Stock Code:2615

WAN HAI LINES LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Wan Hai Lines Ltd.:

Opinion

We have audited the financial statements of Wan Hai Lines Ltd.("the Company"), which comprise the statement of financial position as of December 31, 2019 and 2018, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and 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 at December 31, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. Revenue recognition

   Please refer to Note(4)(o) " Revenue" , Note (5)(a) " Uncertainty associated with the assumptions and estimations for revenue recognition" and Note(6)(v) "Revenue disclosures" of the financial statements.

   How the matter was addressed in our audit

   The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 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 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 financial statements.

As part of an audit in accordance with 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 the investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2020

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial statements of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD.

BALANCE SHEETS

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019.12.31		2018.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 10,326,321	7	7,834,162	12
1110	Current financial assets at fair value through profit or loss (note (6)(b))	4,125,184	3	2,345,430	4
1150	Notes receivable, net (notes (6)(e) and 6(v))	39,456	-	26,618	-
1170	Accounts receivable, net (notes (6)(e), (6)(v) and (7))	674,229	-	1,203,494	2
1140	Current contract assets (note (6)(v))	733,689	-	751,084	1
1200	Other receivables, net (note (7))	815,080	1	1,043,354	2
1330	Inventories, net (note (6)(f))	1,406,894	1	990,095	1
1475	Receivables from agents (note (7))	2,144,272	1	2,136,118	3
1479	Other current assets, others (note (8))	443,825	-	734,238	1
		20,708,950	13	17,064,593	26
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss(note (6)(b))	-	-	1,127,838	2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	3,182,812	2	3,036,010	4
1550	Investments accounted for using equity method, net (note (6)(g))	31,711,924	19	29,568,822	44
1600	Property, plant and equipment (notes (6)(i), (8) and (9))	17,953,542	11	14,683,088	22
1755	Right-of-use assets (note (6)(j))	85,001,414	53	-	-
1760	Investment property, net (note (6)(k))	1,419,389	1	-	-
1780	Intangible assets (note (6)(l))	76,285	-	94,240	-
1900	Other non-current assets (notes (8) and (9))	944,367	1	1,082,271	2
		140,289,733	87	49,592,269	74
	Total assets	$ 160,998,683	100	66,656,862	100

		2019.12.31		2018.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note (6)(m))	$ -	-	-	-
2126	Current financial liabilities for hedging (note (6)(d))	534,197	-	-	-
2170	Accounts payable (note (7))	6,447,879	4	5,930,506	9
2200	Other payables (note (7))	1,341,339	1	1,605,176	2
2230	Current tax liabilities(note (6)(s))	-	-	40,006	-
2280	Current lease liabilities (note (6)(p))	7,527,026	4	-	-
2320	Current portion of long-term loans (notes (6)(n), (6)(o) and (8))	2,563,977	2	6,552,098	10
2350	Payables to agents	1,079,343	1	708,829	1
2300	Other current liabilities (note (7))	201,874	-	625,815	1
		19,695,635	12	15,462,430	23
	Non-Current liabilities:				
2511	Non-current financial liabilities for hedging (note (6)(d))	2,026,200	1	-	-
2530	Bonds payable (note (6)(o))	13,900,000	9	5,900,000	9
2540	Long-term borrowings (notes (6)(n) and (8))	10,495,861	7	8,194,780	12
2570	Deferred tax liabilities (note (6)(s))	2,709,262	2	1,995,393	3
2580	Non-current lease liabilities (note (6)(p))	75,619,329	47	-	-
2640	Accrued pension liabilities-non current (note(6)(r))	442,660	-	516,979	1
2645	Guarantee deposits received	5,554	-	2,828	-
		105,198,866	66	16,609,980	25
	Total liabilities	124,894,501	78	32,072,410	48
	Equity (notes (6)(t) and (u)):				
3100	Common stock	22,182,975	14	22,182,975	33
3200	Capital surplus	1,271,775	1	1,261,681	2
	Retained earnings:				
3310	Legal reserve	6,869,483	4	6,757,693	10
3320	Special reserve	810,700	-	1,127,482	2
3350	Retained earnings-unappropriated	6,488,930	4	4,065,321	6
		14,169,113	8	11,950,496	18
	Other equity interest:				
3411	Exchange differences on translation of foreign financial statements	(1,352,809)	(1)	(604,711)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(200,376)	-	(205,989)	-
3450	Gains (losses) on hedging instruments (note(6)(d))	33,504	-	-	-
		(1,519,681)	(1)	(810,700)	(1)
	Total equity	36,104,182	22	34,584,452	52
	Total liabilities and equity	$ 160,998,683	100	66,656,862	100

Seeing accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes (6)(v) and (7))**	$ 59,102,119	100	53,934,045	100
5000	**Operating costs (notes (6)(f) and (7))**	55,724,042	94	53,588,321	99
	Gross profit	3,378,077	6	345,724	1
6000	**Operating expenses**	2,230,329	4	1,956,923	4
	Income from operations	1,147,748	2	(1,611,199)	(3)
	Non-operating income and expenses (notes (6)(g) and (6)(x)):				
7010	Other income	308,054	-	347,462	1
7020	Other gains and losses	1,877,565	3	875,984	2
7050	Finance costs	(1,771,749)	(3)	(356,717)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	2,879,313	5	2,414,860	4
	Total non-operating income and expenses	3,293,183	5	3,281,589	6
7900	**Profit before tax**	4,440,931	7	1,670,390	3
7950	**Less: Income tax expenses**	867,228	1	552,484	1
	Net Profit	3,573,703	6	1,117,906	2
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit and loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(38,697)	-	(19,381)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	10,060	-	(46,035)	-
8331	Gains (losses) on the remeasurements of defined benefit plans, subsidiaries, associates and joint ventures accounted for using equity method	19,339	-	34,559	-
8336	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method	(4,447)	-	-	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	7,739	-	5,392	-
	Total items that may not be reclassified subsequently to profit and loss	(6,006)	-	(25,465)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	(743,226)	(1)	876,341	2
8368	Gains (losses) on hedging instrument	33,504	-	-	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	5,222	-	(794)	-
	Total items that may be reclassified subsequently to profit and loss	(704,500)	(1)	875,547	2
8300	**Other comprehensive income (net of tax)**	(710,506)	(1)	850,082	2
	Total comprehensive income	**$ 2,863,197**	**5**	**1,967,988**	**4**
	Basic earnings per share (New Taiwan Dollars) (note (6)(u))	**$**	**1.61**		**0.50**
	Diluted earnings per share (New Taiwan Dollars) (note (6)(u))	**$**	**1.61**		**0.50**

Seeing accompanying notes to financial statements.

WAN HAI LINES LTD.

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained Earnings			Other Equity Items				
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized Gains (losses) on Available for sale Financial Assets	Gains (losses) on hedging instruments	Total
Balance at January 1, 2018	$ 22,182,975	1,261,681	6,503,503	-	5,146,283	(1,480,258)	-	352,776	-	33,966,960
Effects of retrospective application	-	-	-	-	271,383	-	(159,954)	(352,776)	-	(241,347)
Equity at beginning of period after adjustments	22,182,975	1,261,681	6,503,503	-	5,417,666	(1,480,258)	(159,954)	-	-	33,725,613
Net profit	-	-	-	-	1,117,906	-	-	-	-	1,117,906
Other comprehensive income	-	-	-	-	20,570	875,547	(46,035)	-	-	850,082
Total comprehensive income	-	-	-	-	1,138,476	875,547	(46,035)	-	-	1,967,988
Appropriation of retained earnings:										
Legal reserve	-	-	254,190	-	(254,190)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,127,482	(1,127,482)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,109,149)	-	-	-	-	(1,109,149)
Balance at 2018.12.31	22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	-	34,584,452
Net profit	-	-	-	-	3,573,703	-	-	-	-	3,573,703
Other comprehensive income	-	-	-	-	(11,619)	(738,004)	5,613	-	33,504	(710,506)
Total comprehensive income (loss)	-	-	-	-	3,562,084	(738,004)	5,613	-	33,504	2,863,197
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	111,790	-	(111,790)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,343,467)	-	-	-	-	(1,343,467)
Reversal of special reserve	-	-	-	(316,782)	316,782	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries reserve	-	10,094	-	-	-	(10,094)	-	-	-	-
Balance at December 31, 2019	**$ 22,182,975**	**1,271,775**	**6,869,483**	**810,700**	**6,488,930**	**(1,352,809)**	**(200,376)**	**-**	**33,504**	**36,104,182**

Seeing accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before income tax	$	4,440,931	1,670,390
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		7,971,701	1,302,119
Amortization expense		54,093	45,755
Net (gain) loss on financial assets at fair value through profit or loss		(365,273)	(64,405)
Interest expense		1,771,749	356,717
Interest revenue		(107,727)	(154,448)
Dividend income		(200,327)	(193,014)
Investment income under the equity method		(2,879,313)	(2,414,860)
Gain on disposal of property, plant and equipment		(1,014,281)	(513,937)
Unrealized foreign exchange (gain) loss		(157,077)	223,091
Others		1,078	585
Total adjustments to reconcile profit (loss)		5,074,623	(1,412,397)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in contract assets		17,395	(113,755)
Notes receivable		(12,838)	(3,411)
Accounts receivable (including related parties)		529,265	99,385
Other receivables		136,877	(127,006)
Inventories		(416,799)	(9,745)
Receivables from agents		(8,154)	(584,803)
Other current assets		290,413	116,281
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(313,980)	(115,617)
Total changes in operating assets, net		222,179	(738,671)
Changes in operating liabilities, net:			
Accounts payable (including related parties)		517,373	803,695
Other payables		123,733	(169,762)
Payables to agents		370,514	857
Other current liabilities		(426,514)	317,703
Accrued pension liabilities		(113,016)	(61,927)
Total changes in operating liabilities, net		472,090	890,566
Total changes in operating assets and liabilities		694,269	151,895
Total adjustments		5,768,892	(1,260,502)
Cash inflow generated from operations		10,209,823	409,888
Income taxes paid		(107,188)	(239,479)
Net cash provided by operating activities		10,102,635	170,409
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(136,742)	(262,840)
Acquisition of long-term equity investment under equity method		-	(395,315)
Acquisition of property, plant and equipment		(5,170,405)	(3,337,194)
Proceeds from disposal of property, plant and equipment		1,215,291	572,002
Acquisition of intangible assets		(31,007)	(58,636)
Acquisition of investment property		(1,423,384)	-
Other non-current assets		(267,829)	(398,355)
Interest received		114,819	159,689
Dividends received		272,445	254,678
Net cash used in investing activities		(5,426,812)	(3,465,971)
Cash flows from financing activities:			
Proceeds from issuing bonds		8,000,000	-
Repayments of bonds		(1,000,000)	(4,500,000)
Proceeds from long-term loans		8,913,800	11,530,300
Repayment of long-term loans		(9,416,039)	(7,250,438)
Guarantee deposits		4,627	(450)
Cash dividends paid		(1,343,467)	(1,109,149)
Lease repayments- principal portions		(5,604,094)	-
Interest paid		(1,738,491)	(391,337)
Net cash used in financing activities		(2,183,664)	(1,721,074)
Net increase (decrease) in cash and cash equivalents		2,492,159	(5,016,636)
Cash and cash equivalents, beginning of period		7,834,162	12,850,798
Cash and cash equivalents, end of period	$	**10,326,321**	**7,834,162**

Seeing accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. The Company is primarily involved in the business of international marine transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the financial statements on March 26, 2020.

(3) New Standards, Amendments and Interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (4)(i).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to vessels, buildings, containers, and other equipment associated with short-terms and low-value asset leases.

A. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Company used the following practical expedients when applying IFRS 16 to leases.

a. Applied a single discount rate to a portfolio of leases with similar characteristics.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

c. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

d. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

4) Impacts on financial statements

On transition to IFRS 16, the Company recognized additional $72,139,926 thousands of both right-of-use assets and lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.35%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	$ 86,410,748
Recognition exemption for:	
short-term leases	(2,739,593)
Leases of low-value assets	(1,626,162)
	$ 82,044,993
Discounted using the incremental borrowing rate at January 1, 2019	$ 72,139,926
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	**$ 72,139,926**

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Company evaluated that the application of IFRIC 23 will have no material impact on its financial statements.

(b) The impact of IFRS issued by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of Significant Accounting Policies

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as " the Regulations").

(b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency

1.Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The saving deposits which satisfied the definition above and held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, are reported as cash equivalents.

Bank overdrafts that are repayable on demand and from an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1.Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’ s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated─e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

·contingent events that would change the amount or timing of cash flows;

·terms that may adjust the contractual coupon rate, including variable rate features;

·prepayment and extension features; and

·terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, receivables from agents, guarantee deposit paid and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company considers a time deposit to have low credit risk when its trading counterparties' credit risk ratings are equivalent to the globally understood definition of ‘investment grade ’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

·the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income in stead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.Hedge accounting

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

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity — gains (losses) on hedging instruments’, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non?financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(g) Inventories

Fuels purchased by the Company are recorded under inventory account. Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated using the first-in first-out principle.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statement. Under equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are contributed to the owners of parent in the financial statement.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant, and equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2.Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3.Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)Buildings	23～57 years
2)Vessels	1～18 years
3)Major component of vessels: docking repair assets	2.5 years
4)Containers	1～10 years
5)Privileyed wharf equipment	2～15 years
6)Other equipment	4～15 years

Depreciation methods, useful lives and residual values, are reviewed at each reporting date, and adjusted if appropriate.

(l) Leases

Applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be?used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company will allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of vessels, buildings, containers and other equipments that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

<u>Applicable before January 1, 2019</u>

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Leases are operating leases and are not recognized in the Company's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(m) Intangible assets

1.Recognition and measurement

Other intangible assets, including software and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)Softwares	2～5 years
2)Trademarks	3～10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if apprpriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue

1.Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

1) Service revenue

The Company provides vessel transportation services and recognizes revenue using percentage-of-completion of voyage method. If the Company has recognized revenue, but not have the right to collect bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. When the payment has excessed the services rendered, then the entitlement to consideration is recognized as a contract liability.

2) Rental revenue

The Company provides rental of vessels and containers and recognizes revenue using straight-line method over the lease term.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

A.the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

B.the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

C.the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(p) Employee benefits

1.Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related service is provided.

2.Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling if any (excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1.temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1.the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in these financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

Information about assumptions and estimation uncertainties that have the most significant effects on the amount recognized in the financial statement is as follows:

(a) Revenue recognition

The Company’s cargo freight revenue is recognized using the percentage-of-completion of voyage method. The method is based on historical trend, and the high uncertainty of voyage days will lead to adjustments of the estimated value.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2019.12.31	2018.12.31
Cash	$ 48,445	51,134
Savings accounts	3,108,775	311,464
Time deposits	7,169,101	7,471,564
Cash and cash equivalents in statement of cash flows	**$ 10,326,321**	**7,834,162**

Please refer to Note 6(y) for the interest rate analysis of financial assets and liabilities.

(b) Financial assets and liabilities at fair value through profit or loss

		2019.12.31	2018.12.31
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	$	2,958,241	2,345,430
Stocks listed on markets		9,812	-
Debt securities		1,157,131	1,127,838
Total	$	**4,125,184**	**3,473,268**

1.For the net gain or loss on fair value on financial instruments at FVTPL, please refer to Note 6(x).

2.As of December 31, 2019 and 2018, the Company's financial assets were not pledged as collateral.

(c) Financial assets at fair value through other comprehensive income

		2019.12.31	2018.12.31
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	$	2,712,827	2,618,063
Stocks unlisted on domestic markets		469,985	417,947
Total	$	**3,182,812**	**3,036,010**

1. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

For the years ended December 31, 2019 and 2018, no strategic investments were disposed, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For the years ended December 31, 2019 and 2018, the dividends of $98,478 thousand and $98,127 thousand related to equity investments at fair value through other comprehensive income, were recognized.

2. For credit risk and market risk, please refer to Note 6(z).

3. As of December 31, 2019 and 2018, the financial assets of the Company had not been pledged as collateral.

(d) Financial instruments used for hedging

The amounts at the reporting date relating to the lease liabilities designated as hedging instruments were as follows:

		2019.12.31
Cash flow hedge:		
Financial liabilities used for hedging:		
Current lease liabilities	$	534,197
Non-current lease liabilities		2,026,200
Total	**$**	**2,560,397**

The Company's strategy is to use lease liabilities to hedge its estimated foreign currency exposure in respect of highly probable future cash revenues. The amounts at the reporting date relating to the items designated as hedging instruments were as follows:

Items to be hedged	Financial assets or liabilities designated to be hedging instruments		2019.12.31 Fair value	Time period(s) during which the future cash flows generated	Time period(s) during which the related gains or losses are expected to be recognized in the income statement
Freight revenue (USD)	Lease liabilities	$	989,769	2019～2024	2019～2024
WHL terminal revenue (JPY)	Lease liabilities		1,570,628	2019～2028	2019～2028

Items		2019
Amounts recognized as other comprehensive income	**$**	**33,504**

For the year ended December 31, 2019, no ineffective portion of cash flow hedge that should be recognized in profit or loss, for reconciliation of each component of equity, and an analysis of other comprehensive income, please refer to note (6)(t).

(e) Notes receivable and accounts receivable

		2019.12.31	2018.12.31
Notes receivable	$	39,456	26,618
Accounts receivable		674,587	1,203,852
Less: Allowance for doubtful receivables		(358)	(358)
	$	**713,685**	**1,230,112**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2019 and 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2019 and 2018 was determined as follows:

	2019.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 702,171	0%~0.0006%	352
Overdue 0-30 days	10,898	0%~0.0007%	-
Overdue 31-120 days	742	0%~0.002%	-
Overdue 121-365 days	226	0%~0.003%	-
Overdue more than 365 days	6	0%~100%	6
	$ 714,043		**358**

	2018.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,218,185	0.0005%~0.0006%	343
Overdue 0-30 days	11,661	0.0006%~0.0007%	-
Overdue 31-120 days	477	0.001%~0.002%	-
Overdue 121-365 days	132	0.002%~0.003%	-
Overdue more than 365 days	15	100%	15
	$ 1,230,470		**358**

The movement in the allowence for notes and accounts receivables were as follows :

	2019	2018
Ending balance (equals to beginning balance)	**$ 358**	**358**

Please refer to (6)(y) for the credit risks and the currency risks of the notes receivables, accounts receivables, other receivables and receivables from agents of the Company.

As of December 31, 2019 and 2018, the notes and trade receivable of the Company had not been pledged as collateral.

(f) Inventories

	2019.12.31	2018.12.31
Marine diesel oil	$ 145,084	158,399
Marine residual fuel oil	1,255,817	949,003
Fresh lubricating oil	6,153	6,784
Subtotal	1,407,054	1,114,186
Less: Allowance for inventory valuation and obsolescence losses	(160)	(124,091)
Total	**$ 1,406,894**	**990,095**

For the years ended December 31, 2019, the reversal of write-downs amounted to $123,931 thousand due to the previous reasons causing the net realizable value of inventories lower than its costs has disappeared. The reversals are recognized in gains on inventory value recoveries.

For the years ended December 31, 2018, the write-downs of inventories to net realizable value amounted to $124,091 thousand. The write-downs were included in operating costs.

As of December 31, 2019 and 2018 the Company's inventories were not pledged as collateral.

(g) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2019.12.31	2018.12.31
Subsidiaries	$ 30,752,642	28,633,999
Associates	959,282	934,823
	$ 31,711,924	**29,568,822**

1. Subsidiaries

Please refer to the consolidated financial statments for the years ended December 31, 2019 and 2018.

2. Associates

For the first half of 2017, the Company acquired 16.5% of the shares of Hai Phong International Container Terminal Company Ltd. (HICT) for USD6,459 thousand in cash. The Company gets one of HICT's directors, and participated its finance and operating policy decision. Therefore, the Company has significant influence on it, and accounts for it using equity method.

The financial information of individually non-significant equity method associates included in the financial statements were as follows:

	2019.12.31	2018.12.31
The carrying amount of individually non-significant associates' equity	**$ 959,282**	**934,823**

	2019	2018
Attributable to the Company:		
Profit (loss) from continuing operations	$ 110,380	81,816
Total comprehensive income	**$ 110,380**	**81,816**

3.Collateral

The Company did not provide any investment accounted for using equity method as collaterals for its loans.

(h)Changes in a parent's ownership interest in a subsidiary

1.Disposal of part of equity ownership of subsidiaries without losing control

The Company adjusted its organization structure in October 2019,and disposed 100% of Wan Hai Lines (America) Ltd.'s equity ownership to its subsidiary, Wan Hai Lines (Singapore) Pte. Ltd., with a price of $436,704 thousand. The aforementioned transaction is considered an equity transaction because it does not affect the Company's ultimate control over Wan Lai Lines (America) Ltd., and the difference between its disposal price and the book value of Wan Lai Lines (America) Ltd is recognized as capital surplus.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2019 and 2018, were as follows:

		Land	Buildings	Vessels	Containers	Other equipment	Privileged wharf equipment	Total
Cost:								
Balance at January 1, 2019	$	620,477	123,736	4,311,107	24,245,824	607,402	1,524,200	31,432,746
Additions		-	-	197,577	4,280,528	110,710	160,614	4,749,429
Reclassification		-	-	-	-	56,706	346,230	402,936
Disposals		-	-	(693,928)	(2,537,827)	(28,503)	-	(3,260,258)
Balance at December 31, 2019	**$**	**620,477**	**123,736**	**3,814,756**	**25,988,525**	**746,315**	**2,031,044**	**33,324,853**
Balance at January 1, 2018	$	620,477	123,736	4,263,168	22,213,335	627,257	1,524,200	29,372,173
Additions		-	-	47,939	3,054,413	18,533	-	3,120,885
Reclassification		-	-	-	-	8,395	-	8,395
Disposals		-	-	-	(1,021,924)	(46,783)	-	(1,068,707)
Balance at December 31, 2018	**$**	**620,477**	**123,736**	**4,311,107**	**24,245,824**	**607,402**	**1,524,200**	**31,432,746**
Depreciation and impairment loss:								
Balance at January 1, 2019	$	-	69,341	3,639,587	11,876,504	336,379	827,847	16,749,658
Depreciation		-	2,726	81,778	1,388,091	65,365	88,418	1,626,378
Disposals		-	-	(692,262)	(2,283,959)	(28,504)	-	(3,004,725)
Balance at December 31, 2019	**$**	**-**	**72,067**	**3,029,103**	**10,980,636**	**373,240**	**916,265**	**15,371,311**
Balance at January 1, 2018	$	-	66,615	3,516,183	11,784,638	310,302	750,375	16,428,113
Depreciation		-	2,726	123,404	1,044,143	54,374	77,472	1,302,119
Disposals		-	-	-	(952,277)	(28,297)	-	(980,574)
Balance at December 31, 2018	**$**	**-**	**69,341**	**3,639,587**	**11,876,504**	**336,379**	**827,847**	**16,749,658**
Carrying amounts:								
Balance at December 31, 2019	**$**	**620,477**	**51,669**	**785,653**	**15,007,889**	**373,075**	**1,114,779**	**17,953,542**
Balance at January 1, 2018	**$**	**620,477**	**57,121**	**746,985**	**10,428,697**	**316,955**	**773,825**	**12,944,060**
Balance at December 31, 2018	**$**	**620,477**	**54,395**	**671,520**	**12,369,320**	**271,023**	**696,353**	**14,683,088**

As of December 31, 2019 and 2018, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings and guaranteed financing; please refer to note (8).

(j) Right-of-use assets

The Company leases many assets including wharfs, vessels, containers, and other equipment. Information about leases for which the Company as a lessee is presented below:

		Wharfs	Vessels	Containers	Others	Total
Cost:						
Balance as of January 1, 2019	$	-	-	-	-	-
Effects of retrospective application		3,670,639	67,570,666	883,649	14,972	72,139,926
Balance as of January 1, 2019 after adjustments		3,670,639	67,570,666	883,649	14,972	72,139,926
Additions		-	3,924,841	467,594	-	4,392,435
Disposal		-	(848,010)	-	-	(848,010)
Remeasurement		(75,302)	15,599,488	24,403	-	15,548,589
Balance as of December 31,2019	$	**3,595,337**	**86,246,985**	**1,375,646**	**14,972**	**91,232,940**
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2019	$	-	-	-	-	-
Depreciation for the year		432,346	5,564,367	339,996	4,619	6,341,328
Disposal		-	(109,802)	-	-	(109,802)
Balance as of December 31,2019	$	**432,346**	**5,454,565**	**339,996**	**4,619**	**6,231,526**
Carrying amount:						
Balance as of December 31, 2019	$	**3,162,991**	**80,792,420**	**1,035,650**	**10,353**	**85,001,414**

The Company leases wharfs, buildings, containers, and other equipment under the operating lease for the year ended December 31, 2018, please refer to note (6)(q).

(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 3 years, with the lessees having the options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts.
Information about investment property of the Company is presented below:

		Owned property		
		Land and improvements	Buildings	Total
Cost:				
Balance at January 1, 2019	$	-	-	-
Purchases		1,269,509	153,875	1,423,384
Balance at December 31, 2019	$	**1,269,509**	**153,875**	**1,423,384**

	Owned property		
	Land and improvements	Buildings	Total
Depreciation and impairment losses:			
Balance at January 1, 2019	$ -	-	-
Depreciation	-	3,995	3,995
Balance at December 31, 2019	**$ -**	**3,995**	**3,995**
Carrying amount:			
Balance at December 31, 2019	**$ 1,269,509**	**149,880**	**1,419,389**
Fair value:			
Balance at December 31, 2019			**$ 1,448,500**

As of December, 31, 2019, the fair value of investment properties (as measure or disclosed in the financial statements) was based on valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

The fair value is evaluated using the discounted cash flow analysis method under the income method. The discounted cash flow analysis method of the income method is to consider the estimated sum of the estimated cash flows expected to be received from leasing the real estate and discount it using a rate of return that reflects the specific risks inherent in the net cash flow determine the value of the real estate. The ranges of yields applied to the net annual rentals used to determine the fair value of properties in the year of 2019 were as follows:

Location	2019
Taiwan	1.55%

The investment property is a commercial real estate which was bought for operation planning on December 31, 2019. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is $3,910 thousand for the year 2019.

As of December 31, 2019 the investment property of the Company had not been pledged as collateral.

(l) Intangible assets

The costs and amortization of the intangible assets of the Company for the years ended December 31, 2019 and 2018 were as follows:

	Computer software	Trademarks	Total
Costs:			
Balance at January 1, 2019	$ 144,048	5,440	149,488
Additions	29,916	1,091	31,007
Reclassification	4,888	243	5,131
Disposals	(23,342)	(2,693)	(26,035)
Balance at December 31, 2019	**$ 155,510**	**4,081**	**159,591**

		Computer software	Trademarks	Total
Balance at January 1, 2018	$	79,575	5,772	85,347
Additions		58,377	259	58,636
Reclassification		29,220	-	29,220
Disposals		(23,124)	(591)	(23,715)
Balance at December 31, 2018	$	**144,048**	**5,440**	**149,488**
Amortization and impairment loss:				
Balance at January 1, 2019	$	52,291	2,957	55,248
Amortization for the year		53,042	1,051	54,093
Disposals		(23,342)	(2,693)	(26,035)
Balance at December 31, 2019	$	**81,991**	**1,315**	**83,306**
Balance at January 1, 2018	$	30,434	2,774	33,208
Amortization for the year		44,981	774	45,755
Disposals		(23,124)	(591)	(23,715)
Balance at December 31, 2018	$	**52,291**	**2,957**	**55,248**
Carrying amounts:				
Balance at December 31, 2019	$	**73,519**	**2,766**	**76,285**
Balance at December 31, 2018	$	**91,757**	**2,483**	**94,240**
Balance at January 1, 2018	$	**49,141**	**2,998**	**52,139**

1. Recognition of amortization and impairment

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

		2019	2018
Operating costs	$	**2,668**	**784**
Operating expense	$	**51,425**	**44,971**

(m) Short-term borrowings

		2019.12.31	2018.12.31
Unsecured bank loans－TWD	$	**-**	**-**
Unused short-term credit lines	$	**4,416,160**	**4,490,230**

1.Issuance and repayment of short-term borrowings

For the years ended December 31, 2019 and 2018, the proceeds from short-term borrowings amounted to $8,720,000 thousand and $6,506,011 thousand respectively and the repayments amounted to $8,720,000 thousand and $6,506,011 thousand respectively.

2.Collateral for bank loan

There were no assets pledged as collateral for the short-term borrowing of the Company.

(n) Long-term borrowings

The borrowings were summarized as follows:

	2019.12.31			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank loans	USD	2.54%~3.62%	2022/12/21-2024/02/11	$ 978,424
Unsecured bank loans	TWD	0.95%~1%	2021/06/18	500,000
Secured bank loans	USD	2.52%~3.74%	2020/08/31-2024/12/03	8,518,328
Secured bank loans	TWD	1.16%~1.17%	2021/12/21	333,333
Commercial paper	TWD	0.38%~0.93%	2021/04/20-2021/12/25	2,730,000
				13,060,085
Less: Discount on commercial paper				(247)
Current portion				(2,563,977)
Total				**$ 10,495,861**
Unused loan credit				**$ 7,399,550**

	2018.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.39%~3.62%	2019/03/21-2022/12/21	$ 230,512
Unsecured bank loans	TWD	0.95%~1.15%	2019/01/04-2021/06/18	3,780,000
Secured bank loans	USD	2.06%~3.77%	2019/01/15-2023/06/12	5,706,465
Secured bank loans	TWD	1.16%~1.17%	2019/06/21-2021/12/21	500,000
Commercial paper	TWD	0.32%~0.90%	2021/04/20-2021/12/25	3,530,000
				13,746,977
Less: Discount on commercial paper				(99)
Current portion				(5,552,098)
Total				$ 8,194,780
Unused loan credit				$ 3,828,800

For information on the Company's interest risk, currency risk and liquidity risk, please refer to note 6(y).

1.Issuance and repayment of long-term borrowings

For the years ended December 31, 2019 and 2018, the proceeds from long-term borrowings amounted to $8,913,800 thousand and $11,530,300 thousand respectively, and the repayment amounted to $9,416,039 thousand and $7,250,438 thousand, respectively.

2.Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note 8.

(o) Bonds payable

	2019.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2014 first domestic bond issue	TWD	1.95%	2021/08/14	$ 800,000
Unsecured bond-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Unsecured bank-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18-2024/06/18	4,800,000
Unsecured bank-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07-2026/10/07	3,200,000
Total				$ 13,900,000
Current				$ -
Non-current				13,900,000
Total				$ 13,900,000

	2018.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2014 first domestic bond issue	TWD	1.65%~1.95%	2019/08/14-2021/08/14	$ 1,800,000
Unsecured bond-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Total				$ 6,900,000
Current				$ 1,000,000
Non-current				5,900,000
Total				$ 6,900,000

1. Unsecured bond-2014 first domestic bond issue

The Company issued an unsecured corporate bond in August 2014. It was the Company's first domestic bond issue in 2014 and was effective upon submission to the regulatory authority on June 17, 2014. The issuance terms were as follows:

1) Issue amount

TWD1,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD1,000,000 thousand and series B amounting to TWD800,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are August 14, 2014; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.95%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: None.

12) Announcement

The related information can be acquired from the Market Observation Post System.

2. Unsecured bond-2016 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2016 and was effective upon submission to the regulatory authority on June 14, 2016. The issuance terms were as follows:

1) Issue amount

TWD3,000,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance date is June 21, 2016; the maturity date is June 21, 2021; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.18%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders’ interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company’s bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

The related information can be acquired from the Market Observation Post System.

3. Unsecured bond-2017 first domestic bond issue

The Company issued an unsecured corporate bond in June 2017. It was the Company’s first domestic bond issue in 2017 and was effective upon submission to the regulatory authority on June 15, 2017. The issuance terms were as follows:

1) Issue amount

TWD2,100,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance date is June 26, 2017; the maturity date is June 26, 2022; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.55%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Yuanta Securities Corporation is the primary underwriter.

12) Announcement

The related information can be acquired from the Market Observation Post System.

4. Unsecured bond-2019 first domestic bond issue

The Company issued an unsecured corporate bond in June 2019. It was the Company's first domestic bond issue in 2019 and was effective upon submission to the regulatory authority on June 6,2019. The issuance terms were as follows:

1) Issue amount

TWD4,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD1,500,000 thousand and series B amounting to TWD3,300,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are June 18,2019; the maturity periods for series A and B are three and five years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.95%

2) Series B: 1.05%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

The trustee is Jih Sun International Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Yuanta Securities Corporation is the primary under writer.

12) Announcement

The related information can be acquired from the Market Observation Post System.

5. Unsecured bond-2019 second domestic bond issue

The Company issued an unsecured corporate bond in October 2019. It was the Company's second domestic bond issue in 2019 and was effective upon submission to the regulatory authority on September 27,2019. The issuance terms were as follows:

1) Issue amount

TWD3,200,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD1,200,000 thousand and series B amounting to TWD2,000,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are October 17, 2019; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.97%

2) Series B: 1.07%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with TDCC.

9) Trustee

The trustee is Jih Sun International Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Jih Sun International Bank Ltd., Xinyi Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Master Link Securities Corporation is the primary under writer.

12) Announcement

The related information can be acquired from the Market Observation Post System.

(p) Lease liabilities

The amounts of lease liabilities were as follows:

	2019.12.31
Current	$ 8,061,223
Non-current	$ 77,645,529

Please refer to note (6)(y) for the analyses of the due date.

For the year ended December 31, 2019, the Company's lease liabilities recognized as current financial liabilities for hedging were $534,197 thousand, non-current financial liabilities for hedging were $2,026,200 thousand, current lease liabilities were $7,527,026 thousand, and non-current lease liabilities were $75,619,329 thousand.

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 1,349,706
Variable lease payments not included in the measurement of lease liabilities	$ 41,306
Expenses relating to short-term leases	$ 2,267,292
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 913,402

The amounts recognized in statement of cash flow were as follows:

		2019
Total cash outflow for leases	$	10,175,800

1. Wharf, and container leases

As of December 31, 2019, the Company leases wharfs and containers for its operating needs. The leases of wharfs typically run for a period of 5 to 20 years, and of containers for 5 years.

Some payments for wharf leases depend on the variation of loading capacity, in addition, the Company has decided to apply recognition exemptions to some containers and not to recognize right-of-use assets and lease liabilities for short-term leases or leases of low-value assets.

2. Building leases

As of December 31, 2019, the Company leases buildings for its office space. The leases of office space are typically short-term leases that run within a year. The Company has decided to apply the recognition exemptions for its short-term leases, and not to recognize its right-of-use assets and lease liabilities.

3. Vessel leases

As of December 31, 2019, the Company leases vessels for its operating needs. The vessel leases are typically short-term leases that run within a year. The Company has decided to apply recognition exemptions for short-term leases or leases of low-value asset, and not to recognize right-of-use assets and lease liabilities.

4. Other leases

As of December 31, 2019, the Company leases other machinery or equipment for its operating needs. Some leases are typically short-term leases or leases of low-value asset that the Company has decided to apply recognition exemptions, and not to recognize right-of-use assets and lease liabilities.

(q) Operating leases

Non-cancellable operating lease rentals payable were as follows:

		2018.12.31
Less than one year	$	9,388,246
Between one and five years		26,868,418
More than five years		50,154,084
	$	86,410,748

The Company entered into operating leases agreement for offices and vessels with a period from 1 to 3 years.

(r) Employee benefits

1. Defined benefit plans

		2019.12.31	2018.12.31
Present value of defined benefit obligation	$	1,092,636	1,074,314
Fair value of plan assets		(649,976)	(557,335)
Recognized liabilities for defined benefit obligations	$	**442,660**	**516,979**

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's pension reserve account balance amounted to $649,976 thousand at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2019	2018
Defined benefit obligation at January 1	$	1,074,314	1,142,297
Current service costs and interest cost		21,164	25,430
Remeasurement on the net defined benefit liability			
－Actuarial loss (gain) arising from changes in financial assumptions		58,823	34,255
Benefit paid		(61,665)	(127,668)
Defined benefit obligation at December 31	$	**1,092,636**	**1,074,314**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2019	2018
Fair value of plan assets at January 1	$ 557,335	582,772
Interest income	6,002	6,998
Remeasurement on the net defined benefit liability		
－Return on plan assets (excluding current interest)	20,126	14,874
Contribution paid by employer	103,987	62,783
Benefit paid	(37,474)	(110,092)
Fair value of plan assets at December 31	**$ 649,976**	**557,335**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company was as follows:

	2019	2018
Current service costs	$ 10,157	12,366
Net interest of net liabilities (assets) for defined benefit obligation	5,005	6,066
	$ 15,162	**18,432**

	2019	2018
Operating costs	$ 8,837	9,828
Selling expenses	6,325	8,604
	$ 15,162	**18,432**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, was as follows:

	2019	2018
Accumulated amount at January 1	$ (121,176)	(101,795)
Recognized during the period	(38,697)	(19,381)
Accumulated amount at December 31	**$ (159,873)**	**(121,176)**

6) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	2019	2018
Discount rate	0.74 %	1.03 %
Future salary increase rate	3.00 %	3.00 %

The Company will pay to the defined benefit plans which amounted to $62,301 thousand within 1 year after the report day of 2019.

The weighted-average lifetime of the defined plans is 3~17 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligation	
		Increased 0.50%	**Decreased 0.50%**
December 31, 2019			
Discount rate	$	(55,546)	59,862
Future salary increasing rate		52,660	(49,577)
December 31, 2018			
Discount rate		(56,532)	61,051
Future salary increasing rate		54,069	(50,791)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2019 and 2018.

2. Defined contribution plans

The Company allocates 1% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $50,832 and $48,519 for the years ended December 31, 2019 and 2018, respectively.

(s) Income taxes

1. Income tax expense

The amount of income tax were as follows:

		2019	**2018**
Current income tax expense:			
Current period	$	132,083	129,045
Adjustment for prior periods		10,650	(91,514)
		142,733	37,531
Deferred tax expense (benefit):			
Origination and reversal of temporary differences		724,495	340,776
Change in tax rate		-	174,177
		724,495	514,953
Income tax expense from continuing operations	$	**867,228**	**552,484**

For the years ended December 31, 2019 and 2018, no income taxes were recognized in equity and other comprehensive income.

The amount of income tax recognized in other comprehensive income for 2019 and 2018 were as follows:

	2019	2018
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (7,739)	(5,392)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	$ (5,222)	794

The reconciliation of income tax and profit before tax for 2019 and 2018 was as follows:

	2019	2018
Profit excluding income tax	$ 4,440,931	1,670,390
Income tax using the Company's domestic tax rate	$ 888,186	334,078
Change in tax rate	-	174,177
Non-deductible expense	81,455	142,101
Tax-exempt income	(112,767)	(6,358)
Under (Over) provision in prior periods	10,650	(91,514)
Income tax credit	(296)	-
Total	$ 867,228	552,484

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2019	$ 1,344,375	644,288	6,730	1,995,393
Debit (Credited) Income statement	506,555	195,988	11,326	713,869
Balance at December 31, 2019	$ 1,850,930	840,276	18,056	2,709,262
Balance at January 1, 2018	$ 704,511	384,417	-	1,088,928
Debit (Credited) Income statement	639,864	259,871	6,730	906,465
Balance at December 31, 2018	$ 1,344,375	644,288	6,730	1,995,393

		Defined Benefit Plans	Loss Carry forward	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2019	$	85,867	347,575	84,638	518,080
(Debit) Credited Income statement		(22,603)	(83,214)	95,191	(10,626)
(Debit) Credited Other Comprehensive Income		7,739	-	5,222	12,961
Balance at December 31, 2019	$	**71,003**	**264,361**	**185,051**	**520,415**
Balance at January 1, 2018	$	80,219	-	41,751	121,970
(Debit) Credited Income statement		256	347,575	43,681	391,512
(Debit) Credited Other Comprehensive Income		5,392	-	(794)	4,598
Balance at December 31, 2018	$	**85,867**	**347,575**	**84,638**	**518,080**

3. Examination and Approval

The Company's income tax returns through 2016 were examined and approved by the tax authority; and the application for the assessment of the annual income tax returns through 2017 had been submitted.

(t) Capital and other equity

As of December 31, 2019 and 2018, the Company's authorized capital consisted of 2,500,000 thousand shares, amounting to $25,000,000 thousand, with par value of $10 (NT dollars) per share. All of the issued shares were ordinary shares consisted of 2,218,297 thousand shares and the funds had been received.

1. Capital surplus

The balance of capital surplus was as follows:

		2019.12.31	2018.12.31
Premium on ordinary shares	$	22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond		1,222,787	1,222,787
The actual difference between the equity and book value of subsidiary's disposal		10,094	-
Change in equity of subsidiaries accounted for under equity method		16,055	16,055
	$	**1,271,775**	**1,261,681**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

The industry of the Company is highly changeable and capital intensive. The Company is in the stable growing stage. Therefore, in consideration of the future capital needs of long-term financial plans, and to meet the cash flow needs of the shareholders, the Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve, and special reserves are to be provided according to the regulations. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, the Company may set aside a special reserve.

If there are surpluses, plus, the undistributed cumulative earnings from the previous year, the board of directors shall appropriate 30% or more after taking into account factors such as the Company's capital needs, capital budget, interests of shareholders, and the Company's long-term financial planning. The board of directors proposed the distribution of earnings and submitted them to the shareholders' meeting for approval.

The distribution ration of stock dividends or cash dividends must be done in accordance with the current year's actual profit, capital position, and capital expansion program. The proportion of cash dividends may not be lower than 10% of the total dividends.

1) Legal reserve

When the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The earnings distribution for 2018 and 2017 was decided by the general meeting of shareholders held on June 18, 2019 and June 26, 2018, respectively.

The relevant dividend distribution to shareholders was as follows:

	2018		2017	
	Dividend per share ($)	**Amount**	**Dividend per share ($)**	**Amount**
Dividends distributed to common stockholders				
Cash	$ 0.60	1,343,467	0.50	1,109,149

3. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Available-for-sale investments	Gains (losses) on hedging instrument	Total
Balance at January 1, 2019	$ (604,711)	(205,989)	-	-	(810,700)
Foreign currency translation differences	(738,004)	-	-	-	(738,004)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	5,613	-	-	5,613
Gains (losses) from changes in the fair value of the hedging instrument:-Exchange rate risk for anticipated transactions	-	-	-	27,540	27,540
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:-Exchange rate risk for anticipated transactions	-	-	-	5,964	5,964
The actual differenct between the equity and book value of subsidiary's disposal or purchase	(10,094)	-	-	-	(10,094)
Balance at December 31, 2019	$ (1,352,809)	(200,376)	-	33,504	(1,519,681)
Balance at January 1, 2018	$ (1,480,258)	-	352,776	-	(1,127,482)
Effects of retrospective application	-	(159,954)	(352,776)	-	(512,730)
Balance at January 1, 2018, after adjustments	(1,480,258)	(159,954)	-	-	(1,640,212)
Foreign currency translation differences	875,547	-	-	-	875,547
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(46,035)	-	-	(46,035)
Balance at December 31, 2018	$ (604,711)	(205,989)	-	-	(810,700)

(u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2019 and 2018 are as follows:

	2019	2018
Basic earnings per share		
Profit attributable to common shareholders	$ 3,573,703	1,117,906
Weighted-average number of common shares	2,218,297	2,218,297
Basic earnings per share (In Dollars of New Taiwan Dollars)	$ 1.61	0.50
Diluted earnings per share		
Profit attributable to common shareholders (adjusted for the effects of all dilutive potential common shares)	$ 3,573,703	1,117,906
Weighted-average number of common shares	2,218,297	2,218,297
Effects of employee stock compensation	2,685	1,469
Weighted-average number of common shares (adjusted for the effects of all dilutive potential common shares)	2,220,982	2,219,766
Diluted earnings per share (In Dollars of New Taiwan Dollars)	$ 1.61	0.50

(v) Revenue from contracts with customers

1. Disaggregation of revenue

		2019	2018
Primary geographical markets:			
Asia	$	54,053,728	40,344,584
the Middle East		1,262,715	5,489,208
India		3,394,339	7,512,601
Red Sea		391,337	587,652
	$	**59,102,119**	**53,934,045**
Main service line:			
Freight	$	53,761,468	49,106,190
Rentals		4,574,656	4,038,255
WHL terminal		608,590	634,579
Other		157,405	155,021
	$	**59,102,119**	**53,934,045**

2.Contract balances

		2019.12.31	2018.12.31	2018.1.1
Notes receivable	$	39,456	26,618	23,207
Accounts receivable		674,587	1,203,852	1,303,237
Less: allowance for doubtful receivables		(358)	(358)	(358)
Total	**$**	**713,685**	**1,230,112**	**1,326,086**
Contract assets	**$**	**733,689**	**751,084**	**637,329**
Contract liabilities (recognized as other current liabilities)	**$**	**136,948**	**504,011**	**187,454**

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame for the performance obligation to be satisfied and the payment.

(w) Remuneration of employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $45,316 thousand and $17,045 thousand, respectively, and directors' and supervisors' remuneration are the same as those of employee remuneration. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

(x) Non-operating income and expenses

1. Other revenue

The details of other revenue for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Interest income from bank deposit	$ 96,559	154,371
Other interest income	11,168	77
Dividend revenue	200,327	193,014
	$ 308,054	**347,462**

2. Other gains and losses

The details of other gains and losses for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Foreign exchange gains (losses)	$ 314,632	93,079
Gains on financial assets at fair value through profit or loss	365,273	91,048
Gains on disposal of property, plant and equipment	1,014,281	513,937
Other gains (losses)	183,379	177,920
	$ 1,877,565	**875,984**

3. Finance costs

The details of finance costs for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Interest expense:		
Bank loan	$ 275,350	196,683
Bonds payable	127,899	139,825
Commercial paper	18,794	20,209
Lease liabilities	1,349,706	-
	$ 1,771,749	**356,717**

(y) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Company has considerable customers worldwide and does not concentrate its transactions significantly with any single customer or in similar areas, the Company has no concentration of credit risk. The Company mitigates the credit risks by continuously monitoring customers' credit risk and credit ratings, however, the Company's policy usually does not require the customers to provide collateral.

3) Credit risk of receivables

For credit risk exposure of note and trade receivables, please refer to note 6(e). Other financial assets at amortized cost includes other receivables, receivables from agents and time deposits etc.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). There are no significant expected losses on other receivables and the financial assets at amortized cost by assessment, so none of the impairment allowance can be recorded.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	$ 8,851,661	9,347,990	1,102,707	1,171,275	2,561,443	4,512,565	-
Unsecured bank loans	1,478,424	1,538,432	132,589	380,555	503,781	521,507	-
Commercial paper	2,729,753	2,764,750	9,621	9,739	2,745,390	-	-
Account payables (including related parties)	6,447,879	6,447,879	6,447,879	-	-	-	-
Other payables	1,341,339	1,341,339	1,341,339	-	-	-	-
Payables to agents	1,079,343	1,079,343	1,079,343	-	-	-	-
Bonds payable	13,900,000	14,523,650	116,850	48,640	3,965,490	8,349,870	2,042,800
Leases liabilities (partial recognized as financial liabilities for hedging)	85,706,752	97,808,464	4,101,119	4,042,057	7,799,706	21,979,257	59,886,325
Guarantee deposits	7,557	7,557	7,557	-	-	-	-
	$ 121,542,708	134,859,404	14,339,004	5,652,266	17,575,810	35,363,199	61,929,125

		Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2018								
Non-derivative financial liabilities								
Secured bank loans	$	6,206,465	6,533,522	1,156,176	1,215,617	1,890,568	2,271,161	-
Unsecured bank loans		4,010,512	4,035,234	3,315,216	34,100	315,279	370,639	-
Commercial paper		3,529,901	3,594,189	11,394	11,860	23,720	3,547,215	-
Account payables (including related parties)		5,930,506	5,930,506	5,930,506	-	-	-	-
Other payables		1,605,176	1,605,176	1,605,176	-	-	-	-
Payables to agents		708,829	708,829	708,829	-	-	-	-
Bonds payable		6,900,000	7,199,700	67,950	1,032,100	83,550	6,016,100	-
Guarantee deposits		2,930	2,930	2,930	-	-	-	-
	$	28,894,319	29,610,086	12,798,177	2,293,677	2,313,117	12,205,115	-

The Company is not expecting that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risks was as follows:

		2019.12.31			2018.12.31		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets							
Monetary items							
USD	$	267,641	29.99	8,026,564	243,798	30.74	7,493,126
JPY		12,445,782	0.28	3,434,702	7,780,315	0.28	2,166,407
CNY		374,204	4.30	1,610,929	410,783	4.49	1,842,586
INR		678,829	0.42	285,487	678,179	0.44	297,854
HKD		68,333	3.85	263,158	146,071	3.92	573,204
Financial liabilities							
Monetary items							
USD		464,114	29.99	13,918,783	315,291	30.74	9,690,473
JPY		9,615,799	0.28	2,653,702	3,356,381	0.28	934,575
HKD		281,868	3.85	1,085,502	155,279	3.92	609,337
CNY		184,241	4.30	793,146	139,601	4.49	626,189
MYR		42,049	7.32	307,947	34,137	7.39	252,272
INR		579,657	0.42	243,779	394,996	0.44	173,481

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, payables to agents, financial assets at fair value through profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the TWD against the USD, HKD and JPY etc. as at December 31, 2019 and 2018, would have increased (decreased) the net profit before tax by $29,706 thousand and $1,221 thousand, respectively. For 2019, the cash flow hedge would have increased (decreased) the equity by $25,604 thousand. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2019 and 2018.

3) Foreign Exchange Gain or Loss on Monetary Items

The information of the translation to functional currency of foreign exchange gain (loss) on monetary items, including realized and unrealized, and the translation between the functional currency of the foreign operation and the Company (the presentation currency) were as follows:

	2019		2018	
	Exchange gain or loss	**Average rate**	**Exchange gain or loss**	**Average rate**
TWD	$ 314,632	-	93,079	-

4. Interest rate analysis

Please refer to the notes on liquidity risk management and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Company’s net profit before tax would have increased or decreased by $125,601 thousand and $132,470 thousand, respectively, for the years ended December 31, 2019 and 2018 with all other variable factors remaining constant. This is mainly due to the Company’s borrowing at variable rates.

5. Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 27,128	23,744	26,181	18,763
Decreasing 1%	(27,128)	(23,744)	(26,181)	(18,763)

6. Fair value information

1) The Categories and Fair Values of Financial Instruments

The Company assesses its financial instruments at fair value through profit or loss and financial assets (financial assets available-for-sale) at fair value through other comprehensive income on a recurring basis by using the fair value method.

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic listed stocks	$ 2,958,241	2,958,241	-	-	2,958,241
Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic unlisted stocks	9,812	9,812	-	-	9,812
Non-derivative financial assets mandatorily measured at fair value through profit or loss－bond investment	1,157,131	-	-	1,157,131	1,157,131
Sub-total	4,125,184	2,968,053	-	1,157,131	4,125,184
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	2,712,827	2,712,827	-	-	2,712,827
Unquoted equity instrument measured at fair value	469,985	-	-	469,985	469,985
Sub-total	3,182,812	2,712,827	-	469,985	3,182,812
Financial assets measured at amortized cost					
Cash and cash equivalents	10,326,321	-	-	-	-
Notes receivable	39,456	-	-	-	-
Accounts receivable	674,229	-	-	-	-
Contract assets	733,689	-	-	-	-
Other receivable	815,080	-	-	-	-
Receivables from agents	2,144,272	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	167,467	-	-	-	-
Sub-total	14,900,514	-	-	-	-
Total	$ **22,208,510**	**5,680,880**	**-**	**1,627,116**	**7,307,996**

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Accounts payable	$ 6,447,879	-	-	-	-
Other payables	1,341,339	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	85,706,752	-	-	-	-
Payables to agents	1,079,343	-	-	-	-
Bonds payable (including current portion)	13,900,000	-	-	-	-
Long-term borrowings (including current portion)	13,059,838	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	7,557	-	-	-	-
Total	$ 121,542,708	-	-	-	-

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic listed stocks	$ 2,345,430	2,345,430	-	-	2,345,430
Non-derivative financial assets mandatorily measured at fair value through profit or loss－bond investment	1,127,838	-	-	1,127,838	1,127,838
Sub-total	3,473,268	2,345,430	-	1,127,838	3,473,268
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	2,618,063	2,618,063	-	-	2,618,063
Unquoted equity instrument measured at fair value	417,947	-	-	417,947	417,947
Sub-total	3,036,010	2,618,063	-	417,947	3,036,010

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 7,834,162	-	-	-	-
Notes receivable	26,618	-	-	-	-
Accounts receivable	1,203,494	-	-	-	-
Contract assets	751,084	-	-	-	-
Other receivables	1,043,354	-	-	-	-
Receivables from agents	2,136,118	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	133,585	-	-	-	-
Sub-total	13,128,415	-	-	-	-
Total	$ 19,637,693	4,963,493	-	1,545,785	6,509,278
Financial liabilities measured at amortized cost					
Accounts payable	$ 5,930,506	-	-	-	-
Other payables	1,605,176	-	-	-	-
Payable to agents	708,829	-	-	-	-
Bonds payable (including current portion)	6,900,000	-	-	-	-
Long-term borrowings (including current portion)	13,746,878	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	2,930	-	-	-	-
Total	$ 28,894,319	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values. Market prices published by major stock exchange and OTC market, where high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high-ask spreads is an indication of non-active market.

If the Companys' financial instruments have an active market, wherein their fair values are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data, e.g. yield curves from OTC and average quoted rates of commercial paper from Reuters quote system at the reporting date.

If the Companys' financial instruments do not have an active market, wherein their fair values are determined as follows:

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' book value per share and equity multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted equity instrument:

The Company estimates the fair values by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' EBITDA and earnings multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

No public equity instrument:

The Company estimates the fair value by using the comparable trading company approach on the assumption that the fair values are calculated on the basis of the investees' earning per share and equity multipliers derived from comparable trading companies' quoted prices. The discount effect resulting from the lack of market liquidity has been taken into account.

Unquoted debt instrument:

The Company estimates the fair values by using the comparable trading debt approach, and utilizes the statistic model to determine the relationship between the value of debt investment and its related conditions and variables.

3) For the years ended December 31, 2019 and 2018, there were no transferring of fair value hierarchy.

4) Reconciliation of Level 3 fair values

		Fair value through profit or loss	Fair value through other comprehensive income	
		Non-derivative measured at fair value through profit or loss (held-for-trading financial assets)	Unquoted equity instruments	Total
Opening balance, January 1, 2019	$	1,127,838	417,947	1,545,785
Total gains and losses recognized:				
In profit or loss		29,293	-	29,293
In other comprehensive income		-	52,038	52,038
Ending balance, December 31, 2019	**$**	**1,157,131**	**469,985**	**1,627,116**
Opening balance, January 1, 2018	$	1,056,630	597,885	1,654,515
Total gains and losses recognized:				
In profit or loss		71,208	-	71,208
In other comprehensive income		-	(179,938)	(179,938)
Ending balance, December 31, 2018	**$**	**1,127,838**	**417,947**	**1,545,785**

For the years ended December 31, 2019 and 2018, the total gains and losses that were included in "other gains and losses" and "unrealized gains (losses) on financial assets at fair value through other comprehensive income" were as follows:

		2019	2018
Total gains and losses recognized:			
In profit or loss, and presented in "other gains and losses"	$	29,293	71,208
In other comprehensive income, and presented in "unrealized gains or losses on financial assets at fair value through other comprehensive income"		52,038	(179,938)

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include " financial assets measured at fair value through profit or loss – debt investments" and "financial assets measured at fair value through other comprehensive income – unlisted equity investments".

Most of the Company's fair value measurements in Level 3 consist of only one significant unobservable input (except for the unlisted equity instrument). Because the significant unobservable inputs of equity instruments are independent of each other, there are no correlation between these inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss－Debt investment without active markets	Discounted cash flow method	·Liquidity adjusted discount rate (2.8401% and 2.6803%on December 31, 2019 and 2018)	The estimated fair value would increase (decrease) if the liquidity adjusted discount rate were lower (higher).
Financial assets at fair value through other comprehensive income －Unlisted equity investments	Comparable trading company method	· Liquidity-adjusted discount rate (28% on December 31, 2019 and 2018, respectively) · Price-to-book ratio (0.81 and 0.76 on December 31, 2019 and 2018, respectively) · EBITDA multiplier (9.68 and 7.73 on December 31, 2019 and 2018, respectively)	The estimated fair value would increase (decrease) if: · the liquidity-adjusted discount rate were lower (higher) · the price-to-book ratio were higher (lower) · the EBITDA multiplier were higher (lower)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurements in financial instruments fair values are reasonable, but if the Company uses different valuation models or variables, the measurements may vary.

For fair value measurements in Level 3, changing one or more of the variables would have the following effects:

	Input	Positive and negative changes	Profit or loss: Favorable	Profit or loss: Unfavorable	Other comprehensive income: Favorable	Other comprehensive income: Unfavorable
December 31, 2019						
Financial assets at fair value through profit or loss						
Bond investment without an active market	Discount rate	1%	$ 11,909	(11,909)	-	-
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	-	-	6,528	(6,528)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,567	(4,567)
Unlisted equity investment	EBITDA multiplier	1%	-	-	121	(121)
			$ 11,909	(11,909)	11,216	(11,216)

	Input	Positive and negative changes	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2018						
Financial assets at fair value through profit or loss			$			
Bond investment without an active market	Discount rate	1%	11,590	(11,590)	-	-
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	-	-	5,805	(5,805)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,065	(4,065)
Unlisted equity investment	EBITDA multiplier	1%	-	-	90	(90)
			$ 11,590	(11,590)	9,960	(9,960)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the correlations and variances among the inputs.

(z) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring Group’s risk management policies.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’ s activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Since the Company has considerable customers worldwide and does not concentrate transactions significantly with any single customer or in similar areas, The Company has no concentration of credit risk. The Company mitigates the credit risks by monitoring customers' credit risk and credit ratings continuously, however, the Company's policy usually doesn't require the customers to provide collateral.

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide guarantee to subsidiaries. The detailed information is stated in note 13.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused credit line for $11,815,710 thousand and $8,319,030 thousand, as of December 31, 2019 and 2018.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily TWD and US Dollars (USD). The currencies used in these transactions are denominated in TWD and USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company adopts a policy of ensuring that 53.41% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis.

3) Other market price risk

The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved and managed by the Board of Directors.

(aa) Capital management

The Company meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio is as follow:

	2019.12.31	2018.12.31
Total liabilities	$ 124,894,501	32,072,410
Less: Cash and cash equivalents	(10,326,321)	(7,834,162)
Net debt	**$ 114,568,180**	**24,238,248**
Total equity	**$ 36,104,182**	**34,584,452**
Debt-to-equity ratio	**317.33 %**	**70.08 %**

The increase in the debate-to-capital ratio on December 31, 2019 was mainly due to the increase in total liabilities resulting from the application of IFRS 16 "Leases".

(ab) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2019 were as follows:

1. Acquired right-of-use assets through leasing, please refer to notes (6)(j).

The Company had no investing and financing activities which did not affect the current cash flow in the year ended December 31, 2018.

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	2019.1.1	**Cash flows**	**Others**	**Foreign exchange movement**	**Fair value changes**	**2019.12.31**
Long-term borrowings	$ 13,746,878	(502,387)	-	(184,653)	-	13,059,838
Bonds payable	6,900,000	7,000,000	-	-	-	13,900,000
Lease liabilities (some recognized as financial liabilities for hedging)	72,139,926	(6,953,800)	20,520,626	-	-	85,706,752
Total liabilities from financing activities	$ 92,786,804	(456,187)	20,520,626	(184,653)	-	112,666,590

			Non-cash changes			
	2018.1.1	**Cash flows**	**Others**	**Foreign exchange movement**	**Fair value changes**	**2018.12.31**
Long-term borrowings	$ 9,205,607	4,280,621	-	260,650	-	13,746,878
Bonds payable	11,400,000	(4,500,000)	-	-	-	6,900,000
Total liabilities from financing activities	$ 20,605,607	(219,379)	-	260,650	-	20,646,878

(7) Related-Party Transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Companyt
Wan Hai Lines (Singapore) Pte. Ltd. (WHL Singapore)	Subsidiary
Wan Hai Lines (America) Ltd. (WHL America)	Subsidiary(Note 1)
TK LOGISTICS INTERNATIONAL CO., LTD (TK)	Subsidiary
k.k. WH Corporation(WH Corporation)	Subsidiary
Wan Hai Lines (Germany) GmbH (WHL Germany)	Subsidiary
BAO SHENG SHIPPING AGENCY CO., LTD. (BS)	Subsidiary
Wan Hai Lines (M) Sdn. Bhd. (WHL Malaysia)	Indirect subsidiary
Wan Hai Lines (Hong Kong) Limited (WHL Hongkong)	Indirect subsidiary

Name of related party	Relationship with the Companyt
Wan Hai Lines (Phils.), Inc. (WHL Phils.)	Indirect subsidiary
Wan Hai Lines (Korea) Ltd. (WHL Korea)	Indirect subsidiary
Wan Hai International Pte. Ltd. (WHL INTL.)	Indirect subsidiary
Yi Chun Shipping Agencies Sdn. Bhd.(Yi Chun)	Indirect subsidiary
Wan Hai (Vietnam) Ltd. (WHL Vietnam)	Indirect subsidiary
Wan Hai Lines (Thailand) Limited (WHL Thailand)	Indirect subsidiary
Wan Hai Lines (Ecuador) S.A. (WHL Ecuador)	Indirect subsidiary
Wan Hai Lines (India) PVT Ltd. (WHL India)	Indirect subsidiary
Bravely International Pte. Ltd. (Bravely)	Indirect subsidiary
Infinite Marine Investment Co., Ltd.	Indirect subsidiary
Bravely (Myanmar) Transport and Logistics Company Limited.(Bravely (Myannar))	Indirect subsidiary
Guangzhou Wan Hai Informaton Technology Ltd. (GZIT)	Indirect subsidiary
Dawin Logistics (International) Ltd.(Dawin)	Indirect subsidiary
Shenzhen Uniwin International Logistics Ltd. (Uniwin)	Indirect subsidiary
Blue Ocean Logistics (Shanghai) Ltd (Blue)	Indirect subsidiary
Shanghai Clipper International Shipping Agency Ltd. (Clipper)	Indirect subsidiary
Shenzhen Yong Chun International Shipping Managerment Co., Ltd.(SZYC)	Indirect subsidiary
Wan Hai Lines (Arizona) LLC. (WHL Arizona)	Indirect subsidiary
Wan Hai Lines (USA) LTD. (WHL USA)	Indirect subsidiary
HE CHUN LOGISTICS COMPANY LIMITED (HE CHUN)	Indirect subsidiary
Wan Hai Shipping Limited (WHL Shipping)	Indirect subsidiary
WAN Hai Lines Peru S.A.C. (WHL Peru)	Indirect subsidiary(Note 2)
Tan Cang-Cai Mep International Terminal Co.,Ltd (Tan Cang-Cai Mep)	An associate
HAI PHONG INTERNATIONAL CONTAINER TERMINAL COMPANY LIMITED (HAI PHONG)	An associate
Wan Hai Lines (UAE) LLC. (WHL UAE)	Joint venture
Phuc Xuan Maritime Service Company Limited (Phux Xuan)	Joint venture
Asia Pacific Container Terminal Inc. (APCT)	Related party in substance

Name of related party	Relationship with the Companyt
New World Container Services Corporation	Related party in substance
Universal Checker Co., Ltd.	Related party in substance
Express Container Terminal Corp. (ECTC)	Related party in substance
New Sincere Transportation Corp. (NSTC)	Related party in substance
New Safety Transportation Corp. (NSaTC)	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the company
Taian Insurance Co., Ltd.	Related party in substance
Wan Chun International Corp. (WCIC)	Subsidiary of ECTC
Apezgo Digital Information Co., Ltd.	Subsidiary of APCT
AP PETROLEUM BUSINESS CO., LTD	Subsidiary of APCT
Formosa Wonderworld Co., Ltd. (Formosa Wonderworld)	Related party in substance
Interasia Lines Taiwan, Ltd.	Related party in substance
Hyaline Shipping (HK) Co., Ltd. (Hyaline)	Same director with the Company
Wan Hai Lines (Japan) Ltd. (WHL Japan)	Same director with the Company
Interasia Lines Singapore Pte. Ltd. (IAL (S))	Related party in substance
Interasia Lines (M) SDN. BHD. (IAL (M))	Related party in substance
AP INT'L TRAVEL SERVICE CO., LTD.	Subsidiary of APCT
New Speed Transportation & Terminal Co., Ltd. (NS)	Related party in substance

Note 1: WHL America was originally a subsidiary of the company. The organizational structure of the Company was adjusted to the Company's sub-subsidiary and merged with WHL USA in October 2019. WHL USA is the surviving company, while WHL America is the dissolved entity. WHL America completed its liquidation process in October 2019.

Note 2: WHL Peru was originally a joint venture of the Company's subsidiaries, WHL Singapore and WHL INTL. On July 1, 2019, it acquired control of the company through the acquisition of 49% of WHL Peru's shares. The relationship was changed to the company's grandson.

(b) Significant transactions with related parties

1. Sales to related parties:

	2019	2018
Subsidiaries	$ 3,228,411	2,960,456
Joint venture	2,010	
Other related parties	1,156,445	834,996
	$ 4,386,866	**3,795,452**

The transaction terms with related parties were not significantly different from those of sales to third parties. The average collection period for notes and accounts receivable pertaining to such sales transactions ranged from one to three months, while the average collection period for routine sales transactions was within one month.

2. Consideration for services related to the entity:

	2019	2018
Subsidiary		
WH Corporation	$ 381,405	7,986,350
WHL Singapore	6,002,973	117,446
Other subsidiary	1,563,249	1,433,053
Associates	122,395	66,813
Other related parties	3,457,743	3,342,890
	$ 11,527,765	**12,946,552**

The transaction terms with related parties were not significantly different from those of the third parties. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

3. Receivables from related parties

Receivables of the Company from related parties were as follows：

Item	Related party categories	2019.12.31	2018.12.31
Accounts receivable	Other related parties	$ 29,656	28,546
	Subsidiary:		
other receivable	WH Corporation	157,610	145,690
other receivable	Others	81,376	50,347
other receivable	Associates	-	132
other receivable	Other related parties	40,381	6,953
other receivable	Joint venture	-	602
	Subsidiary:		
Receivable from agents	Clipper	699,944	641,732
Receivable from agents	WHL India	249,127	269,648
Receivable from agents	Others	294,380	411,205
Receivable from agents	Associates	18,492	16,650
	Other related parties		
Receivable from agents	WHL Japan	736,864	659,090
Other current assets	Subsidiary	-	46,479
		$ 2,307,830	**2,277,074**

4. Payables from related parties

Payable of the Company related parties were as follows：

Item	Related party categories	2019.12.31	2018.12.31
Accounts payable	Subsidiary	$ 308,993	676,993
Accounts payable	Other related parties	103,648	143,022
Other payables	Subsidiary	4	88
Other payables	Other related parties	11,531	6,880
	Subsidiary:		
Payable to agents	WHL Hong Kong	808,094	347,586
Payable to agents	WHL INTL.	26,153	109,673
Payable to agents	WHL Thailand	190,231	158,552
Payable to agents	Others	42,302	82,546
Other current liabilities	Subsidiary	7,419	6,174
Other current liabilities	Other related parties	22,952	4,413
		$ 1,521,327	**1,535,927**

5. Property transactions

1) Acquisition of property, plant and equipment

The acquisition price of property, plant and equipment from related parties are summarized as follows:

	2019	2018
Subsidiary	**$ 139,388**	**-**

In August 2019, the Company purchased a vessel from its subsidiary with the purchasing price of USD 4,500 thousand (TWD 139,387 thousand) depending on the valuation report. The gain on disposal of property was 59,541 thousand, which was not entirely realized. As of December 31, 2019, the unrealized gain of $50,238 thousand was recognized as the deduction of long-term equity investment under equity method.

In June 2016, the Company purchased a vessel from its subsidiary. The purchasing price was USD 16,500 thousand (TWD 530,145 thousand) depending on the valuation report, and loss on disposal of property was $95,983 thousand, but not entirely realized. As of December 31, 2019 and 2018, the unrealized loss was $76,432 thousand and $81,888 thousand depending on the useful life of the vessel, 18 years, as the induction of long-term equity investment under equity method.

2) Disposals of property, plant and equipment

From January to June 2006, the Company sold five vessels to its subsidiaries. The selling price was USD73,470 thousand (TWD2,386,986 thousand) depending on the valuation report. The carrying value of the five vessels was $2,021,430 thousand, and gain on disposal of property was $365,556 thousand, was recognized depending on the useful life of the vessel. As of December 31, 2018, the gain was entirely realized.

3)The sales of fuels, property, plant and equipment to related parties are summarized as follows:

	2019		2018	
Related party categories	**Disposal price**	**Gain (loss) from disposal**	**Disposal price**	**Gain (loss) from disposal**
Subsidiaries				
WHL Singapore	$ -	-	65,298	-
Subsidiaries	31	31	-	-
Other related parties	238	191	443	431
	$ 269	**222**	**65,741**	**431**

6. Other related-party transactions

For the year ended December 31, 2018, the Company received payments of claims from related parties amounting to $442 thousand.

7. Loans to Related Parties

The interest charged by the Company to related parties is based on the average interest rate charged by financial institutions on the Company's borrowings. The loans to related parties are unsecured. There are no provisions for doubtful debt required after the management' s assessment.

8. Guarantees

Endorsement guarantees offered to related parties were as follows:

	2019.12.31	2018.12.31
Subsidiaries	**$ 22,666,372**	**15,073,429**

9.Leasing

In January 2019, the Company rented containers from its related enterprise. A 12-year lease contract was signed. The total value of the contract was $53,467 thousand. The Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized then the additional amount of $48,765 of both thousand of right-of-use assets and lease liabilities. For the year ended December 31, 2019, the Company recognized the amount of $1,190 thousand as interest expense, with the balance of lease liabilities amounting to $49,728 thousand.

In January 2019, the Company rented vessels from its subsidiary-WHL Singapore. A 1-to-20 year lease contract was signed, in which the rental fee was determined based on the market condition. The total value of the contract was $77,110,472 thousand. The Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amount of $67,570,666 thousand of both right-of-use assets and lease liabilities. For the year ended December 31, 2019, the Company recognized the amount of $1,252,142 thousand as interest expense, with the balance of lease liabilities amounting to $86,246,985 thousand.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	2019	2018
Short-term employee benefits	$ 67,617	37,541
Post-employment benefits	18	-
	$ 67,635	37,541

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Objective	2019.12.31	2018.12.31
Time deposits (recorded in other non-current assets)	Lease contract for wharf	$ 86,515	49,315
Guarantee deposits paid (recorded in other non-current assets)	Lease contract for wharf, building lease contract and lawsuit	80,952	84,270
Containers	Long-term loans	10,651,838	6,218,080
Buildings	Long-term loans	14,069	14,623
		$ 10,833,374	6,366,288

(9) Significant Contingencies and Commitments

(a) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Company entered into a contract to lease a wharf in Japan in March 2003 and renewed it in April 2008. The lease period is from March 2003 to March 2028. As of December 31, 2019, the lease deposit amounted to ￥255,775,000 (TWD 70,594 thousand) was recorded in guarantee deposits paid.

The Company co-operated with the Kaohsiung Harbor Bureau to renovate containers and wharf facilities in December 2007 and rented the No. 63 and 64 wharf repair centers and straddle carrier. From the date of beginning renovation to the date the Harbor Bureau examined the construction, the rental period lasted 13 years and 7 months, and the total contract amount was $68,609 thousand, which was reclassified as leased assets on December 31, 2010, to replace previous prepayment for equipment.

(b) As of December 31, 2019, the total amount claimed to the Company is approximately $50,252 thousand, and the related cases are under negotiation or under trial.

(10) Losses Due to Major Disasters: None.

(11) Significant Subsequent Events

The Company purchased 2,262 thousand shares of Delta Electronics, Inc. and 4,528 thousand shares of Chunghwa Telecom Co., Ltd. which amounted to $287,967 and $489,351 thousand and recognized as current financial assets at fair value through profit and loss and non-current financial assets at fair value through other comprehensive income respectively, as of the issuance date of the financial report.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

By function	For the years ended December 31, 2019			For the years ended December 31, 2018		
By item	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	440,390	998,749	1,439,139	403,697	801,429	1,205,126
Labor and health insurance	22,936	74,302	97,238	21,799	72,820	94,619
Pension	22,645	43,349	65,994	22,792	44,159	66,951
Remuneration of directors	-	55,534	55,534	-	28,015	28,015
Others employee benefits	30,313	57,125	87,438	24,244	53,954	78,198
Depreciation	7,946,468	25,233	7,971,701	1,288,443	13,676	1,302,119
Amortization	2,668	51,425	54,093	784	44,971	45,755

The Company's number of employees and additional information on employee benefits in December 31, 2019 and 2018 are as follows:

	2019	2018
Number of employees	1,107	1,090
Number of non-employee directors	4	4
Average fee on employee benefits	$ 1,532	1,330
Average fee on salaries	$ 1,305	1,110
Average adjustment on salaries	17.57 %	

(13) Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2019:

1. Fund financing to other parties:

(In thousands of TWD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance (Note 6)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 3)
													Name	Value		
0	The Company	WHL Singapore	Other receivable related	Yes	7,703,250	7,703,250	-	-	1	-	Note 4	-	Promissory note	7,703,250	13,387,521	14,441,673
1	WHL INTL.	WHL India	Other receivable related	Yes	146,362	146,362	115,549	4.5%	1	-	Note 3	-	Promissory note	146,362	151,975	151,975
2	WHL Singapore	Yi Chun	Other receivable related	Yes	92,418	92,418	53,676	3.36~4.01%	1	-	Note 4	-	Promissory note	92,418	10,710,017	10,710,017

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Acquisition of assets.

Note 4: Operating activities.

Note 5: Financing amount shall not exceed 40 percent of the lending company's net worth and the following:

1. Individual funding loan limits of financing for single borrower who has business with the lending company cannot exceed the total transaction amount of the current year.
2. Individual funding loan limits for short-term borrower cannot exceed the lower of 40 percent of the lending company's net worth or 50 percent of borrower's net worth.
3. An individual loaned amount between the foreign companies whose voting shares are wholly owned by the Company directly or indirectly, or the foreign companies whose voting shares are wholly owned by the Company directly or indirectly to the Company, shall not exceed 40 percent of the lending company's net worth.

2. Guarantees and endorsements for other parties:

(In thousands of TWD)

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount) (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	WHL Singapore	2	28,883,345	24,269,896	22,657,179	11,839,040	-	62.76 %	72,208,363	Y	N	N
0	The Company	TK	2	28,883,345	27,580	9,193	9,193	-	0.03 %	72,208,363	Y	N	N

Note 1: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the company directly or indirectly holds more than 90% of its voting rights.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 2: According to the Company's "Policy and Procedures for Guarantee and Endorsement":

1. External endorsements and guarantees made by the Company may not exceed 200% of the Company's net worth.
2. Endorsements and guarantees made to a single enterprise may not exceed 40% of the Company or its subsidiaries' net worth.
3. The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole may not exceed 250% of the Company's net worth.
4. Endorsements and guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50% of the Company's net worth.
5. Endorsements and guarantees made by the Company to the subsidiaries, or subsidiaries to the Company, are not subject to the above mentioned restrictions. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 80% of the net worth of the company providing guarantees.

Note 3: The Company provided a guarantee for TK's bank loan of $27,600 thousand and had received a promissory note for that amount.

3. Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of TWD)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
	Domestic listed stocks:							
The Company	GREATWALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss-current	8,296,579	362,146	- %	362,146	
〃	Formosa Plastics Corporation	-	〃	376,288	37,554	- %	37,554	
〃	Formosa Chemicals & Fibre Corporation	-	〃	245,480	21,479	- %	21,479	
〃	Tainan Spinning Co., Ltd.	-	〃	3,498,898	36,738	- %	36,738	
〃	China Steel Corporation	-	〃	2,291,162	54,759	- %	54,759	
〃	Delta Electronics, Inc.	-	〃	1,608,000	243,612	- %	243,612	
〃	Hon Hai Precision Ind. Co., Ltd.	-	〃	93,440	8,484	- %	8,484	
〃	Transcend Information, Inc.	-	〃	89,111	6,942	- %	6,942	
〃	Amtran Technology Co., Ltd.	-	〃	984,058	10,480	- %	10,480	
〃	Yang Ming Marine Transport Corp.	-	〃	957,526	6,904	- %	6,904	
〃	China Airlines Ltd.	-	〃	23,753,862	215,210	- %	215,210	
〃	Chinese Maritime Transport Ltd.	-	〃	435,050	12,943	- %	12,943	
〃	Mega Financial Holding Co., Ltd.	-	〃	10,758,646	329,214	- %	329,214	
〃	Taishin Financial Holding Co., Ltd.	-	〃	20,215,416	293,123	- %	293,123	
〃	First Financial Holding Co., Ltd.	-	〃	14,643,234	347,045	- %	347,045	
〃	Kinsus Interconnect Technology Corp.	-	〃	334,627	17,334	- %	17,334	
〃	Shih Wei Navigation Co., Ltd.	-	〃	678,680	5,497	- %	5,497	
〃	Taiwan Cooperative Financial Holding Co., Ltd.	-	〃	30,023,845	622,995	- %	622,995	
〃	Taiwan Secom Co., Ltd.	-	〃	2,419,000	214,807	- %	214,807	
〃	The Eslite Spectrum Corporation	-	〃	965,000	110,975	- %	110,975	
〃	Tigerair Taiwan	-	〃	195,997	9,812	0.10	9,812	
〃	Shihlin Paper Corporation	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	5,419,088	183,707	2.08 %	183,707	
〃	Chunghwa Telecom Co., Ltd.	-	〃	22,992,000	2,529,120		2,529,120	

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance: Number of shares	Book value	Percentage of shares	Market value	Notes
	Domestic unlisted stocks:							
The Company	Taipei Port Container Terminal Corp.	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	79,315,476	456,743	15.25	456,743	
〃	United Stevedoring Corporation	-	〃	781,250	13,242	15.63 %	13,242	
	Foreign listed stocks:							
WHL Singapore	Da Nang Port Joint Stock Company	-	〃	20,038,000	513,571	20.24 %	513,571	
	Bond							
The Company	Royal Bank of Scotland PLC	-	Financial assets at fair value through profit or loss-current	-	1,157,131	- %	1,157,131	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance: Shares/ Units	Beginning balance: Amount	Purchases: Shares/ Units	Purchases: Amount	Sales: Shares/ Units	Sales: Price	Sales: Cost	Sales: Disposal gain (loss)	Ending balance: Shares/ Units	Ending balance: Amount
WHL Singapore	Da Nang Port Joint Stock Company	Financial assets at fair value through other comprehensive income－non-current	-	-	-	-	20,038,000	536,497	-	-	-	-	20,038,000	513,571

Note 1: Includes valuation adjustments on financial assets.

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid in capital:

Nome of Company	Name of property	Transaction/ Occurrence date	Transaction amount	Conditions of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the precious transfer information: Owner	Relationship with the Company	Transfer date	Amount	References for determining price	Purpose for obtaining and usage status	Notes
The Company	Land and building	108.5.13	1,420,000	Paid	Lungyen Life Service Corporation	Not related party	-	-	-	-	Market value and appraisal report	For issuing loan-term ticket	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Buying/selling products for which the dollar amount reaches $100 million or 20% or more of paid-in capital:

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Name of Counter-party	Relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	Notes
The Company	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	816,988	1.47 %	30 days	-	-	-	- %	
〃	k.k. WH Corporation	Subsidiary	Terminal port charges, rent expense	381,405	0.68 %	〃	-	-	(30,872)	0.41 %	Note 2
〃	WHL-Singapore	Subsidiary	Rent income, commission revenue, shipping agent revenue	(3,218,718)	5.45 %	〃	-	-	-	- %	Note 2
〃	WHL-Singapore	Subsidiary	Vessel rental expense, Oil expense	6,002,973	10.77 %	〃	-	-	(129,704)	1.72 %	Note 2
〃	WHL Hongkong	Subsidiary	Commission fee	805,703	1.45 %	〃	-	-	(808,094)	10.74 %	Note 2
〃	WHL (Japan)	Same director with the company	Commission fee	249,657	0.45 %	〃	-	-	-	- %	
〃	IAL Singapore	Related party in substance	Joint venture revenue, container rental revenue, shipping agent revenue, ship rental revenue	(1,062,835)	1.80 %	〃	-	-	11,598	0.32 %	
〃	IAL Singapore	Related party in substance	Joint venture expense, container rental expense	334,277	0.60 %	〃	-	-	-	- %	
〃	Hyaline	Same director with the company	Commission fee	623,001	1.12 %	〃	-	-	-	- %	
〃	NSTC	Related party in substance	Tow charge	524,959	0.94 %	〃	-	-	(38,633)	0.51 %	
〃	APLI	Related party in substance	Container fee	317,754	0.57 %	〃	-	-	(9,208)	0.12 %	
〃	WCIC	Related party in substance	Turnkey charges, terminal handling charge	160,916	0.29 %	〃	-	-	(18,520)	0.25 %	
〃	NSaTC	Related party in substance	Tow charge, container fee	127,919	0.23 %	〃	-	0	(7,809)	0.10 %	

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	WHL Malaysia	Subsidiary	Commission fee	117,895	0.21 %	30 days	-	0	-	- %	Note 2
〃	New World Container Services Corporation	Related party in substance	Container fee	115,240	0.21 %	〃	-	0	(9,980)	0.13 %	
〃	T.k. Logistics International Co., Ltd.	Subsidiary	Container fee, service fee, terminal handling fee	121,343	0.22 %	〃	-	0	(15,522)	0.21 %	Note 2
〃	WHL Korea	Subsidiary	Commission fee	108,305	0.19 %	〃	-	0	-	- %	Note 2
〃	WHL Thailand	Subsidiary	Commission fee	103,542	0.19 %	〃	-	-	(190,231)	2.53 %	Note 2
WHL-Singapore	The Company	Subsidiary	Rent expense, commission fee, shipping agent expense	3,218,718	15.74 %	〃	-	-	-	- %	Note 2
〃	The Company	Subsidiary	Vessel rental revenue, oil revenue	(6,002,973)	24.34 %	〃	-	-	129,704	6.00 %	Note 2
WHL Hongkong	The Company	Subsidiary	Commission income	(805,703)	93.45 %	〃	-	-	808,094	100.00 %	Note 2
k.k. WH Corporation	The Company	Subsidiary		(381,405)	98.79 %	〃	-	-	30,872	70.97 %	Note 2
WHL Malaysia	The Company	Subsidiary	Commission income	(117,895)	99.92 %	〃	-	-	-	- %	Note 2
WHL Korea	〃	〃	〃	(108,305)	100.00 %		-		-	- %	Note 2
T.k. Logistics International Co., Ltd.	〃	〃	Container revenue, service revenue, terminal handling revenue	(121,343)	49.55 %	〃	-	-	15,522	58.90 %	Note 2
WHL Thailand	〃	〃	Commission fee	(103,542)	97.35 %		-	-	190,231	95.51 %	Note 2

Note 1: Including notes receivable / payable, accounts payable－related parties and receivable / payable from / to agents.

Note 2: Eliminated in the consolidated financial statements.

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	WHL Malaysia	Subsidiary	125,198	- %	-		125,198	-
〃	WHL Japan	Coporate director of the Company	736,864	- %	-		716,989	-
〃	WHL India	Subsidiary	249,127	- %	-		245,303	-
〃	LUEN CHUN	Subsidiary	699,944	- %	-		600,365	-
WHL-HongKong	The Company	Subsidiary	808,094	- %	-		438,637	-

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
WHL-Singapore	The Company	Subsidiary	129,704	- %	-		129,704	-
WHL-Thailand	The Company	Subsidiary	190,231	- %	-		190,231	-
Bao Sheng	The Company	Subsidiary	135,406	- %	-		132,822	-

Note: Eliminated in the consolidated financial statements.

9. Derivative transactions: None.

(b) Information on investees

For the year ended December 31, 2019, the following is the information on investees (excluding investees in Mainland china):

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Wan Hai Lines (Singapore) Pte. Ltd.	Singapore	Transportation and shipping agency service, vessel rental service, and international transportation and shipping agency services	21,983,099	21,546,395	979,399,234	100.00 %	30,538,179	2,119,271	2,748,242	Subsidiary (Note 2、3)
"	Wan Hai Lines (America) Ltd.	America	Transportation and shipping agency services	-	401,460	-	- %	-	6,324	6,324	Subsidiary (Note 3、4)
"	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	21,819	3,782	3,782	Subsidiary (Note 3)
"	Wan Hai Lines (Germany) GmbH	Germany	Transportation and shipping agency services	1,018	1,018	-	100.00 %	1,533	(503)	(503)	Subsidiary (Note 1、3)
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	419,869	614,096	130,987	Associate (Note 1)
"	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	149,290	8,501	4,676	Subsidiary (Note 3)
"	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	41,821	9,159	6,413	Subsidiary (Note 3)
"	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	598,211	598,211	-	16.50 %	539,413	(107,160)	(20,607)	Associate (Note 1)
WHL-Singapore	Wan Hai Lines (Phils.), Inc.	Philippines	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	13,740	(146)	(146)	Indirect subsidiary (Note 3)
"	Wab Hai Lines (H.K.) Limited	Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	3,103,897	456,132	456,132	Indirect subsidiary (Note 3)
"	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	79,836	(2,632)	(2,632)	Indirect subsidiary (Note 3)
"	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	14,991	6,172	6,172	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	36,577	10,699	10,699	Indirect subsidiary (Note 3)
"	Wan Hai International Pte. Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	630,172	49,769	49,769	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Thailand) Ltd.	Thailand	Transportation and shipping agency services	2,805	2,805	29,400	49.00 %	67,476	9,753	4,779	Indirect subsidiary (Note 3)
"	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	44,972	12,773	12,773	Indirect subsidiary (Note 1、3)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
WHL-Singapore	HE CHUN LOGISTICS COMPANY LTD.	Vietnam	ODD operations	60,857	60,857	-	100.00 %	74,576	14,688	14,688	Indirect subsidiary (Note 1、3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	1,942	1,000	211,860	99.00 %	14,059	12,154	6,163	Indirect subsidiary (Note 3)
"	Wan Hai Lines Ecuador SA.	Ecuador	Transportation and shipping agency services	1,627	1,627	51,000	51.00 %	9,247	14,097	7,189	Indirect subsidiary (Note 3)
"	PHUC XUAN MARITIME SERVICE CO.,LTD.	Vietnam	Container yard business	9,186	-	-	49.00 %	10,496	3,266	1,600	Associate (Note 1)
"	Bravely International Pte. Ltd.	Singapore	Transportation and investment	413,778	413,778	18,332,701	100.00 %	(78,227)	(170,676)	(170,676)	Indirect subsidiary (Note 3)
"	WAN HAI LINES (USA) LTD.	America	Transportation and shipping agency services	437,514	4,469	284,381	100.00 %	435,776	8,885	8,885	Indirect subsidiary (Note 3)
"	Wan Hai Shipping Limited	Myanmar	Transportation and shipping agency services	1,075	-	35,000	70.00 %	1,036	(67)	(47)	Indirect subsidiary (Note 3)
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	34,758	69,007	33,814	Associate
"	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	(1,697)	(1,013)	(1,013)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	125,588	50,286	50,286	Indirect subsidiary (Note 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	20	-	2,140	1.00 %	142	12,154	121	Indirect subsidiary (Note 3)
WHL Hongkong	Dawin Logistics (International) Limited	Hong Kong	Managing container, storage and logistics services	570,480	570,480	144,640,000	100.00 %	907,136	20,042	20,042	Indirect subsidiary (Note 3)
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	Freight storage and logistics business	127,584	127,584	4,000,000	80.00 %	89,889	(6,054)	(4,843)	Indirect subsidiary (Note 3)
WAN HAI LINES (USA) LTD.	Wan Hai Lines (Arizona) LLC.	America	House rental and management	359,760	359,760	-	100.00 %	372,790	6,500	6,500	Indirect subsidiary (Note 1、3)

Note 1: Limited companies with no common shares issued.

Note 2: The difference is due to the unrealized gain /loss.

Note 3: Eliminated in the consolidated financial statements.

Note 4: Completed its liquidation process in October 2019.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
Guangzhou Wan Hai Information Technology Ltd.	Information software service	7,922	(1)	-	-	-	-	2,076	100.00 %	2,076	23,599	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and acting as agent for transport affairs	644,016	(1)	-	-	-	-	7,164	100.00 %	7,164	773,276	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	(5,912)	49.00 %	(2,897)	(431)	-

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	3,567	100.00 %	3,567	66,981	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	(2,043)	90.00 %	(1,839)	23,782	-
Wan Hang Tours Co., Ltd.	Retailing and Catering management	287,330	(1)	-	-	-	-	6,256	50.00 %	3,128	119,237	-
Qingdao port & Win International Logistics Co., Ltd.	Container yard station	50,188	(1)	-	-	-	-	24,541	50.00 %	12,270	37,617	-

Note 1: Indirectly invested in Mainland China through investees.
Note 2: The investment income (loss) recognized in current period was audited and certified by the CPA of the Company.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	1,131,368	21,662,509

Note: The Company's investments in Mainland China were mostly from the investees' self-owned capital in indirect subsidiaries.

3. Significant transactions:

As of December 31, 2019, the significant inter-company transactions with the subsidiary in Mainland China are disclosed in "Information on significant transactions".

(14) Segment Information

Please refer to the consolidated financial report.

Wan Hai Lines Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description				Amount
Cash on hand					$ 48,445
Saving accounts-NT					124,485
Saving accounts-Foreign currency	USD	79,748	thousand @	29.99	2,984,290
	THB	91,915	thousand @	1.01	
	KRW	96,623	thousand @	0.03	
	CNY	76,681	thousand @	4.30	
	JPY	600,001	thousand @	0.28	
	SGD	4	thousand @	22.28	
	HKD	519	thousand @	3.85	
Time deposits-NT					845,000
Time deposits-Foreign currency	USD	106,794	thousand @	29.99	6,324,101
	JPY	8,685,958	thousand @	0.28	
	CNY	112,392	thousand @	4.30	
	HKD	62,425	thousand @	3.85	
Total					**$ 10,326,321**

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS MEARSURED AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Name of financial instruments	Description	Shares (In thousands)	Book Value	Total Amount	Interest Rate	Acquistion Cost	Fair Value Unit Price (NT$)	Fair Value Total Amount	Change in fair value-attribute to change in credit risk	Note
Da Chan Greathrall Group	Domestic listed stocks	8,297	$ -	-	- %	171,013	43.65	362,146	-	
Formosa Plastics Corporation	〃	376	-	-	- %	29,619	99.80	37,554	-	
Formosa Chemicals & Fiber Corporation	〃	245	-	-	- %	17,917	87.50	21,479	-	
Tainan Spinning Co., Ltd	〃	3,499	-	-	- %	53,258	10.50	36,738	-	
China Steel Corporation	〃	2,291	-	-	- %	57,287	23.90	54,759	-	
Delta Electronics, Inc.	〃	1,608	-	-	- %	205,720	151.50	243,612	-	
Hon Hai Precision Ind.Co., Ltd.	〃	93	-	-	- %	9,552	90.80	8,484	-	
Transcend Information, Inc.	〃	89	-	-	- %	9,530	77.90	6,942	-	
Amtran Technology Co., Ltd.	〃	984	-	-	- %	35,642	10.65	10,480	-	
Yang Ming Marine Transport Corp.	〃	958	-	-	- %	38,942	7.21	6,904	-	
China Airlines Ltd.	〃	23,754	-	-	- %	457,957	9.06	215,210	-	
Chinese Maritime Transport Ltd.	〃	435	-	-	- %	51,519	29.75	12,943	-	
Mega Financial Holding Co., Ltd.	〃	10,759	-	-	- %	240,274	30.60	329,214	-	
Taishin Financial Holding Co., Ltd.	〃	20,215	-	-	- %	218,224	14.50	293,123	-	
First Financial Holding Co., Ltd.	〃	14,643	-	-	- %	216,016	23.70	347,045	-	
Kinsus Interconnect Technology Corp.	〃	335	-	-	- %	39,588	51.80	17,334	-	
Shih Wei Navigation Co., Ltd.	〃	679	-	-	- %	60,607	8.10	5,497	-	
Taiwan Cooperative Financial Holding Co., Ltd.	〃	30,024	-	-	- %	442,739	20.75	622,995	-	
Taiwan Secom Co., Ltd.	〃	2,419	-	-	- %	213,522	88.80	214,807	-	
The Eslite spectrum Corporationh	Over the - counter stocks	965	-	-	- %	125,006	115.00	110,975	-	
Tigerair Taiwan	Domestic emerging stocks	196	-	-	- %	8,036	50.0600	9,812	-	
				-		2,701,968		2,968,053	-	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS MEARSURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CON'T)

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019			
Name	Share (In thousands)	Carrying value	Share (In thousands)	Amount	Share (In thousands)	Amount	Share (In thousands)	Carrying value	Collateral	Note
Royal Bank of Scotland PLC	-	$ 1,127,838	-	29,293	-	-	-	1,157,131	None	

Wan Hai Lines Ltd.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Notes
Accounts receivable-joint service:			
Non-Related parties:		$	
Others (Note 1)		96,942	
Accounts receivable-freight, additional fee and container loading / discharge			
Related parties:			
Others (Note 1)		29,656	
Non-Related parties:			
Formosa Plastics Corporation	Freight and additional fees revenue	48,845	
Formosa Chemicals & Fiber Corporation	〃	35,512	
Others (Note 1)	〃	463,632	
		674,587	
Less: Allowance for doubtful receivables		(358)	
Total		**$ 674,229**	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Related parties:			
Accounts receibable-disposal of assets	Revenue from sale of containers	$ 16,460	
Accounts receivable-vessel rental revenue	Revenue from charters of the remaining fuel at the end of rental period or others	184,016	
Other		78,891	
Sub total		279,367	
Non-Related parties:			
Receivables	Discount on expense of containers loading / discharge	40,792	
Accounts receivable-vessel rental revenue	Revenue from charters of the remaining fuel at the end of rental period or others	169,573	
Indemnity income receivables	Receivables of insurance	233,635	
Tax receivable	Income tax refunds	28,237	
Other		63,476	
Sub total		535,713	
Total		**$ 815,080**	

Wan Hai Lines Ltd.

STATEMENT OF INVENTORIES

DECEMBER 31, 2019

(IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Amount		
Item	**Cost**	**Net Realizable Value**	**Note**
Marine diesel oil	$ 145,084	145,084	
Marine residual fuel oil	1,255,817	1,255,817	
Fresh lubricating oil	6,153	5,993	
Less: Allowance for inventory valuation and obsolescence losses	(160)	-	
	$ 1,406,894	**1,406,894**	

Wan Hai Lines Ltd.

STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepaid expenses:			
Prepaid rent expense	Rent expenses of vessels and office	$ 53,591	
Prepaid insurance expense	Insurance expenses of containers, fire disaster, public liability insurance and mutual insurance	7,327	
Prepaid expenses from agents		2,011	
Others (The individual accoust does not exceed 5% of the amount balance)		64,820	
Sub total		127,749	
Payment on behalf of others:			
Payment on behalf of others-charters	Payment of fuel expense, accommodation fee, medical expense and others	145,234	
Others (The individual accoust does not exceed 5% of the amount balance)		170,842	
Sub total		316,076	
Total		**$ 443,825**	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019			
Name	Share (In thousands)	Carrying value	Share (In thousands)	Amount	Share (In thousands)	Amount	Share (In thousands)	Carrying value	Collateral	Note
Shihlin Paper Corporation	5,419	$ 162,573	-	21,134	-	-	5,419	183,707	None	
Chunghua Telecom Co., Ltd.	21,730	2,455,490	1,262	73,630	-	-	22,992	2,529,120	〃	
Taipei Port Container Terminal Corp.	79,315	406,487	-	50,256	-	-	79,315	456,743	〃	
United Stevedoring Corporation	781	11,460	-	1,782	-	-	781	13,242	〃	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED IN DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019			Market Value or Net Assets			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price	Total Amount	Collateral	Note
Wan Hai Lines (Singapore) Pte Ltd	959,957,200	$ 28,001,054	19,442,034	2,537,125	-	-	979,399,234	100.00 %	30,538,179	31.18	30,538,179	None	
Wan Hai Lines (America) Ltd.	280,000	426,140	-	-	280,000	426,140	-	- %	-	-	-	〃	Note 2
K.K. WH Corporation	500	18,293	-	3,526	-	-	500	100.00 %	21,819	43,638.00	21,819	〃	
Wan Hai Lines (Germany) GmbH	Note 1	2,120	-	-	-	587	Note 1	100.00 %	1,533	-	1,533	〃	
Tan Cang-Cai Mep International Terminal Co., Ltd.	Note 1	361,735	-	58,134	-	-	Note 1	21.33 %	419,869	-	419,869	〃	
T.K. Logistics International Co., Ltd.	14,300,000	147,616	-	1,674	-	-	14,300,000	55.00 %	149,290	10.44	149,290	〃	
Bao Sheng Shipping Agency Co., Ltd.	3,000,000	38,776	-	3,045	-	-	3,000,000	70.01 %	41,821	13.94	41,821	〃	
Hai Phong International Container Terminal Co Ltd.	Note 1	573,088	-	-	-	33,675	Note 1	16.50 %	539,413	-	539,413	〃	
		$ 29,568,822		2,603,504		460,402			31,711,924		31,711,924		

Note 1: Limited companies with no common share issued.

Note 2: Wan Hai Lines (America) Ltd. was reorganized in October 2019, and merged with Wan Hai Lines (USA) LTD., with Wan Hai Lines (America) Ltd. being the dissolved entity, and Wan Hai Lines (USA) LTD. being the surviving company, Wan Hai Lines (America) Ltd., completed its liquidation process in October 2019.

Wan Hai Lines Ltd.

STATEMENT OF OTHER NON-CURRENT ASSET

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred tax assets-non-current		$ 520,415	
Refundable deposits		167,467	
Others		256,485	
Total		**$ 944,367**	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Accounts payable			
Related parties:			
Other (Note 1)		$ 412,641	
Non-related parties			
Other (Note 1)		5,745,232	
Accounts payable-agents commision		14,492	
Accounts payable-containers fee		72,161	
Accounts payable-charters		131,907	
Accounts payable-joint service		36,918	
Accounts payable-rental fee		34,529	
Total		**$ 6,447,880**	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.

STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued expense		$ 490,197
Payable to acquisition of equipments		505,579
Others		345,563
		$ 1,341,339

STATEMENT OF LEASE LIABILITIES

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wharf equipments	Lease terms are 5~9 years, while discount rates are 1.8182%~1.9%	$ 3,189,018	
Vessels	Lease terms are 1~20 years, while discount rates are 1.8%~2.36%	81,468,560	
Containers	Lease terms are 1~5 years, while discount rates are 3.45~4.039%	1,039,497	
Other	Lease terms are 1~4 years, while discount rates are 2%	9,677	
Total		**$ 85,706,752**	

Wan Hai Lines Ltd.

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Receipts in advance	Revenue from disposal of containers or over payment	$ 136,831	
Temporary collection-others	Receipts under custody of income tax expense and labor / health insuranle expense	59,120	
Payables to charters	Receipts under custody of freight expense	3,920	
Guarantee deposits received	Deposit	2,003	
Total		**$ 201,874**	

Wan Hai Lines Ltd.

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Creditor	Description	Balance, December 31, 2019	Contract period	Range of Interest Rates	Collateral	Note
Land bank of Taiwan-Chang-an Branch		$ 740,921	2018.04.12~2023.04.12		Containers	
Mizuho Bank Taipei Branch		809,730	2019.01.24~2024.01.24		Containers	
Mega International Commercial Bank Head Office -Foreign Dept.		279,907	2016.08.08~2021.08.08		Containers	
〃		239,920	2017.10.23~2022.10.23		Containers	
〃		599,800	2019.02.11~2024.02.11		Containers	
First Commercial Bank Chien-cheng Branch		209,930	2018.06.12~2023.06.12		Containers	
〃		839,720	2018.08.15~2023.06.12		Containers	
〃		1,499,500	2019.12.03~2024.12.03		Containers	
Bank of China-Taipei Branch		899,700	2019.07.23~2024.07.23		Containers	
Hua Nan Commercial Bank-Chengdong Branch		1,499,500	2019.11.18~2024.11.18		Containers	
Chang Hwa Commercial Bank-Chilin Branch		299,900	2015.08.31~2020.08.31		Containers	
〃		599,800	2016.07.28~2021.07.28		Containers	
〃		333,333	2016.12.21~2021.12.21		Buildings, land	
Taipei Star Bank Changan Branch		168,694	2017.12.21~2022.12.21		-	
First Commercial Bank Chien-Cheng Branch		809,730	2019.02.11~2024.02.11		-	
MUFG Bank-Taipei Branch		500,000	2018.06.19~2021.06.18		-	
China Bills finance Corporation		210,000	2018.06.15~2021.06.14		-	
〃		420,000	2016.12.27~2021.12.25		-	
Mega Bills finance Corporation		700,000	2017.08.22~2021.12.20		-	
〃		700,000	2016.12.27~2021.12.20		-	
International Bills Finance Corporation		700,000	2018.06.15~2021.04.20		-	
		13,060,085		0.38%~3.74%		
Less: Current portion		(2,563,977)				
Discount on commercial paper		(247)				
		$ 10,495,861				

Wan Hai Lines Ltd.

STATEMENT OF OPERATING REVENUE

FOR THE YEAR ENDED IN DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Numbers	Amount	Note
Freight revenue		$ 46,542,393	
Additional freight revenue		4,836,983	
Slottage revenue		3,039,944	
Revenue from WHL terminal		608,621	
Agency revenue		157,405	
Documentation revenue		2,984,247	
Container rental revenue		1,320,980	
Vessel rental revenue		213,736	
		59,704,309	
Less: Sales returns and allowances		(602,190)	
Net amount of operating revenue		**$ 59,102,119**	

STATEMENT OF OPERATING COSTS

Item	Amount
Agency Service	$ 1,899,551
Port charges	3,461,250
Stevedorage expense	20,079,642
Container expense	6,088,056
Vessel expense	7,233,869
Fuel Cost	11,400,349
Loss on inventory valuation	(123,931)
Vessel rental expense	2,204,695
Slottage rental expense	1,315,100
WHL terminal expense	2,165,461
	$ 55,724,042

Wan Hai Lines Ltd.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED IN DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary		$ 998,749	
Entertainment		101,976	
Taxes		355,514	
Service fee		16,938	
Other expenses		757,152	No single amount exceed 5%
Total		**$ 2,230,329**	

Note 1: For the statement of changes in property, plant and equipment, please refer to note (6)(d).

2: For a detailed list of changes in real property, plant and equipment, please refer to note (6)(i).

3: Please refer to note (6)(i) for the detailed list of changes in accumulated depreciation of real property, plant and equipment.

4: Please refer to note (6)(j) for the detailed list of changes in the right-of-use assets.

5: For the detailed depreciation changes of the right-of-use assets, please refer to note (6)(j).

6: For a detailed list of changes in investment real estate, please refer to note (6)(k).

7: Please refer to note (6)(k) for details of the changes in accumulated depreciation of investment real estate.

8: Please refer to note (6)(l) for the detailed list of changes in intangible assets.

9: For the defined benefit obligation liabilities, please refer to note (6)(r).

10: For a detailed list of deferred income tax assets and liabilities, please refer to note (6)(s).

11: For details of other income, please refer to note (6)(x).

12: For details of other benefits and losses, please refer to note (6)(x).

13: For a detailed statement of financial costs, please refer to note (6)(x).