Stock Code:2615

# WAN HAI LINES LTD.

## PARENT COMPANY ONLY FINANCIAL STATEMENTS

**With Independent Auditors' Report**
**For the Years Ended December 31, 2020 and 2019**


**Address:** **10TH FLOOR, 136, SUNG CHIANG ROAD, TAIPEI, TAIWAN**
**Telephone:** **(02)2567-7961**


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, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and 2019 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)(u) "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 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 Rou-Lan, Kuo and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2021

**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, 2020 and 2019

### (Expressed in Thousands of New Taiwan Dollars)

| | Assets | | 2020.12.31 Amount | % | 2019.12.31 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets:** | | | | | |
| 1100 | Cash and cash equivalents (note (6)(a)) | $ | 8,553,009 | 5 | 10,326,321 | 7 |
| 1110 | Current financial assets at fair value through profit or loss (note (6)(b)) | | 4,844,840 | 3 | 4,125,184 | 3 |
| 1150 | Notes receivable, net (notes (6)(e) and 6(u)) | | 49,698 | - | 39,456 | - |
| 1170 | Accounts receivable, net (notes (6)(e), (6)(u) and (7)) | | 1,316,196 | 1 | 674,229 | - |
| 1140 | Current contract assets (note (6)(u)) | | 1,530,849 | 1 | 733,689 | - |
| 1200 | Other receivables, net (note (7)) | | 5,542,057 | 3 | 815,080 | 1 |
| 1330 | Inventories, net (note (6)(f)) | | 1,160,891 | 1 | 1,406,894 | 1 |
| 1475 | Receivables from agents (note (7)) | | 3,073,816 | 2 | 2,144,272 | 1 |
| 1479 | Other current assets, others (note (8) and (9)) | | 438,754 | - | 443,825 | - |
| | | | 26,510,110 | 16 | 20,708,950 | 13 |
| | **Non-current assets:** | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (note (6)(c)) | | 3,827,784 | 2 | 3,182,812 | 2 |
| 1550 | Investments accounted for using equity method, net (note (6)(g)) | | 36,937,983 | 22 | 31,711,924 | 19 |
| 1600 | Property, plant and equipment (notes (6)(i), (8) and (9)) | | 20,976,137 | 13 | 17,953,542 | 11 |
| 1755 | Right-of-use assets (note (6)(j)) | | 74,302,608 | 45 | 85,001,414 | 53 |
| 1760 | Investment property, net (notes (6)(k) and (8)) | | 3,472,681 | 2 | 1,419,389 | 1 |
| 1780 | Intangible assets (note (6)(l)) | | 80,514 | - | 76,285 | - |
| 1900 | Other non-current assets (notes (8) and (9)) | | 809,177 | - | 944,367 | 1 |
| | | | 140,406,884 | 84 | 140,289,733 | 87 |
| | **Total assets** | $ | 166,916,994 | 100 | 160,998,683 | 100 |

| | Liabilities and Equity | | 2020.12.31 Amount | % | 2019.12.31 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities:** | | | | | |
| 2100 | Short-term borrowings (note (6)(m)) | $ | - | - | - | - |
| 2126 | Current financial liabilities for hedging (notes (6)(d) and (p)) | | 818,459 | - | 534,197 | - |
| 2170 | Accounts payable (note (7)) | | 7,605,831 | 5 | 6,447,879 | 4 |
| 2200 | Other payables (note (7)) | | 1,439,458 | 1 | 1,341,339 | 1 |
| 2230 | Current tax liabilities (note (6)(r)) | | 1,087,909 | 1 | - | - |
| 2280 | Current lease liabilities (notes (6)(p) and (7)) | | 6,972,488 | 4 | 7,527,026 | 4 |
| 2320 | Current portion of long-term loans (notes (6)(n), (6)(o) and (8)) | | 6,547,118 | 4 | 2,563,977 | 2 |
| 2350 | Payables to agents (note(7)) | | 1,259,893 | 1 | 1,079,343 | 1 |
| 2300 | Other current liabilities (notes (u) and (7)) | | 178,708 | - | 201,874 | - |
| | | | 25,909,864 | 16 | 19,695,635 | 12 |
| | **Non-Current liabilities:** | | | | | |
| 2511 | Non-current financial liabilities for hedging (notes (6)(d) and (p)) | | 2,855,649 | 2 | 2,026,200 | 1 |
| 2530 | Bonds payable (note (6)(o)) | | 12,600,000 | 8 | 13,900,000 | 9 |
| 2540 | Long-term borrowings (notes (6)(n) and (8)) | | 12,256,982 | 7 | 10,495,861 | 7 |
| 2570 | Deferred tax liabilities (note (6)(r)) | | 4,130,138 | 2 | 2,709,262 | 2 |
| 2580 | Non-current lease liabilities (notes (6)(p) and (7)) | | 64,825,024 | 39 | 75,619,329 | 47 |
| 2640 | Accrued pension liabilities-non current (note(6)(q)) | | 416,815 | - | 442,660 | - |
| 2645 | Guarantee deposits received | | 20,113 | - | 5,554 | - |
| | | | 97,104,721 | 58 | 105,198,866 | 66 |
| | **Total liabilities** | | 123,014,585 | 74 | 124,894,501 | 78 |
| | **Equity (notes (6)(s) and (t)):** | | | | | |
| 3100 | Common stock | | 22,182,975 | 13 | 22,182,975 | 14 |
| 3200 | Capital surplus | | 1,271,775 | 1 | 1,271,775 | 1 |
| | Retained earnings: | | | | | |
| 3310 | Legal reserve | | 7,225,691 | 4 | 6,869,483 | 4 |
| 3320 | Special reserve | | 1,519,682 | 1 | 810,700 | - |
| 3350 | Retained earnings-unappropriated | | 14,941,889 | 9 | 6,488,930 | 4 |
| | | | 23,687,262 | 14 | 14,169,113 | 8 |
| | Other equity interest: | | | | | |
| 3411 | Exchange differences on translation of foreign financial statements | | (3,465,395) | (2) | (1,352,809) | (1) |
| 3420 | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | | 75,448 | - | (200,376) | - |
| 3450 | Gains (losses) on hedging instruments (note(6)(d)) | | 150,344 | - | 33,504 | - |
| | | | (3,239,603) | (2) | (1,519,681) | (1) |
| | **Total equity** | | 43,902,409 | 26 | 36,104,182 | 22 |
| | **Total liabilities and equity** | $ | 166,916,994 | 100 | 160,998,683 | 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, 2020 and 2019

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

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating revenue (notes (6)(u) and (7))** | $ 61,915,516 | 100 | 59,102,119 | 100 |
| 5000 | **Operating costs (notes (6)(f) and (7))** | 52,728,111 | 85 | 55,724,042 | 94 |
| | **Gross profit** | 9,187,405 | 15 | 3,378,077 | 6 |
| 6000 | **Operating expenses** | 2,653,366 | 4 | 2,230,329 | 4 |
| | **Income from operations** | 6,534,039 | 11 | 1,147,748 | 2 |
| | **Non-operating income and expenses (notes (6)(g) and (6)(x)):** | | | | |
| 7100 | Interest income | 73,000 | - | 107,727 | - |
| 7010 | Other income | 284,984 | - | 200,327 | - |
| 7020 | Other gains and losses | 1,527,174 | 2 | 1,877,565 | 3 |
| 7050 | Finance costs | (1,601,126) | (2) | (1,771,749) | (3) |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | 7,256,367 | 12 | 2,879,313 | 5 |
| | **Total non-operating income and expenses** | 7,540,399 | 12 | 3,293,183 | 5 |
| 7900 | **Profit before tax** | 14,074,438 | 23 | 4,440,931 | 7 |
| 7950 | **Less: Income tax expenses** | 2,757,457 | 5 | 867,228 | 1 |
| | **Net Profit** | 11,316,981 | 18 | 3,573,703 | 6 |
| 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 | (38,268) | - | (38,697) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 98,056 | - | 10,060 | - |
| 8331 | Gains (losses) on the remeasurements of defined benefit plans, subsidiaries, associates and joint ventures accounted for using equity method | 6,420 | - | 19,339 | - |
| 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 | 177,768 | - | (4,447) | - |
| 8349 | Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently | 7,654 | - | 7,739 | - |
| | **Total items that may not be reclassified subsequently to profit and loss** | 251,630 | - | (6,006) | - |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Exchange differences on translation | (2,124,502) | (3) | (743,226) | (1) |
| 8368 | Gains (losses) on hedging instrument | 116,840 | - | 33,504 | - |
| 8399 | Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss | 11,916 | - | 5,222 | - |
| | **Total items that may be reclassified subsequently to profit and loss** | (1,995,746) | (3) | (704,500) | (1) |
| 8300 | **Other comprehensive income (net of tax)** | (1,744,116) | (3) | (710,506) | (1) |
| | **Total comprehensive income** | **$ 9,572,865** | **15** | **2,863,197** | **5** |
| | **Basic earnings per share (New Taiwan Dollars) (note (6)(t))** | $ | **5.10** | | **1.61** |
| | **Diluted earnings per share (New Taiwan Dollars) (note (6)(t))** | $ | **5.09** | | **1.61** |

Seeing accompanying notes to financial statements.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

# WAN HAI LINES LTD.

## STATEMENTS OF CHANGES IN EQUITY

## For the years ended December 31, 2020 and 2019

## (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 | Gains (losses) on hedging instruments | Total |
| **Balance at January 1, 2019** | $ 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 acquired or disposed | - | 10,094 | - | - | - | (10,094) | - | - | - |
| Balance at 2019.12.31 | 22,182,975 | 1,271,775 | 6,869,483 | 810,700 | 6,488,930 | (1,352,809) | (200,376) | 33,504 | 36,104,182 |
| Net profit | - | - | - | - | 11,316,981 | - | - | - | 11,316,981 |
| Other comprehensive income | - | - | - | - | (24,194) | (2,112,586) | 275,824 | 116,840 | (1,744,116) |
| Total comprehensive income (loss) | - | - | - | - | 11,292,787 | (2,112,586) | 275,824 | 116,840 | 9,572,865 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 356,208 | - | (356,208) | - | - | - | - |
| Special reserve appropriated | - | - | - | 708,982 | (708,982) | - | - | - | - |
| Cash dividends | - | - | - | - | (1,774,638) | - | - | - | (1,774,638) |
| **Balance at December 31, 2020** | **$ 22,182,975** | **1,271,775** | **7,225,691** | **1,519,682** | **14,941,889** | **(3,465,395)** | **75,448** | **150,344** | **43,902,409** |

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, 2020 and 2019

### (Expressed in Thousands of New Taiwan Dollars)

| | | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from (used in) operating activities:** | | | |
| **Profit before income tax** | $ | 14,074,438 | 4,440,931 |
| **Adjustments:** | | | |
| **Adjustments to reconcile profit (loss):** | | | |
| Depreciation expense | | 8,134,102 | 7,971,701 |
| Amortization expense | | 67,247 | 54,093 |
| Net (gain) loss on financial assets at fair value through profit or loss | | (783,642) | (365,273) |
| Interest expense | | 1,601,126 | 1,771,749 |
| Interest revenue | | (73,000) | (107,727) |
| Dividend income | | (284,984) | (200,327) |
| Investment income under the equity method | | (7,256,367) | (2,879,313) |
| Gain on disposal of property, plant and equipment | | (139,379) | (1,014,281) |
| Gain on unrealized foreign exchange | | (403,295) | (157,077) |
| Gain on lease modification | | (196,596) | (4,593) |
| Others | | 5,093 | 5,671 |
| **Total adjustments to reconcile profit (loss)** | | 670,305 | 5,074,623 |
| **Changes in operating assets and liabilities:** | | | |
| **Changes in operating assets:** | | | |
| Decrease (increase) in contract assets | | (797,160) | 17,395 |
| Notes receivable | | (10,242) | (12,838) |
| Accounts receivable (including related parties) | | (641,967) | 529,265 |
| Other receivables | | (112,564) | 136,877 |
| Inventories | | 246,003 | (416,799) |
| Receivables from agents | | (929,544) | (8,154) |
| Other current assets | | 5,071 | 290,413 |
| Financial assets at fair value through profit or loss, mandatorily measured at fair value | | 8,039 | (313,980) |
| **Total changes in operating assets, net** | | (2,232,364) | 222,179 |
| **Changes in operating liabilities, net:** | | | |
| Accounts payable (including related parties) | | 1,157,952 | 517,373 |
| Other payables | | 414,224 | 123,733 |
| Payables to agents | | 180,550 | 370,514 |
| Other current liabilities | | (22,705) | (426,514) |
| Accrued pension liabilities | | (64,113) | (113,016) |
| **Total changes in operating liabilities, net** | | 1,665,908 | 472,090 |
| **Total changes in operating assets and liabilities** | | (566,456) | 694,269 |
| **Total adjustments** | | 103,849 | 5,768,892 |
| Cash inflow generated from operations | | 14,178,287 | 10,209,823 |
| Income taxes paid | | (116,407) | (107,188) |
| **Net cash provided by operating activities** | | 14,061,880 | 10,102,635 |
| **Cash flows from investing activities:** | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | (546,916) | (136,742) |
| Acquisition of property, plant and equipment | | (5,022,920) | (5,170,405) |
| Proceeds from disposal of property, plant and equipment | | 194,288 | 1,215,291 |
| Decrease in other receivables due from related parties | | (4,636,500) | - |
| Acquisition of intangible assets | | (21,757) | (31,007) |
| Acquisition of investment property | | (2,068,722) | (1,423,384) |
| Other non-current assets | | (230,904) | (267,829) |
| Interest received | | 77,968 | 114,819 |
| Dividends received | | 371,999 | 272,445 |
| **Net cash used in investing activities** | | (11,883,464) | (5,426,812) |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuing bonds | | 2,500,000 | 8,000,000 |
| Repayments of bonds | | - | (1,000,000) |
| Proceeds from long-term loans | | 9,650,640 | 8,913,800 |
| Repayment of long-term loans | | (7,250,083) | (9,416,039) |
| Guarantee deposit | | 14,098 | 4,627 |
| Cash dividends paid | | (1,774,638) | (1,343,467) |
| Lease repayments- principal portions | | (5,468,600) | (5,604,094) |
| Interest paid | | (1,623,145) | (1,738,491) |
| **Net cash used in financing activities** | | (3,951,728) | (2,183,664) |
| **Net increase (decrease) in cash and cash equivalents** | | (1,773,312) | 2,492,159 |
| **Cash and cash equivalents at beginning of period** | | 10,326,321 | 7,834,162 |
| **Cash and cash equivalents at end of period** | $ | **8,553,009** | **10,326,321** |

**Seeing accompanying notes to financial statements.**

**(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 Financial Statements**

The Board of Directors approved and issued the financial statements on March 22, 2021.

**(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 details of impact on the Company's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note (4)L.

The Company has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $2,842 thousand.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.<br>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |

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.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

**(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 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 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 net defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

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 (TWD), which is the Company’s functional currency. All financial information presented in TWD 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 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 | 13～56 years |
| 2)Vessels | 1～25 years |
| 3)Major component of vessels: docking repair assets | 2.5 years |
| 4)Containers | 1～10 years |
| 5)Privileyed wharf equipment | 1～15 years |
| 6)Other equipment | 1～15 years |

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

(l) Leases

(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.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(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.

(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, slottage rental expense 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) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) 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.

(r) 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.

(s) 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 employee compensation.

(t) 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.

(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

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Cash | $ | 54,325 | 48,445 |
| Savings accounts | | 8,016,024 | 3,108,775 |
| Time deposits | | 482,660 | 7,169,101 |
| Cash and cash equivalents in statement of cash flows | **$** | **8,553,009** | **10,326,321** |

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

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

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Mandatorily measured at fair value through profit or loss: | | | |
| Non-derivative financial assets | | | |
| Stocks listed on domestic markets | $ | 4,836,764 | 2,958,241 |
| Emerging stocks on domestic markets | | 8,076 | 9,812 |
| Debt securities | | - | 1,157,131 |
| Total | **$** | **4,844,840** | **4,125,184** |

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

2.As of December 31, 2020 and 2019, the Company's financial assets were not pledged as collateral.

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

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Equity investments at fair value through other comprehensive income | | | |
| Stocks listed on domestic markets | $ | 3,377,664 | 2,712,827 |
| Stocks unlisted on domestic markets | | 450,120 | 469,985 |
| Total | $ | **3,827,784** | **3,182,812** |

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, 2020 and 2019, 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, 2020 and 2019, the dividends of $117,358 thousand and $98,478 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(y).

3. As of December 31, 2020 and 2019, 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:

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| **Cash flow hedge:** | | | |
| Financial liabilities used for hedging: | | | |
| Current lease liabilities | $ | 818,459 | 534,197 |
| Non-current lease liabilities | | 2,855,649 | 2,026,200 |
| Total | $ | **3,674,108** | **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 | Fair value 2020.12.31 | Fair value 2019.12.31 | 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 | $ 2,312,368 | 989,769 | 2020～2025 | 2020～2025 |
| WHL terminal revenue (JPY) | Lease liabilities | 1,361,740 | 1,570,628 | 2020～2028 | 2020～2028 |

| Items | | 2020 | 2019 |
|---|---|---|---|
| Amounts recognized as other comprehensive income | $ | **116,840** | **33,504** |

For the year ended December 31, 2020, 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)(s).

(e) Notes receivable and accounts receivable

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Notes receivable | $ 49,698 | 39,456 |
| Accounts receivable | 1,316,554 | 674,587 |
| Less: Allowance for doubtful receivables | (358) | (358) |
| | $ 1,365,894 | 713,685 |

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, 2020 and 2019. 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, 2020 and 2019 was determined as follows:

| | 2020.12.31 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 1,292,092 | 0%~0.0006% | 358 |
| Overdue 0~30 days | 65,805 | 0%~0.0007% | - |
| Overdue 31~120 days | 8,327 | 0%~0.002% | - |
| Overdue 121~365 days | 28 | 0%~0.003% | - |
| Overdue more than 365 days | - | 0%~100% | - |
| | $ 1,366,252 | | 358 |

| | 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 |

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

| | 2020 | 2019 |
|---|---|---|
| Ending balance (equals to beginning balance) | $ 358 | 358 |

Please refer to (6)(x) 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, 2020 and 2019, the notes and trade receivable of the Company had not been pledged as collateral.

(f) Inventories

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Marine diesel oil | $ 119,331 | 145,084 |
| Marine residual fuel oil | 1,048,866 | 1,255,817 |
| Fresh lubricating oil | 5,841 | 6,153 |
| Subtotal | 1,174,038 | 1,407,054 |
| Less: Allowance for inventory valuation and obsolescence losses | (13,147) | (160) |
| Total | **$ 1,160,891** | **1,406,894** |

For the years ended December 31, 2020, the write-downs of inventories to net realizable value amounting to $12,987 thousand. The write-downs were included in operating costs.

For the year ended December 31, 2019, the reversal of write-downs amounted to $123,931 thousand because the previous reason that casued the net receivable value of inventries lower than its cost has disappeared. The reversals are recongnized in cost of goods sold.

As of December 31, 2020 and 2019 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:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Subsidiaries | $ 35,967,363 | 30,752,642 |
| Associates | 970,620 | 959,282 |
| | **$ 36,937,983** | **31,711,924** |

1. Subsidiaries

Please refer to the consolidated financial statments for the years ended December 31, 2020.

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:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| The carrying amount of individually non-significant associates' equity | **$ 970,620** | **959,282** |

| | 2020 | 2019 |
|---|---|---|
| Attributable to the Company: | | |
| Profit (loss) from continuing operations | $ 149,785 | 110,380 |
| Total comprehensive income | **$ 149,785** | **110,380** |

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 Hai 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, 2020 and 2019, were as follows:

| | Land | Buildings | Vessels | Containers | Other equipment | Privileged wharf equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| Balance at January 1, 2020 | $ 620,477 | 123,736 | 3,814,756 | 25,988,525 | 746,315 | 2,031,044 | 33,324,853 |
| Additions | 1,573,962 | 642,428 | 88,646 | 2,276,647 | 50,957 | 96,301 | 4,728,941 |
| Reclassification | - | - | - | - | 26,159 | 180,020 | 206,179 |
| Disposals | - | - | - | (610,945) | (19,111) | - | (630,056) |
| Balance at December 31, 2020 | **$ 2,194,439** | **766,164** | **3,903,402** | **27,654,227** | **804,320** | **2,307,365** | **37,629,917** |
| 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** |
| Depreciation and impairment loss: | | | | | | | |
| Balance at January 1, 2020 | $ - | 72,067 | 3,029,103 | 10,980,636 | 373,240 | 916,265 | 15,371,311 |
| Depreciation | - | 5,875 | 104,643 | 1,559,186 | 78,476 | 125,085 | 1,873,265 |
| Disposals | - | - | - | (571,685) | (19,111) | - | (590,796) |
| Balance at December 31, 2020 | **$ -** | **77,942** | **3,133,746** | **11,968,137** | **432,605** | **1,041,350** | **16,653,780** |
| 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** |
| Carrying amounts: | | | | | | | |
| Balance at December 31, 2020 | **$ 2,194,439** | **688,222** | **769,656** | **15,686,090** | **371,715** | **1,266,015** | **20,976,137** |
| Balance at January 1, 2019 | **$ 620,477** | **54,395** | **671,520** | **12,369,320** | **271,023** | **696,353** | **14,683,088** |
| Balance at December 31, 2019 | **$ 620,477** | **51,669** | **785,653** | **15,007,889** | **373,075** | **1,114,779** | **17,953,542** |

As of December 31, 2020 and 2019, 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, 2020 | $ | 3,595,337 | 86,246,985 | 1,375,646 | 14,972 | 91,232,940 |
| Additions | | 1,276 | 14,294,058 | 1,710,439 | 11,706 | 16,017,479 |
| Decreases | | - | (12,635,174) | (105,739) | (1,171) | (12,742,084) |
| Remeasurement | | 634,949 | (10,288,723) | 97,712 | - | (9,556,062) |
| Balance as of December 31, 2020 | $ | **4,231,562** | **77,617,146** | **3,078,058** | **25,507** | **84,952,273** |
| 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 |
| Decreases | | - | (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, 2020 | $ | 432,346 | 5,454,565 | 339,996 | 4,619 | 6,231,526 |
| Depreciation for the year | | 437,957 | 5,350,361 | 450,691 | 6,398 | 6,245,407 |
| Decreases | | - | (1,721,039) | (105,739) | (490) | (1,827,268) |
| Balance as of December 31, 2020 | $ | **870,303** | **9,083,887** | **684,948** | **10,527** | **10,649,665** |
| Balance as of January 1, 2019 | $ | - | - | - | - | - |
| Depreciation for the year | | 432,346 | 5,564,367 | 339,996 | 4,619 | 6,341,328 |
| Decreases | | - | (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, 2020 | $ | **3,361,259** | **68,533,259** | **2,393,110** | **14,980** | **74,302,608** |
| Balance as of December 31, 2019 | $ | **3,162,991** | **80,792,420** | **1,035,650** | **10,353** | **85,001,414** |

(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, 2020 | $ 1,269,509 | 153,875 | 1,423,384 |
| Purchases | 1,558,714 | 510,008 | 2,068,722 |
| Balance at December 31, 2020 | **$ 2,828,223** | **663,883** | **3,492,106** |
| 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** |
| Depreciation and impairment losses: | | | |
| Balance at January 1, 2020 | $ - | 3,995 | 3,995 |
| Depreciation for the year | - | 15,430 | 15,430 |
| Balance at December 31, 2020 | **$ -** | **19,425** | **19,425** |
| Balance at January 1, 2019 | $ - | - | - |
| Depreciation for the year | - | 3,995 | 3,995 |
| Balance at December 31, 2019 | **$ -** | **3,995** | **3,995** |
| Carrying amount: | | | |
| Balance at December 31, 2020 | **$ 2,828,223** | **644,458** | **3,472,681** |
| Balance at January 1, 2019 | **$ -** | **-** | **-** |
| Balance at December 31, 2019 | **$ 1,269,509** | **149,880** | **1,419,389** |
| Fair value: | | | |
| Balance at December 31, 2020 | | | **$ 3,820,400** |
| Balance at December 31, 2019 | | | **$ 1,448,500** |

The fair value of investment properties (as measure or disclosed in the financial statements) in Taiwan at December 31, 2020 and 2019 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 yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for the investment properties. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3. The ranges of yields applied to the net annual rentals used to determine the fair value of properties in the year of 2020, and 2019 were as follows:

| Location | 2020 | 2019 |
|---|---|---|
| Taiwan | 1.59%-2.11% | 1.55% |

The investment property is a commercial real estate which was bought for operation planning on December 31, 2020 and 2019. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is $16,629 thousand and $3,910 thousand for the year 2020 and 2019, respectively.

As of December 31, 2020 and 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, 2020 and 2019 were as follows:

| | Computer software | Trademarks | Total |
|---|---|---|---|
| Costs: | | | |
| Balance at January 1, 2020 | $ 155,510 | 4,081 | 159,591 |
| Additions | 21,464 | 293 | 21,757 |
| Reclassification | 49,719 | - | 49,719 |
| Disposals | (77,575) | (317) | (77,892) |
| Balance at December 31, 2020 | **$ 149,118** | **4,057** | **153,175** |
| 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** |
| Amortization and impairment loss: | | | |
| Balance at January 1, 2020 | $ 81,991 | 1,315 | 83,306 |
| Amortization for the year | 66,821 | 426 | 67,247 |
| Disposals | (77,575) | (317) | (77,892) |
| Balance at December 31, 2020 | **$ 71,237** | **1,424** | **72,661** |

| | | Computer software | Trademarks | Total |
|---|---|---|---|---|
| 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** |
| Carrying amounts: | | | | |
| Balance at December 31, 2020 | $ | **77,881** | **2,633** | **80,514** |
| Balance at December 31, 2019 | $ | **73,519** | **2,766** | **76,285** |
| Balance at January 1, 2019 | $ | **91,757** | **2,483** | **94,240** |

1. Recognition of amortization and impairment

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

| | | 2020 | 2019 |
|---|---|---|---|
| Operating costs | $ | **20,655** | **2,668** |
| Operating expense | $ | **46,592** | **51,425** |

(m) Short-term borrowings

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Unsecured bank loans | $ | - | - |
| Unused short-term credit lines | $ | **3,732,456** | **4,416,160** |

1.Issuance and repayment of short-term borrowings

For the years ended December 31, 2020 and 2019, the proceeds from short-term borrowings amounted to $9,420,000 thousand and $8,720,000 thousand respectively and the repayments amounted to $9,420,000 thousand and $8,720,000 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:

| | Expiration date | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Unsecured bank loans - USD | 2022/12/21-2024/02/11 | $ 695,475 | 978,424 |
| Unsecured bank loans - TWD | 2021/06/18-2023/12/08 | 2,150,000 | 500,000 |
| Secured bank loans - USD | 2021/07/28-2025/06/29 | 7,399,097 | 8,518,328 |
| Secured bank loans - TWD | 2021/12/21-2040/10/08 | 1,949,667 | 333,333 |
| Commercial paper | 2023/06/11-2023/12/28 | 2,810,000 | 2,730,000 |
| Less: Discount on commercial paper | | (139) | (247) |
| Less: Current portion | | (2,747,118) | (2,563,977) |
| Total | | $ 12,256,982 | 10,495,861 |
| Unused long-term credit lines | | $ 15,762,000 | 7,399,550 |
| Range of interest rates | | 0.26%~2.80% | 0.38%~3.74% |

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

1.Issuance and repayment of long-term borrowings

For the years ended December 31, 2020 and 2019, the proceeds from long-term borrowings amounted to $9,650,640 thousand and $8,913,800 thousand respectively, and the repayment amounted to $7,250,083 thousand and $9,416,039 thousand, respectively.

2.Collateral for long-term borrowings

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

(o) Bonds payable

| | 2020.12.31 | | | |
|---|---|---|---|---|
| | 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 |
| Unsecured bank-2020 first domestic bond issue | TWD | 0.97% | 2025/10/23 | 2,500,000 |
| Total | | | | $ 16,400,000 |
| Current | | | | $ 3,800,000 |
| Non-current | | | | 12,600,000 |
| Total | | | | $ 16,400,000 |

| | 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** |

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

      TWD 1,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,000,000 thousand and series B amounting to TWD 800,000 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

TWD 3,000,000 thousand.

2) Nominal amount

Par value TWD 1,000 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

TWD 2,100,000 thousand.

2) Nominal amount

Par value TWD 1,000 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

TWD 4,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,500,000 thousand and series B amounting to TWD 3,300,000 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

TWD 3,200,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD 1,200,000 thousand and series B amounting to TWD 2,000,000 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.

6. Unsecured bond-2020 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2020 and was effective upon submission to the regulatory authority on October 15, 2020. The issuance terms were as follows:

1) Issue amount

TWD 2,500,000 thousand.

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance date is October 23, 2020; the maturity date is October 23, 2025; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 0.97%

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 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 Xinyi Branch, LTD. is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

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

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:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Current | $ 7,790,947 | 8,061,223 |
| Non-current | $ 67,680,673 | 77,645,529 |

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

For the year ended December 31, 2020 and 2019, the Company's lease liabilities recognized as current financial liabilities for hedging were $818,459 thousand and $534,197, non-current financial liabilities for hedging were $2,855,649 and $2,026,200 thousand, current lease liabilities were $6,972,488 thousand and $7,527,026 thousand, and non-current lease liabilities were $64,825,024 thousand and $75,619,329 thousand.

The amounts recognized in profit or loss were as follows:

| | 2020 | 2019 |
|---|---|---|
| Interest on lease liabilities | $ 1,266,359 | 1,349,706 |
| Variable lease payments not included in the measurement of lease liabilities | $ 11,102 | 41,306 |
| Expenses relating to short-term leases | $ 2,180,505 | 2,267,292 |
| Expenses relating to leases of low-value, excluding short-term leases of low-value assets | $ 663,862 | 913,402 |
| Covid-19-related rent concessions | $ 2,842 | - |

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

| | 2020 | 2019 |
|---|---|---|
| Total cash outflow for leases | $ 9,590,428 | 10,175,800 |

1. Wharf, and container leases

As of December 31, 2020, the Company leases wharfs and containers for its operating needs. The leases of wharfs typically run for a period of 4 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, 2020, 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, 2020, the Company leases vessels for its operating needs. The vessel leases run for a period of 1 to 27 years. The Company has decided to apply recognition exemptions for short-term leases, and not to recognize right-of-use assets and lease liabilities.

4. Other leases

As of December 31, 2020, the Company leases other machinery or equipment for its operating needs typically run for a peroid 1 to 10 years . 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) Employee benefits

1. Defined benefit plans

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Present value of defined benefit obligation | $ | 1,128,686 | 1,092,636 |
| Fair value of plan assets | | (711,871) | (649,976) |
| Recognized liabilities for defined benefit obligations | **$** | **416,815** | **442,660** |

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 $711,871 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:

| | | 2020 | 2019 |
|---|---|---|---|
| Defined benefit obligation at January 1 | $ | 1,092,636 | 1,074,314 |
| Current service costs and interest cost | | 17,583 | 21,164 |
| Remeasurement on the net defined benefit liability | | | |
| －Actuarial loss (gain) arising from changes in financial assumptions | | 57,817 | 58,823 |
| Benefit paid | | (39,350) | (61,665) |
| Defined benefit obligation at December 31 | **$** | **1,128,686** | **1,092,636** |

3) Movements of defined benefit plan assets

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

| | | 2020 | 2019 |
|---|---|---|---|
| Fair value of plan assets at January 1 | $ | 649,976 | 557,335 |
| Interest income | | 5,001 | 6,002 |
| Remeasurement on the net defined benefit liability | | | |
| －Return on plan assets (excluding current interest) | | 19,549 | 20,126 |
| Contribution paid by employer | | 62,729 | 103,987 |
| Benefit paid | | (25,384) | (37,474) |
| Fair value of plan assets at December 31 | **$** | **711,871** | **649,976** |

4) Expenses recognized in profit or loss

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

| | | 2020 | 2019 |
|---|---|---|---|
| Current service costs | $ | 9,537 | 10,157 |
| Net interest of net liabilities (assets) for defined benefit obligation | | 3,045 | 5,005 |
| | **$** | **12,582** | **15,162** |
| Operating costs | $ | 8,370 | 8,837 |
| Operating expenses | | 4,212 | 6,325 |
| | **$** | **12,582** | **15,162** |

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

| | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.52 % | 0.74 % |
| Future salary increase rate | 3.00 % | 3.00 % |

The Company will pay to the defined benefit plans which amounted to $64,102 thousand within 1 year after the report day of 2020.

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

6) 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, 2020 | | |
| Discount rate | $ (53,881) | 57,878 |
| Future salary increasing rate | 50,466 | (47,667) |
| December 31, 2019 | | |
| Discount rate | $ (55,546) | 59,862 |
| Future salary increasing rate | 52,660 | (49,577) |

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 2020 and 2019.

2. Defined contribution plans

The Company allocates 6% 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 $52,615 thousand and $50,832 thousand for the years ended December 31, 2020 and 2019, respectively.

(r) Income taxes

1. Income tax expense

The amount of income tax were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Current income tax expense: | | | |
| Current period | $ | 1,244,938 | 132,083 |
| Adjustment for prior periods | | (38,123) | 10,650 |
| | | 1,206,815 | 142,733 |
| Deferred tax expense (benefit): | | | |
| Origination and reversal of temporary differences | | 1,550,642 | 724,495 |
| Income tax expense from continuing operations | $ | **2,757,457** | **867,228** |

For the years ended December 31, 2020 and 2019, no income taxes were recognized in equity and other comprehensive income.

The amount of income tax recognized in other comprehensive income for 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement from defined benefit plans | $ | **(7,654)** | **(7,739)** |
| Items that will be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | $ | **(11,916)** | **(5,222)** |

The reconciliation of income tax and profit before tax for 2020 and 2019 was as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Profit excluding income tax | $ | **14,074,438** | **4,440,931** |
| Income tax using the Company's domestic tax rate | $ | 2,814,888 | 888,186 |
| Non deductible expense | | 40,750 | 81,455 |
| Tax exempt income | | (374,783) | (112,767) |
| Under (Over) provision in prior periods | | 295,809 | 10,650 |
| Income tax credit | | (9,963) | (296) |
| Tax incentives | | (9,244) | - |
| Total | $ | **2,757,457** | **867,228** |

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

| | | Investment (loss) gain under the equity method | Deferred depreciation expense | Others | Total |
|---|---|---|---|---|---|
| **Deferred Tax Liabilities:** | | | | | |
| Balance at January 1, 2020 | $ | 1,850,930 | 840,276 | 18,056 | 2,709,262 |
| Debit (Credited) Income statement | | 1,267,560 | 161,832 | (8,516) | 1,420,876 |
| Balance at December 31, 2020 | **$** | **3,118,490** | **1,002,108** | **9,540** | **4,130,138** |
| Balance at January 1, 2019 | $ | 1,344,375 | 644,288 | 6,730 | 1,995,393 |
| Debit (Credit) 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** |

| | | Defined Benefit Plans | Loss Carryforward | Others | Total |
|---|---|---|---|---|---|
| **Deferred Tax Assets:** | | | | | |
| Balance at January 1, 2020 | $ | 71,003 | 264,361 | 185,051 | 520,415 |
| (Debit) Credited Income statement | | (12,823) | 38,923 | (155,866) | (129,766) |
| (Debit) Credited Other Comprehensive Income | | 7,654 | - | 11,916 | 19,570 |
| Balance at December 31, 2020 | **$** | **65,834** | **303,284** | **41,101** | **410,219** |
| 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** |

3. Examination and Approval

The Company' s income tax returns through 2017 were examined and approved by the tax authority.

(s) Capital and other equity

As of December 31, 2020 and 2019, the Company' s authorized capital consisted of 2,500,000 thousand shares, amounting to $25,000,000 thousand, with par value of $10 (TWD 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:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| 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 differences between the equity and the book value of subsidiaries' disposal | 10,094 | 10,094 |
| Change in equity of subsidiaries accounted for under equity method | 16,055 | 16,055 |
| | **$ 1,271,775** | **1,271,775** |

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 2019 and 2018 was decided by the general meeting of shareholders held on June 23, 2020 and June 18, 2019, respectively.

The relevant dividend distribution to shareholders was as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Dividend per share ($)** | **Total amount** | **Dividend per share ($)** | **Total amount** |
| Dividends distributed to ordinary shareholders | | | | |
| Cash | $ 0.80 | **1,774,638** | 0.60 | **1,343,467** |

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 | Gains (losses) on hedging instrument |
|---|---|---|---|
| Balance at January 1, 2020 | $ (1,352,809) | (200,376) | 33,504 |
| Foreign currency translation differences | (2,112,586) | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 275,824 | - |
| Gains (losses) from changes in the fair value of the hedging instrument: | | | |
| -Exchange rate risk for anticipated transactions | - | - | 113,698 |
| 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 | - | - | 3,142 |
| Balance at December 31, 2020 | **$ (3,465,395)** | **75,448** | **150,344** |

| | | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Gains (losses) on hedging instrument |
|---|---|---|---|---|
| Balance at January 1, 2019 | $ | (604,711) | (205,989) | - |
| Foreign currency translation differences | | (738,004) | - | - |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | - | 5,613 | - |
| Gains (losses) from changes in the fair value of the hedging instrument: | | | | |
| -Exchange rate risk for anticipated transactions | | - | - | 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 |
| The actual differenct between the equity and book value of subsidiary's purchase or disposal | | (10,094) | - | - |
| Balance at December 31, 2019 | $ | **(1,352,809)** | **(200,376)** | **33,504** |

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2020 and 2019 are as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Profit attributable to common shareholders | $ | **11,316,981** | **3,573,703** |
| Weighted-average number of common shares | | **2,218,297** | **2,218,297** |
| Basic earnings per share (Unit: New Taiwan Dollar) | $ | **5.10** | **1.61** |
| **Diluted earnings per share** | | | |
| Profit attributable to common shareholders (Dilutive) | $ | **11,316,981** | **3,573,703** |
| Weighted-average number of common shares (Basic) | | 2,218,297 | 2,218,297 |
| Effects of employee stock compensation | | 3,519 | 2,685 |
| Weighted average number of common shares (adjusted for the effects of all dilutive potential common shares) | | **2,221,816** | **2,220,982** |
| Diluted earnings per share (Unit: New Taiwan Dollar) | $ | **5.09** | **1.61** |

(u) Revenue from contracts with customers

1. Disaggregation of revenue

| | | 2020 | 2019 |
|---|---|---|---|
| Primary geographical markets: | | | |
| Asia | $ | 56,600,987 | 54,053,728 |
| the Middle East, India, Red Sea | | 5,314,529 | 5,048,391 |
| | $ | **61,915,516** | **59,102,119** |

| | | 2020 | 2019 |
|---|---|---|---|
| Main service line: | | | |
| Freight | $ | 56,344,281 | 53,761,468 |
| Rentals | | 4,818,378 | 4,574,656 |
| WHL terminal | | 606,775 | 608,590 |
| Others | | 146,082 | 157,405 |
| | $ | **61,915,516** | **59,102,119** |

2.Contract balances

| | | 2020.12.31 | 2019.12.31 | 2019.1.1 |
|---|---|---|---|---|
| Notes receivable | $ | 49,698 | 39,456 | 26,618 |
| Accounts receivable | | 1,316,554 | 674,587 | 1,203,852 |
| Less: allowance for doubtful receivables | | (358) | (358) | (358) |
| Total | $ | **1,365,894** | **713,685** | **1,230,112** |
| Contract assets | $ | **1,530,849** | **733,689** | **751,084** |
| Contract liabilities (recognized as other current liabilities) | $ | **120,993** | **136,948** | **504,011** |

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 to be received.

(v) Remuneration of employees, directors and supervisors

According to the Company's Articles, once the Company has annual profit, it should appropriate no less than 1% of the profit to its employees and no higher than 1% to its directors and supervisor as remuneration. However, if the Company has accumulated deficits, the profit should be reversed to offset the deficit.

For the years ended December 31, 2020 and 2019, the estimated of the remunerations to employees were $143,617 thousand and $45,316 thousand, respectively, and directors' remuneration is the same as those of employee remuneration. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage stated under the Company's Article. These remunerations were expensed under operating cost for each period. There were no differences between the actual amounts and the estimates of remunerations. Related information is available on the website of the Market Observation Post System.

(w) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Interest from bank deposits | $ | 30,188 | 96,559 |
| Other interest income | | 42,812 | 11,168 |
| | $ | 73,000 | 107,727 |

2. Other revenue

The details of other revenue for the years ended December 31, 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Dividens income | $ | 284,984 | 200,327 |

3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Foreign exchange gains | $ | 273,924 | 314,632 |
| Gains on financial assets at fair value through profit or loss | | 783,642 | 365,273 |
| Gains on disposal of property, plant and equipment | | 139,379 | 1,014,281 |
| Gain on lease modification | | 196,596 | 4,593 |
| Other gains | | 133,633 | 178,786 |
| | $ | 1,527,174 | 1,877,565 |

4. Finance costs

The details of finance costs for the years ended December 31, 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Interest expense: | | | |
| Bank loan | $ | 150,134 | 275,350 |
| Bonds payable | | 167,465 | 127,899 |
| Commercial paper | | 17,168 | 18,794 |
| Lease liabilities | | 1,266,359 | 1,349,706 |
| | $ | 1,601,126 | 1,771,749 |

(x) 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, 2020** | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | |
| Secured bank loans | $ 9,348,764 | 9,686,953 | 1,194,223 | 1,153,826 | 1,988,305 | 3,755,254 | 1,595,345 |
| Unsecured bank loans | 2,845,475 | 2,891,741 | 372,010 | 120,437 | 938,270 | 1,461,024 | - |
| Commercial paper | 2,809,861 | 2,829,574 | 3,465 | 3,576 | 7,132 | 2,815,401 | - |
| Account payables (including related parties) | 7,605,831 | 7,605,831 | 7,605,831 | - | - | - | - |
| Other payables | 1,439,458 | 1,439,458 | 1,439,458 | - | - | - | - |
| Payables to agents | 1,259,893 | 1,259,893 | 1,259,893 | - | - | - | - |
| Bonds payable | 16,400,000 | 16,979,410 | 3,116,850 | 872,890 | 3,738,740 | 7,229,530 | 2,021,400 |
| Leases liabilities (partial recognized as financial liabilities for hedging) | 75,471,620 | 85,634,218 | 3,980,116 | 3,889,425 | 7,392,615 | 20,847,906 | 49,524,156 |
| Guarantee deposits received | 21,655 | 21,655 | 21,655 | - | - | - | - |
| | $ 117,202,557 | 128,348,733 | 18,993,501 | 6,040,154 | 14,065,062 | 36,109,115 | 53,140,901 |

| | 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 received | 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 |

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:

| | 2020.12.31 | | | 2019.12.31 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| **Financial assets** | | | | | | |
| **Monetary items** | | | | | | |
| USD | $ 459,639 | 28.10 | 12,915,859 | 267,641 | 29.99 | 8,026,564 |
| CNY | 521,412 | 4.30 | 2,242,411 | 374,204 | 4.30 | 1,610,929 |
| JPY | 5,830,364 | 0.27 | 1,588,609 | 12,445,782 | 0.28 | 3,434,702 |
| INR | 1,113,320 | 0.38 | 428,200 | 678,829 | 0.42 | 285,487 |
| THB | 157,478 | 0.94 | 147,701 | 100,477 | 1.01 | 100,982 |
| MYR | 16,015 | 6.99 | 111,948 | 24,758 | 7.32 | 181,315 |
| **Financial liabilities** | | | | | | |
| **Monetary items** | | | | | | |
| USD | 548,180 | 28.10 | 15,403,844 | 464,114 | 29.99 | 13,918,783 |
| JPY | 8,414,432 | 0.27 | 2,292,694 | 9,615,799 | 0.28 | 2,653,702 |
| HKD | 278,476 | 3.62 | 1,009,427 | 281,868 | 3.85 | 1,085,502 |
| CNY | 161,717 | 4.30 | 695,488 | 184,241 | 4.30 | 793,146 |
| INR | 903,349 | 0.38 | 347,442 | 579,657 | 0.42 | 243,779 |
| THB | 282,042 | 0.94 | 264,532 | 238,571 | 1.01 | 239,770 |

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, 2020 and 2019, would have increased (decreased) the net profit before tax by $6,699 thousand and $29,706 thousand, respectively. For 2020 and 2019, the cash flow hedge would have increased (decreased) the equity by $36,741 thousand and $25,604 thousand, respectively. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2020 and 2019.

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:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Exchange gain or loss | Average rate | Exchange gain or loss | Average rate |
| TWD | $ 273,924 | - | 314,632 | - |

## 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 $128,542 thousand and $125,601 thousand, respectively, for the years ended December 31, 2020 and 2019 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, 2020 and 2019, 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:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| Prices of securities at the reporting date | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 1% | $ 33,777 | 38,759 | 27,128 | 23,744 |
| Decreasing 1% | (33,777) | (38,759) | (27,128) | (23,744) |

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, 2020 | | | | |
|---|---|---|---|---|---|
| | | 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 | $ 4,836,764 | 4,836,764 | - | - | 4,836,764 |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic emerging stocks | 8,076 | 8,076 | - | - | 8,076 |
| Sub-total | 4,844,840 | 4,844,840 | - | - | 4,844,840 |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Domestic listed stocks | 3,377,664 | 3,377,664 | - | - | 3,377,664 |
| Unquoted equity instrument measured at fair value | 450,120 | - | - | 450,120 | 450,120 |
| Sub-total | 3,827,784 | 3,377,664 | - | 450,120 | 3,827,784 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 8,553,009 | - | - | - | - |
| Notes receivable | 49,698 | - | - | - | - |
| Accounts receivable | 1,316,196 | - | - | - | - |
| Contract assets | 1,530,849 | - | - | - | - |
| Other receivable | 5,542,057 | - | - | - | - |
| Receivables from agents | 3,073,816 | - | - | - | - |
| Guarantee deposits paid (recognized as other non-current assets) | 163,656 | - | - | - | - |
| Sub-total | 20,229,281 | - | - | - | - |
| Total | **$ 28,901,905** | **8,222,504** | **-** | **450,120** | **8,672,624** |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities measured at amortized cost** | | | | | |
| Accounts payable | $ 7,605,831 | - | - | - | - |
| Other payables | 1,439,458 | - | - | - | - |
| Lease liabilities (including financial liabilities for hedging) | 75,471,620 | - | - | - | - |
| Payables to agents | 1,259,893 | - | - | - | - |
| Bonds payable (including current portion) | 16,400,000 | - | - | - | - |
| Long-term borrowings (including current portion) | 15,004,100 | - | - | - | - |
| Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received) | 21,655 | - | - | - | - |
| Total | $ 117,202,557 | - | - | - | - |

| | 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 emerging 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 |

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **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 |
| **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 | - | - | - | - |

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.

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, 2020 and 2019, 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 mandatorily measured at fair value through profit or loss** | **Unquoted equity instruments** | **Total** |
| **Opening balance, January 1, 2020** | $ 1,157,131 | 469,985 | 1,627,116 |
| Total gains and losses recognized: | | | |
| In profit or loss | (15,531) | - | (15,531) |
| In other comprehensive income | - | (19,865) | (19,865) |
| Dispposal | (1,141,600) | - | (1,141,600) |
| **Ending balance, December 31, 2020** | **$ -** | **450,120** | **450,120** |

| | Fair value through profit or loss | Fair value through other comprehensive income | |
|---|---|---|---|
| | Non-derivative mandatorily measured at fair value through profit or loss | 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 |
| | **$ 1,157,131** | **469,985** | **1,627,116** |

For the years ended December 31, 2020 and 2019, 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:

| | 2020 | 2019 |
|---|---|---|
| Total gains and losses recognized: | | |
| In profit or loss, and presented in "other gains and losses" | - | 29,293 |
| In other comprehensive income, and presented in "unrealized gains or losses from financial assets at fair value through other comprehensive income" | (19,865) | 52,038 |

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% on December 31, 2019) | The estimated fair value would increase (decrease) if the liquidity adjusted discount rate were lower (higher). |

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income －Unlisted equity investments | Comparable trading company method | · Liquidity-adjusted discount rate (28% on December 31, 2020 and 2019, respectively)<br>· Price-to-book ratio (0.73 and 0.81 on December 31, 2020 and 2019, respectively)<br>· EBITDA multiplier (9.67 and 9.68 on December 31, 2020 and 2019, respectively) | The estimated fair value would increase (decrease) if:<br>· the liquidity-adjusted discount rate were lower (higher)<br>· the price-to-book ratio were higher (lower)<br>· 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, 2020** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Unlisted equity investment | Discount rate | 1% | $ - | - | 6,252 | (6,252) |
| Unlisted equity investment | Price-to-book ratio multiplier | 1% | - | - | 4,362 | (4,362) |
| Unlisted equity investment | EBITDA multiplier | 1% | - | - | 123 | (123) |
| | | | **$ -** | **-** | **10,737** | **(10,737)** |

| | Input | Positive and negative changes | Profit or loss | | | Other comprehensive income | |
|---|---|---|---|---|---|---|---|
| | | | | Favorable | Unfavorable | Favorable | 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) |

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.

(y) 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 $19,494,456 thousand and $11,815,710 thousand, as of December 31, 2020 and 2019.

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 59.07% 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.

(z) 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:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Total liabilities | $ 123,014,585 | 124,894,501 |
| Less: Cash and cash equivalents | (8,553,009) | (10,326,321) |
| Net debt | **$ 114,461,576** | **114,568,180** |
| Total equity | **$ 43,902,409** | **36,104,182** |
| Debt-to-equity ratio | **260.72 %** | **317.33 %** |

(aa) 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, 2020 were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **2020.1.1** | **Cash flows** | **Others** | **Foreign exchange movement** | **2020.12.31** |
| Long-term borrowings | $ 13,059,838 | 2,400,665 | - | (456,403) | 15,004,100 |
| Bonds payable | 13,900,000 | 2,500,000 | - | - | 16,400,000 |
| Lease liabilities (partial recognized as financial liabilities for hedging) | 85,706,752 | (5,468,600) | (4,766,532) | - | 75,471,620 |
| Total liabilities from financing activities | $ 112,666,590 | (567,935) | (4,766,532) | (456,403) | 106,875,720 |

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **2019.1.1** | **Cash flows** | **Others** | **Foreign exchange movement** | **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 (partial recognized as financial liabilities for hedging) | 72,139,926 | (5,604,094) | 19,170,920 | - | 85,706,752 |
| Total liabilities from financing activities | $ 92,786,804 | 893,519 | 19,170,920 | (184,653) | 112,666,590 |

## (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 (Note 2) |

| Name of related party | Relationship with the Companyt |
|---|---|
| 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 |
| 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. (BI) | 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 |
| 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 |

| Name of related party | Relationship with the Companyt |
|---|---|
| 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 3) |
| 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) | An associate |
| Phuc Xuan Maritime Service Company Limited (Phux Xuan) | Joint venture |
| ASIA PACIFIC LOGISTICS INTERNATIONAL CO.,LTD. (APLI) | Related party in substance |
| New World Container Services Corporation | Subsidiary of APLI |
| 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 APLI |
| AP PETROLEUM BUSINESS CO., LTD | Subsidiary of APLI |
| 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 |

| Name of related party | Relationship with the Companyt |
|---|---|
| Wan Hai Charity Foundation | Related party in substance |
| AP INT'L TRAVEL SERVICE CO., LTD. | Subsidiary of APLI |
| 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 Germany was originally a subsidiary of the company and the liqiduidation process was completed in March 2020.

Note 3: 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:

| | 2020 | 2019 |
|---|---|---|
| Subsidiaries | $ 3,089,513 | 3,228,411 |
| Joint venture | 8,933 | 2,010 |
| Other related parties | 1,612,419 | 1,156,445 |
| | **$ 4,710,865** | **4,386,866** |

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:

| | 2020 | 2019 |
|---|---|---|
| Subsidiary | | |
| WHL Singapore | $ 5,866,584 | 6,002,973 |
| Other subsidiary | 2,122,711 | 1,944,654 |
| Associates | 145,558 | 122,395 |
| Other related parties | 3,412,768 | 3,457,743 |
| Joint venture | 1,021 | - |
| | **$ 11,548,642** | **11,527,765** |

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 | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Accounts receivable | Other related parties | $ 134,501 | 29,656 |
| | Subsidiary: | | |
| other receivable | WHL Singapore (Note) | 4,842,911 | 14,788 |
| other receivable | WHL Corporation | 12 | 157,610 |
| other receivable | Others | 82,559 | 66,588 |
| other receivable | Associates | 183 | - |
| other receivable | Other related parties | 64,309 | 40,381 |
| | Subsidiary: | | |
| Receivable from agents | Clipper | 1,127,566 | 699,944 |
| Receivable from agents | WHL India | 391,673 | 249,127 |
| Receivable from agents | Others | 387,676 | 294,380 |
| Receivable from agents | Associates | 31,604 | 18,492 |
| | Other related parties | | |
| Receivable from agents | WHL Japan | 981,342 | 736,864 |
| | | $ 8,044,336 | 2,307,830 |

Note: Including fund financing portion.

4. Payables from related parties

Payable of the Company related parties were as follows：

| Item | Related party categories | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| | Subsidiary: | | |
| Accounts payable | WHL Singapore | $ 1,146,798 | 129,704 |
| Accounts payable | Others | 212,222 | 179,289 |
| Accounts payable | Other related parties | 122,227 | 103,648 |
| Other payables | Subsidiary | 178 | 4 |
| Other payables | Other related parties | 6,375 | 11,531 |
| | Subsidiary: | | |
| Payable to agents | WHL Hong Kong | 794,344 | 808,094 |
| Payable to agents | WHL Thailand | 201,401 | 190,231 |
| Payable to agents | Others | 136,763 | 68,455 |
| | Subsidiary: | | |
| Other current liabilities | WHL Thailand | 43,471 | 7,419 |
| Other current liabilities | Other related parties | 5,273 | 22,952 |
| | | $ 2,669,052 | 1,521,327 |

5. Property transactions

1) Acquisition of property, plant and equipment

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

| | 2020 | 2019 |
|---|---|---|
| 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, 2020 and 2019, the unrealized gain of $27,910 thousand and $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, 2020 and 2019, the unrealized loss was $70,976 thousand and $76,432 thousand depending on the useful life of the vessel as the addition of long-term equity investment under equity method.

2) The sales of property, plant and equipment to related parties are summeraized as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| Related parties categories | Disposal price | Gain from disposal | Disposal price | Gain from disposal |
| Subsidiary | $ - | - | 31 | 31 |
| Other related parties | 224 | 151 | 238 | 191 |
| | $ 224 | 151 | 269 | 222 |

6.Other related-party transactions

For the year ended December 31, 2020, the Company received the payment from other related parties amounting to $1,336 thousand.

For the year ended December 31, 2020, the Company sold fuel stock to its subsidiary, WHL Singapore, amounting to $191,110 thousand.

For the years ended December 31, 2020 and 2019, the Company received the payments of human support service from other related parties amounting to $18,097 thousand and $19,960 thousand, respectively.

For the years ended December 31, 2020 and 2019, the Company purchased miscellaneous from other related parties amounting to $31,062 thousand and $16,276 thousand, respectively.

7. Loans to Related Parties

The Company Financing to other related parties was as follows:

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Subsidiary | | |
| WHL Singapore | $ 4,636,500 | - |

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:

| | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|
| Subsidiary | $ | 17,045,151 | 22,666,372 |

9.Leasing

In January 2019, the Company rented containers from its related parties. A 1.5 to 12 year lease contract was signed. The total value of the contract was $62,622 thousand. For the year ended December 31, 2020 and 2019, the Company recognized the amount of $977 thousand and $1,190 thousand, respectively as interest expense, with the balance of lease liabilities amounting to $47,069 thousand and $49,728 thousand, respectively.

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 $78,669,526 thousand. For the year ended December 31, 2020, the Company recognized the amount of $1,152,626 thousand and $1,252,142 thousand, respectively as interest expense, with the balance of lease liabilities amounting to $69,191,763 thousand and $81,468,561 thousand, respectively.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

| | | 2020 | 2019 |
|---|---|---|---|
| Short-term employee benefits | $ | 177,664 | 67,617 |
| Post-employment benefits | | 34 | 18 |
| | $ | 177,698 | 67,635 |

## (8) Pledged Assets

The carrying values of pledged assets were as follows:

| Assets | Objective | | 2020.12.31 | 2019.12.31 |
|---|---|---|---|---|
| Time deposits (classified under other non-current assets) | Lease contract for wharf | $ | 84,455 | 86,515 |
| Guarantee deposits paid (classified under other non-current assets) | Lease contract for wharf, building lease contract and lawsuit | | 79,201 | 80,952 |
| Containers (classified under property, plant and equipment) | Long-term loans | | 9,109,185 | 10,651,838 |
| Land and Buildings (classified under property, plant and equipment) | Long-term loans | | 2,516,131 | 303,443 |
| | | $ | 11,788,972 | 11,122,748 |

## (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, 2020, the lease deposit amounted to ￥255,775,000 (TWD 69,691 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, 2020, the total amount claimed to the Company is approximately $11,384 thousand, and the related cases are under negotiation or under trial.

## (10) Losses Due to Major Disasters: None.

## (11) Significant Subsequent Events

According to its long-term development, as well as its operational and fleet allocation considerations, the Company approved to purchase 9 container ships, with a total carrying capacity of approximately 13,000 TEUs, at a maximum total price of USD 1,035,000 thousand (approximately TWD 29,249,100 thousand), based on a resolution made during the board meeting held on March 10, 2021.

## (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, 2020 | | | For the years ended December 31, 2019 | | |
|---|---|---|---|---|---|---|
| By item | Operating Cost | Operating Expense | Total | Operating Cost | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 448,665 | 1,497,987 | 1,946,652 | 440,390 | 998,749 | 1,439,139 |
| Labor and health insurance | 22,483 | 76,229 | 98,712 | 22,936 | 74,302 | 97,238 |
| Pension | 22,146 | 43,051 | 65,197 | 22,645 | 43,349 | 65,994 |
| Remuneration of directors | - | 158,389 | 158,389 | - | 55,534 | 55,534 |
| Others employee benefits | 23,194 | 54,871 | 78,065 | 30,313 | 57,125 | 87,438 |
| Depreciation | 8,086,919 | 47,183 | 8,134,102 | 7,946,468 | 25,233 | 7,971,701 |
| Amortization | 20,655 | 46,592 | 67,247 | 2,668 | 51,425 | 54,093 |

The Company's number of employees and additional information on employee benefits in December 31, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Number of employees | 1,098 | 1,107 |
| Number of directors who were not employees | 4 | 4 |
| The average employee benefit | $ 2,001 | 1,532 |
| The average salaries and wages | $ 1,779 | 1,305 |
| The average of employee salary cost adjustment as follows | 36.32 % | 17.57 % |
| Remuneration received by supervisors | $ - | - |

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

1.Employee remuneration:

1) The wages of the employees of the Company are paid based on the grade table set according to the academic experience, professional skills, years of experience, and the degree of responsibilities. Initial emolument is superior to local labor laws and regulations, not because of gender, race, religion, political affiliation, marital status, trade union membership organizations vary. In order to make employees' income proportional, the annual performance bonuses are based on operating conditions and individual performance, achievement of the goal of being competitive, retaining talents, and encouragement to employees.

2) If the Company makes a profit during the year, it shall allocate no less than 1% as employee remuneration following Article 11, Item 1.

2. Remuneration to directors (excluding independent director) and managers:

1) In order to implement the corporate governance and improve the transparency and institutionalization of the remuneration to directors and managers of the Company, the "Remuneration Committee" has been established on September 23, 2011 to set the Remuneration Committee Organization Regulations in accordance with the provisions of the Securities and Exchange Act. The Compensation Committee members are appointed by the Board of Directors, of whom more than half are independent directors of the Company. Its function assists in the formulation and reviews the policies, systems, standards, and structures for performance evaluation and compensation that regarding directors and managers; And regularly assess and determine the remuneration of directors and managers; Makes recommendations with the duty of care and submit them to the board for discussion and resolution.

2) Remuneration policy for directors (excluding independent director) and managers:

A. The performance evaluation and remuneration to directors and managers should be based on the usual standards of the industry, taking into consideration the reasonableness of the individual performance, operating results of the Company, as well as future risks.

B. Directors and managers should not engage in behaviors that exceed the risk appetite of the Company in pursuit of compensation.

C. Regarding the short-term performance of directors and senior managers, the payment of variable remunerations should be determined by considering the characteristics of the industry and the nature of the Company's business.

3) Salary and remuneration referred to the policy including cash remuneration, stock options, dividends, retirement benefits or severance payments, budget allowances, and other substantive incentives. Its scope should be consistent with that of the annual report of the public offering company and remuneration to directors and managers.

3. Remuneration policy for independent directors:

1) According to the Article 11, Item 2 of the Company, independent directors do not participate in the distribution of earnings, and their remuneration is determined by the board of directors.

2) The remuneration to independent directors of the Company also includes the audit committee and Remuneration Committee aside from considering the execution of business and board affairs of independent directors. Based on the market, and taking into account the standards of the industry, the Remuneration Committee puts forward a proposal to be implemented after the board of directors’ approval.

## (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 Group for the year ended December 31, 2020:

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 | 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 5) | Maximum limitation on fund financing (Note 5) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | WHL Singapore | Other receivables related | Yes | 7,703,250 | 7,025,000 | 4,636,500 | 1.23~2.23% | 1 | - | Note 4 | - | Promissory note | 7,025,000 | 15,390,539 | 17,560,964 |
| 1 | WHL INTL. | WHL India | Other receivables related | Yes | 146,362 | 77,275 | 77,275 | 4.5% | 1 | - | Note 3 | - | Promissory note | 77,275 | 146,793 | 146,793 |
| 2 | WHL Singapore | Yi Chun | Other receivables related | Yes | 92,418 | 84,300 | 32,101 | 1.63~3.36% | 1 | - | Note 4 | - | Promissory note | 84,300 | 12,312,431 | 12,312,431 |

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.

Note 6: Eliminated in the consolidated financial statement.

2. Guarantees and endorsements for other parties:

(In thousands of TWD)

| Number | Name of the company | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company (Note 1) | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | The Company | WHL Singapore | 2 | 35,121,927 | 22,657,179 | 17,045,151 | 8,031,939 | - | 38.83 % | 87,804,818 | Y | N | N |
| | The Company | TK | 2 | 35,121,927 | 9,193 | - | - | - | - % | 87,804,818 | 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: Eliminated in the consolidated financial statements.

3. Securities held as of December 31, 2020 (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: Number of shares | Ending balance: Book value | Ending balance: Percentage of shares | Ending balance: Market value | Notes |
|---|---|---|---|---|---|---|---|---|
| | Domestic listed stocks: | | | | | | | |
| The Company | GREATWALL ENTERPRISE CO., LTD. | - | Financial assets at fair value through profit or loss-current | 11,870,579 | 603,025 | 1.43 % | 603,025 | |
| 〃 | Formosa Plastics Corporation | - | 〃 | 376,288 | 36,274 | 0.01 % | 36,274 | |
| 〃 | Formosa Chemicals & Fibre Corporation | - | 〃 | 245,480 | 20,792 | - % | 20,792 | |
| 〃 | Tainan Spinning Co., Ltd. | - | 〃 | 5,439,898 | 81,599 | 0.33 % | 81,599 | |
| 〃 | TAIYEN BIOTECH CO., LTD | - | 〃 | 1,108,000 | 36,232 | 0.55 % | 36,232 | |
| 〃 | China Steel Corporation | - | 〃 | 2,291,162 | 56,706 | 0.01 % | 56,706 | |
| 〃 | Delta Electronics, Inc. | - | 〃 | 3,930,000 | 1,033,590 | 0.15 % | 1,033,590 | |
| 〃 | Hon Hai Precision Ind. Co., Ltd. | - | 〃 | 93,440 | 8,597 | - % | 8,597 | |

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# WAN HAI LINES LTD.

# NOTES TO THE FINANCIAL STATEMENTS

| 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 | |
| The Company | Taiwan Semiconductor Manufacturing Co., Ltd | - | Financial assets at fair value through profit or loss-current | 384,000 | 203,520 | - % | 203,520 | |
| 〃 | Transcend Information, Inc. | - | 〃 | 89,111 | 5,792 | 0.02 % | 5,792 | |
| 〃 | Amtran Technology Co., Ltd. | - | 〃 | 984,058 | 12,301 | 0.12 % | 12,301 | |
| 〃 | Yang Ming Marine Transport Corp. | - | 〃 | 957,526 | 28,008 | 0.04 % | 28,008 | |
| 〃 | China Airlines Ltd. | - | 〃 | 23,753,862 | 286,234 | 0.44 % | 286,234 | |
| 〃 | Chinese Maritime Transport Ltd. | - | 〃 | 435,050 | 15,357 | 0.22 % | 15,357 | |
| 〃 | Mega Financial Holding Co., Ltd. | - | 〃 | 17,634,646 | 525,512 | 0.13 % | 525,512 | |
| 〃 | Taishin Financial Holding Co., Ltd. | - | 〃 | 37,657,608 | 498,963 | 0.35 % | 498,963 | |
| 〃 | First Financial Holding Co., Ltd. | - | 〃 | 15,947,731 | 340,484 | 0.12 % | 340,484 | |
| 〃 | The Eslite Spectrum Corporation | - | 〃 | 1,078,000 | 85,593 | 2.27 % | 85,593 | |
| 〃 | Kinsus Interconnect Technology Corp. | - | 〃 | 334,627 | 27,071 | 0.07 % | 27,071 | |
| 〃 | Shih Wei Navigation Co., Ltd. | - | 〃 | 678,680 | 8,823 | 0.24 % | 8,823 | |
| 〃 | Taiwan Cooperative Financial Holding Co., Ltd. | - | 〃 | 30,924,560 | 629,315 | 0.23 % | 629,315 | |
| 〃 | Taiwan Secom Co., Ltd. | - | 〃 | 3,303,000 | 292,976 | 0.73 % | 292,976 | |
| | Domestic Emerging stocks: | | | | | | | |
| 〃 | Tigerair Taiwan | - | 〃 | 262,635 | 8,076 | 0.09 % | 8,076 | |
| | Domestic listed stocks: | | | | | | | |
| 〃 | Shihlin Paper Corporation | Related party in substance | Financial assets at fair value through other comprehensive income-non-current | 6,374,088 | 377,984 | 2.45 % | 377,984 | |
| 〃 | Chunghwa Telecom Co., Ltd. | - | 〃 | 27,520,000 | 2,999,680 | 0.35 % | 2,999,680 | |
| | Domestic unlisted stocks: | | | | | | | |
| 〃 | Taipei Port Container Terminal Corp. | Related party in substance | Financial assets at fair value through other comprehensive income-non-current | 79,315,476 | 436,162 | 15.25 % | 436,162 | |
| 〃 | United Stevedoring Corporation | - | 〃 | 781,250 | 13,958 | 15.63 % | 13,958 | |
| | Foreign listed stocks: | | | | | | | |
| WHL Singapore | Da Nang Port Joint Stock Company | - | Financial assets at fair value through other comprehensive income-non-current | 20,090,000 | 660,115 | 20.29 % | 660,115 | |

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 | | Purchases | | Sales | | | | Ending balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares/ Units | Amount | Shares/ Units | Amount | Shares/ Units | Price | Cost | Disposal gain (loss) | Shares/ Units | Amount |
| The Company | Chunghwa Telecom Co., Ltd. | Financial assets at fair value through other comprehensive income－non-current | - | - | 22,992,000 | 2,529,120 | 4,528,000 | 470,560 | - | - | - | - | 27,520,000 | 2,999,680 |

Note: 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:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

| 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 | | | | References for determining price | Purpose for obtaining and usage status | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the Company | Transfer date | Amount | | | |
| The Company | Land and building | 2020/5/6 | 2,228,880 | Paid | CHONG HONG CONSTRUCTION CO., LTD | - | - | - | - | - | Market value and appraisal report | For the mediumterm and longterm development of its Taipei headquarter. | None |
| The Company | Land and building | 2020/5/14 | 538,000 | Paid | YI JINN INDUSTRIAL CO., LTD. | - | - | - | - | - | Market value and appraisal report | For longterm investment, mediumterm and longterm development. | None |
| The Company | Land and building | 2020/9/28 | 1,538,000 | Paid | CHONG HONG CONSTRUCTION CO., LTD | - | - | - | - | - | Market value and appraisal report | For the longterm developoment of the Company | 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:

| 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 | Interasia Lines Taiwan | Related party in substance | Loading and unloading revenue | (104,829) | 0.17 % | 30 days | - | - | 15,106 | 0.25 % | |
| 〃 | WHL-Vietnam | Subsidiary | Commission fee | 125,502 | 0.24 % | 〃 | - | - | (60,056) | 0.68 % | Note 2 |
| 〃 | Taipei Port | Corporate director of the company | Container fee, terminal handling charges | 812,302 | 1.54 % | 〃 | - | - | (9) | - % | |

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# WAN HAI LINES LTD.

## NOTES TO THE FINANCIAL STATEMENTS

| 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-Singapore | Subsidiary | Rent income, commission revenue, shipping agent revenue | (3,077,578) | 4.97 % | 30 days | - | - | - | - % | Note 2 |
| 〃 | WHL-Singapore | Subsidiary | Vessel rental expense, Oil expense | 5,866,584 | 11.13 % | 〃 | - | - | (1,146,798) | 12.94 % | Note 2 |
| 〃 | IAL Singapore | Related party in substance | Joint venture revenue, container rental revenue, shipping agent revenue, ship rental revenue | (1,503,873) | 2.43 % | 〃 | - | - | 119,395 | 2.00 % | |
| 〃 | IAL Singapore | Related party in substance | Joint venture cost, Container rental cost | 320,646 | 0.61 % | 〃 | - | - | - | - % | |
| 〃 | WHL Hongkong | Subsidiary | Commission fee | 1,216,916 | 2.31 % | 〃 | - | - | (794,344) | 8.96 % | Note 2 |
| 〃 | WHL (Japan) | Same director with the company | Commission fee | 242,582 | 0.46 % | 〃 | - | - | - | - % | |
| 〃 | Hyaline | Same director with the company | Commission fee | 603,776 | 1.15 % | 〃 | - | - | - | - % | |
| 〃 | NSTC | Related party in substance | Tow charge | 511,365 | 0.97 % | 〃 | - | - | (47,876) | 0.54 % | |
| 〃 | APLI | Related party in substance | Container fee | 319,107 | 0.61 % | 〃 | - | - | (9,292) | 0.10 % | |
| 〃 | WCIC | Related party in substance | Turnkey fee | 160,652 | 0.30 % | 〃 | - | - | (24,015) | 0.27 % | |
| 〃 | NSaTC | Related party in substance | Tow charge, Container fee | 116,249 | 0.22 % | 〃 | - | - | (6,545) | 0.07 % | |
| 〃 | WHL-Malaysia | Subsidiary | Commission fee | 118,958 | 0.23 % | 〃 | - | - | - | - % | Note 2 |
| 〃 | New World Container services Corporation | Related party in substance | Container fee | 125,444 | 0.24 % | 〃 | - | - | (13,095) | 0.15 % | |
| 〃 | TK Logistics International Co., Ltd. | Subsidiary | Container fee, Labor fee, Terminal handling charge | 130,749 | 0.25 % | 〃 | - | - | (15,875) | 0.18 % | Note 2 |
| 〃 | WHL-Thailand | Subsidiary | Commission fee | 113,574 | 0.22 % | 〃 | - | - | (201,401) | 2.27 % | Note 2 |

| 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) | |
| WHL-Singapore | The Company | Subsidiary | Rent expense, commission fee, shipping agent expense | 3,077,578 | 14.42 % | 30 days | - | - | - | - % | Note 2 |
| 〃 | The Company | Subsidiary | Oil revenue, Vessel rental revenue | (5,866,584) | 21.46 % | 〃 | - | - | 1,146,798 | 48.11 % | Note 2 |
| WHL Hongkong | The Company | Subsidiary | Commission income | (1,216,916) | 85.16 % | 〃 | - | - | 794,344 | 25.74 % | Note 2 |
| WHL-Malaysia | The Company | Subsidiary | Commission income | (118,958) | 100.00 % | | - | - | - | - % | Note 2 |
| WHL-Thailand | The Company | Subsidiary | Commission income | (113,574) | 93.41 % | | - | - | 201,401 | 80.59 % | Note 2 |
| TK Logistics International Co., Ltd. | The Company | Subsidiary | Container revenue, Service revenue | (130,749) | 52.16 % | | - | - | 15,875 | 53.08 % | Note 2 |
| WHL-Vietnam | The Company | Subsidiary | Commission income | (125,502) | 100.00 % | | - | - | 60,056 | 41.13 % | Note 2 |

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

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 (Note 2) | WHL India | Subsidiary | 391,673 | - % | - | - | 387,815 | - |
| The Company (Note 2) | IAL Singapore | Related party in substance | 119,395 | - % | - | - | 119,395 | - |
| The Company (Note 2) | WHL (Japan) | Same director with the Company | 981,342 | - % | - | - | 866,633 | - |
| The Company (Note 2) | Clipper | Subsidiary | 1,127,566 | - % | - | - | 1,127,566 | - |
| The Company (Note 2) | Shenzhen Uniwin International Logistics Ltd. | Subsidiary | 272,421 | - % | - | - | 246,315 | - |
| The Company (Note 3) | WHL-Singapore | Subsidiary | 4,842,911 | - % | - | - | 205,473 | - |
| WHL Thailand (Note 2) | The Company | Subsidiary | 201,401 | - % | - | - | 158,631 | - |
| WHL-HongKong (Note 2) | The Company | Subsidiary | 794,344 | - % | - | - | 794,344 | - |
| Bao Sheng Shipping Agency Co., Ltd. (Note 2) | The Company | Subsidiary | 191,564 | - % | - | - | 189,839 | - |
| WHL-Singapore (Note 2) | The Company | Subsidiary | 1,146,798 | - % | - | - | 1,146,798 | - |

Note 1: Eliminated in the consolidated financial statements.
Note 2: Including accounts receivables, contract assets and receivable from agent.

Note 3: Other receivable.

9. Derivative transactions: None.

(b) Information on investees

For the year ended December 31, 2020, 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 | 21,983,099 | 979,399,234 | 100.00 % | 35,745,788 | 6,553,945 | 7,088,033 | Subsidiary (Note 2、3) |
| 〃 | k.k. WH Corporation | Japan | Terminal operation and management service, and vessel rental service | 7,141 | 7,141 | 500 | 100.00 % | 24,513 | 3,000 | 3,000 | Subsidiary (Note 3) |
| 〃 | Wan Hai Lines (Germany) GmbH | Germany | Transportation and shipping agency services | - | 1,018 | - | - % | - | (382) | (382) | Subsidiary (Note 1、3、4) |
| 〃 | Tan Cang-Cai Mep International Terminal Co., Ltd. | Vietnam | Managing wharf and containers | 259,917 | 259,917 | - | 21.33 % | 436,375 | 568,974 | 121,362 | 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 % | 156,410 | 20,597 | 11,329 | 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 % | 40,652 | 6,573 | 4,602 | Subsidiary (Note 3) |
| 〃 | Hai Phong International Container Terminal Co., Ltd. | Vietnam | Managing wharf and containers | 598,211 | 598,211 | - | 16.50 % | 534,245 | 172,257 | 28,423 | Associate (Note 1) |
| WHL-Singapore | Wan Hai Lines (Phils.), Inc. | Philippines | Transportation and shipping agency services | 5,991 | 5,991 | 901,540 | 100.00 % | 11,040 | (1,855) | (1,855) | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines (H.K.) Limited | Hong Kong | Transportation and shipping agency services | 695,246 | 695,246 | 160,000,000 | 100.00 % | 3,579,522 | 620,765 | 620,765 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines (M) Sdn. Bhd. | Malaysia | Transportation and shipping agency services | 4,613 | 4,613 | 500,000 | 100.00 % | 74,268 | (1,933) | (1,933) | Indirect subsidiary (Note 3) |
| 〃 | Yi Chun Shipping Agencies Sdn. Bhd. | Malaysia | ODD operations | 1,845 | 1,845 | 200,000 | 100.00 % | 17,515 | 3,209 | 3,209 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines (Korea) Ltd. | Korea | Transportation and shipping agency services | 11,019 | 11,019 | 80,000 | 100.00 % | 52,655 | 14,762 | 14,762 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai International Pte. Ltd. | Singapore | Transportation and shipping agency services | 239,979 | 239,979 | 10,312,460 | 100.00 % | 523,370 | 76,167 | 76,167 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines (Thailand) Ltd. | Thailand | Transportation and shipping agency services | 4,732 | 2,805 | 49,000 | 49.00 % | 75,164 | 21,479 | 10,525 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai (Vietnam) Ltd. | Vietnam | Transportation and shipping agency services | 8,691 | 8,691 | - | 100.00 % | 61,145 | 43,487 | 43,487 | Indirect subsidiary (Note 1、3) |
| 〃 | HE CHUN LOGISTICS COMPANY LTD. | Vietnam | ODD operations | 60,857 | 60,857 | - | 100.00 % | 77,893 | 22,939 | 22,939 | Indirect subsidiary (Note 1、3) |
| 〃 | Wan Hai Lines Peru S.A.C. | Peru | Transportation and shipping agency services | 1,942 | 1,942 | 245,124 | 99.00 % | 13,441 | 12,234 | 12,111 | Indirect subsidiary (Note 3) |
| 〃 | WanHai Lines (Ecuador) S.A. | Ecuador | Transportation and shipping agency services | 1,627 | 1,627 | 51,000 | 51.00 % | 9,079 | 14,207 | 7,246 | Indirect subsidiary (Note 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 | PHUC XUAN MARITIME SERVICE CO.,LTD. | Vietnam | Container yard business | 9,186 | 9,186 | - | 49.00 % | 22,919 | 31,042 | 15,210 | Associate (Note 1) |
| 〃 | Bravely International Pte. Ltd. | Singapore | Transportation and investment | 625,026 | 413,778 | 28,262,221 | 100.00 % | 133,395 | (5,149) | (5,149) | Indirect subsidiary (Note 3) |
| 〃 | WAN HAI LINES (USA) LTD. | America | Transportation and shipping agency services | 437,514 | 437,514 | 284,381 | 100.00 % | 433,750 | 26,605 | 26,605 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Shipping Limited | Myanmar | Transportation and shipping agency services | 1,075 | 1,075 | 35,000 | 70.00 % | 931 | (209) | (146) | Indirect subsidiary (Note 3) |
| WHL INTL. | Wan Hai Lines (UAE) LLC. | Dubai | Transportation and shipping agency services | 1,365 | 1,365 | 147 | 49.00 % | 31,583 | 63,651 | 31,189 | Equity method |
| 〃 | Infinite Marine Investment Co., Ltd. | Cayman | Investment | 173,463 | 173,463 | 5,550,000 | 100.00 % | 5,674 | 7,597 | 7,597 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines (India) PVT Ltd. | India | Transportation and shipping agency services | 69 | 69 | 10,000 | 100.00 % | 158,743 | 45,275 | 45,275 | Indirect subsidiary (Note 3) |
| 〃 | Wan Hai Lines Peru S.A.C. | Peru | Transportation and shipping agency services | 20 | 20 | 2,476 | 1.00 % | 136 | 12,234 | 123 | 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 % | 992,194 | 87,004 | 87,004 | Indirect subsidiary (Note 3) |
| Bravely International Pte. Ltd. | Bravely (Myanmar) Transport and Logistics Company Limited | Myanmar | Management container, storage and logistic service | 127,584 | 127,584 | 4,000,000 | 80.00 % | 90,773 | (3,590) | (2,872) | 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 % | 358,025 | 9,129 | 9,129 | Indirect subsidiary (Note 1、3) |
| Wan Hai Lines (India) PVT Ltd. | WH Logistics Private Limited | India | Managing container, storage and logistics services | 395 | - | 100,000 | 50.00 % | 312 | (150) | (75) | Equity method |

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:The liquidation process was completed in March, 2020.

## (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) | - | - | - | - | (2,187) | 100.00 % | (2,187) | 21,354 | - |
| Shenzhen Uniwin International Logistics Ltd. | Freight transportation and acting as agent for transport affairs | 644,016 | (1) | - | - | - | - | 67,538 | 100.00 % | 67,538 | 840,976 | - |

| 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 | | | | | | |
| Clipper International Shipping Agency Ltd. | International shipping agency services | 4,070 | (1) | - | - | - | - | 21,880 | 49.00 % | 10,721 | 10,448 | - |
| Blue Ocean Logistics (Shanghai) Ltd. | Containers, storage and international transportation services | 32,596 | (1) | - | - | - | - | 7,498 | 100.00 % | 7,498 | 74,517 | - |
| Shenzhen Yong Chun International Shipping Management Co., Ltd. | International shipping management | 29,068 | (1) | - | - | - | - | 9,735 | 90.00 % | 8,701 | 32,647 | - |
| Wan Hang Tours Co., Ltd. | Retailing and Catering management | 287,330 | (1) | - | - | - | - | (5,651) | 50.00 % | (2,826) | 116,241 | - |
| Qingdao port and Win International Logistics Co., Ltd. | Container yard station | 50,188 | (1) | - | - | - | - | 20,323 | 50.00 % | 10,162 | 37,269 | - |

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 | 26,341,445 |

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, 2020, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

| Shareholding / Shareholder's Name | Shares | Percentage |
|---|---|---|
| Yi Chun (Liberia) Shipping Co., Ltd. | 285,234,291 | 12.85 % |
| TCE | 170,902,859 | 7.70 % |
| CCE | 170,902,859 | 7.70 % |
| Asia Pacific Logistics International Co., Ltd. | 166,854,398 | 7.52 % |

**(14) Segment Information**

Please refer to the consolidated financial report.

**Wan Hai Lines Ltd.**

## STATEMENT OF CASH AND CASH EQUIVALENTS

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | | | | Amount |
|---|---|---|---|---|---|
| Cash on hand | | | | | $ 54,325 |
| Saving accounts-TWD | | | | | 258,955 |
| Saving accounts-Foreign currency | USD | 224,816 | thousand @ | 28.10 | 7,757,069 |
| | EUR | 171 | thousand @ | 34.55 | |
| | THB | 165,566 | thousand @ | 0.94 | |
| | KRW | 96,698 | thousand @ | 0.03 | |
| | CNY | 172,452 | thousand @ | 4.30 | |
| | JPY | 1,753,977 | thousand @ | 0.27 | |
| | SGD | 1,503 | thousand @ | 21.27 | |
| | HKD | 6,766 | thousand @ | 3.62 | |
| Time deposits-TWD | | | | | 117,360 |
| Time deposits-Foreign currency | USD | 13,000 | thousand @ | 28.10 | 365,300 |
| Total | | | | | $ 8,553,009 |

**Wan Hai Lines Ltd.**

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

### DECEMBER 31, 2020

**(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 |
|---|---|---|---|---|---|---|---|---|---|---|
| GREATWALL ENTERPRISE CO., LTD. | Domestic listed stocks | 11,871 | $ - | - | - % | 310,411 | 50.80 | 603,025 | - | |
| Formosa Plastics Corporation | 〃 | 376 | - | - | - % | 29,619 | 96.40 | 36,274 | - | |
| Formosa Chemicals & Fiber Corporation | 〃 | 245 | - | - | - % | 17,917 | 84.70 | 20,792 | - | |
| Tainan Spinning Co., Ltd. | 〃 | 5,440 | - | - | - % | 72,113 | 15.00 | 81,599 | - | |
| TAIYEN BIOTECH CO., LTD | 〃 | 1,108 | - | - | - % | 34,262 | 32.70 | 36,232 | - | |
| China Steel Corporation | 〃 | 2,291 | - | - | - % | 57,287 | 24.75 | 56,706 | - | |
| Delta Electronics, Inc. | 〃 | 3,930 | - | - | - % | 501,294 | 263.00 | 1,033,590 | - | |
| Hon Hai Precision Ind.Co., Ltd. | 〃 | 93 | - | - | - % | 9,552 | 92.00 | 8,597 | - | |
| Taiwan Semiconductor Manufacturing Co., Ltd | 〃 | 384 | - | - | - % | 123,485 | 530.00 | 203,520 | - | |
| Transcend Information, Inc. | 〃 | 89 | - | - | - % | 9,530 | 65.00 | 5,792 | - | |
| Amtran Technology Co., Ltd. | 〃 | 984 | - | - | - % | 35,642 | 12.50 | 12,301 | - | |
| Yang Ming Marine Transport Corp. | 〃 | 958 | - | - | - % | 38,942 | 29.25 | 28,008 | - | |
| China Airlines Ltd. | 〃 | 23,754 | - | - | - % | 457,957 | 12.05 | 286,234 | - | |
| Chinese Maritime Transport Ltd. | 〃 | 435 | - | - | - % | 51,519 | 35.30 | 15,357 | - | |
| Mega Financial Holding Co., Ltd. | 〃 | 17,635 | - | - | - % | 438,747 | 29.80 | 525,512 | - | |
| Taishin Financial Holding Co., Ltd. | 〃 | 37,658 | - | - | - % | 443,058 | 13.25 | 498,963 | - | |
| First Financial Holding Co., Ltd. | 〃 | 15,948 | - | - | - % | 231,266 | 21.35 | 340,484 | - | |
| Kinsus Interconnect Technology Corp. | 〃 | 335 | - | - | - % | 39,588 | 80.90 | 27,071 | - | |
| Shih Wei Navigation Co., Ltd. | 〃 | 679 | - | - | - % | 60,607 | 13.00 | 8,823 | - | |
| Taiwan Cooperative Financial Holding Co., Ltd. | 〃 | 30,925 | - | - | - % | 442,739 | 20.35 | 629,315 | - | |
| Taiwan Secom Co., Ltd. | 〃 | 3,303 | - | - | - % | 287,417 | 88.70 | 292,976 | - | |
| The Eslite Spectrum Corporation | Domestic stocks traded over the counter | 1,078 | - | - | - % | 136,106 | 79.4000 | 85,593 | - | |
| Tigerair Taiwan | Domestic emerging stocks | 263 | - | - | - % | 9,702 | 30.7500 | 8,076 | - | |
| | | | | - | | 3,838,760 | | 4,844,840 | - | |

**Wan Hai Lines Ltd.**

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

## DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| | Balance, January 1, 2020 | | Additions | | Decrease | | Balance, December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | - | $ 1,157,131 | - | - | - | 1,157,131 | - | - | | |

Note: The part of financial assets measured at fair value through profit or loss that belong to bond transaction, it has been redeem during the current year.

## Wan Hai Lines Ltd.

## STATEMENT OF ACCOUNTS RECEIVABLE

### DECEMBER 31, 2020

### (In Thousands of New Taiwan Dollars)

| Client Name | Description | Amount | Notes |
|---|---|---|---|
| Accounts receivable-joint service: | | | |
| Non-Related parties: | | | |
| Others (Note 1) | | $ 29,553 | |
| Accounts receivable-freight, additional fee and container loading / discharge | | | |
| Related parties: | | | |
| INTERASIA LINES SINGAPORE PTE. LTD. | Joint operation | 119,395 | |
| Others (Note 1) | | 15,106 | |
| Non-Related parties: | | | |
| Formosa Chemicals & Fiber Corporation | Freight and surcharge income | 67,280 | |
| Others (Note 1) | 〃 | 1,085,220 | |
| | | 1,316,554 | |
| Less: Allowance for doubtful receivables | | (358) | |
| Total | | **$ 1,316,196** | |

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, 2020**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Related parties: | | | |
| Accounts receibable-disposal of assets | Revenue from sale of containers | $ 1,257 | |
| Accounts receivable-vessel rental revenue | Revenue from charters of the remaining fuel at the end of rental period or others | 283,320 | |
| Loan receivable | Fund financing to singapore subsidiary | 4,636,500 | |
| Other | | 68,897 | |
| Sub total | | 4,989,974 | |
| Non-Related parties: | | | |
| Receivables | Discount on expense of containers loading / discharge | 58,565 | |
| Accounts receivable-vessel rental revenue | Revenue from charters of the remaining fuel at the end of rental period or others | 129,095 | |
| Indemnity income receivables | Receivables of insurance | 225,027 | |
| Tax receivable | Income tax refunds | 25,738 | |
| Other | | 113,658 | |
| Sub total | | 552,083 | |
| Total | | $ **5,542,057** | |

**Wan Hai Lines Ltd.**

## STATEMENT OF INVENTORIES

**DECEMBER 31, 2020**

**(IN THOUSANDS OF NEW TAIWAN DOLLARS)**

| Item | Amount | | Note |
|---|---|---|---|
| | Cost | Net Realizable Value | |
| Marine diesel oil | $ 119,331 | 106,184 | |
| Marine residual fuel oil | 1,048,866 | 1,048,866 | |
| Fresh lubricating oil | 5,841 | 5,841 | |
| Less: Allowance for inventory valuation and obsolescence losses | (13,147) | - | |
| | **$ 1,160,891** | **1,160,891** | |

**Wan Hai Lines Ltd.**

# STATEMENT OF OTHER CURRENT ASSETS

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Prepaid expenses: | | | |
| Prepaid rent expense | Rent expenses of vessels and office | $ 94,635 | |
| Prepaid insurance expense | Insurance expenses of containers, fire disaster, public liability insurance and mutual insurance | 12,456 | |
| Prepaid expenses from agents | | 9,016 | |
| Others (The individual accoust does not exceed 5% of the amount balance) | | 105,913 | |
| Sub total | | 222,020 | |
| Payment on behalf of others: | | | |
| Payment on behalf of others-charters | Payment of fuel expense, accommodation fee, medical expense and others | 59,310 | |
| Others (The individual accoust does not exceed 5% of the amount balance) | | 157,424 | |
| Sub total | | 216,734 | |
| Total | | **$ 438,754** | |

**Wan Hai Lines Ltd.**

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

## DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| | Balance, January 1, 2020 | | Additions | | Decrease | | Balance, December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 | $ 183,707 | 955 | 194,277 | - | - | 6,374 | 377,984 | None | |
| Chunghua Telecom Co., Ltd. | 22,992 | 2,529,120 | 4,528 | 470,560 | - | - | 27,520 | 2,999,680 | 〃 | |
| Taipei Port Container Terminal Corp. | 79,315 | 456,743 | - | - | - | 20,581 | 79,315 | 436,162 | 〃 | |
| United Stevedoring Corporation | 781 | 13,242 | - | 716 | - | - | 781 | 13,958 | 〃 | |
| | | **$ 3,182,812** | | **665,553** | | **20,581** | | **3,827,784** | | |

## Wan Hai Lines Ltd.

# STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

## FOR THE YEAR ENDED IN DECEMBER 31, 2020

### (In Thousands of New Taiwan Dollars)

| | Balance, January 1, 2020 | | Additions | | Decrease | | Balance, December 31, 2020 | | | 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 | 979,399,234 | $ 30,538,179 | - | 5,207,609 | - | - | 979,399,234 | 100.00 % | 35,745,788 | 36.50 | 35,745,788 | None | |
| K.K. WH Corporation | 500 | 21,819 | - | 2,694 | - | - | 500 | 100.00 % | 24,513 | 49,026.28 | 24,513 | 〃 | |
| Wan Hai Lines (Germany) GmbH | Note 1 | 1,533 | - | - | - | 1,533 | Note 1 | - % | - | - | - | 〃 | Note 2 |
| Tan Cang-Cai Mep International Terminal Co., Ltd. | Note 1 | 419,869 | - | 16,506 | - | - | Note 1 | 21.33 % | 436,375 | - | 436,375 | 〃 | |
| T.K. Logistics International Co., Ltd. | 14,300,000 | 149,290 | - | 7,120 | - | - | 14,300,000 | 55.00 % | 156,410 | 10.94 | 156,410 | 〃 | |
| Bao Sheng Shipping Agency Co., Ltd. | 3,000,000 | 41,821 | - | - | - | 1,169 | 3,000,000 | 70.01 % | 40,652 | 13.55 | 40,652 | 〃 | |
| Hai Phong International Container Terminal Co Ltd. | Note 1 | 539,413 | - | - | - | 5,168 | Note 1 | 16.50 % | 534,245 | - | 534,245 | 〃 | |
| | | **$ 31,711,924** | | **5,233,929** | | **7,870** | | | **36,937,983** | | **36,937,983** | | |

Note 1: Limited companies with no common share issued.
Note 2: The liquidation process was completed in 2020.

**Wan Hai Lines Ltd.**

## STATEMENT OF OTHER NON-CURRENT ASSET

### DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Deferred tax assets-non-current | | $ 410,219 | |
| Guarantee deposits paid | | 163,656 | |
| Others | | 235,302 | |
| Total | | **$ 809,177** | |

## STATEMENT OF ACCOUNTS PAYABLES

### DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount | Note |
|---|---|---|---|
| Accounts payable | | | |
| Related parties: | | | |
| WHL Singapore | Oil expense | $ 1,146,798 | |
| Other (Note 1) | | 334,449 | |
| Non-related parties | | | |
| Other (Note 1) | | 5,726,853 | |
| Accounts payable-agents commision | | 57,456 | |
| Accounts payable-containers fee | | 62,347 | |
| Accounts payable-charters | | 175,801 | |
| Accounts payable-joint service | | 55,193 | |
| Accounts payable-rental fee | | 46,934 | |
| Total | | **$ 7,605,831** | |

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, 2020**

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Accrued expense | | $ 963,951 |
| Payable to acquisition of equipments | | 211,601 |
| Others | | 263,906 |
| | | **$ 1,439,458** |

## STATEMENT OF LEASE LIABILITIES

**(In Thousands of New Taiwan Dollars)**

| Item | Lease terms | Discount rates | Amount | Note |
|---|---|---|---|---|
| Wharf Equipments | Lease terms are 4~20 years | 1.82%~2.2% | $ 3,399,358 | |
| Vessels | Lease terms are 1~27 years | 1.8%~2.36% | 69,698,407 | |
| Containers | Lease terms are 1~15 years | 1.8%~4.04% | 2,359,436 | |
| Other | Lease terms are 5 years | 2%~2.35% | 14,419 | |
| Total | | | **$ 75,471,620** | |

**Wan Hai Lines Ltd.**

# STATEMENT OF OTHER CURRENT LIABILITIES

## DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Receipts in advance | Revenue from disposal of containers or over payment | $ 120,993 | |
| Temporary collection-others | Receipts under custody of income tax expense and labor / health insuranle expense | 56,173 | |
| Guarantee deposits received | Deposit | 1,542 | |
| Total | | **$ 178,708** | |

**Wan Hai Lines Ltd.**

## STATEMENT OF LONG-TERM LOANS

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

| Creditor | Description | Balance, December 31, 2020 | Contract period | Range of Interest Rates | Collateral | Note |
|---|---|---|---|---|---|---|
| Land bank of Taiwan-Chang-an Branch | | $ 1,783,000 | | | Buildings, Land | |
| 〃 | | 495,864 | | | Containers | |
| Mizuho Bank Taipei Branch | | 590,100 | | | Containers | |
| Mega International Commercial Bank Head Office -Foreign Dept. | | 112,400 | | | Containers | |
| 〃 | | 149,866 | | | Containers | |
| 〃 | | 487,067 | | | Containers | |
| First Commercial Bank Chien-cheng Branch | | 140,500 | | | Containers | |
| 〃 | | 562,000 | | | Containers | |
| 〃 | | 1,124,000 | | | Containers | |
| Bank of China-Taipei Branch | | 843,000 | | | Containers | |
| Hua Nan Commercial Bank-Chengdong Branch | | 1,405,000 | | | Containers | |
| Chang Hwa Commercial Bank-Chilin Branch | | 281,000 | | | Containers | |
| 〃 | | 421,500 | | | Containers | |
| 〃 | | 786,800 | | | Containers | |
| 〃 | | 166,667 | | | Buildings, Land | |
| Standard Chartered Main Branch | | 700,000 | | | | |
| Taishin Bank Jianbei Branch | | 700,000 | | | | |
| Jin Sun Bank Xinyi Branch | | 500,000 | | | | |
| Taipei Star Bank Changan Branch | | 105,375 | | | - | |
| First Commercial Bank Chien-Cheng Branch | | 590,100 | | | - | |
| MUFG Bank-Taipei Branch | | 250,000 | | | - | |
| China Bills finance Corporation | | 210,000 | | | - | |
| 〃 | | 600,000 | | | - | |
| Ta Chin Bill Finance Corporation | | 1,000,000 | | | - | |
| International Bills Finance Corporation | | 700,000 | | | - | |
| 〃 | | 300,000 | | | - | |
| | | 15,004,239 | 2016.07.28~2040.10.8 | 0.26%~2.80% | | |
| Less: Current portion | | (2,747,118) | | | | |
| Discount on commercial paper | | (139) | | | | |
| | | $ 12,256,982 | | | | |

**Wan Hai Lines Ltd.**

## STATEMENT OF OPERATING REVENUE

**FOR THE YEAR ENDED IN DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

| Item | Numbers | Amount | Note |
|---|---|---|---|
| Freight revenue | | $ 56,765,759 | |
| Rent revenue | | 4,818,378 | |
| Revenue from WHL terminal | | 609,309 | |
| Other labor service | | 146,082 | |
| | | 62,339,528 | |
| Less: Sales returns and allowances | | (424,012) | |
| Net amount of operating revenue | | **$ 61,915,516** | |

## STATEMENT OF OPERATING COSTS

| Item | Amount |
|---|---|
| Agency Service | $ 1,952,863 |
| Port charges | 3,303,186 |
| Stevedorage expense | 18,729,145 |
| Container expense | 6,102,291 |
| Vessel expense | 7,198,864 |
| Fuel Cost | 9,299,655 |
| Loss on inventory valuation | 12,987 |
| Vessel rental expense | 2,034,516 |
| Slottage rental expense | 1,876,921 |
| WHL terminal expense | 2,217,683 |
| | **$ 52,728,111** |

**Wan Hai Lines Ltd.**

## STATEMENT OF OPERATING EXPENSES

### FOR THE YEAR ENDED IN DECEMBER 31, 2020

**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount | Note |
|---|---|---|---|
| Salary | | $ 1,497,987 | |
| Entertainment | | 92,972 | |
| Taxes | | 290,079 | |
| Service fee | | 17,368 | |
| Other expenses | | 754,960 | No single amount exceed 5% |
| Total | | **$ 2,653,366** | |

Note 1: For hedging liabilities, please refer to Note 6 (d).
2: Please refer to Note 6 (i) for changes in property, plant and equipment.
3: Please refer to Note 6 (i) for changes in accumulated depreciation of the property, plant and equipment.
4: Please refer to Note 6 (j) for changes in the right-of-use-assets.
5: Please refer to Note 6 (j) for accumulated depreciation changes in right-of-use assets.
6: Please refer to Note 6 (k) for changes in investment property.
7: Please refer to Note 6 (k) for changes in accumulated depreciation of investment property.
8: Please refer to Note 6 (l) for changes in intangible assets.
9: Defined benefit obligation—please refer to Note 6 (q) for the detail.
10: Please refer to Note 6 (r) for deferred tax assets and liabilities.
11: Please refer to Note 6 (w) for interest income.
12: Please refer to Note 6 (w) for other revenue.
13: Please refer to Note 6 (w) for other income and loss.
14: Please refer to Note 6 (w) for financial costs.