34,593)
Gain arising from the subleasing of right-of-use assets	-	57,732
Gain arising from lease modifications	22,205	-
Gain arising from the change in fair value of investment properties	5,478	40,811
Impairment loss recognized on associates (Note 13)	(1,027,207)	-
Others	<u>(24,587)</u>	<u>(73,692)</u>
	<u>\$ (503,002)</u>	<u>\$ 639,933</u>

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 364,095	\$ 499,213
Interest on lease liabilities (including U.S. dollars lease contracts designated as hedging instrument)	1,884,819	2,098,662
Other interest expenses	<u>756,566</u>	<u>570,848</u>
	3,005,480	3,168,723
Less: amounts included in the cost of qualifying assets	<u>(39,646)</u>	<u>(15,243)</u>
	<u>\$ 2,965,834</u>	<u>\$ 3,153,480</u>



Information about capitalized interest is as follows:

	December 31	
	2020	2019
Capitalized interest amount	\$ 39,646	\$ 15,243
Capitalized rate	1.14%-1.76%	1.42%-1.90%

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Right-of-use assets	\$ 10,671,816	\$ 10,574,700
Property, plant and equipment	3,226,197	2,928,868
Intangible assets	<u>35,619</u>	<u>29,073</u>
	<u>\$ 13,933,632</u>	<u>\$ 13,532,641</u>
An analysis of depreciation by function		
Operating costs	\$ 13,840,346	\$ 13,439,500
Operating expenses	<u>57,667</u>	<u>64,068</u>
	<u>\$ 13,898,013</u>	<u>\$ 13,503,568</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>35,619</u>	<u>29,073</u>
	<u>\$ 35,619</u>	<u>\$ 29,073</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 65,116	\$ 64,463
Defined benefit plans (Note 22)	<u>64,604</u>	<u>79,867</u>
	129,720	144,330
Termination benefits	15,936	10,677
Other employee benefits	<u>2,936,162</u>	<u>2,092,265</u>
Total employee benefits expense	<u>\$ 3,081,818</u>	<u>\$ 2,247,272</u>
An analysis of employee benefits by function		
Operating costs	\$ 1,075,338	\$ 960,266
Operating expenses	<u>2,006,480</u>	<u>1,287,006</u>
	<u>\$ 3,081,818</u>	<u>\$ 2,247,272</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 year ended December 31, 2020, which were approved by the Company's board of directors on March 25, 2021 are as follows:

Accrual rate

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

Amount

	For the Year Ended December 31, 2020
Compensation of employees	\$ 57,851
Remuneration of directors	\$ 57,851

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

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

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.

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31 2020	2019
Current tax		
In respect of the current year	\$ 150,765	\$ 233,652
Adjustments for prior years	-	-
	<u>150,765</u>	<u>233,652</u>

(Continued)



	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year	3,371,131	(218,752)
Adjustments for prior years	<u>2,370</u>	<u>(8,865)</u>
	<u>3,373,501</u>	<u>(227,617)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,524,266</u>	<u>\$ 6,035</u> (Concluded)

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

	For the Year Ended December 31	
	2020	2019
Profit (loss) before tax	<u>\$ 15,501,279</u>	<u>\$ (4,303,922)</u>
Tax expense (benefit) calculated at the statutory rate	\$ 3,100,256	\$ (860,784)
Nondeductible expenses in determining taxable income	2,730	7,260
Tax-exempt income	394,991	65,713
Unrecognized loss carryforwards	(450,000)	369,332
Offshore income tax	150,765	233,652
Others	<u>325,524</u>	<u>190,862</u>
Income tax expense recognized in profit or loss	<u>\$ 3,524,266</u>	<u>\$ 6,035</u>

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

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ (3,712)
Remeasurement on defined benefit plans	<u>(120,446)</u>	<u>(10,889)</u>
	<u>\$ (120,446)</u>	<u>\$ (14,601)</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 12,210</u>	<u>\$ 13,269</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Tax losses	\$ 4,626,780	\$ (2,236,927)	\$ -	\$ 2,389,853
Temporary differences				
Unrealized shipping fuel valuation losses	2,498	12,589	-	15,087
Defined benefit plan	454,775	(10,573)	120,446	564,648
Payable for annual leave	25,793	2,504	-	28,297
Unrealized loss on voyage in sailing	661	7,713	-	8,374
Others	349,827	(336,382)	-	13,445
	<u>\$ 5,460,334</u>	<u>\$ (2,561,076)</u>	<u>\$ 120,446</u>	<u>\$ 3,019,704</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Investment gain on investments accounted for using the equity method	\$ 759,763	\$ 880,630	\$ -	\$ 1,640,393
Reserve for land value increment tax	662,394	6,652	-	669,046
Investment properties	18,733	505	-	19,238
Property, plant and equipment	28,493	1,246	-	29,739
Gain on foreign currency exchange	132,115	(80,658)	-	51,457
Others	-	4,050	-	4,050
	<u>\$ 1,601,498</u>	<u>\$ 812,425</u>	<u>\$ -</u>	<u>\$ 2,413,923</u>

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Tax losses	\$ 4,688,658	\$ (61,878)	\$ -	\$ 4,626,780
Temporary differences				
Unrealized shipping fuel valuation losses	26,378	(23,880)	-	2,498
Investment loss on investments accounted for using the equity method	93	(93)	-	-
Defined benefit plan	438,329	5,557	10,889	454,775
Payable for annual leave	27,864	(2,071)	-	25,793
Unrealized loss on voyage in sailing	11,472	(10,811)	-	661
Others	20,235	329,592	-	349,827
	<u>\$ 5,213,029</u>	<u>\$ 236,416</u>	<u>\$ 10,889</u>	<u>\$ 5,460,334</u>



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

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

	December 31	
	2020	2019
Loss carryforwards		
Expire in 2021	\$ -	\$ 9,187,088
Expire in 2022	-	2,470,428
Expire in 2023	5,343,446	7,692,031
Expire in 2025	4,393,098	4,393,098
Expire in 2026	12,831,315	2,560,060
Expire in 2027	<u>1,484,846</u>	<u>-</u>
	<u>\$ 24,052,705</u>	<u>\$ 26,302,705</u>

- f. Information about unused loss carryforward

As of December 31, 2020, unused loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 5,343,446	2023
4,393,098	2025
12,831,315	2026
4,610,703	2027
5,987,603	2028
<u>2,835,807</u>	2029
<u>\$ 36,001,972</u>	

- g. Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

27. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings (loss) per share	\$ <u>4.51</u>	\$ <u>(1.66)</u>
Diluted earnings (loss) per share	\$ <u>3.64</u>	\$ <u>(1.66)</u>

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2020	2019
Earnings (loss) used in the computation of basic earnings (loss) per share	\$ 11,977,013	\$ (4,309,957)
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>173,511</u>	<u>-</u>
Earnings (loss) used in the computation of diluted earnings (loss) per share	\$ <u>12,150,524</u>	\$ <u>(4,309,957)</u>

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	2,656,125	2,601,336
Effect of potentially dilutive ordinary shares:		
Convertible bonds	675,980	-
Compensation of employees	<u>1,978</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>3,334,083</u>	<u>2,601,336</u>

The Company 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.

The Company did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the year ended December 31, 2019 due to the anti-dilutive effect.



28. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

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

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

The above transaction was accounted for as equity transaction, since the Company did not cease to have control over the subsidiary.

29. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 2,050,000	\$ (2,050,000)	\$ -	\$ -	\$ -
Short-term bills payable	13,087,347	(1,390,000)	-	17,109	11,714,456
Long-term borrowings	45,353,623	2,337,630	-	10,350	47,701,603
Bonds payable	18,097,816	(5,900,000)	-	(5,578,130)	6,619,686
Lease liabilities	55,953,665	(7,457,757)	8,789,313	(3,569,456)	53,715,765
Other non-current liabilities	67,650	68,927	-	-	136,577
	<u>\$ 134,610,101</u>	<u>\$ (14,391,200)</u>	<u>\$ 8,789,313</u>	<u>\$ (9,120,127)</u>	<u>\$ 119,888,087</u>

For the year ended December 31, 2019

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

In 2020 and 2019, according to the agreement with All Oceans Transportation Inc., the Company offset the long-term receivables of \$541,843 thousand with the lease liabilities of \$24,449,270 thousand.

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, effect of foreign currency exchange rate, and offset of long-term receivables and lease liabilities.

30. CAPITAL MANAGEMENT

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

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

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

	December 31	
	2020	2019
Debt (1)	\$ 142,991,722	\$ 154,848,970
Cash and cash equivalents	<u>(13,961,189)</u>	<u>(11,561,085)</u>
Net debt	<u>\$ 129,030,533</u>	<u>\$ 143,287,885</u>
Equity (2)	<u>\$ 35,678,232</u>	<u>\$ 16,463,534</u>
Net debt to equity ration	<u>361.65%</u>	<u>870.33%</u>

- 1) Debt is defined as long-term and short-term borrowing (excluding derivative instruments and financial guarantee contracts).
- 2) Equity includes all capital, capital surplus, unappropriated earnings (deficit to be compensated) and other equity, of the Company that are managed as capital.

31. FINANCIAL INSTRUMENTS

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

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial lease receivables	<u>\$ 878,176</u>	<u>\$ -</u>	<u>\$ 879,363</u>	<u>\$ -</u>	<u>\$ 879,363</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	\$ 4,945,877	\$ -	\$ 4,953,083	\$ -	\$ 4,953,083
Domestic secured convertible bonds	<u>1,673,809</u>	<u>-</u>	<u>4,468,568</u>	<u>-</u>	<u>4,468,568</u>
	<u>\$ 6,619,686</u>	<u>\$ -</u>	<u>\$ 9,421,651</u>	<u>\$ -</u>	<u>\$ 9,421,651</u>



December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial lease receivables	\$ 952,472	\$ -	\$ 952,757	\$ -	\$ 952,757
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	\$ 6,931,207	\$ -	\$ 6,931,175	\$ -	\$ 6,931,175
Unsecured domestic bonds	3,900,000	-	3,933,700	-	3,933,700
Domestic secured convertible bonds	7,266,609	-	7,380,695	-	7,380,695
	\$ 18,097,816	\$ -	\$ 18,245,570	\$ -	\$ 18,245,570

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Call option of bonds	\$ -	\$ -	\$ 8,636	\$ 8,636
Mutual funds	1,415,976	-	-	1,415,976
	<u>1,415,976</u>	<u>-</u>	<u>8,636</u>	<u>1,424,612</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,492,999	\$ -	\$ -	\$ 1,492,999
Unlisted shares	-	-	502,726	502,726
	<u>\$ 1,492,999</u>	<u>\$ -</u>	<u>\$ 502,726</u>	<u>\$ 1,995,725</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bonds	\$ -	\$ -	\$ -	\$ -

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 4,955	\$ -	\$ -	\$ 4,955
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,255,959	\$ -	\$ -	\$ 1,255,959
Unlisted shares	-	-	511,534	511,534
	\$ 1,255,959	\$ -	\$ 511,534	\$ 1,767,493
Financial liabilities at FVTPL				
Derivatives				
Put option of bonds	\$ -	\$ -	\$ 67,549	\$ 67,549

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

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

For the year ended December 31, 2020

	Derivative Call option of Bonds
<u>Financial assets at FVTPL</u>	
Balance at January 1, 2020	\$ -
Recognized in profit or loss (included in other gains and losses)	24,010
Sales/settlements	(15,374)
Transfers out of Level 3	-
Balance at December 31, 2020	\$ 8,636
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	\$ 24,010
	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2020	\$ 511,534
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(8,808)
Balance at December 31, 2020	\$ 502,726



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

For the year ended December 31, 2019

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2019	\$ 350,898
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>160,636</u>
Balance at December 31, 2019	<u>\$ 511,534</u>

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

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
- a) The fair values of oil swap and oil swap options are determined using Black-Scholes models where the significant unobservable inputs are implied volatility. An increase in the implied volatility used in isolation would result in a decrease in the fair value.
 - b) The fair values of call option/put option of bonds are determined using convertible bonds of Binary tree pricing models where the significant unobservable inputs are volatility. An increase in the volatility used in isolation would result in an increase/decrease in the fair value of call option/put option of bonds.
 - c) The fair values of domestic unlisted ordinary shares are determined using the comparable company analysis 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.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,424,612	\$ 4,955
Financial assets at amortized cost (1)	23,603,730	19,217,452
Financial assets at FVTOCI		
Equity instruments	1,995,725	1,767,493
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	67,549
Financial liabilities for hedging	47,754,304	48,890,410
Amortized cost (2)	80,918,105	93,172,553

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments without active market, time deposits with original maturity of more than 3 months, repurchase agreements, trade receivables (including related parties) and other receivables (including related parties).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payables (including related parties), other payables, bonds payable and other financial liabilities.

d. Financial risk management objectives and policies

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



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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 36.

Sensitivity analysis

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

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

Profit (Loss)/Equity of 1% Variation	For the Year Ended December 31	
	2020	2019
Profit or loss (i)		
U.S. dollars	\$ (9,113)	\$ (57,374)
GBP	581	132
RMB	3,885	(6,015)
EUR	(335)	(2,816)
HKD	6,826	2,869
Equity (ii)		
U.S. dollars	(477,543)	(488,904)

- i. This was mainly attributable to the exposure of outstanding foreign currency deposits, receivables, payables, and bank loans at the end of the reporting period.
- ii. This was mainly attributable to the exposure of changing in foreign exchange rates of lease contracts designated as cash flow hedge.

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

Hedge accounting

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

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

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

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

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 8,524,578	\$ 1,770,439
Financial liabilities	83,305,165	89,804,849
Cash flow interest rate risk		
Financial assets	11,174,529	11,921,221
Financial liabilities	36,446,345	44,737,602

Sensitivity analysis

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



If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit (loss) for the year ended December 31, 2020 would have decreased/increased by \$25,272 thousand, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit (loss) for the year ended December 31, 2019 would have decreased/increased by \$32,816 thousand, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

The Company's sensitivity to interest rate decreased during the current year mainly due to the decrease in variable-rate financial liabilities.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 5% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2020 would have increased/decreased by \$99,786 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2020 would have increased/decreased by \$70,799 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2019 would have increased/decreased by \$248 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Company's sensitivity to mutual funds price increased during the current year mainly due to the increase in mutual funds measured at FVTPL.

2) Credit risk

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

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

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

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

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

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

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized bank loans facilities of \$14,768,813 thousand and \$15,022,795 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 15,876,266	\$ 128,401	\$ -
Lease liabilities	9,098,298	32,947,570	11,831,943
Variable interest rate liabilities	5,657,365	43,679,739	4,197,557
Fixed interest rate liabilities	13,688,605	5,413,673	-
Short-term and low-value lease commitment	4,466,667	10,335,128	-
Lease commitments for future service cost	5,093,783	18,796,712	17,641,476
Financial guarantee liabilities	<u>10,071,754</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,952,738</u>	<u>\$ 111,301,223</u>	<u>\$ 33,670,976</u>



Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 9,098,298	\$ 32,947,570	\$ 11,806,878	\$ 22,574	\$ 2,491	\$ -

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 14,722,856	\$ 67,650	\$ -
Lease liabilities	8,405,388	32,839,555	13,970,653
Variable interest rate liabilities	7,173,477	37,524,222	1,566,542
Fixed interest rate liabilities	21,464,221	5,619,513	-
Short-term and low-value lease commitment	4,283,680	14,483,116	-
Lease commitments for future service cost	4,920,480	18,354,491	13,681,991
Financial guarantee liabilities	13,229,323	-	-
	<u>\$ 74,199,425</u>	<u>\$ 108,888,547</u>	<u>\$ 29,219,186</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 8,405,388	\$ 32,839,555	\$ 13,938,290	\$ 26,550	\$ 5,813	\$ -

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

b) Derivative instruments

The Company did not have outstanding derivative instruments contracts for the years ended December 31, 2020 and 2019.

3

2. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 39.11% and 47.62% of the ordinary shares of YMCT as of December 31, 2020 and 2019, respectively. Over 50% of the members of YMCT's board of directors were appointed by the MOTC, National Development Fund, and Taiwan International Ports Corporation, Ltd. Therefore, the Company is a government - related entity, which is controlled by the central government. Transactions with other government - related entities were mainly bank deposits, borrowings and guarantees with government - related banks (see Notes 17 and 18), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 15), operating commission contracts signed with Taiwan Power Company (TPC) Corporation (see Note 34), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 34).

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

a. Related party name and relationship

Related Party Name	Relationship with the Company
All Oceans Transportation, Inc.	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Subsidiary
Jing Ming Transportation Co.	Subsidiary
Ching Ming Investment Corp.	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Subsidiary
Yang Ming Line (Hong Kong) Ltd.	Subsidiary
Yang Ming Line (India) Pvt. Ltd.	Subsidiary
Yang Ming (Korea) Co., Ltd.	Subsidiary
Young-Carrier Company Ltd.	Subsidiary
Yang Ming (Japan) Co., Ltd.	Subsidiary
Manwa & Co., Ltd.	Subsidiary
Yang Ming (Singapore) Pte. Ltd.	Subsidiary
Yang Ming Line (M) Sdn. Bhd.	Subsidiary
Sunbright Insurance Pte. Ltd.	Subsidiary
Yang Ming Anatolia Shipping Agency S.A.	Subsidiary
Yang Ming Line Holding Co.	Subsidiary
Yang Ming (America) Corp.	Subsidiary
Triumph Logistics, Inc.	Subsidiary
Topline Transportation, Inc.	Subsidiary
Yang Ming Shipping (Canada) Ltd.	Subsidiary
Yang Ming Line (B.V.I) Holding Co., Ltd.	Subsidiary
Yang Ming Line (Belgium) N.V.	Subsidiary
Yang Ming (Netherlands) B.V	Subsidiary
Yang Ming Shipping Europe GmbH	Subsidiary
Yang Ming (Italy) S.p.A	Subsidiary
Yang Ming (Spain), S.L.	Subsidiary
Yang Ming (UK) Ltd.	Subsidiary
Kuang Ming Shipping Corp.	Subsidiary
Kuang Ming Shipping (Liberia) Corp.	Subsidiary
YES Logistics Corp.	Subsidiary
YES Logistics Corp. (USA)	Subsidiary
Golden Logistics USA Corporation	Subsidiary
Yes Logistics (Shanghai) Corp.	Subsidiary
Yang Ming Line (Thailand) Co., Ltd.	Subsidiary
Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	Subsidiary
Yang Ming Shipping (Vietnam) Co., Ltd.	Subsidiary
Yang Ming (Russia) LLC	Subsidiary
Yang Ming Shipping Philippines, Inc.	Subsidiary
Yang Ming (Latin America) Corp.	Subsidiary
Yang Ming Insurance Co., Ltd.	Subsidiary
PT Yang Ming Shipping Indonesia	Subsidiary
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary
Yang Ming (U.A.E.) LLC	Associate
Yang Ming (Australia) Pty. Ltd.	Associate

(Continued)



Related Party Name	Relationship with the Company
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 Foundation International Pte. Ltd.	Associate
LogiTrans Technology Private Limited	Joint venture
Taiwan Navigation Co., Ltd.	Government - related party
Chunghwa Telecom Co., Ltd.	Government - related party
Taiwan International Ports Corporation, Ltd.	Government - related party
Chunghwa Post Co., Ltd.	Government - related party
Agricultural Bank of Taiwan	Government - related party
Taipei Exchange	Government - related party
First Commercial Bank	Government - related party
Mega International Commercial Bank Co., Ltd.	Government - related party
Mega Securities	Government - related party
Chung Kuo Insurance Company, Limited	Government - related party
Mega Bills Finance Co., Ltd.	Government - related party
Bank of Taiwan	Government - related party
Band 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 Bill Finance Co.,	Government - related party
Taiwan Business Bank Co., Ltd.	Government - related party
Chang Hwa Bank Ltd.	Government - related party
Taiwan Power Company	Government - related party
Taiwan Water Corporation	Government - related party
China Steel Corporation	Government - related party
CSBC Corporation, Taiwan	Government - related party
Hua Nan Commercial Bank, Ltd.	Government - related party
South China Insurance Co., Ltd.	Government - related party
Taiwan Stock Exchange Corporation	Government - related party
First Financial Holding Co., Ltd.	Government - related party
National Property Administration, MOF	Government - related party
Yang Ming Cultural Foundation	Other related party

(Concluded)

b. Operating transaction

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Operating revenue	Subsidiaries	\$ 6,377,639	\$ 2,609,236
	Associates	22,410	482
	Government - related parties	<u>121,717</u>	<u>104,993</u>
		<u>\$ 6,521,766</u>	<u>\$ 2,714,711</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Operating cost	Subsidiaries	\$ 7,974,154	\$ 8,975,398
	Associates	2,664,704	2,987,778
	Government - related parties	<u>139,135</u>	<u>205,859</u>
		<u>\$ 10,777,993</u>	<u>\$ 12,169,035</u>
Operating expenses	Subsidiaries	\$ 118	\$ 393
	Joint ventures	66,565	48,534
	Government - related parties	26,039	28,008
	Other related parties	<u>15,724</u>	<u>23,086</u>
		<u>\$ 108,446</u>	<u>\$ 100,021</u>

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

c. Bank deposits

Bank deposits on reporting period (including financial assets at amortized cost as of December 31, 2020 and 2019) were as follows:

Related Party Category/Name	December 31	
	2020	2019
Government - related parties		
Bank of Taiwan	\$ 285,658	\$ 1,164,676
Taiwan Cooperative Bank Co., Ltd.	1,063,132	1,235,067
Other	<u>1,705,606</u>	<u>3,078,313</u>
	<u>\$ 3,054,396</u>	<u>\$ 5,478,056</u>

d. Contract assets

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Young-Carrier Company Limited	\$ -	\$ 922,513
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1,188,901	-
Others	<u>1,262,491</u>	<u>987,979</u>
	2,451,392	1,910,492
Associates	<u>23,880</u>	<u>83,294</u>
	<u>\$ 2,475,272</u>	<u>\$ 1,993,786</u>



e. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	Subsidiaries		
	Young-Carrier Company Limited	\$ -	\$ 939,083
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	620,697	-
	YES Logistics (Shanghai) Corp.	469,406	-
	Others	544,911	950,260
		<u>1,635,014</u>	<u>1,889,343</u>
	Associates	<u>50,968</u>	<u>84,176</u>
		<u>\$ 1,685,982</u>	<u>\$ 1,973,519</u>
Other receivables	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 627,263	\$ -
	Honming Terminal & Stevedoring Co., Ltd.	11,594	11,558
	YES Logistics Corp. (USA)	-	14,289
	Others	<u>19,374</u>	<u>914</u>
		658,231	26,761
	Associates	17,935	-
	Government - related parties	792	3,602
	Other related parties	<u>2,753</u>	<u>-</u>
		<u>\$ 679,711</u>	<u>\$ 30,363</u>
Long-term receivables	Subsidiaries		
	All Oceans Transportation, Inc.	<u>\$ 2,864,353</u>	<u>\$ 1,535,210</u>
Trade payables	Subsidiaries	\$ 1,914,794	\$ 2,506,523
	Associates	301,328	336,410
	Government - related parties	<u>3,393</u>	<u>33,386</u>
		<u>\$ 2,219,515</u>	<u>\$ 2,876,319</u>
Other payables	Subsidiaries	\$ 266,298	\$ 273,524
	Associates	44,480	2,374
	Joint ventures	772	-
	Government - related parties	<u>19,074</u>	<u>369,248</u>
		<u>\$ 330,624</u>	<u>\$ 645,146</u>

For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables, contract assets, and other receivables from related parties.

f. Financial assets at amortized cost

Bonds and repurchase agreements on reporting period (including repurchase agreements under cash and cash equivalents as of December 31, 2020 and 2019) were as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries		
Kuang Ming Shipping Corp.	\$ 600,000	\$ -
Government - related parties	<u>333,126</u>	<u>-</u>
	<u>\$ 933,216</u>	<u>\$ -</u>

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2020	2019
Prepayments to shipping agents	Subsidiaries		
	Yang Ming Line (India) Pvt. Ltd.	\$ 35,015	\$ 44,373
	Associates		
	Yang Ming Shipping (Egypt) S.A.E	<u>87,389</u>	<u>51,029</u>
		<u>\$ 122,404</u>	<u>\$ 95,402</u>
Prepayments	Subsidiaries		
	Yang Ming (UK) Ltd.	\$ 22,320	\$ 18,663
	Others	<u>2,121</u>	<u>2,141</u>
		<u>\$ 24,441</u>	<u>\$ 20,804</u>

h. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Subsidiaries	\$ -	\$ 8,451
Associates	4,624	-
Government - related parties	<u>56,040</u>	<u>495,058</u>
	<u>\$ 60,664</u>	<u>\$ 503,509</u>



Line Item	Related Party Category/Name	December 31	
		2020	2019
Lease liabilities	Subsidiaries		
	All Oceans Transportation, Inc.	\$ 5,263,943	\$ 6,577,628
	Others	<u>9,424</u>	<u>11,196</u>
		5,273,367	6,588,824
	Associates	<u>3,726</u>	<u>744</u>
	Government - related parties	<u>507,524</u>	<u>544,226</u>
		<u>\$ 5,784,617</u>	<u>\$ 7,133,794</u>
Interest expense	Subsidiaries	\$ 94,805	\$ 134,065
	Associates	<u>55</u>	<u>11</u>
	Government - related parties	<u>8,052</u>	<u>8,790</u>
		<u>\$ 102,912</u>	<u>\$ 142,866</u>

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

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

Lease arrangements - the Company is lessor under finance leases

The Company leased out certain duck port equipment included in property, plant, and equipment to its subsidiary Hong Ming Terminal & Stevedoring Corp. under finance leases with a lease term of 6.5 years, and the net investment in leases was \$165,289 thousand at the inception of the lease. As of December 31, 2020 and 2019, the balance of finance lease receivables was \$135,031 thousand and \$153,219 thousand, respectively.

Lease arrangements - sublease arrangements under finance leases

The Company subleased container yard at Keelung included in right-of-use assets to its subsidiary YES Logistics Corp. under finance leases with a lease term of 10 years, and the net investment in leases was \$44,555 thousand at the inception of the lease. As of December 31, 2020 and 2019, the balance of finance lease receivables was \$39,025 thousand and \$41,939 thousand, respectively.

The Company subleased the First and Second Logistics Centers of the Kaohsiung Third Container Center to its subsidiary YES Logistics Corp. under finance leases with lease terms of 13.5 years and 18 years, and the net investment in leases was \$207,491 thousand and \$396,001 thousand at the inception of the lease. As of December 31, 2020 and 2019, the balance of finance lease receivables was \$192,500 thousand and \$377,981 thousand, respectively.

No impairment loss was recognized for the years ended December 31, 2020 and 2019.

j. Bonds payable

Related Party Category/Name	December 31	
	2020	2019
Government - related parties	<u>\$ 4,180,000</u>	<u>\$ 5,480,000</u>

Note: Original investment amount of domestic bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2020	2019
Short-term borrowings	Government - related parties Chang Hwa Bank Ltd.	\$ <u>-</u>	\$ <u>500,000</u>
Short-term bills payable	Government - related parties Mega Bills Finance Co., Ltd.	\$ <u>2,091,338</u>	\$ <u>2,089,602</u>
Long-term borrowings			
Secured borrowings	Government - related parties	\$ <u>10,449,425</u>	\$ <u>10,119,719</u>
Unsecured borrowings	Government - related parties Taiwan Cooperative Bank Co., Ltd. Others	\$ <u>3,918,347</u> <u>9,685,577</u>	\$ <u>1,608,000</u> <u>4,855,500</u>
		\$ <u>13,603,924</u>	\$ <u>6,463,500</u>
Commercial papers	Government - related parties	\$ <u>1,498,745</u>	\$ <u>1,498,190</u>

l. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Rental income	Subsidiaries Government - related parties Other related parties	\$ 12,777 114 <u>2,738</u>	\$ 13,198 114 <u>2,723</u>
		\$ <u>15,629</u>	\$ <u>16,035</u>
Interest income	Subsidiaries All Oceans Transportation, Inc. Hong Ming Terminal & Stevedoring Corp. YES Logistics Corp. Others	\$ 41,306 25,978 13,968 <u>858</u> 82,110	\$ 14,280 41,488 14,773 <u>10,303</u> 80,844
	Government - related parties	<u>7,921</u>	<u>16,666</u>
		\$ <u>90,031</u>	\$ <u>97,510</u>
Dividend	Government - related parties Taiwan Navigation Co., Ltd.	\$ <u>56,607</u>	\$ <u>91,986</u>
Finance cost	Government - related parties Subsidiaries	\$ 495,035 <u>3</u>	\$ 435,920 <u>3</u>
		\$ <u>495,038</u>	\$ <u>435,923</u>

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



m. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 107,791	\$ 39,098
Post-employment benefits	<u>2,208</u>	<u>2,864</u>
	<u>\$ 109,999</u>	<u>\$ 41,962</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	2019
Property, plant and equipment, net	\$ 19,539,573	\$ 25,276,484
Investment properties, net	<u>4,698,219</u>	<u>4,795,387</u>
	<u>\$ 24,237,792</u>	<u>\$ 30,071,871</u>

34. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 15, 18 and 21, commitments and contingent liability on reporting periods were as follows:

- The Company signed ship lease contracts with other companies in 2018, contracts that are effective beginning in 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2020 and 2019, rentals for contracts that were yet in effect were respectively estimated from US\$1,206,000 thousand to US\$1,454,000 thousand and from US\$1,550,000 thousand to US\$1,867,000 thousand.
- The Company's shipping and port business were secured by the letter of guarantee issued by a government - related bank for \$440,630 thousand and \$499,480 thousand as of December 31, 2020 and 2019, respectively.
- The Company signed shipbuilding contract with government - related parties. As of December 31, 2020 and 2019, prepayments for equipment for these contracts amounted to \$0 thousand and \$113,262 thousand, and unpaid amounts for these contracts were \$1,477,251 thousand and US\$47,944 thousand and \$4,374,934 thousand and US\$141,988 thousand, respectively.

35. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Company's business scale has decreased in this year. The market for shipping containers has been gradually recovering since the epidemic eased in the second half of the year.

The demand for shipment of goods also increased as Europe and the U.S. lifted the lockdown. However, the market for shipping containers still faces uncertainty due to the epidemic. The Company will adjust its business operation based on the recovery of market conditions.

To mitigate the impact of the epidemic, the Company took the following actions:

a. Adjustment of operating strategies

Due to the impact of Covid-19 on the global economy and supply chain, the Company and THE Alliance pay close attention to the change in epidemic situation and impact on shipping market to take real-time actions based on the original route plan in 2020. The Company reduces the routes of duplicated ports and adjusts the vessel schedules to improve the performance and stability of the Company's shipping services. The Company also makes an adjustment of flexible shipping space and suspends some shipments to protect against the shrinking market caused by the epidemic. In addition, the Company started taking delivery of new 2,800 TEU self-owned vessels and 11,000 TEU chartered-in vessels in 2020. With the delivery of these energy-efficient newly-built ships, the competitiveness of the Company's global fleet and service network in THE Alliance will be enhanced significantly.

b. Financing strategies

The Company's annual financing activities were conducted according to original plans. The capital expenditures and loan repayments were made based on capital market and operating condition. The capital for operation was managed through short-term financing plan based on revenue and expenditure conditions. The Company reduces the impact on its operation by applying for "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens".

c. Government relief measures

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, the Company applied for project finance loans in the amount of \$8,000,000 thousand and had a right to apply for subsidized interest. The rate of subsidized interest should not exceed the 1-Year Time Variable Savings Deposits Rate posted by Chunghwa Post Co., Ltd. the maximum term of subsidized interest is one year till June 30, 2021. Refer to Note 17(c) long-term borrowings for the drawdown of the loan as of December 31, 2020.

d. Others

Based on the information available as of the balance sheet date, the Company considered the economic implications of the epidemic when making its critical accounting estimates.



36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 372,602	28.4800 (USD:NTD)	\$ 10,611,717
GBP	5,206	38.8781 (GBP:NTD)	202,415
EUR	27,676	35.0033 (EUR:NTD)	968,735
RMB	251,612	4.3548 (RMB:NTD)	1,095,720
JPY	1,530,470	0.2761 (JPY:NTD)	422,506
HKD	185,792	3.6740 (HKD:NTD)	682,599
CAD	2,715	22.3451 (CAD:NTD)	60,660
Non-monetary items			
Investments accounted for using the equity method			
USD	412,382	28.4800 (USD:NTD)	11,744,635

Financial liabilities

Monetary items			
USD	2,081,366	28.4800 (USD:NTD)	59,277,310
GBP	3,712	38.8781 (GBP:NTD)	144,328
EUR	28,633	35.0033 (EUR:NTD)	1,002,255
RMB	162,400	4.3548 (RMB:NTD)	707,220
JPY	1,783,909	0.2761 (JPY:NTD)	492,471
CAD	7,548	22.3451 (CAD:NTD)	168,670
Non-monetary items			
Investments accounted for using the equity method			
EUR	33,187	35.0033 (EUR:NTD)	1,161,655

December 31, 2019

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

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
USD	\$ 250,869	29.9800 (USD:NTD)	\$ 7,521,043
<u>Financial liabilities</u>			
Monetary items			
USD	2,007,693	29.9800 (USD:NTD)	60,190,649
GBP	4,688	39.3757 (GBP:NTD)	184,588
EUR	26,890	33.5986 (EUR:NTD)	903,469
RMB	232,262	4.3037 (RMB:NTD)	999,584
JPY	1,340,229	0.2759 (JPY:NTD)	369,778
CAD	5,758	22.9749 (CAD:NTD)	132,286
			(Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains were \$432,313 thousand and \$638,836 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

37. 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) Information on investees: See Table F attached;



b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table G attached;
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None;
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- 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 H attached.

TABLE A

YANG MING MARINE TRANSPORT CORPORATION

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral	Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value		
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Other receivables	Y	\$ 4,450,457	\$ 2,864,353	\$ 2,864,353	1.2917%-2.9949%	1	\$ 19,261	-	\$ -	-	\$ -	\$ 17,839,115	B, C and D

Notes:

A. Nature of financing:

1. The Company has transactions with the borrower;
2. The borrower needs short-term financing.

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

C. For borrower with transactions with the Company, maximum financing is the lower of 1.5% 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 the Company's subsidiary borrower, maximum financing is lower of 40% of the net assets of the Company or the total amount of transactions between the Company and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Company.

D. United States dollars, translated into New Taiwan dollars at the exchange rate of US\$1=NT\$28.48 as of December 31, 2020.



TABLE B

YANG MING MARINE TRANSPORT CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes B and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes E)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes E)	Actual Borrowing Amount (Notes E)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes A and C)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 57,085,170 (Note B)	\$ 3,182,202 (US\$ 111,700 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ -	6.73	\$ 107,034,694 (Note A)	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	57,085,170 (Note B)	6,203,845 (US\$ 78,260 thousand and NT\$ 3,975,000 thousand)	5,503,845 (US\$ 78,260 thousand and NT\$ 3,275,000 thousand)	4,349,662 (US\$ 66,157 thousand and NT\$ 2,465,500 thousand)	-	15.43	107,034,694 (Note A)	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	57,085,170 (Note B)	3,575,389 (US\$ 125,540 thousand)	1,939,394 (US\$ 68,097 thousand)	1,243,485 (US\$ 43,662 thousand)	-	5.44	107,034,694 (Note A)	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	57,085,170 (Note B)	227,840 (US\$ 8,000 thousand)	227,840 (US\$ 8,000 thousand)	6,745 (US\$ 237 thousand)	-	0.64	107,034,694 (Note A)	Y	N	N

A. Represents 300% of the latest net assets audited or reviewed by CPA of the Company.

B. Represents 160% of the amount mentioned in Note A.

C. Represents 400% of the latest net assets audited or reviewed by CPA of the Company.

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

E. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$28.48 as of December 31, 2020.

TABLE C

YANG MING MARINE TRANSPORT CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Yang Ming Marine Transport Corporation	Domestic unlisted shares Taipei Port Container Terminal Co., Ltd. United Stevedoring Corp.	- -	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	51,000,000 500,000	\$ 496,702 6,024	9.81 10.00	\$ 496,702 6,024
	Domestic listed shares Taiwan Navigation Co., Ltd.	Government - related party	Financial assets at FVTOCI - non-current	70,758,243	1,492,999	16.96	1,492,999
	<u>Mutual funds</u> Hua Nan Multi-Assets Balanced Income Fund TWD (Original: Hua Nan Sele Inc Multi-Asset Fd MD.TWD)	-	Financial assets at FVTPL - current	355,849	5,704	-	5,704
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	7,329,874	100,023	-	100,023
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	70,245,928	1,050,177	-	1,050,177
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	10,550,565	110,025	-	110,025
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - current	9,722,141	150,047	-	150,047
	<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



TABLE D

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Change of Investment Accounted for Using the Equity Method		Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Investment	Shares	Amount
Yang Ming Marine Transport Corporation	Mutual funds	Financial assets at FVTPL - current	-	-	-	\$	47,593,614	\$ 600,000	47,593,614	\$ 600,334	\$ 600,000	\$ 334	-	-	-
	Mega Diversd Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	359,836,335	4,900,000	352,506,461	4,801,347	4,800,000	1,347	-	7,329,874	\$ 100,000
	Taiwan 100 Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	-	-	-	-	-	-	-	-	-
	Franklin Templeton Short-Term Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	77,857,420	810,000	67,306,855	700,374	700,000	374	-	10,550,565	110,000
	FSTIC Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	97,383,483	1,500,000	87,661,342	1,350,363	1,350,000	363	-	9,722,141	150,000
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	17,855,938	300,000	17,855,938	300,026	300,000	26	-	-	-
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,823,046	500,000	30,823,046	500,146	500,000	146	-	-	-
	Allianz Global Investors Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	39,697,096	500,000	39,697,096	500,138	500,000	138	-	-	-
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	365,302,974	5,450,000	295,057,046	4,401,624	4,400,000	1,624	-	70,245,928	1,050,000
	Nomura Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,456,177	500,000	30,456,177	500,081	500,000	81	-	-	-
	TCB Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	29,330,101	300,000	29,330,101	300,076	300,000	76	-	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	34,842,759	550,000	34,842,759	550,129	550,000	129	-	-	-
	Corporate bonds	Financial assets at amortized cost - non-current	-	-	-	-	-	-	-	-	-	-	-	-	-
	Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Financial assets at amortized cost - non-current	Kuang Ming Shipping Corp	Subsidiary	-	-	-	600,000	-	-	-	-	-	-	600,000

TABLE E

YANG MING MARINE TRANSPORT CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 2,864,353 (Note A)	-	\$ -	-	\$ -	-
	Yes Logistics (Shanghai) Corp.	Subsidiary	469,406	-	-	-	468,821	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	Subsidiary	148,125	-	-	-	148,125	-
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	627,263	-	-	-	116,108	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd	Subsidiary	620,700	-	-	-	620,700	-
	Hong Ming Terminal & Stevedoring Corp.	Subsidiary	146,625 (Note B)	-	-	-	11,594	-
	YES Logistics Corp.	Subsidiary	589,822 (Note B)	-	-	-	23,074	-

Notes:

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



TABLE F

YANG MING MARINE TRANSPORT CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership			
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	\$ 4,759,757	\$ (31,354)	Investments in associates
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	3,272,005	3,272,005	10,351	100.00	5,480,735	(Note B) 1,084,163	Subsidiary
	Yang Ming Line B.V. (Note E)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	(1,161,655)	1,491,365	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857	8,927,857	395,527,339	98.88	(Note C) 848,046	(1,089,054)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,556	(Note D) 1,113,556	60,130,000	100.00	3,888,620	1,801,532	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	2,277,061	236,136	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Investment	1,098,388	1,098,388	120,487,500	100.00	1,159,267	17,055	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	(293,257)	421,444	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	(Note C) 541,036	50,640	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	122,286	10,066	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	133,753	8,627	Subsidiary
	Yum Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	132,962	9,008	Investments in associates
	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	98,219	53	Investments in associates

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as cumulative losses in excess of cost of investment.
- D. The original investment amount did not deduct the amount of offsetting the deficits of \$4,701,339 thousand in May 2017.
- E. The Company reorganized the organization in December 2020 and adjusted the holding structure of the Company in Europe. The Company acquired equity of Yang Ming Line B.V. from Yang Ming Line N.V.

TABLE G

YANG MING MARINE TRANSPORT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note J)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2020 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2020
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd. (Note H)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note I)	Indirect investment through Singapore-based subsidiary's direct investment in mainland China	\$ -	-	\$ -	-	\$ 6,258	51.00	\$ 3,192	\$ 15,924	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US\$ 4,300 thousand	Indirect investment through U.S.-based subsidiary's direct investment in mainland China	227,840 (US\$ 8,000 thousand)	-	-	227,840 (US\$ 8,000 thousand)	28,028	96.36	27,008	170,840	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in mainland China	264,892 (US\$ 9,301 thousand)	-	-	264,892 (US\$ 9,301 thousand)	(4,816)	47.22	(2,274)	273,663	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	175,551 (US\$ 6,164 thousand)	-	-	175,551 (US\$ 6,164 thousand)	30,503	12.85	3,920	72,316	-
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and related service	RMB 50,000 thousand	Investee's direct investment in mainland China	43,548 (RMB 10,000 thousand)	-	-	43,548 (RMB 10,000 thousand)	23,305	19.27	4,491	51,882	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	87,832 (US\$ 3,084 thousand)	-	-	87,832 (US\$ 3,084 thousand)	30,503	6.67	2,035	36,068	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note J)	Investment Amounts Authorized by Investment Commission, MOEA (Note J)		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
		Investment	Investment	
Yang Ming Marine Transportation Corporation	\$ -	\$ 200,414 (US\$ 7,037 thousand)		\$ 21,800,911
Yes Logistics Corp. (Note C)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)		(Note F)
Ching Ming Investment Corp. (Note D)	87,096 (RMB 20,000 thousand)	87,096 (RMB 20,000 thousand)		695,556

Notes:

- 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.
- 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.
- 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.
- Chang Ming Investment Corp. (the subsidiary of the Company) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013.
- Calculated by the % ownership of direct or indirect investment.
- Yes Logistics Corp. applied for and obtained the Business Operations Headquarters letter on September 16, 2019, and the term for the letter is to September 15, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- 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.
- The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019
- Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte. Ltd.
- United States dollars and Renminbi Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48 and RMB1=NT\$4.3548 as of December 31, 2020.

TABLE H**YANG MING MARINE TRANSPORT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****December 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
The Ministry of Transportation and Communications R.O.C.	467,682,372	14.76
National Development Fund	460,000,000	14.52
Taiwan International Ports Corporation, Ltd.	311,453,287	9.83

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

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

Yang Ming Marine Transport Corp.



Chairman: Cheng-Mount Cheng

Cheng, Cheng-Mount



YANG MING delivers GOOD for life

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