Taiwan Navigation Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

TAIWAN NAVIGATION CO., LTD.

By:

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LIU, WEN-QING
Chairman

March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Navigation Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Navigation Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the consolidated financial statements of the Group for the year ended December 31, 2020 is stated as follows:

The Recognition of Gain on Subsidiary's Disposal of Bulk Carriers

The Group's subsidiary Tai Shing, primarily engages in bulk carriers transportation service. Tai Shing disposed of some of its aging bulk carriers in 2020 in order to replace them with new bulk carriers. Given the transaction was significant, a gain on disposal of the asset of $143,100 thousand (included in gain on disposal of property, plant and equipment) was material to the Group's consolidated financial statements. Therefore, we considered the occurrence and accuracy of recognition of gain on disposal of bulk carriers a key audit matter.

Our main audit procedures performed were as follows:

1. We understood management's relevant processes and control of disposal of the bulk carriers and verified whether transactions were appropriately authorized or not.

2. We reviewed the transaction contract and the record of remittances and verified the accuracy of the counterparty and the amount received.

3. We reviewed the bulk carriers' protocol of delivery and acceptance and verified the accuracy of the timing of recognition of gain on disposal of bulk carriers.

4. We recalculated the gain on disposal of bulk carriers and verified the accuracy of recognized amount.

Other Matter

We have also audited the parent company only financial statements of Taiwan Navigation Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui-Min Huang and Shu-Chuan Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 325,354	2	$ 408,216	3
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	386,391	2	95,244	1
Accounts receivable, net (Notes 4, 8 and 17)	43,747	-	40,971	-
Trade receivables from related parties (Notes 4, 8, 17, 24 and 26)	67,337	-	57,389	-
Prepayments (Note 24)	98,680	1	89,714	1
Other financial assets (Notes 4, 6 and 9)	1,113,266	7	876,113	6
Other current assets	7,493	-	24,876	-
Total current assets	2,042,268	12	1,592,523	11
NON-CURRENT ASSETS				
Financial assets at amortized cost (Notes 4, 6 and 10)	1,310,080	8	-	-
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	768,985	5	321,789	2
Investments accounted for using the equity method (Notes 4 and 11)	132,962	1	109,431	1
Property, plant and equipment (Notes 4, 12 and 25)	9,447,859	56	10,753,184	71
Investment properties (Notes 4 and 13)	1,189,531	7	1,229,337	8
Deferred tax assets (Notes 4 and 19)	18,414	-	970	-
Prepayments for equipment (Note 26)	1,758,881	11	856,587	6
Other non-current assets (Notes 4, 6 and 25)	56,384	-	249,929	1
Total non-current assets	14,683,096	88	13,521,227	89
TOTAL	$ 16,725,364	100	$ 15,113,750	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 900,000	5	$ -	-
Notes and accounts payable	80,486	-	130,310	1
Trade payables to related parties (Note 24)	16,825	-	13,448	-
Other payables	110,561	1	123,121	1
Current tax liabilities (Notes 4 and 19)	91,403	1	95,921	-
Current portion of long-term borrowings (Notes 14 and 21)	76,370	-	27,674	-
Other current liabilities (Notes 4 and 13)	92,391	1	115,274	1
Total current liabilities	1,368,036	8	505,748	3
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14, 21 and 25)	4,028,923	24	3,799,257	25
Deferred tax liabilities (Notes 4 and 19)	353,658	2	363,604	2
Net defined benefit liabilities (Notes 4 and 15)	62,516	1	67,550	1
Other non-current liabilities (Note 13)	128,996	1	136,362	1
Total non-current liabilities	4,574,093	28	4,366,773	29
Total liabilities	5,942,129	36	4,872,521	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 16)				
Ordinary shares	4,172,945	25	4,172,945	28
Capital surplus	334,382	2	334,382	2
Retained earnings				
Legal reserve	1,820,386	11	1,760,362	12
Special reserve	271,375	2	34,868	-
Unappropriated earnings	4,098,748	24	4,210,047	28
Total retained earnings	6,190,509	37	6,005,277	40
Other equity	85,399	-	(271,375)	(2)
Total equity attributable to owners of the Corporation	10,783,235	64	10,241,229	68
Total equity	10,783,235	64	10,241,229	68
TOTAL	$ 16,725,364	100	$ 15,113,750	100

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 17, 24 and 26)	$ 2,491,088	100	$ 3,113,990	100
OPERATING COSTS (Notes 18, 24 and 26)	1,896,125	76	2,371,269	76
GROSS PROFIT	594,963	24	742,721	24
OPERATING EXPENSES (Note 18)	133,775	5	138,922	5
PROFIT FROM OPERATIONS	461,188	19	603,799	19
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	18,625	1	28,691	1
Dividend income (Notes 4 and 7)	18,360	-	6,885	-
Other income (Notes 18 and 24)	145,275	6	38,667	1
Gain on disposal of property, plant and equipment (Notes 4 and 12)	143,100	6	182,937	6
Gain on disposal of investment properties (Note 4)	43,594	2	-	-
Net gain (loss) on foreign currency exchange (Notes 18 and 28)	(73,717)	(3)	267	-
Share of profit of associates accounted for using the equity method (Notes 4 and 11)	4,482	-	6,952	-
Interest expense (Notes 4 and 18)	(45,442)	(2)	(93,248)	(3)
Other expenses	(3,118)	-	(3,859)	-
Net loss on financial assets at fair value through profit or loss (Note 4)	-	-	(5,195)	-
Total non-operating income and expenses	251,159	10	162,097	5
INCOME BEFORE INCOME TAX	712,347	29	765,896	24
INCOME TAX EXPENSE (Notes 4 and 19)	194,200	8	164,800	5
NET PROFIT FOR THE YEAR	518,147	21	601,096	19

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	$ 921	-	$ (869)	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	738,343	29	(6,397)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 11)	22,697	1	(6,268)	-
	761,961	30	(13,534)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(404,266)	(16)	(223,842)	(7)
Other comprehensive income (loss) for the year, net of income tax	357,695	14	(237,376)	(7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 875,842	35	$ 363,720	12
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 518,147	21	$ 601,096	19
Non-controlling interests	-	-	-	-
	$ 518,147	21	$ 601,096	19
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 875,842	35	$ 363,720	12
Non-controlling interests	-	-	-	-
	$ 875,842	35	$ 363,720	12
EARNINGS PER SHARE (Note 20)				
Basic	$ 1.24		$ 1.44	
Diluted	$ 1.24		$ 1.44	

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	Ordinary Shares			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Income (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	417,294	$ 4,172,945	$ 334,382	$ 1,664,599	$ 242,486	$ 4,040,448	$ 126,590	$ (161,458)	$ 10,419,992
Appropriation of 2018 earnings									
Legal reserve	-	-	-	95,763	-	(95,763)	-	-	-
Cash dividends	-	-	-	-	-	(542,483)	-	-	(542,483)
Reversal of special reserve	-	-	-	-	(207,618)	207,618	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	601,096	-	-	601,096
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(869)	(223,842)	(12,665)	(237,376)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	600,227	(223,842)	(12,665)	363,720
BALANCE AT DECEMBER 31, 2019	417,294	4,172,945	334,382	1,760,362	34,868	4,210,047	(97,252)	(174,123)	10,241,229
Appropriation of 2019 earnings									
Legal reserve	-	-	-	60,024	-	(60,024)	-	-	-
Special reserve	-	-	-	-	236,507	(236,507)	-	-	-
Cash dividends	-	-	-	-	-	(333,836)	-	-	(333,836)
Net profit for the year ended December 31, 2020	-	-	-	-	-	518,147	-	-	518,147
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	921	(404,266)	761,040	357,695
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	519,068	(404,266)	761,040	875,842
BALANCE AT DECEMBER 31, 2020	417,294	$ 4,172,945	$ 334,382	$ 1,820,386	$ 271,375	$ 4,098,748	$ (501,518)	$ 586,917	$ 10,783,235

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 712,347	$ 765,896
Adjustments for:		
Depreciation and amortization expenses	584,571	716,062
Expected credit loss recognized on trade receivables	590	-
Net loss on fair value change of financial assets at fair value through profit or loss	-	5,195
Interest expense	45,442	93,248
Interest income	(18,625)	(28,691)
Dividend income	(18,360)	(6,885)
Share of profit of associates accounted for using the equity method	(4,482)	(6,952)
Gain on disposal of property, plant and equipment	(143,100)	(182,937)
Gain on disposal of investment properties	(43,594)	-
Unrealized loss on foreign currency exchange, net	88,578	236
Changes in operating assets and liabilities		
Accounts receivable	(3,608)	(5,539)
Trade receivables from related parties	(10,097)	34,661
Prepayments	(12,373)	26,508
Other current assets	(68)	(4)
Other financial assets	(33,292)	697
Notes and accounts payable	(46,376)	(4,792)
Trade payables to related parties	3,499	(12,855)
Other payables	(8,592)	(20,252)
Other current liabilities	24,035	35,840
Net defined benefit liabilities	(4,113)	(2,132)
Cash generated from operations	1,112,382	1,407,304
Income tax paid	(226,108)	(12,979)
Net cash generated from operating activities	886,274	1,394,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,380,000)	-
Payments for property, plant and equipment	(22,733)	(80,178)
Proceeds from disposal of property, plant and equipment	377,201	428,241
Acquisition of investment properties	-	(3,953)
Proceeds from disposal of investment properties	76,654	-
Increase in other financial assets	(256,660)	(586,084)
Decrease (increase) in other non-current assets	190,754	(1,298)
Increase in prepayments for equipment	(985,128)	(580,326)
Interest received	35,730	27,807
Dividends received	22,008	13,139
Net cash used in investing activities	(1,942,174)	(782,652)

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	$ 900,000	$ (258,465)
Proceeds from in long-term borrowings	1,803,324	575,000
Repayments of long-term borrowings	(1,318,807)	(355,000)
Decrease in other non-current liabilities	(7,366)	(59)
Cash dividends paid	(333,836)	(542,483)
Interest paid	(47,823)	(93,969)
Net cash generated from (used in) financing activities	995,492	(674,976)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(22,454)	(7,031)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(82,862)	(70,334)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	408,216	478,550
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 325,354	$ 408,216

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

1. GENERAL INFORMATION

Taiwan Navigation Co., Ltd. (the "Corporation"), whose shares are listed on the Taiwan Stock Exchange, was originally majority-owned by the Taiwan Provincial Government but was privatized on June 20, 1998. The Corporation mainly engages in passenger and freight transport via water, port warehousing, aquatic sand mining, and navigation channel dredging and also acts as a shipping agency, provides tugboats, and acts as a land owner in agreements with construction companies for the use of its land for the construction of residential and commercial buildings for sale and rental.

Tai Shing Maritime Co., S.A. (Tai Shing) was established in the Republic of Panama, and Shin Wang Maritime Inc. (Shin Wang) was established in Liberia. The Corporation holds a respective 100% interest in Tai Shing and Shin Wang. Tai Shing and Shin Wang mainly engage in the general management, purchasing, sale, charter, and operation of sea navigation routes and in other maritime operations of ships.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the "Group", are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 22, 2021.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Group's accounting policies.

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

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

As of the date the consolidated financial statements were authorized for issue, the Group assesses that the application of above standards and interpretations have no material impact on the Group's financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

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

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

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

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

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

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

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

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

3) Level 3 inputs are unobservable inputs on an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

2) Subsidiaries included in the consolidated financial statements

The Group holds 100% of the interest of the subsidiaries which are included in the consolidated financial statements. The subsidiaries are Tai Shing and Shin Wang, which are mainly engaged in marine freight transportation services.

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purposes of presenting consolidated financial statements, the functional currencies of Group's foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year, and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

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

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

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

g. Property, plant and equipment

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

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

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

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also included land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Impairment of property, plant and equipment

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 23.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

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

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

For internal credit risk management purposes, the Group determines that the information that internal or external information show that the debtor is unlikely to pay its creditors indicates that a financial asset is in default.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised service to a customer and the date on which the customer pays for that service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

As the Group provides services for ship chartering, passenger and freight transport and ship management, customers simultaneously obtain and consume the benefit provided by the Group's performance, and the relevant revenue is recognized when the services are provided. The revenue from ship chartering and ship management services are recognized with reference to the number of days incurred and the revenue from passenger and freight transport services is recognized with reference to the stage of completion of the services provided.

l. Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of transportation equipment in which the Group is a lessee and transportation service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

1) The Group as lessor

All leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct cost incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as costs on a straight-line basis over the lease term.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee.

2) The Group as lessee

The Group applies a recognition exemption where lease payments are recognized as costs and expenses on a straight-line basis over the lease terms for short-term leases and low-value asset leases.

m. Government grants

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

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

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

n. Borrowing costs

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

After the evaluation of management, the Group has no critical accounting judgements and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 258	$ 258
Checking accounts and demand deposits	56,529	47,299
Cash equivalents		
Time deposits with original maturities of less than 3 months	268,567	360,659
	$ 325,354	$ 408,216

The market rate intervals of cash in banks and cash equivalents at the end of the year are as follows:

	December 31	
	2020	2019
Bank balance and cash equivalents	0.01%-0.40%	0.01%-2.40%

As of December 31, 2020 and 2019, the bank balances (including repurchase agreements collateralized by notes with original maturities of more than 3 months, financial assets at amortized cost and pledged deposits) related to bank, government-related parties, are as follows:

	December 31	
	2020	2019
Land Bank of Taiwan	$ 1,360,285	$ 251,812
First Commercial Bank	531,251	372,210
Mega International Commercial Bank	442,954	882
Bank of Taiwan	63,990	66,919
Other	56	205
	$ 2,398,536	$ 692,028

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Current		
Domestic investments		
Listed shares		
Yang Ming Marine Transport Corporation	$ 386,391	$ 95,244
Non-current		
Domestic investments		
Private placement listed shares		
Yang Ming Marine Transport Corporation	$ 656,770	$ 185,559
Unlisted shares		
Chunghwa Investment Co., Ltd.	68,883	90,651
	725,653	276,210
Foreign investments		
Unlisted shares		
Taiwan Foundation International Pte. Ltd.	43,332	45,579
	$ 768,985	$ 321,789

The Group's investments in the ordinary shares mentioned above are expected to earn profit through dividend income. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends of $18,360 thousand and $6,885 thousand were both recognized for the years ended December 31, 2020 and 2019. Both were related to investments in equity instruments at FVTOCI held as of December 31, 2020 and 2019.

8. ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2020	2019
At amortized cost		
Gross carrying amount	$ 46,937	$ 43,571
Less: Allowance for impairment loss	3,190	2,600
	$ 43,747	$ 40,971
Trade receivables from related parties	$ 67,337	$ 57,389

The Group measures loss allowance of trade receivables (including related parties) at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables (including related parties) is as follows:

	December 31	
	2020	2019
0-60 days	$ 94,023	$ 95,508
61-90 days	11,855	343
More than 90 days	8,396	5,109
Gross carrying amount	114,274	100,960
Loss allowance (lifetime ECLs)	(3,190)	(2,600)
Amortized cost	$ 111,084	$ 98,360

The above aging schedule was based on the numbers of days past due days from the invoice date.

The movements of the loss allowance of accounts receivable were as follows:

	December 31	
	2020	2019
Balance at January 1	$ 2,600	$ 2,600
Add: Net remeasurement of loss allowance	590	-
Balance at December 31	$ 3,190	$ 2,600

9. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Time deposits with original maturities of more than 3 months	$ 597,140	$ 834,044
Repurchase agreements collateralized by notes with original maturities of more than 3 months	441,440	-
Others	74,686	42,069
	$ 1,113,266	$ 876,113

The market rate intervals of time deposits and repurchase agreements collateralized by notes with original maturities of more than 3 months at the end of the year are as follows:

	December 31	
	2020	2019
Time deposits	0.26%-1.55%	2.25%-2.45%
Repurchase agreements collateralized by notes	0.40%-0.42%	-

10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Non-current		
Restricted segregated foreign exchange deposit account for offshore funds	$ 1,310,080	$ -

The National Taxation Bureau of Taipei, Ministry of Finance approved the repatriation of $1,471,450 thousand (US$50,000 thousand) of funds in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" in August 2020. The funds after tax (US$46,000 thousand) were deposited into a segregated foreign exchange deposit account. The deposit was restricted under the Act except the part of funds which can be withdrawn and be freely utilized or engaged in financial investments or substantive investments. The funds can be withdrawn, over a period of three years, five years after the date of depositing them into the segregated foreign exchange deposit account. The rates of offshore funds ranged from 0.26% to 0.30% per annum as of December 31, 2020.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
Investments in Associates	2020	2019
Associates that are not individually material		
Yunn Wang Investment Co., Ltd.	$ 132,962	$ 109,431

At the end of the year, the Group holds 49.75% interest in Yunn Wang Investment Co., Ltd. (Yunn Wang).

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of Yunn Wang.

The share of profit or loss and other comprehensive income or loss of the Group's investments in Yunn Wang were calculated based on the financial statements which have been audited.

Aggregate information of associates:

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Net profit for the year	$ 4,482	$ 6,952
Other comprehensive income (loss)	22,697	(6,268)
Total comprehensive income for the year	$ 27,179	$ 684

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Group	$ 630,856	$ 671,086
Assets leased under operating leases	8,817,003	10,082,098
	$ 9,447,859	$ 10,753,184

a. Assets used by the Group

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2020	$ 191,103	$ 89,223	$ 1,554,637	$ 4,425	$ 1,839,388
Additions	-	-	2,291	-	2,291
Disposals	-	-	(1,982)	-	(1,982)
Balance at December 31, 2020	$ 191,103	$ 89,223	$ 1,554,946	$ 4,425	$ 1,839,697
Accumulated depreciation					
Balance at January 1, 2020		$ 37,935	$ 1,128,185	$ 2,182	$ 1,168,302
Disposals		-	(1,982)	-	(1,982)
Depreciation expenses		1,990	39,769	762	42,521
Balance at December 31, 2020		$ 39,925	$ 1,165,972	$ 2,944	$ 1,208,841
Carrying amounts at December 31, 2020	$ 191,103	$ 49,298	$ 388,974	$ 1,481	$ 630,856
Cost					
Balance at January 1, 2019	$ 191,103	$ 82,555	$ 1,553,872	$ 3,737	$ 1,831,267
Additions	-	6,668	19,659	1,773	28,100
Disposals	-	-	(18,894)	(1,085)	(19,979)
Balance at December 31, 2019	$ 191,103	$ 89,223	$ 1,554,637	$ 4,425	$ 1,839,388
Accumulated depreciation					
Balance at January 1, 2019		$ 36,350	$ 1,107,481	$ 2,823	$ 1,146,654
Disposals		-	(18,894)	(1,085)	(19,979)
Depreciation expenses		1,585	39,598	444	41,627
Balance at December 31, 2019		$ 37,935	$ 1,128,185	$ 2,182	$ 1,168,302
Carrying amounts at December 31, 2019	$ 191,103	$ 51,288	$ 426,452	$ 2,243	$ 671,086

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

Buildings	
Main buildings	48-60 years
Renovation work	8 years
Transportation equipment	
Vessels	25 years
Dry dock	2 years
Vehicles and motorcycles	3-8 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 25.

b. Assets leased under operating leases

	Transportation Equipment	Other Equipment	Total
Cost			
Balance at January 1, 2020	$ 14,238,155	$ 37,292	$ 14,275,447
Additions	20,442	-	20,442
Disposals	(1,251,849)	(15,866)	(1,267,715)
Effects of foreign currency exchange differences	(661,479)	(1,210)	(662,689)
Balance at December 31, 2020	$ 12,345,269	$ 20,216	$ 12,365,485
Accumulated depreciation			
Balance at January 1, 2020	$ 4,186,423	$ 6,926	$ 4,193,349
Disposals	(982,663)	(5,850)	(988,513)
Depreciation expenses	530,712	3,982	534,694
Effects of foreign currency exchange differences	(190,778)	(270)	(191,048)
Balance at December 31, 2020	$ 3,543,694	$ 4,788	$ 3,548,482
Carrying amounts at December 31, 2020	$ 8,801,575	$ 15,428	$ 8,817,003
Cost			
Balance at January 1, 2019	$ 15,724,581	$ 22,859	$ 15,747,440
Additions	38,475	13,603	52,078
Disposals	(1,189,947)	(622)	(1,190,569)
Reclassified	-	2,556	2,556
Effects of foreign currency exchange differences	(334,954)	(1,104)	(336,058)
Balance at December 31, 2019	$ 14,238,155	$ 37,292	$ 14,275,447
Accumulated depreciation			
Balance at January 1, 2019	$ 4,565,273	$ 3,295	$ 4,568,568
Disposals	(944,727)	(538)	(945,265)
Depreciation expenses	665,085	4,386	669,471
Effects of foreign currency exchange differences	(99,208)	(217)	(99,425)
Balance at December 31, 2019	$ 4,186,423	$ 6,926	$ 4,193,349
Carrying amounts at December 31, 2019	$ 10,051,732	$ 30,366	$ 10,082,098

The Group entered into sale contracts of bulk carriers in June 2019 and August 2020, respectively, and the bulk carriers were delivered in January and December 2020, respectively. The total amount of proceeds from disposal was $422,302 thousand (the deposit of 45,101 thousand has been collected in advance in June 2019) and the recognized gain on disposal was $143,100 thousand.

The Group entered into sale contracts of bulk carriers in July and October 2019, respectively, and the bulk carriers were delivered in July and November 2019, respectively. The total amount of proceeds from disposal was $427,891 thousand and the recognized gain on disposal was $182,587 thousand.

The Group leases bulk carriers on fixed lease payments or index-based variable payments, and the lease includes the option to extend the lease period. A portion of the operating lease contract contains market review clauses in the event that lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease period.

Because market conditions were severely affected by COVID-19 in 2020, the Group agreed to provide deferral of rentals for some leases from April 2020 to August 2020, and the rent shall be payable from March 2021 to July 2021.

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

	December 31	
	2020	**2019**
Year 1	$ 1,220,489	$ 999,177
Year 2	566,581	101,962
Year 3	369,030	-
Year 4	182,460	-
	$ 2,338,560	$ 1,101,139

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

Transportation equipment	
Vessels	20-25 years
Dry dock	2.5 years
Other equipment	5-8 years

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 25.

13. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
Cost			
Balance at January 1, 2020	$ 1,057,328	$ 255,710	$ 1,313,038
Disposals	(33,060)	(370)	(33,430)
Balance at December 31, 2020	$ 1,024,268	$ 255,340	$ 1,279,608

(Continued)

	Land	Buildings	Total
Accumulated depreciation			
Balance at January 1, 2020		$ 83,701	$ 83,701
Disposals		(370)	(370)
Depreciation expenses		6,746	6,746
Balance at December 31, 2020		$ 90,077	$ 90,077
Carrying amounts at December 31, 2020	$ 1,024,268	$ 165,263	$ 1,189,531
Cost			
Balance at January 1, 2019	$ 1,055,678	$ 120,895	$ 1,176,573
Additions	1,650	134,815	136,465
Balance at December 31, 2019	$ 1,057,328	$ 255,710	$ 1,313,038
Accumulated depreciation			
Balance at January 1, 2019		$ 79,203	$ 79,203
Depreciation expenses		4,498	4,498
Balance at December 31, 2019		$ 83,701	$ 83,701
Carrying amounts at December 31, 2019	$ 1,057,328	$ 172,009	$ 1,229,337

(Concluded)

The acquisition of investment properties which included non-cash transactions is as follows:

	For the Year Ended December 31, 2019
Increase in investment properties	$ 136,465
Increase in prepaid rents (included in advance receipts and other non-current liabilities)	(132,512)
	$ 3,953

In 2017, the Group entered into a land lease agreement with a lease term of 20 years and agreed that the lessee construct a building in the name of the Group, which is both an applicant of the construction and a proprietor of the building, on the land. In addition, the lessee afforded the cost of building to exchange the right-of-use building during the lease period. In 2019, the construction of building was completed and delivered to the Group. The cost of the construction was $132,512 thousand, which was classified as prepaid rent. The Group recognized the rental income in installments during the lease period. The rental income was $7,466 thousand and $4,355 thousand for the years ended December 31, 2020 and 2019 respectively. As of December 31, 2020 and 2019, the balance of unamortized prepaid rent was $120,691 thousand ($7,465 thousand and $113,226 thousand were included in other current liability and other non-current liabilities, respectively) and $128,157 thousand ($7,465 thousand and $120,692 thousand were included in other current liability and other non-current liabilities, respectively).

The investment properties were leased out for 1 to 20 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Because of the market conditions were severely affected by COVID-19 in 2020, the Group agreed to provide unconditional 20%-50% rent reduction for some leases from March 2020 to September 2020.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 is as follows:

	December 31	
	2020	**2019**
Year 1	$ 42,847	$ 45,297
Year 2	25,707	30,451
Year 3	19,621	16,123
Year 4	19,869	12,485
Year 5	15,126	12,693
Year 6 onwards	149,350	162,085
	$ 272,520	$ 279,134

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25-60 years.

The fair value of investment properties were not appraised by independent valuers. The management of the Group used the valuation model that market participants use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2020	**2019**
Fair value	$ 3,603,864	$ 3,658,333

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2020	**2019**
Lease commitments of investment properties	$ 2,056	$ 1,038

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Unsecured borrowings		
Line of credit borrowings	$ 900,000	$ -
Interest rate range	0.85%-0.98%	-

b. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (1)	$ 3,980,136	$ 3,127,051
Line of credit borrowings (2)	125,157	699,880
	4,105,293	3,826,931
Less: Current portions	76,370	27,674
Long-term borrowings	$ 4,028,923	$ 3,799,257
Interest rate range	0.88%-1.01%	0.97%-2.76%

1) Secured borrowings are project loans for the construction of ships of Tai Shing, whose freehold ships are provided as collateral (refer to Note 25), and the principal and interest are amortized on a monthly, quarterly and semi-annual basis. Tai Shing is expected to settle the payment in full by October 2027. As of December 31, 2020, Tai Shing paid in advance a portion of the principal which is due in July 2022.

2) The interest on credit borrowings is paid on a monthly basis. The principal will be either paid in full by June 2022 and February 2021 or paid on a quarterly basis from September 2020 and is expected to be fully paid by May 2031.

As of December 31, 2020 and 2019, the bank borrowings related to banks, which are government-related parties, were as follows:

	December 31	
	2020	2019
Land Bank of Taiwan	$ 2,731,109	$ 1,395,706
Bank of Taiwan	1,549,027	1,731,345
Mega International Commercial Bank	205,157	179,880
	$ 4,485,293	$ 3,306,931

The interest expense (including capitalized interest) related to banks, which are government-related parties, for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Land Bank of Taiwan	$ 29,472	$ 46,828
Bank of Taiwan	28,516	56,964
Other	3,383	6,598
	$ 61,371	$ 110,390

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 7% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation and Tai Shing in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 106,970	$ 108,365
Fair value of plan assets	(44,454)	(40,815)
Net defined benefit liabilities	$ 62,516	$ 67,550

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2019	$ 106,805	$ (37,992)	$ 68,813
Service cost			
Current year service cost	1,944	-	1,944
Net interest expense (income)	1,068	(385)	683
Recognized in profit or loss	3,012	(385)	2,627
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,274)	(1,274)
Actuarial (gain) loss			
Changes in demographic assumptions	731	-	731
Changes in financial assumptions	2,542	-	2,542
Experience adjustments	(1,130)	-	(1,130)
Recognized in other comprehensive income	2,143	(1,274)	869

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	$ -	$ (1,164)	$ (1,164)
Benefits paid	(3,595)	-	(3,595)
Balance at December 31, 2019	108,365	(40,815)	67,550
Service cost			
Current year service cost	2,259	-	2,259
Prior year service cost	2,504	-	2,504
Net interest expense (income)	818	(308)	510
Recognized in profit or loss	5,581	(308)	5,273
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,335)	(1,335)
Actuarial (gain) loss			
Changes in demographic assumptions	74	-	74
Changes in financial assumptions	2,443	-	2,443
Experience adjustments	(2,103)	-	(2,103)
Recognized in other comprehensive income	414	(1,335)	(921)
Contributions from the employer	-	(1,996)	(1,996)
Benefits paid	(7,390)	-	(7,390)
Balance at December 31, 2020	$ 106,970	$ (44,454)	$ 62,516

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2020	2019
Discount rate	0.5%	0.75%
Expected rate of salary increase	3%	3%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate		
0.25% increase	$ (2,443)	$ (2,549)
0.25% decrease	$ 2,545	$ 2,658
Expected rate of salary increase		
0.25% increase	$ 2,443	$ 2,558
0.25% decrease	$ (2,359)	$ (2,468)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	$ 442	$ 426
Average duration of the defined benefit obligation	9.7 years	10.1 years

16. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands)	480,000	480,000
Capital authorized	$ 4,800,000	$ 4,800,000
Shares issued and fully paid (in thousands)	417,294	417,294
Capital issued	$ 4,172,945	$ 4,172,945

b. Capital surplus

	December 31	
	2020	2019
Treasury share transactions	$ 334,352	$ 334,352
Donations	30	30
	$ 334,382	$ 334,382

Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group’s capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit or until the legal reserve equals the Corporation's paid-in capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 18(f).

The Corporation's Articles also stipulate a dividends policy whereby the issuance of cash dividends takes precedence over the issuance of share dividends. In principle, cash dividends shall not be less than 50% of the total dividends distributed.

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

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings in June 2020 and 2019, respectively, are as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 60,024	$ 95,763		
Appropriation (reversal) of special reserve	236,507	(207,618)		
Cash dividends	333,836	542,483	$0.8	$1.3

The appropriation of earnings for 2020 is subject to the proposition in the board of directors and the resolution in the shareholders' meeting to be held in May and June 2021, respectively.

17. REVENUE

	For the Year Ended December 31	
	2020	**2019**
Revenue from transportation	$ 2,403,709	$ 3,033,814
Rental income from investment properties (Note 13)	54,270	56,076
Other revenue	33,109	24,100
	$ 2,491,088	$ 3,113,990

Contract information

	December 31, 2020	December 31, 2019	January 1, 2019
Account receivables (Note 8)	$ 43,747	$ 40,971	$ 35,922
Trade receivables from related parties (Notes 24 and 26)	$ 67,337	$ 57,389	$ 92,370

18. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2020	2019
Insurance claims	$ 134,003	$ 32,023
Others	11,272	6,644
	$ 145,275	$ 38,667

b. Interest expenses

	For the Year Ended December 31	
	2020	2019
Bank borrowing interest	$ 66,105	$ 114,784
Less: Capitalized interest amount	20,663	21,536
	$ 45,442	$ 93,248
Range of capitalization rate	0.89%-2.80%	2.58%-3.57%

c. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 580,415	$ 713,052
Operating expenses	3,546	2,544
	$ 583,961	$ 715,596
An analysis of amortization by function		
Operating expenses	$ 610	$ 466

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses from investment properties generating rental income	$ 21,238	$ 19,576
Direct operating expenses from investment properties not generating rental income	383	398
	$ 21,621	$ 19,974

e. Employee benefits expense are as follow:

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 10,725	$ 11,234
Defined benefit plans	5,273	2,627
	15,998	13,861
Other employee benefits	634,323	726,988
	$ 650,321	$ 740,849
An analysis of employee benefits expense by function		
Operating costs	$ 554,995	$ 642,408
Operating expenses	95,326	98,441
	$ 650,321	$ 740,849

f. Employee's compensation and remuneration of directors

According to the Corporation's Articles, the Corporation accrued employees' compensation at the rates of no less than 0.5% and remuneration of directors at rates of no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 2021 and 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation	$ 7,269	$ 7,816
Remuneration of directors	7,269	7,515

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 36,619	$ 7,250
Foreign exchange losses	(110,336)	(6,983)
Net (loss)/gain	$ (73,717)	$ 267

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 91,752	$ 78,851
Land value increment tax of land disposal	13,806	-
Separate taxation for repatriated offshore funds	117,272	-
Adjustments for prior year's tax	(1,240)	195
Income tax on unappropriated earnings	-	25,843
	221,590	104,889
Deferred tax		
In respect of the current year	(27,390)	59,911
Income tax expense recognized in profit or loss	$ 194,200	$ 164,800

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	2019
Profit before tax	$ 712,347	$ 765,896
Income tax expense calculated at the statutory rate	$ 142,469	$ 153,179
	60	-
Tax effect of adjusting items:		
Tax-exempt income	(13,251)	(1,217)
Unrecognized deductible temporary differences	(55,866)	(13,200)
Income tax appropriated earnings	-	25,843
Land value increment tax	4,756	-
Separate taxation for repatriated offshore funds	117,272	-
Adjustments for prior years' tax	(1,240)	195
Income tax expense recognized in profit or loss	$ 194,200	$ 164,800

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 91,403	$ 95,921

Current income tax payable is the net amount of December 31, 2020 and 2019, deducted by $349 thousand and $8,773 thousand of prepaid income tax, respectively.

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 391	$ 17,365	$ 17,756
Others	579	79	658
	$ 970	$ 17,444	$ 18,414

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 282,241	$ (9,050)	$ 273,191
Share of profit or loss of subsidiaries accounted for using the equity method	81,363	(896)	80,467
	$ 363,604	$ 9,946	$ 353,658

(Concluded)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 315	$ 76	$ 391
Others	518	61	579
	$ 833	$ 137	$ 970
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 282,241	$ -	$ 282,241
Share of profit of subsidiaries accounted for using the equity method	21,315	60,048	81,363
	$ 303,556	$ 60,048	$ 363,604

d. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2020 and 2019, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were $4,022,601 thousand and $5,214,720 thousand, respectively.

e. Income tax assessments

The income tax returns of the Corporation and Tai Shing through 2018 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share	$ 1.24	$ 1.44
Diluted earnings per share	$ 1.24	$ 1.44

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Earnings used in the computation of basic earnings per share	$ 518,147	$ 601,096

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

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,294	417,294
Effect of potentially dilutive ordinary shares		
Employees' compensation	465	573
Weighted average number of ordinary shares used in the computation of diluted earnings per share	417,759	417,867

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

			Non-cash Changes	
	Opening Balance	**Cash Flows**	**Foreign Exchange Movement**	**Closing Balance**
Long-term borrowings (including current portions)	$ 3,826,931	$ 484,517	$ (206,155)	$ 4,105,293

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Foreign Exchange Movement	Other (Note)	Closing Balance
Short-term borrowings	$ 557,322	$ (258,465)	$ 1,143	$ (300,000)	$ -
Long-term borrowings	3,388,005	220,000	(81,074)	300,000	3,826,931
	$ 3,945,327	$ (38,465)	$ (79,931)	$ -	$ 3,826,931

Note: The Group's short-term borrowing of $300,000 thousand matured in March 2019. However, the Group re-entered into a long-term borrowing contract with the bank to pay the short-term borrowing in advance in February 2019.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, or the existing debt redeemed.

23. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amount of financial assets and liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 386,390	$ 656,770	$ -	$ 1,043,160
Unlisted shares - ROC	-	-	68,883	68,883
Unlisted shares - foreign	-	-	43,332	43,332
	$ 386,390	$ 656,770	$ 112,215	$ 1,155,375

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 95,244	$ 185,559	$ -	$ 280,803
Unlisted shares - ROC	-	-	90,651	90,651
Unlisted shares - foreign	-	-	45,579	45,579
	$ 95,244	$ 185,559	$ 136,230	$ 417,033

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Domestic listed private shares and ordinary shares converted from mandatory convertible bonds with no market price available for reference of their fair values have their fair values estimated using the evaluation method. The estimations and assumptions used by the Group for the evaluation method are consistent with those used by market participants in the pricing of financial instruments. The relevant information used in the evaluation was obtainable by the Group.

The evaluation method used by the Group for estimating fair value is the Black-Scholes model.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Unlisted equity securities - ROC held by the Group are mainly investment in domestic listed shares. Besides, the assets of unlisted shares - foreign held by the Group were mainly bank deposits, equity instruments and investment properties as of December 31, 2020 and 2019. Thus, the aforementioned unlisted equity securities were evaluated using the asset-based approach. Separate assets and liabilities of the underlying investments were respectively regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Unobservable inputs used by the Group were an 89.75% discount rate for lack of marketability as of December 31, 2020 and 2019. If the discount rate for lack of marketability had increase/decrease by 1% and all other variables were held constant, the fair value would have decrease/increase by $6,723 thousand and $8,848 thousand, respectively.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (Note 1)	$ 2,859,784	$ 1,382,689
Financial assets at FVTOCI		
Equity instruments	1,155,375	417,033
Financial liabilities		
Amortized cost (Note 2)	5,213,165	4,093,810

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, trade receivables from related parties, and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, trade payables to related parties, other payables, and long-term borrowings (including current portions).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, and borrowings. The Group's corporate treasury function is responsible for monitoring and managing the financial risks related to the operations of the Group. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rate and other price.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 2% increase and decrease in New Taiwan dollars against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 2% change in foreign currency rates. The table below indicates an increase (a decrease) in pre-tax profit associated with the New Taiwan dollar strengthening 2% against the U.S. dollar.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Loss	$ (36,532)	$ (2,509)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the year are as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 2,588,747	$ 1,194,703
Cash flow interest rate risk		
Financial assets	63,766	24,101
Financial liabilities	5,005,293	3,826,931

Sensitivity analysis

The following sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For variable interest rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. The sensitivity rate of 1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The financial assets and liabilities held by the Group with variable interest rates will change according to the effective interest rates, which vary with market interest rates, and will result in fluctuations of the future cash flows.

For the financial assets held by the Group with variable interest rates on December 31, 2020 and 2019, if the market interest rates had been 1% higher, the cash inflow from variable rate financial assets would have been $638 thousand and $241 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial assets, and the amount would be negative.

For the financial liabilities held by the Group with variable interest rates on December 31, 2020 and 2019, if the market interest rates had been 1% higher, the cash outflow from variable rate financial liabilities would have been $50,053 thousand and $38,269 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial liabilities, and the amount would be negative.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign listed (unlisted) shares and corporate bonds.

Sensitivity analysis

The equity price risk for the flexible-priced financial assets held by the Group was assessed using sensitivity analysis.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by $57,769 thousand and $20,852 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

There is no significant concentration of credit risk for the Group. Credit risk is from cash and cash equivalent deposits in banks and accounts receivable from customers.

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

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks, financial institutions and companies with high credit-ratings assigned by international credit-rating agencies.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities (including overdraft and guarantee) of $433,190 thousand and $255,340 thousand, respectively.

The following table details the Group's remaining contractual maturity of its non-derivative financial liabilities with variable interest rates and agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 5,989	$ 21,015	$ 180,868	$ -	$ -	$ -
Variable interest rate liabilities	-	300,645	679,070	2,419,202	1,071,562	661,587
	$ 5,989	$ 321,660	$ 859,937	$ 2,419,202	$ 1,071,562	$ 661,587

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 4,992	$ 15,573	$ 246,314	$ -	$ -	$ -
Variable interest rate liabilities	-	-	28,276	1,472,894	1,320,995	1,394,408
	$ 4,992	$ 15,573	$ 274,590	$ 1,472,894	$ 1,320,995	$ 1,394,408

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. The Ministry of Transportation and Communications has significant influence over the Group. Besides, the nature and amounts of transactions, individually and collectively insignificant, with the government - related party have not been disclosed, and information disclosed, elsewhere in the other notes and details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of the related parties

Related Party Name	Related Party Category
Yang Ming Marine Transport Corporation (Yang Ming)	Government - related party
Hong Ming Terminal & Stevedoring Corp.	Subsidiary of government - related party
Yunn Wang Investment Co., Ltd.	Associate

b. Operating transactions

	For the Year Ended December 31	
	2020	**2019**
Operating revenue		
Government - related party		
Yang Ming	$ 149,864	$ 184,786
Associates		
Others	114	23
	$ 149,978	$ 184,809
Operating costs		
Government and its subsidiaries - related parties		
Yang Ming	$ 143,514	$ 170,711
Others	1,316	1,137
	$ 144,830	$ 171,848

Transactions with related parties were based on agreements. Lease contracts with associates were based on market conditions.

At the end of the year, trade receivables from related parties are as follows:

	December 31	
	2020	**2019**
Government - related party		
Yang Ming	$ 39,242	$ 26,670

At the end of the year, prepayments from related parties (included in prepayments) are as follows:

	December 31	
	2020	**2019**
Government - related parties		
Others	$ 2,167	$ 3,469

At the end of the year, trade payables to related parties are as follows:

	December 31	
	2020	**2019**
Government and its subsidiaries - related parties		
Yang Ming	$ 16,704	$ 13,327
Others	121	121
	$ 16,825	$ 13,448

The Group did not recognize allowance for doubtful accounts and did not receive guarantees during the years ended December 31, 2020 and 2019. In addition, the outstanding payables to related parties had no guarantees.

c. Other transactions with government - related parties

The Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 26.46% interest in the Group. In June 2012, the Group purchased seven-year, privately placed, secured mandatory convertible bonds (classified as financial assets at FVTPL - current) issued by Yang Ming (of which the Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 35.51% interest) for $200,000 thousand. The bonds, with a coupon rate of 3% per annum, matured in June 2019 and were converted into 9,597 thousands shares of private placement ordinary shares. The aforementioned private shares can be applied for registration of the retroactive handling of public issuance and listing shares with the FSC if Yang Ming complies with the regulations of the retroactive handling of public issuance. The Group held the aforementioned investments, which were classified as financial assets at FVTOCI - non-current, for strategic purposes.

In February 2017, the Group purchased 19,083 thousand shares of private placement ordinary shares issued by Yang Ming for $199,990 thousand (classified as financial assets at FVTOCI - non-current), and the rights and obligations of the private placement ordinary shares are the same as those of the ordinary shares issued by Yang Ming. However, the private shares are subject to the restrictions on transfer by the Securities Exchange Act., which say that private shares may not be transferred within 3 years of the delivery date. After 3 full years have elapsed since the delivery date of the privately placed ordinary shares, Yang Ming may apply for registration of the retroactive handling of public issuance and listing with the FSC, if Yang Ming complies with the relevant laws and regulations.

In November 2017, the Group paid $158,519 thousand in cash to acquire an additional 13,210 thousand shares issued by Yang Ming. However, the Group’s investment in Yang Ming was still classified as at FVTOCI - current, as the Group did not have any significant influence over Yang Ming.

d. Other transactions with related parties (included in non-operating income and expenses - other)

	For the Year Ended December 31	
	2020	**2019**
Associates	$ 157	$ 136

e. Compensation of key management personnel

The compensation of directors, supervisors and other key management personnel are as follows:

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 29,532	$ 29,699
Post-employment benefits	1,126	1,097
	$ 30,658	$ 30,796

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the group were pledged or mortgaged as collateral for long-term borrowings and transactions:

	December 31	
	2020	2019
Property, plant and equipment	$ 7,064,751	$ 7,633,029
Pledged deposits (included in other non-current assets)	2,165	245,005
	$ 7,066,916	$ 7,878,034

26. SIGNIFICANT UNRECOGNIZED COMMITMENTS AND CONTINGENCIES

a. Significant unrecognized commitments and contingencies of the Group as of December 31, 2020 are as follows:

1) Aggregate information of the Group entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation, Taiwan		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $353 thousand per day calculated by day, with collection on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fees of ship management were $112 thousand for each ship per day, calculated by day, with collection on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fees of ship management were $96-$104 thousand for each ship per day, calculated by day, with collection on a monthly basis.

The Group's operating revenue and costs to CPC Corporation, Taiwan, for the years ended December 31, 2020 were $333,588 thousand and $34,489 thousand, respectively. As of December 31, 2020, the balance of trade receivables and advance in cash from related parties (included in other financial assets) was $28,095 thousand and $56,130 thousand, respectively.

As of December 31, 2020, the Corporation entrusted the bank to issued letter of guarantee to CPC Corporation with amount of $245,250 thousand.

2) In May 2017, the board of directors of the subsidiary Tai Shing resolved to build two 62,000-ton bulk carriers with Oshima Shipbuilding Co., Ltd.; each bulk carrier's cost was US$25,500 thousand. In addition, in December 2018, the board of directors resolved to upgrade two 62,000-ton bulk carriers to two 64,000-ton bulk carriers with the installation of SOx scrubber. As a result, each bulk carrier's cost was US$26,390 thousand and the total cost of the upgrade was US$890 thousand, with the parent company is Tai Shing's guarantor. As of the date of the independent auditors' report to the consolidated financial statements for the year ended December 31, 2020, the unpaid amount was US$34,587 thousand (the paid amount was included in prepayments for equipment). It is proposed to apply to the Land Bank of Taiwan for a long-term ship mortgage loan of US$31,988 thousand, which was approved by the corporation's board of directors in March 2021, with the parent company is Tai Shing's guarantor.

3) In December 2018, the board of directors of the subsidiary Tai Shing resolved to build 80,000-ton bulk carriers with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd., and the total number of bulk carriers shall be not more than four bulk carriers with a total cost of less than US$136,000 thousand. In March and April 2019, Tai Shing entered into contracts with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd.; each bulk carrier's cost was US$33,980 thousand, US$33,980 thousand, US$32,320 thousand, and US$33,900 thousand, respectively, with a total amount of US$134,180 thousand. As of the date of the independent auditors report to the consolidated financial statements for the year ended December 31, 2020, the unpaid amount was US$76,762 thousand (the paid amount was included in prepayments for equipment). The parent company is Tai Shing's guarantor of Oshima shipbuilding Co., Ltd.

4) In October 2019, the board of directors of the subsidiary Tai Shing resolved to build 84,000-ton and 64,000-ton bulk carriers with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd., respectively, with a total cost of less than US$64,100 thousand. In December 2019 and May 2020, Tai Shing entered into a contract with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd.; each bulk carrier's cost was US$34,900 thousand and US$28,550 thousand, respectively. In addition, in March 2020 and August 2020, the cost of 84,000-ton and 64,000-ton bulk carriers resulted from adjusting bulk carrier's parts decreased to US$34,280 thousand and US$28,050 thousand, respectively. As of the date of the independent auditor's report to the consolidated financial statements for the year ended December 31, 2020, the unpaid amount was US$52,669 thousand (the paid amount was included in prepayments for equipment). The parent company is Tai Shing's guarantor of Oshima shipbuilding Co., Ltd.

5) The Group received the tender offer for "Kuan-Tang Industrial Port's Long-term harbor tug Service" with a 25-year term from CPC Corporation, and the performance bond issued by the bank amounted to $357,000 thousand. In December 2020, the Company's board of directors approved the proposal of procuring 5 vessels of tugboat from PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) in the amount of no higher than US$45,500 thousand and the proposal of procuring 2 vessels of mooring boats from San Yang Shipbuilding Co., Ltd in the amount of no higher than $68,250 thousand. In January 2021, the Company's board of directors approved that the total procurement amount of 5 tugboats will be increased to no higher than US$46,530 thousand due to the rising shipbuilding cost, and the subsidiary Tai Shing has provided the related performance guarantee. In addition, the Group has entered into contracts with PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) to build 3 vessels of 60-ton VSP tugboat and 2 vessels of 60-ton SRP tugboat at the individual price of US$10,560 thousand and US$7,200 thousand, respectively. The total procurement amount was US$46,080 thousand. In February 2021, the Group has entered into contracts with San Yang Shipbuilding Co., Ltd to build 2 vessels of mooring boats at the individual price of $31,300 thousand. The total procurement amount was $62,600 thousand (pre-tax).

b. Significant unrecognized commitments and contingencies of the Group as of December 31, 2019 are as follows:

1) The aggregate information of the Group entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party, is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation, Taiwan		
YUN AN I. II. III. V. VI	2015.05.16-2020.05.15	Basic fees of ship management were $1,400 thousand per month with additional bonuses and with collection on a monthly basis.

(Continued)

Ship	Date of Agreement	Calculation and Fee Collection Method
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $352 thousand per day calculated by day, with collection on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fees of ship management were $112 thousand for each ship per day, calculated by day, with collection on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fees of ship management were $96-$104 thousand for each ship per day, calculated by day, with collection on a monthly basis.

(Concluded)

The Group's operating revenue and costs to CPC Corporation, Taiwan, for the year ended December 31, 2019 were $353,278 thousand and $40,129 thousand, respectively. As of December 31, 2019, the balance of trade receivables and advance in cash from related parties (included in other financial assets) was $30,719 thousand and $14,600 thousand, respectively.

2) In May 2017, the board of directors of the subsidiary Tai Shing resolved to build two 62,000-ton bulk carriers with Oshima Shipbuilding Co., Ltd.; each bulk carrier's cost was US$25,500 thousand. In addition, in December 2018, the board of directors resolved to upgrade two 62,000-ton bulk carriers to two 64,000-ton bulk carriers with the installation of SOx scrubber. As a result, each bulk carrier's cost was US$26,390 thousand and the total cost of the upgrade was US$890 thousand. As of the date of the independent auditors' report to the consolidated financial statements for the year ended December 31, 2019, the unpaid amount was US$41,996 thousand (the paid amount was included in prepayments for equipment). The parent company is Tai Shing's guarantor.

3) In December 2018, the board of directors of the subsidiary Tai Shing resolved to build 80,000-ton bulk carriers with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd., and the total number of bulk carriers shall be not more than four bulk carriers with a total cost of which less than US$136,000 thousand. In March and April 2019, Tai Shing has entered into a contract with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd.; each bulk carrier's cost was US$33,980 thousand, US$33,980 thousand, US$32,320 thousand and US$33,900 thousand, respectively with a total amount of US$134,180 thousand. As of the date of the independent auditor's report to the consolidated financial statements for the year ended December 31, 2019, the unpaid amount was US$113,966 thousand (the paid amount was included in prepayments for equipment). The parent company is Tai Shing's guarantor of Oshima Shipbuilding Co., Ltd.

4) In October 2019, the board of directors of the subsidiary Tai Shing resolved to build 84,000-ton and 64,000-ton bulk carriers with Namura Shipbuilding Co., Ltd. and Oshima Shipbuilding Co., Ltd., respectively, with a total cost of less than US$64,100 thousand. In December 2019, Tai Shing has entered into a contract with Namura Shipbuilding Co., Ltd. to build one bulk carrier with an amount of US$34,900 thousand. In addition, in March 2020, the cost resulted from adjusting bulk carrier's parts decreased to US$34,280 thousand. As of the date of the independent auditors' report to the consolidated financial statements for the year ended December 31, 2019, the unpaid amount was US$30,852 thousand (the paid amount was included in prepayments for equipment). The parent company is Tai Shing's guarantor of Oshima Shipbuilding Co., Ltd.

27. OTHER ITEMS

Due to the impacted of the COVID-19 pandemic, there is a decline in overall shipping demand. The Baltic Dry Index, which is based on shipping freight rates, also fell simultaneously. As a result, the operating revenue of the Group decreased from January 2020 to December 2020. As the pandemic is expected to slow down and policy to loosen, the Group expects that operations will gradually return to normal.

In response to the impact of the pandemic, the Group has successively applied to the government for various subsidies such as salary, working capital, equipment repairs, etc., and the Group is expecting to receive $43,157 thousand. As of December 31, 2020, the Group has received $37,933 thousand (including deduction of the operating costs of $8,424 thousand and other current liabilities of $29,509 thousand).

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 64,966	28.48 (USD:NTD)	$ 1,850,233
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 256,245	28.48 (USD:NTD)	$ 7,297,861
Financial liabilities			
Monetary items			
USD	$ 830	28.48 (USD:NTD)	$ 23,638

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 4,798	29.98 (USD:NTD)	$ 143,844
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 296,822	29.98 (USD:NTD)	$ 8,898,723
Financial liabilities			
Monetary items			
USD	$ 613	29.98 (USD:NTD)	$ 18,383

For the years ended December 31, 2020 and 2019, net foreign exchange gain (loss) were $(73,717) thousand and $267 thousand, respectively, resulting from the fluctuation of the USD.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investments (Table 5)

c. Information on investments in mainland China (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

30. SEGMENT INFORMATION

a. Operating segments information

The Group managed its organization and allocated resources by reference to a single operating segment, and its operating activities are related to the business of passenger and freight transportation and acting as a shipping agency.

b. Details of major operating revenue are as follows:

Item	For the Year Ended December 31	
	2020	2019
Ocean route revenue	$ 1,984,430	$ 2,584,556
Ship management revenue	201,850	222,136
Tug service revenue	129,293	128,705
Coastal route revenue	88,135	98,417
Others	87,380	80,176
	$ 2,491,088	$ 3,113,990

c. Geographical information

The Group's revenue from external customers by location of operations are detailed below.

Item	For the Year Ended December 31	
	2020	2019
Service routes		
Asia	$ 1,775,183	$ 2,190,265
Europe	661,635	867,649
	2,436,818	3,057,914
Others	54,270	56,076
	$ 2,491,088	$ 3,113,990

The Group's non-current assets by location of operations are detailed below:

	December 31	
	2020	2019
Taiwan	$ 1,894,718	$ 1,910,662
Panama	10,557,937	11,178,375
	$ 12,452,655	$ 13,089,037

Non-current assets exclude financial instruments, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
A	$ 333,588	13	$ 353,278	11
B	267,627	11	289,810	9
C	118,466	5	307,934	10
D	64,119	3	333,431	11

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(New Taiwan Dollars/U.S. Dollars in Thousands)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1, 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Year (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 1, 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China	Note
		Name	Relationship											
0	Taiwan Navigation Co., Ltd.	Tai Shing	Subsidiary	$ 21,566,470	$ 9,065,184 (US$ 318,300)	$ 8,996,697 (US$ 315,895)	$ 7,271,949 (US$ 255,335)	$ -	83	$ 21,566,470	Yes	-	-	-
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent	6,686,307 (US$ 234,772)	255,303 (US$ 8,095)	- -	- -	- -	-	6,686,307 (US$ 234,772)	-	Yes	-	-

Note 1: Not more than twice the net equity in the latest financial statement of Taiwan Navigation Co., Ltd.

Note 2: Not more than twice of Tai Shing’s paid in capital.

Note 3: Translated at the exchange rate on December 31, 2020, US$1=NT$28.48.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name/Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Navigation Co., Ltd.	Shares							
	Chunghwa Investment Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,590	$ 68,883	6.00	$ 68,883	
	Taiwan Foundation International Pte. Ltd.	Corporate director	Financial assets at FVTOCI - non-current	1,500	43,332	15.00	43,332	
	Private placement listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - non-current	28,680	656,770	0.91	656,770	
	Listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	13,210	386,390	0.42	386,390	

Note: See Table 5 for the information on investments in subsidiaries and associates.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 2)	
Taiwan Navigation Co., Ltd.	CPC Corporation, Taiwan	(Note 1)	Ship management service and port service revenue	$ (333,588)	(37)	By negotiations	$ -	-	$ 28,095	41	
	Yang Ming	(Note 1)	Freight transportation revenue	(149,864)	(17)	By negotiations	-	-	39,242	57	
			Rental expense and stevedoring expense	143,514	20	By negotiations	-	-	(16,704)	(83)	
Tai Shing	Shin Wang	The same parent company	Rental revenue	(530,133)	(42)	By negotiations	-	-	39,722	92	
Shin Wang	Tai Shing	The same parent company	Rental expense	530,133	91	By negotiations	-	-	(39,722)	(97)	

Note 1: Significantly influenced by the Government.

Note 2: The proportion of total receivables (payables).

Note 3: Eliminated upon consolidation.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent	Operating revenue - rental	$ 75,211	The rental of 1 ship in total was calculated for each ship at $2-14 thousand per day and was collected on a monthly basis.	3
				Endorser/guarantor expenses	34,399	Collected based on agreements	-
		Shin Wang	The same parent company	Operating revenue - rental	530,133	The rental of 9 ships in total was calculated for each ship at $2-15 thousand per day and was collected on a monthly basis.	21
				Trade receivables from related parties	39,722	Collected based on agreements	-

Note 1: Eliminated upon consolidation.

Note 2: This table disclosure transaction of at least $10,000 thousand.

TABLE 5

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares (In Thousands)	%	Carrying Amount			
Taiwan Navigation Co., Ltd.	Tai Shing	Panama City, Panama	Rental and sale of ships	$ 3,921,447	$ 3,921,447	-	100.00	$ 6,925,891	$ 279,332	$ 279,332	
	Shin Wang	Monrovia City, Liberia	Rental and sale of ships	32,500	32,500	-	100.00	371,969	357,108	357,108	
	Yunn Wang	Taipei	Investment	41,861	41,861	5,211	49.75	132,962	9,008	4,482	

Note: Eliminated upon consolidation.

TABLE 6

TAIWAN NAVIGATION CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications, ROC	110,436,379	26.46
Yang Ming Maritime Transport Corp.	70,758,243	16.95
Chinese Maritime Transport Ltd.	31,125,000	6.06

Note: The major shareholder information in this table is submitted by TDCC on the last business day at the end of the year and calculated the data of the shareholder which hold non-physical of common stock for more than 5%. The share capital recorded in the corporation’s consolidated financial report and the actual number of shares delivered without physical registration may be same or different.