

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Wan Hai Lines Ltd. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 by the Financial Supervisory Commission “Consolidated and Separate Financial Statements.”

In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wan Hai Lines Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Wan Hai Lines Ltd.
Chairman: Jiufu Garden Co., Ltd.
Representative: Po Ting Chen
Date: March 22, 2021

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Wan Hai Lines Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

1. Revenue recognition

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

How the matter was addressed in our audit

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

Our principal audit procedures included:

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

2. Impairment of Property, plant and equipment

Please refer to note(4)(l) “Property, plant and equipment”, note(4)(o) “Impairment – non -financial assets”, note(5)(a) “Impairment of property, plant and equipment, and intangible assets”, and note(6)(i) “Property, plant and equipment”.

How the matter was addressed in our audit

The total amount of the Group’s Property, plant and equipment exceeds half of the total assets, and the vessels constituted a considerable proportion. The risk of impairment of the assets may exist due to the highly changeable industry. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding the cash generating units included in the Group’s impairment test; understanding the impairment indicators in light of the performance of each asset. The indicators include internal and external factors such as the carrying value exceeding its market capitalization, significant adverse changes in the technological, market, economic or legal environment in which the entity operates, evidence of obsolescence or physical damage to the asset. Evaluate the reasonableness of the future cash flow predicted by Wan Hai Group and review the reasonableness of the discount rate used while the sign of impairment is found.

Other Matter

Wan Hai Lines Ltd. has additionally prepared its parent company only financial statements 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 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 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 the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Assets		2020.12.31		2019.12.31		Liabilities and Equity		2020.12.31		2019.12.31			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$	15,765,903	15	15,479,460	18	2100	Short-term borrowings (note (6)(m))	\$	50,000	-	70,000	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))		4,844,840	5	4,125,184	5	2126	Current financial liabilities for hedging (note (6)(d) and (p))		818,459	1	534,197	1
							2170	Accounts payable (note (7))		8,386,638	8	8,124,379	9
1150	Notes receivable, net (notes (6)(e) and 6(u))		52,358	-	39,735	-	2200	Other payables (note (7))		2,994,247	3	2,536,977	3
1170	Accounts receivable, net (notes (6)(e), (6)(u) and (7))		3,589,346	3	2,206,775	3	2230	Current tax liabilities (note (6)(r))		1,221,166	1	84,397	-
1140	Current contract assets (note (6)(u))		1,530,849	1	733,689	1	2280	Current lease liabilities (note (6)(p))		1,202,970	1	382,244	-
1200	Other receivables, net (note (7))		1,425,327	1	1,197,291	1	2320	Current portion of long-term loans (notes (6)(n), (6)(o) and (8))		7,445,416	7	3,356,533	4
1330	Inventories (note (6)(f))		1,887,030	2	1,996,453	2	2350	Payables to agents (note (7))		127,385	-	12,563	-
1475	Receivables from agents (note (7))		1,213,957	1	939,080	1	2300	Other current liabilities (notes (6)(u) and (7))		2,502,981	2	1,620,905	2
1479	Other current assets (note (8))		1,026,960	1	797,195	1				24,749,262	23	16,722,195	19
			31,336,570	29	27,514,862	32							
Non-current assets:						Non-Current liabilities:							
						2511	Non-current financial liabilities for hedging (note (6)(d) and (p))			2,855,649	3	2,026,200	2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))		4,487,899	4	3,696,383	4	2530	Bonds payable (note (6)(o))		12,600,000	11	13,900,000	16
1550	Investments accounted for using equity method, net (note (6)(g))		1,178,944	1	1,161,390	1	2540	Long-term borrowings (notes (6)(n) and (8))		15,785,110	14	12,374,200	14
1600	Property, plant and equipment (notes (6)(i), (8) and (9))		54,166,521	50	43,728,724	50	2570	Deferred tax liabilities		4,157,326	4	2,735,115	3
1755	Right-of-use assets (note (6)(j))		7,727,240	7	5,097,810	6	2580	Non-current lease liabilities (note (6)(p))		2,854,667	2	2,186,345	2
1760	Investment property (note (6)(k))		3,770,753	4	1,740,224	2	2640	Accrued pension liabilities non-current (note(6)(q))		687,775	1	703,424	1
1780	Intangible assets (note (6)(l))		81,857	-	77,322	-	2645	Guarantee deposits received		735,487	1	608,308	1
1900	Other non-current assets (notes (8) and (9))		5,847,834	5	4,587,537	5				39,676,014	36	34,533,592	39
			77,261,048	71	60,089,390	68				64,425,276	59	51,255,787	58
						Total liabilities							
						Equity attributable to owners of parent (notes (6)(s) and (t)):							
						3100	Common stock			22,182,975	21	22,182,975	26
						3200	Capital surplus			1,271,775	1	1,271,775	2
							Retained earnings:						
						3310	Legal reserve			7,225,691	7	6,869,483	8
						3320	Special reserve			1,519,682	1	810,700	1
						3350	Retained earnings-unappropriated			14,941,889	14	6,488,930	7
										23,687,262	22	14,169,113	16
						Other equity interest:							
						3411	Exchange differences on translation of foreign financial statements			(3,465,395)	(3)	(1,352,809)	(2)
						3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income			75,448	-	(200,376)	-
						3450	Gains (losses) on hedging instruments (note(6)(d))			150,344	-	33,504	-
										(3,239,603)	(3)	(1,519,681)	(2)
						Total equity attributable to owners of parent:							
										43,902,409	41	36,104,182	42
						36XX	Non-controlling interests			269,933	-	244,283	-
						Total equity							
										44,172,342	41	36,348,465	42
Total assets						Total liabilities and equity							
		\$	108,597,618	100	87,604,252	100			\$	108,597,618	100	87,604,252	100

Seeing accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes (6)(u) and (7))	\$ 81,880,182	100	72,951,183	100
5000	Operating costs (notes (6)(f) and (7))	64,298,815	78	65,721,165	90
	Gross profit	17,581,367	22	7,230,018	10
6000	Operating expenses	4,799,709	6	4,378,732	6
	Income from operations	12,781,658	16	2,851,286	4
	Non-operating income and expenses (notes (6)(g) and (6)(w)):				
7100	Interest income	71,877	-	186,199	-
7010	Other income	320,420	-	210,980	1
7020	Other gains and losses	1,399,993	2	1,831,735	2
7050	Finance costs	(527,398)	-	(692,460)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	203,445	-	167,453	-
	Total non-operating income and expenses	1,468,337	2	1,703,907	2
7900	Profit before tax	14,249,995	18	4,555,193	6
7950	Less: Income tax expenses	2,892,507	4	967,487	1
	Net Profit	11,357,488	14	3,587,706	5
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit and loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(31,848)	-	(19,358)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	275,824	-	5,613	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	7,654	-	7,739	-
	Total items that may not be reclassified subsequently to profit and loss	251,630	-	(6,006)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	(2,128,947)	(2)	(738,820)	(1)
8368	Gains (losses) on hedging instrument	116,840	-	33,504	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	11,916	-	5,222	-
	Total items that may be reclassified subsequently to profit and loss	(2,000,191)	(2)	(700,094)	(1)
	Other comprehensive income (net of tax)	(1,748,561)	(2)	(706,100)	(1)
8500	Total comprehensive income	\$ 9,608,927	12	2,881,606	4
	Profit (loss), attributable to:				
8610	Owners of the parent company	\$ 11,316,981	14	3,573,703	5
8620	Non-controlling interests	40,507	-	14,003	-
		\$ 11,357,488	14	3,587,706	5
	Comprehensive income attributable to:				
8710	Owners of the parent company	9,572,865	12	2,863,197	4
8720	Non-controlling interests	36,062	-	18,409	-
		9,608,927	12	2,881,606	4
9750	Basic earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 5.10		1.61	
9850	Diluted earnings per share (New Taiwan Dollars) (note (6)(t))	\$ 5.09		1.61	

Seeing accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
						Other Equity Items			Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total
						Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments				
	Stock		Retained Earnings			Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax					
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated						
Balance at January 1, 2019	\$ 22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	34,584,452	232,953	34,817,405
Net income	-	-	-	-	3,573,703	-	-	-	3,573,703	14,003	3,587,706
Other comprehensive income (loss)	-	-	-	-	(11,619)	(738,004)	5,613	33,504	(710,506)	4,406	(706,100)
Total comprehensive income (loss)	-	-	-	-	3,562,084	(738,004)	5,613	33,504	2,863,197	18,409	2,881,606
Appropriation of retained earnings:											
Legal reserve	-	-	111,790	-	(111,790)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,343,467)	-	-	-	(1,343,467)	-	(1,343,467)
Reversal of special reserve	-	-	-	(316,782)	316,782	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	10,094	-	-	-	(10,094)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(7,079)	(7,079)
Balance at 2019.12.31	22,182,975	1,271,775	6,869,483	810,700	6,488,930	(1,352,809)	(200,376)	33,504	36,104,182	244,283	36,348,465
Net income	-	-	-	-	11,316,981	-	-	-	11,316,981	40,507	11,357,488
Other comprehensive income (loss)	-	-	-	-	(24,194)	(2,112,586)	275,824	116,840	(1,744,116)	(4,445)	(1,748,561)
Total comprehensive income (loss)	-	-	-	-	11,292,787	(2,112,586)	275,824	116,840	9,572,865	36,062	9,608,927
Appropriation of retained earnings:											
Legal reserve	-	-	356,208	-	(356,208)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	708,982	(708,982)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,774,638)	-	-	-	(1,774,638)	-	(1,774,638)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,412)	(10,412)
Balance at December 31, 2020	\$ 22,182,975	1,271,775	7,225,691	1,519,682	14,941,889	(3,465,395)	75,448	150,344	43,902,409	269,933	44,172,342

Seeing accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 14,249,995	4,555,193
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,768,605	5,283,403
Amortization expense	67,986	55,031
Net (gain) loss on financial assets at fair value through profit or loss	(783,642)	(365,273)
Interest expense	527,398	692,460
Interest revenue	(71,877)	(186,199)
Dividend income	(320,420)	(210,980)
Share of income of associates and joint ventures accounted for using equity method	(203,445)	(167,453)
Gain on disposal of property, plant and equipment	(208,852)	(1,119,393)
Impairment loss on property, plant and equipment	-	19,016
Unrealized foreign exchange gain	(403,295)	(157,316)
Others	(1,269)	55
Total adjustments to reconcile profit (loss)	4,371,189	3,843,351
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	8,039	(313,980)
Contract assets	(797,160)	17,395
Notes receivable	(12,623)	(10,099)
Accounts receivable (including related parties)	(1,382,571)	672,724
Other receivables	(243,992)	87,120
Inventories	109,423	(654,809)
Receivables from agents	(274,877)	(105,012)
Other current assets	(222,886)	(103,250)
Total changes in operating assets, net	(2,816,647)	(409,911)
Changes in operating liabilities, net:		
Accounts payable (including related parties)	262,259	440,452
Other payables	781,973	252,181
Payables to agents	114,822	2,090
Other current liabilities	858,825	(387,438)
Accrued pension liabilities	(47,497)	(83,869)
Total changes in operating liabilities, net	1,970,382	223,416
Total changes in operating assets and liabilities	(846,265)	(186,495)
Total adjustments	3,524,924	3,656,856
Cash inflow generated from operations	17,774,919	8,212,049
Income taxes paid	(207,890)	(191,023)
Net cash provided by operating activities	17,567,029	8,021,026
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(548,058)	(654,760)
Acquisition of investments accounted for using equity method	(385)	(8,817)
Net cash flow from acquisition of subsidiaries	-	29,883
Acquisition of property, plant and equipment	(17,235,041)	(5,628,755)
Proceeds from disposal of property, plant and equipment	342,340	1,466,041
Acquisition of intangible assets	(22,888)	(31,401)
Acquisition of investment property	(2,071,850)	(1,442,746)
Other non-current assets	(1,626,584)	(778,618)
Interest received	77,575	194,767
Dividends received	439,723	332,840
Net cash used in investing activities	(20,645,168)	(6,521,566)
Cash flows from financing activities:		
Increase in short-term loans	(20,000)	10,000
Proceeds from issuing bonds	2,500,000	8,000,000
Repayments of bonds	-	(1,000,000)
Proceeds from long-term loans	12,463,723	9,222,250
Repayment of long-term loans	(8,027,117)	(12,667,734)
Guarantee deposits	150,430	2,267
Payments of lease liabilities	(998,801)	(827,245)
Cash dividends paid	(1,774,638)	(1,343,467)
Interest paid	(557,631)	(682,044)
Change in non-controlling interests	(10,412)	(7,079)
Net cash used in financing activities	3,725,554	706,948
Foreign exchange rate effects	(360,972)	(145,530)
Net increase in cash and cash equivalents	286,443	2,060,878
Cash and cash equivalents, beginning of period	15,479,460	13,418,582
Cash and cash equivalents, end of period	\$ 15,765,903	15,479,460

Seeing accompanying notes to financial statements.

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December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

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

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

(3) New Standards, Amendments and Interpretations adopted:

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

The details of impact on the Group's adoption of the new amendments beginning January 1, 2020 are as follows:

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

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

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was \$4,767 thousand.

(ii) Other amendments

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

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

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

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

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

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

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

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

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

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

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

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(4) Summary of Significant Accounting Policies

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

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC. (hereinafter referred to as the "IFRS endorsed by the FSC")

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profits or losses are measured at fair value;
- 2) Fair value through other comprehensive income are measured at fair value; and
- 3) Hedging financial instruments are measured at fair value;
- 4) The net defined benefit liability (asset) is recognized as the fair value of plan assets, less the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

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

(c) Basis of Consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to , variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

2. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2020.12.31	2019.12.31	
The Company	Wan Hai Lines (Singapore) Pte. Ltd. (WHL Singapore)	International freight transportation, agency services for transport affairs, vessel leasing	100.00 %	100.00 %	
The Company	T.K. Logistics International Co., Ltd. (TK)	Managing container terminals and storage facilities	55.00 %	55.00 %	
The Company	k.k. WH Corporation (WH Corporation)	Operating and managing container yard and vessel leasing	100.00 %	100.00 %	
The Company	Wan Hai Lines (Germany) GmbH (WHL Germany)	International freight transportation and agency services for transport affairs	- %	100.00 %	Completed the liquidation process in March 2020
The Company	Bao Sheng Shipping Agency Co., Ltd. (BS)	Agency services for transportation affair and contracting ocean shipping and related services	70.01 %	70.01 %	
WHL Singapore	Wan Hai Line (M) Sdn. Bhd. (WHL Malaysia)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (HK) Ltd. (WHL Hong Kong)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	

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Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2020.12.31	2019.12.31	
WHL Singapore	Wan Hai Lines (Phils.), Inc. (WHL Phils.)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (Korea) Ltd. (WHL Korea)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai International Pte. Ltd. (WHL INTL.)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	ODD operation	100.00 %	100.00 %	
WHL Singapore	Wan Hai (Vietnam) Ltd. (WHL Vietnam)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Wan Hai Lines (Thailand) Ltd. (WHL Thailand)	International freight transportation and agency services for transport affairs	49.00 %	49.00 %	
WHL Singapore	WanHai Lines (Ecuador) S.A. (WHL Ecuador)	International freight transportation and agency services for transport affairs	51.00 %	51.00 %	
WHL Singapore	Wan Hai Lines (USA) Ltd. (WHL USA)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL Singapore	Bravely International Pte. Ltd. (BI)	International freight transportation and investment	100.00 %	100.00 %	
WHL Singapore	HE CHUN LOGISTICS COMPANY LTD. (HE CHUN)	ODD operations	100.00 %	100.00 %	
WHL Singapore	Wan Hai Shipping Limited.	International freight transportation and agency services for transport affairs	70.00 %	70.00 %	
WHL Singapore 、 WHL INTL.	Wan Hai Lines Peru S.A.C.(WHL Peru)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL USA	Wan Hai Lines (Arizona) LLC (WHL Arizona)	House rental and management services	100.00 %	100.00 %	The shares of WHL Arizona was originally held by WHL America, However, there was a change in the organization structure in October 2019, resulting WHL Arizona to become a 100% owned subsidiary of WHL USA.

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Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2020.12.31	2019.12.31	
WHL INTL.	Wan Hai Lines (India) PVT Ltd. (WHL India)	International freight transportation and agency services for transport affairs	100.00 %	100.00 %	
WHL INTL.	Infinite Marine Investment Co., Ltd.	Investment	100.00 %	100.00 %	
BI	Bravely (Myanmar) Transport and Logistics Company LTD. (Bravely (Myanmar))	Managing container, storage and logistics services	80.00 %	80.00 %	
WHL Hong Kong	Guangzhou Wan Hai Information Technology Ltd. (GZIT)	Information software service	100.00 %	100.00 %	
WHL Hong Kong	Dawin Logistics (International) Ltd. (Dawin)	Transportation, storage and investment services	100.00 %	100.00 %	
Dawin	Shenzhen Uniwin International Logistics Ltd. (Shenzhen Uniwin)	Freight transportation and agency services for transport affairs	100.00 %	100.00 %	
Dawin	Blue Ocean Logistics (Shanghai) Ltd. (Blue)	Containers, storage and international transportation services	100.00 %	100.00 %	
Shenzhen Uniwin	Clipper International Shipping Agency Ltd. (Clipper)	International shipping agency services	49.00 %	49.00 %	
Shenzhen Uniwin	Shenzhen Yong Chun International Shipping Management Co., Ltd. (SZYC)	International shipping management	90.00 %	90.00 %	

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

1.Foreign currency transaction

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

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

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

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

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

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

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(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- how managers of the business are compensated—e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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7) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

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

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

3) Derecognition of financial liabilities

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

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

4) Offsetting of financial assets and liabilities

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

3. Hedge accounting

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

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

1) Cash flow hedges

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

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

(j) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to note (4)(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

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

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

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

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(l) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

1) Buildings	13 ~ 57 years
2) Vessels	1 ~ 25 years
3) The major component of vessels: docking repair assets	2.5 years
4) Containers	1 ~ 10 years
5) Privileged wharf equipment	1 ~ 15 years
6) Other equipment	1 ~ 15 years

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

(m) Leases

(i) Identifying a lease

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

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

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- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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

(ii) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

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

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

(iii) As a lessor

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

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

(n) Intangible assets

1. Recognition and measurement

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

2. Subsequent expenditure

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

3. Amortization

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

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

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

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

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(o) Impairment of non-financial assets

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

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

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

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

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

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

(p) Revenue

1. Revenue from contracts with customers

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

1) Service revenue

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

2) Rental revenue

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

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3) Financing components

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

2.Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

- A.the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- B.the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- C.the costs are expected to be recovered.

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

(q) Government grants

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

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(r) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

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

3. Short-term employee benefits

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

(s) Income taxes

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

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

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

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

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(t) **Business combination**

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

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For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(u) Earnings per share

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

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

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

(a) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments by considering the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

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(b) Revenue recognition

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash	\$ 72,288	61,130
Savings accounts	12,779,020	6,366,857
Time deposits	<u>2,914,595</u>	<u>9,051,473</u>
Cash and cash equivalents in statement of cash flows	<u><u>\$ 15,765,903</u></u>	<u><u>15,479,460</u></u>

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

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

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

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

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

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

	<u>2020.12.31</u>	<u>2019.12.31</u>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	\$ 3,377,664	2,712,827
Stocks listed on foreign markets	660,115	513,571
Stocks unlisted on domestic markets	<u>450,120</u>	<u>469,985</u>
Total	<u><u>\$ 4,487,899</u></u>	<u><u>3,696,383</u></u>

1. Equity investments at fair value through other comprehensive income

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

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For the years ended December 31, 2020 and 2019, no strategic investments were disposed, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For the years ended December 31, 2020 and 2019, the dividends of \$152,793 thousand and \$109,132 thousand were recognized as equity investment at fair value through other comprehensive income.

The Group has acquired a 20.29% stake in Da Nang Port Joint Stock Company (Da Nang Port JSC), and the main activities of Da Nang JSC are to provide logistics services. The Management claimed that this ownership did not allow the Group to have significant influence over Da Nang Port JSC, since the Group did not occupy any seat in the Board of Directors, and did not participate in any daily operation as well as policy-making processes of the Group.

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

3. As of December 31, 2020 and 2019, the financial assets of the Group had not been pledged as collateral.

(d) Financial instruments used for hedging

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

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash flow hedge:		
Financial liabilities used for hedging:		
Current lease liabilities	\$ 818,459	534,197
Non-current lease liabilities	<u>2,855,649</u>	<u>2,026,200</u>
Total	<u>\$ 3,674,108</u>	<u>2,560,397</u>

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

Items to be hedged	Financial assets or liabilities designated to be hedging instruments	Fair value		Time period(s) during which the future cash flows generated	Time period(s) during which the related gains or losses are expected to be recognized in the income statement
		2020.12.31	2019.12.31		
Freight revenue (USD)	Lease liabilities	\$ 2,312,368	989,769	2020~2025	2020~2025
WHL terminal revenue (JPY)	Lease liabilities	1,361,740	1,570,628	2020~2028	2020~2028
Items				2020	2019
Amounts recognized as other comprehensive income				<u>116,840</u>	<u>33,504</u>

For the year ended December 31, 2020 and 2019, no ineffective portion of cash flow hedge that should be recognized in profit or loss, for reconciliation of each component of equity, and an analysis of other comprehensive income, please refer to note (6)(s).

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(e) Notes receivable and accounts receivable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable	\$ 52,358	39,735
Accounts receivable	3,589,704	2,207,133
Less: Allowance for doubtful receivables	<u>(358)</u>	<u>(358)</u>
	<u>\$ 3,641,704</u>	<u>2,246,510</u>

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

	<u>2020.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,480,669	0%~0.0006%	-
Overdue 0~30 days	1,080,306	0%~0.0007%	-
Overdue 31~120 days	64,530	0%~0.002%	-
Overdue 121~365 days	6,177	0%~0.003%	-
Overdue more than 365 days	<u>10,380</u>	0%~100%	<u>358</u>
	<u>\$ 3,642,062</u>		<u>358</u>

	<u>2019.12.31</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,862,445	0%~0.0006%	-
Overdue 0~30 days	340,098	0%~0.0007%	-
Overdue 31~120 days	31,616	0%~0.002%	-
Overdue 121~365 days	3,506	0%~0.003%	-
Overdue more than 365 days	<u>9,203</u>	0%~100%	<u>358</u>
	<u>\$ 2,246,868</u>		<u>358</u>

The movement in the allowance for notes and account receivables were as follows:

	<u>2020</u>	<u>2019</u>
Ending balance (equals to beginning balance)	<u>\$ 358</u>	<u>358</u>

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

As of December 31, 2020 and 2019, the notes and trade receivable of the Group had not been pledged as collateral.

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(f) Inventories

	2020.12.31	2019.12.31
Marine diesel oil	\$ 162,961	196,062
Marine residual fuel oil	1,604,937	1,682,155
Fresh lubricating oil	<u>132,528</u>	<u>118,546</u>
Subtotal	1,900,426	1,996,763
Less: Allowance for inventory valuation and obsolescence losses	(13,396)	(310)
Total	<u>\$ 1,887,030</u>	<u>1,996,453</u>

For the years ended December 31, 2020, the write-downs of inventories to net realizable value amounting to \$13,081 thousand was included in operating cost.

For the year ended December 31, 2019, the reversal of write-downs amounted to \$175,194 thousand because the previous reasons that caused the net realizable value of inventories lower than its costs have disappeared. The reversals are recognized in gains on inventory value recoveries.

As of December 31, 2020 and 2019, the Group's inventories were not pledged as collateral.

(g) Investments accounted for using equity method

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

	2020.12.31	2019.12.31
Associates	\$ 1,002,203	994,040
Joint venture	<u>176,741</u>	<u>167,350</u>
	<u>\$ 1,178,944</u>	<u>1,161,390</u>

1. Associates

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

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

	2020.12.31	2019.12.31
The carrying amount of individually non-significant associates' equity	<u>\$ 1,002,203</u>	<u>994,040</u>
	2020	2019
Attributable to the Group:		
Profit (loss) from continuing operations	\$ 180,974	144,194
Total comprehensive income	<u>\$ 180,974</u>	<u>144,194</u>

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2. Joint venture

On July 1, 2019, the Group obtained control over WHL Peru by acquiring the remaining 49% of its shares, resulting in the Group's shares in WHL Peru to increase from 51% to 100%. The Group previously used the equity method on its joint venture with WHL Peru, which the Group had significant influence over it, please refer to note 6(h).

In July 2019, the Group entered into a joint venture agreement with other shareholders using the equity method, and made a capital injection of USD294 thousand to acquire the 49% shares of Phuc Xuan Maritime Service Co., Ltd. (Phuc Xuan).

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

	<u>2020.12.31</u>	<u>2019.12.31</u>
The carrying amount of individually non-significant joint venture equity	\$ <u>176,741</u>	<u>167,350</u>
	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Profit (loss) from continuing operations	\$ 22,471	23,259
Total comprehensive income	\$ <u>22,471</u>	<u>23,259</u>

3. Collateral

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

(h) Acquisition of subsidiary

On July 1, 2019, the Group obtained control over WHL Peru (transportation and shipping agency service) by acquiring the remaining 49% of its shares, resulting in the Group's shares in WHL Peru to increase from 51% to 100%.

For the years ended December 31, 2019, the liquidation of WHL Peru resulted in the Group's revenue and profit after tax to increase by \$56,687 thousand and \$102 thousand, respectively. If the acquisition had occurred on January 1, 2019, the management estimates that the consolidated revenue would have been \$125,120 thousand, and the consolidated profit after income tax would have been \$12,210 thousand. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019, and the provisional fair value are adjusted accordingly.

The following are the transfer pricing and the assets acquired at the acquisition date, as well as the liabilities incurred:

1. The transfer price at the acquisition date was PEN\$774 thousands (NTD\$7,302 thousand) in cash.

2. The identifiable assets acquired and the liabilities incurred were as follows.

Property, plant and equipment (note (6)(i))	\$ 135
Intangible assets (note (6)(l))	107
Trade receivables	17,803
Cash and cash equivalents	37,185
Trade and other payables	<u>(40,327)</u>
	<u>\$ 14,903</u>

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(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vessels</u>	<u>Containers</u>	<u>Other equipment</u>	<u>Privileged wharf equipment</u>	<u>Total</u>
Cost:							
Balance at January 1, 2020	\$ 659,350	1,589,301	66,722,536	25,988,559	1,881,536	2,401,587	99,242,869
Additions	1,573,962	642,428	12,187,667	2,276,647	166,773	112,395	16,959,872
Reclassification					26,159	180,020	206,179
Disposals			(2,538,929)	(610,978)	(31,383)		(3,181,290)
Effect of movements in exchange rates	(2,449)	(67,545)	(4,300,819)	(1)	(25,482)	(2,093)	(4,398,389)
Balance at December 31, 2020	<u>\$ 2,230,863</u>	<u>2,164,184</u>	<u>72,070,455</u>	<u>27,654,227</u>	<u>2,017,603</u>	<u>2,691,909</u>	<u>108,829,241</u>
Balance at January 1, 2019	\$ 660,316	1,625,344	69,557,087	24,245,858	1,626,243	1,901,164	99,616,012
Acquisition due to business combination	-	-	-	-	135	-	135
Additions	-	518	475,919	4,280,529	283,735	168,900	5,209,601
Reclassification	-	-	213	-	96,201	346,231	442,645
Disposals	-	-	(1,792,869)	(2,537,827)	(111,450)	(14,380)	(4,456,526)
Effect of movements in exchange rates	(966)	(36,561)	(1,517,814)	(1)	(13,328)	(328)	(1,568,998)
Balance at December 31, 2019	<u>\$ 659,350</u>	<u>1,589,301</u>	<u>66,722,536</u>	<u>25,988,559</u>	<u>1,881,536</u>	<u>2,401,587</u>	<u>99,242,869</u>
Depreciation and impairment loss:							
Balance at January 1, 2020	\$ -	487,045	41,972,338	10,980,670	930,860	1,143,232	55,514,145
Depreciation	-	42,871	2,688,512	1,559,186	182,799	152,410	4,625,778
Disposals	-	-	(2,453,864)	(571,718)	(31,294)	-	(3,056,876)
Effect of movements in exchange rates	-	(24,042)	(2,381,204)	(1)	(14,585)	(495)	(2,420,327)
Balance at December 31, 2020	<u>\$ -</u>	<u>505,874</u>	<u>39,825,782</u>	<u>11,968,137</u>	<u>1,067,780</u>	<u>1,295,147</u>	<u>54,662,720</u>
Balance at January 1, 2019	\$ -	454,414	41,963,470	11,876,538	868,953	1,033,434	56,196,809
Depreciation	-	42,281	2,676,374	1,388,091	155,058	116,012	4,377,816
Loss of impairment	-	-	-	-	19,016	-	19,016
Disposals	-	-	(1,731,567)	(2,283,958)	(104,116)	(6,108)	(4,125,749)
Effect of movements in exchange rates	-	(9,650)	(935,939)	(1)	(8,051)	(106)	(953,747)
Balance at December 31, 2019	<u>\$ -</u>	<u>487,045</u>	<u>41,972,338</u>	<u>10,980,670</u>	<u>930,860</u>	<u>1,143,232</u>	<u>55,514,145</u>
Carrying amounts:							
Balance at December 31, 2020	<u>\$ 2,230,863</u>	<u>1,658,310</u>	<u>32,244,673</u>	<u>15,686,090</u>	<u>949,823</u>	<u>1,396,762</u>	<u>54,166,521</u>
Balance at January 1, 2019	<u>\$ 660,316</u>	<u>1,170,930</u>	<u>27,593,617</u>	<u>12,369,320</u>	<u>757,290</u>	<u>867,730</u>	<u>43,419,203</u>
Balance at December 31, 2019	<u>\$ 659,350</u>	<u>1,102,256</u>	<u>24,750,198</u>	<u>15,007,889</u>	<u>950,676</u>	<u>1,258,355</u>	<u>43,728,724</u>

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings and guaranteed financing; please refer to note (8).

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(j) Right-of-use assets

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

	<u>Wharfs</u>	<u>Buildings</u>	<u>Containers</u>	<u>Others</u>	<u>Vessels</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2020	\$ 4,297,368	268,389	1,375,646	46,442	-	5,987,845
Additions	30,235	31,405	1,710,439	44,473	1,280,985	3,097,537
Decreases	(56,583)	(13,745)	(105,739)	(11,574)	-	(187,641)
Remeasurement	634,949	8,671	97,712	197	-	741,529
Effect of changes in foreign exchange rates	(2,679)	(10,926)	-	(1,622)	(31,993)	(47,220)
Balance as of December 31, 2020	<u>\$ 4,903,290</u>	<u>283,794</u>	<u>3,078,058</u>	<u>77,916</u>	<u>1,248,992</u>	<u>9,592,050</u>
Balance as of January 1, 2019	\$ -	-	-	-	-	-
Effects of retrospective application	<u>4,313,428</u>	<u>218,820</u>	<u>883,649</u>	<u>47,693</u>	<u>-</u>	<u>5,463,590</u>
Balance as of January 1, 2019 after adjustments	4,313,428	218,820	883,649	47,693	-	5,463,590
Additions	60,931	129,480	467,594	4,491	-	662,496
Decreases	-	(15,735)	-	(649)	-	(16,384)
Remeasurement	(75,302)	(58,197)	24,403	(4,547)	-	(113,643)
Effect of changes in foreign exchange rates	(1,689)	(5,979)	-	(546)	-	(8,214)
Balance as of December 31, 2019	<u>\$ 4,297,368</u>	<u>268,389</u>	<u>1,375,646</u>	<u>46,442</u>	<u>-</u>	<u>5,987,845</u>
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2020	\$ 468,709	63,431	339,996	17,899	-	890,035
Depreciation	477,857	72,047	450,691	18,910	102,103	1,121,608
Decreases	(12,860)	(12,126)	(105,739)	(9,887)	-	(140,612)
Effect of changes in foreign exchange rates	(242)	(2,715)	-	(129)	(3,135)	(6,221)
Balance as of December 31, 2020	<u>\$ 933,464</u>	<u>120,637</u>	<u>684,948</u>	<u>26,793</u>	<u>98,968</u>	<u>1,864,810</u>
Balance as of January 1, 2019	\$ -	-	-	-	-	-
Depreciation	468,800	69,205	339,996	18,302	-	896,303
Decreases	-	(4,476)	-	(70)	-	(4,546)
Effect of changes in foreign exchange rates	(91)	(1,298)	-	(333)	-	(1,722)
Balance as of December 31, 2019	<u>\$ 468,709</u>	<u>63,431</u>	<u>339,996</u>	<u>17,899</u>	<u>-</u>	<u>890,035</u>
Carrying amount:						
Balance as of December 31, 2020	<u>\$ 3,969,826</u>	<u>163,157</u>	<u>2,393,110</u>	<u>51,123</u>	<u>1,150,024</u>	<u>7,727,240</u>
Balance as of December 31, 2019	<u>\$ 3,828,659</u>	<u>204,958</u>	<u>1,035,650</u>	<u>28,543</u>	<u>-</u>	<u>5,097,810</u>

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(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 3 to 10 years. The leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts.

Information about investment property of the Group is presented below:

	Owned property		
	Land and improvements	Buildings	Total
Cost:			
Balance at January 1, 2020	\$ 1,409,448	344,597	1,754,045
Purchases	1,558,714	513,136	2,071,850
Effect of changes in foreign exchange rates	(8,819)	(12,157)	(20,976)
Balance at December 31, 2020	<u>\$ 2,959,343</u>	<u>845,576</u>	<u>3,804,919</u>
Balance at January 1, 2019	\$ 143,416	176,166	319,582
Purchases	1,269,509	173,237	1,442,746
Effect of changes in foreign exchange rates	(3,477)	(4,806)	(8,283)
Balance at December 31, 2019	<u>\$ 1,409,448</u>	<u>344,597</u>	<u>1,754,045</u>
Depreciation and impairment losses:			
Balance at January 1, 2020	\$ -	13,821	13,821
Depreciation	-	21,219	21,219
Effect of changes in foreign exchange rates	-	(874)	(874)
Balance at December 31, 2020	<u>\$ -</u>	<u>34,166</u>	<u>34,166</u>
Balance at January 1, 2019	\$ -	4,823	4,823
Depreciation	-	9,284	9,284
Effect of changes in foreign exchange rate	-	(286)	(286)
Balance at December 31, 2019	<u>\$ -</u>	<u>13,821</u>	<u>13,821</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ 2,959,343</u>	<u>811,410</u>	<u>3,770,753</u>
Balance at January 1, 2019	<u>\$ 143,416</u>	<u>171,343</u>	<u>314,759</u>
Balance at December 31, 2019	<u>\$ 1,409,448</u>	<u>330,776</u>	<u>1,740,224</u>
Fair value:			
Balance at December 31, 2020		\$	<u>4,162,744</u>
Balance at December 31, 2019		\$	<u>1,790,983</u>

The investment property of the Group were not pledge as collateral.

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The fair value of investment properties in America at December 31, 2020 and 2019, is based on market value. The yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for the investment properties. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

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

<u>Location</u>	<u>2020</u>	<u>2019</u>
America	6%~6.5%	6.25%~7%
Taiwan	1.59%~2.11%	1.55%

The investment property is a commercial real estate which was bought for operation planning in Taiwan and America on 2020, 2019 and 2017. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is \$41,345 thousand and \$26,761 thousand for the year 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the investment property of the Group had not been pledged as collateral.

(l) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group in 2020 and 2019 were as follows:

	<u>Computer software</u>	<u>Trademarks</u>	<u>Total</u>
Costs:			
Balance at January 1, 2020	\$ 164,282	4,081	168,363
Additions	22,595	293	22,888
Reclassification	49,585	-	49,585
Disposals	(77,575)	(317)	(77,892)
Effect of movement in exchange rates	(357)	-	(357)
Balance at December 31, 2020	<u>\$ 158,530</u>	<u>4,057</u>	<u>162,587</u>

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	Computer software	Trademarks	Total
Balance at January 1, 2019	\$ 152,419	5,440	157,859
Additions	30,310	1,091	31,401
Reclassification	4,888	244	5,132
Acquisition through business combinations	107	-	107
Disposals	(23,342)	(2,694)	(26,036)
Effect of movement in exchange rates	(100)	-	(100)
Balance at December 31, 2019	<u><u>\$ 164,282</u></u>	<u><u>4,081</u></u>	<u><u>168,363</u></u>
Amortization and impairment loss:			
Balance at January 1, 2020	\$ 89,726	1,315	91,041
Amortization for the year	67,560	426	67,986
Disposals	(77,709)	(317)	(78,026)
Effect of movement in exchange rates	(271)	-	(271)
Balance at December 31, 2020	<u><u>\$ 79,306</u></u>	<u><u>1,424</u></u>	<u><u>80,730</u></u>
Balance at January 1, 2019	\$ 59,172	2,957	62,129
Amortization for the year	53,979	1,052	55,031
Disposals	(23,342)	(2,694)	(26,036)
Effect of movement in exchange rates	(83)	-	(83)
Balance at December 31, 2019	<u><u>\$ 89,726</u></u>	<u><u>1,315</u></u>	<u><u>91,041</u></u>
Carrying amounts:			
Balance at December 31, 2020	<u><u>\$ 79,224</u></u>	<u><u>2,633</u></u>	<u><u>81,857</u></u>
Balance at December 31, 2019	<u><u>\$ 74,556</u></u>	<u><u>2,766</u></u>	<u><u>77,322</u></u>
Balance at January 1, 2019	<u><u>\$ 93,247</u></u>	<u><u>2,483</u></u>	<u><u>95,730</u></u>

1. Recognition of amortization and impairment

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

	2020	2019
Operating costs	<u><u>\$ 20,655</u></u>	<u><u>2,668</u></u>
Operating expense	<u><u>\$ 47,331</u></u>	<u><u>52,363</u></u>

(m) Short-term borrowings

The borrowings were summarized as follows:

	2020.12.31	2019.12.31
Unsecured bank loans	<u><u>\$ 50,000</u></u>	<u><u>70,000</u></u>
Unused short-term credit lines	<u><u>\$ 3,840,988</u></u>	<u><u>4,554,445</u></u>

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1. Issuance and repayment of short-term borrowings

For the years ended December 31, 2020 and 2019, the proceeds from short-term borrowings amounted to \$9,660,000 thousand and \$9,050,000 thousand respectively and the repayments amounted to \$9,680,000 thousand and \$9,040,000 thousand respectively.

2. Collateral for bank loan

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

(n) Long-term borrowings

The borrowings were summarized as follows:

	Expiration date	2020.12.31	2019.12.31
Unsecured bank loans — USD	2022/12/21-2024/02/11	\$ 695,475	978,424
Unsecured bank loans — TWD	2021/06/18-2023/12/8	2,150,000	509,465
Secured bank loans — USD	2021/07/28-2026/12/19	10,845,062	11,172,508
Secured bank loans — TWD	2021/12/21-2040/10/8	1,949,667	340,583
Secured bank loans — JPY	2032/10/30	980,461	-
Commercial paper	2023/6/11-2023/12/28	2,810,000	2,730,000
Discount on commercial paper		(139)	(247)
Less: current portion		(3,645,416)	(3,356,533)
Total		<u>\$ 15,785,110</u>	<u>12,374,200</u>
Unused long-term credit lines		<u>\$ 15,762,000</u>	<u>7,399,550</u>
Range of interest rates		0.26%~2.80%	0.38%~3.74%

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

1. Issuance and repayment of long-term borrowings

For the years ended December 31, 2020 and 2019, the proceeds from long-term borrowings amounted to \$12,463,723 thousand and \$9,222,250 thousand respectively, and the repayment amounted to \$8,027,117 thousand and \$12,667,734 thousand, respectively.

2. Collateral for long-term borrowings

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

3. Financial ratio covenant

A subsidiary, Wan Hai Lines (Singapore) Pte Ltd., entered into syndicated credit agreements with financial institutions, under which, this subsidiary and the Group shall maintain certain financial ratios (i.e. equity ratio, security ratio, etc.) on balance sheet date. Otherwise, the loan will be payable immediately if the financial institution considers the loan shall be due.

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(o) Bonds payable

2020.12.31				
	Currency	Interest rate collars	Expiration	Amount
Unsecured bond-2014 first domestic bond issue	TWD	1.95%	2021/08/14	\$ 800,000
Unsecured bond-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bond-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Unsecured bank-2019 first domestic bond issue	TWD	0.95%~1.05%	2022/06/18~2024/06/18	4,800,000
Unsecured bank-2019 second domestic bond issue	TWD	0.97%~1.07%	2024/10/07~2026/10/07	3,200,000
Unsecured bank-2020 first domestic bond issue	TWD	0.97%	2025/10/23	2,500,000
Total				\$ 16,400,000
Current				\$ 3,800,000
Non-current				12,600,000
Total				\$ 16,400,000

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

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1. Unsecured bond-2014 first domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.95%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: None.

12) Announcement

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

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2. Unsecured bond-2016 first domestic bond issue

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

1) Issue amount

TWD3,000,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate: 1.18%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

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

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3. Unsecured bond-2017 first domestic bond issue

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

1) Issue amount

TWD2,100,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate: 1.55%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

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4. Unsecured bond-2019 first domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.95%

2) Series B: 1.05%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

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5. Unsecured bond-2019 second domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

The issuance dates are October 7, 2019; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.97%

2) Series B: 1.07%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

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6. Unsecured bank-2020 first domestic bond issue

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

1) Issue amount

TWD2,500,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate: 0.97%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

(p) Lease liabilities

The amounts of lease liabilities were as follows:

	2020.12.31	2019.12.31
Current	\$ <u>2,021,429</u>	<u>916,441</u>
Non-current	\$ <u>5,710,316</u>	<u>4,212,545</u>

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

For December 31, 2020 and 2019, the Group's lease liabilities recognized as current financial liabilities for hedging were \$818,459 thousand and \$534,197 thousand; non-current financial liabilities for hedging were \$2,855,649 thousand and \$2,026,200 thousand; current lease liabilities were \$1,202,970 thousand and \$382,244 thousand; non-current lease liabilities were \$2,854,667 thousand and \$2,186,345 thousand.

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	\$ <u>139,289</u>	<u>122,161</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>11,808</u>	<u>43,190</u>
Expenses relating to short-term leases	\$ <u>4,119,185</u>	<u>4,201,861</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>665,028</u>	<u>914,551</u>

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

	2020	2019
Total cash outflow for leases	\$ <u>5,934,111</u>	<u>6,109,008</u>

1. Wharf, and container leases

The Group leases wharfs and containers for its operating needs. The leases of wharfs typically run for a period of 4 to 20 years, and of containers for 5 years.

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

2. Building leases

The Group leases buildings for its office space. The leases of office space typically run for a period for 1 to 20 years. Some leases depend on the fluctuations of local consumer price index; others are not recognized as right-of-use assets and lease liabilities, because the Group has decided to apply recognition exemptions for short-term leases or leases of low-value asset; yet others leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

3. Vessel leases

The Group leases vessels for its operating needs. The vessel leases are typically short-term leases that run a period of 1 to 27 years. The Group has decided to apply recognition exemptions for short-term leases, and not to recognize right-of-used assets and lease liabilities.

4. Other leases

The Group leases other machinery or equipment for its operating needs typically run for a period 1 to 10 years. Some leases are typically short-term leases or leases of low-value asset that the Group has decided to apply recognition exemptions, and not to recognize right-of-use assets and lease liabilities.

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(q) Employee benefits

1. Defined benefit plans

	2020.12.31	2019.12.31
Present value of defined benefit obligation	\$ 1,399,646	1,353,400
Fair value of plan assets	(711,871)	(649,976)
Recognized liabilities for defined benefit obligations	<u><u>\$ 687,775</u></u>	<u><u>703,424</u></u>

1) Composition of plan assets

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

The Group's pension reserve account balance amounted to \$711,871 thousand at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2020	2019
Defined benefit obligation at January 1	\$ 1,353,399	1,325,271
Current service costs and interest cost	61,522	64,417
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in financial assumptions	51,397	39,484
Benefit paid	(66,672)	(75,773)
Defined benefit obligation at December 31	<u><u>\$ 1,399,646</u></u>	<u><u>1,353,399</u></u>

3) Movements of defined benefit plan assets

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

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

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4) Expenses recognized in profit or loss

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

	2020	2019
Current service costs	\$ 51,804	51,107
Net interest of net liabilities (assets) for defined benefit obligation	4,717	7,308
	<u>\$ 56,521</u>	<u>58,415</u>
Operating costs	\$ 52,309	52,090
Operating expenses	4,212	6,325
	<u>\$ 56,521</u>	<u>58,415</u>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

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

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

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

6) Sensitivity analysis

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

	Influences of defined benefit obligation	
	Increased 0.50%	Decreased 0.50%
December 31, 2020		
Discount rate	\$ (66,045)	71,352
Future salary increasing rate	62,449	(58,635)
December 31, 2019		
Discount rate	(67,258)	72,786
Future salary increasing rate	64,107	(60,089)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

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2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$56,683 thousand and \$54,904 thousand for the years ended December 31, 2020 and 2019, respectively.

3. The foreign Group's pension costs under the local law were \$49,253 thousand and \$49,132 thousand for the years ended December 31, 2020 and 2019, respectively.

(r) Income taxes

1. Income tax expense

The amount of income tax were as follows:

	<u>2020</u>	<u>2019</u>
Current income tax expense:		
Current period	\$ 1,377,773	222,893
Adjustment for prior periods	(37,953)	12,095
	<u>1,339,820</u>	<u>234,988</u>
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	<u>1,552,687</u>	<u>732,499</u>
Income tax expense from continuing operations	<u>\$ 2,892,507</u>	<u>967,487</u>

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

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

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

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

	2020	2019
Profit excluding income tax	\$ <u>14,249,995</u>	<u>4,555,193</u>
Income tax using the Company's domestic tax rate	\$ 2,849,999	911,039
Effect of tax rates in foreign jurisdiction	1,164,042	300,679
Change in tax rate	(6,490)	(2,299)
Non-deductible expense	533,360	559,216
Tax-exempt income	(1,928,066)	(854,738)
Tax incentive	(9,884)	(3,866)
Recognition of previously unrecognized tax losses	(178)	83
Current-year losses for which unrecognized deferred tax asset was recognized	889	6,318
Change in unrecognized temporary difference	1,815	35,434
Under (Over) provision in prior periods	296,947	15,981
Income tax credit	(9,963)	(296)
Others	<u>36</u>	<u>(64)</u>
Total	\$ <u>2,892,507</u>	<u>967,487</u>

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2020	\$ 1,850,930	863,886	20,299	2,735,115
Debit (Credited) Income statement	1,267,560	173,488	(17,802)	1,423,246
Foreign currency translation difference for foreign operations	-	(1,194)	159	(1,035)
Balance at December 31, 2020	<u>\$ 3,118,490</u>	<u>1,036,180</u>	<u>2,656</u>	<u>4,157,326</u>
Balance at January 1, 2019	\$ 1,344,375	659,151	7,045	2,010,571
Debit (Credited) Income statement	506,555	205,319	13,337	725,211
Foreign currency translation difference for foreign operations	-	(584)	(83)	(667)
Balance at December 31, 2019	<u>\$ 1,850,930</u>	<u>863,886</u>	<u>20,299</u>	<u>2,735,115</u>

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	Defined Benefit Plans	Loss Carryforward	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2020	\$ 78,782	264,361	193,815	536,958
(Debit) Credited Income statement	(12,111)	38,923	(156,253)	(129,441)
(Debit) Credited Other Comprehensive Income	7,654	-	11,916	19,570
Foreign currency translation difference for foreign operations	(62)	-	(456)	(518)
Balance at December 31, 2020	<u>\$ 74,263</u>	<u>303,284</u>	<u>49,022</u>	<u>426,569</u>
Balance at January 1, 2019	\$ 91,086	347,575	91,360	530,021
(Debit) Credited Income statement	(20,964)	(83,214)	96,890	(7,288)
(Debit) Credited Other Comprehensive Income	7,739	-	5,222	12,961
Foreign currency translation difference for foreign operations	921	-	343	1,264
Balance at December 31, 2019	<u>\$ 78,782</u>	<u>264,361</u>	<u>193,815</u>	<u>536,958</u>

3. Examination and Approval

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

(s) Capital and other equity

As of December 31, 2020 and 2019, the Company's authorized capital consisted of 2,500,000 thousand shares, amounting to \$25,000,000 thousand, with par value of \$10 (New Taiwan dollars) per share. All of the issued shares were ordinary shares consisted of 2,218,297 thousand shares and the funds had been received.

1. Capital surplus

The balance of capital surplus was as follows:

	2020.12.31	2019.12.31
Premium on ordinary shares	\$ 22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond	1,222,787	1,222,787
The actual differences between the equity and the book value of subsidiaries' disposal	10,094	10,094
Change in equity of subsidiaries accounted for under equity method	16,055	16,055
	<u>\$ 1,271,775</u>	<u>1,271,775</u>

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

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2. Retained earnings

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

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The earnings distribution for 2019 and 2018 was decided by the general meeting of shareholders held on June 23, 2019 and June 18, 2018, respectively. The relevant dividend distribution to shareholders was as follows:

		2019		2018	
		Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders					
Cash	\$	0.80	<u>1,774,638</u>	0.60	<u>1,343,647</u>

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On June 23, 2020, the shareholders' meeting determined the earnings distribution for 2019.

On June 18, 2019, the shareholders' meeting determined the earnings distribution for 2018.

These earnings were appropriated as follows:

3. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instrument	NCI
Balance at January 1, 2020	\$ (1,352,809)	(200,376)	33,504	244,283
Net profit (loss)	-	-	-	40,507
Foreign currency translation differences	(2,112,586)	-	-	(4,445)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	275,824	-	-
Gains (losses) from changes in the fair value of the hedging instrument:				
-Exchange rate risk for anticipated transactions	-	-	113,698	-
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:				
-Exchange rate risk for anticipated transactions	-	-	3,142	-
Capital increase in subsidiaries non-controlling interest	-	-	-	1,907
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	(12,319)
Balance at December 31, 2020	<u>\$ (3,465,395)</u>	<u>75,448</u>	<u>150,344</u>	<u>269,933</u>
Balance at January 1, 2019	\$ (604,711)	(205,989)	-	232,953
Net profit (loss)	-	-	-	14,003
Foreign currency translation differences	(738,004)	-	-	4,406
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	5,613	-	-
Gains (losses) from changes in the fair value of the hedging instrument:				
-Exchange rate risk for anticipated transactions	-	-	27,540	-
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:				
-Exchange rate risk for anticipated transactions	-	-	5,964	-
The actual differences between the equity and the book value of subsidiaries' disposal or purchase	(10,094)	-	-	-
Capital increase in subsidiaries non-controlling interest	-	-	-	450
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	(7,529)
Balance at December 31, 2019	<u>\$ (1,352,809)</u>	<u>(200,376)</u>	<u>33,504</u>	<u>244,283</u>

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(t) Earnings per share

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

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

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>2020</u>	<u>2019</u>
Primary geographical markets:		
Asia	\$ 46,581,636	46,769,004
the Middle East, India, Red Sea	17,636,991	15,079,009
United States, South America	<u>17,661,555</u>	<u>11,103,170</u>
	\$ <u>81,880,182</u>	<u>72,951,183</u>
Main service line:		
Freight	\$ 77,165,128	69,259,615
Rentals	3,040,436	2,268,423
Appropriated dock	811,996	803,538
Other	<u>862,622</u>	<u>619,607</u>
	\$ <u>81,880,182</u>	<u>72,951,183</u>

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2. Contract balances

	<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2019.1.1</u>
Notes receivable	\$ 52,358	39,735	29,636
Accounts receivable	3,589,704	2,207,133	2,862,054
Less: allowance for doubtful receivables	<u>(358)</u>	<u>(358)</u>	<u>(358)</u>
Total	<u>\$ 3,641,704</u>	<u>2,246,510</u>	<u>2,891,332</u>
Contract assets	<u>\$ 1,530,849</u>	<u>733,689</u>	<u>751,084</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 241,658</u>	<u>223,257</u>	<u>557,368</u>

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

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

(v) Remuneration of employees, directors and supervisors

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

For the years ended December 31, 2020 and 2019, the Group estimated its employee remuneration amounting to \$143,617 thousand and \$45,316 thousand, respectively. Moreover, directors' remuneration is the same as employee remuneration. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Group's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(w) Non-operating income and expenses

1. Interest income

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 71,829	185,773
Other interest income	<u>48</u>	<u>426</u>
	<u>\$ 71,877</u>	<u>186,199</u>

2. Other revenue

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

	<u>2020</u>	<u>2019</u>
Dividend revenue	<u>\$ 320,420</u>	<u>210,980</u>

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3. Other gains and losses

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

	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 272,359	310,426
Impairment losses on property, plant and equipment	-	(19,016)
Gain (loss) on financial assets at fair value through profit or loss	783,642	365,273
Gain on disposal of property, plant and equipment	208,852	1,119,393
Other gains	135,140	55,659
	<u>\$ 1,399,993</u>	<u>1,831,735</u>

4. Finance costs

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

	<u>2020</u>	<u>2019</u>
Interest expense:		
Bank loan	\$ 203,476	423,606
Bonds payable	167,465	127,899
Commercial paper	17,168	18,794
Lease liabilities	139,289	122,161
	<u>\$ 527,398</u>	<u>692,460</u>

(x) Financial instruments

1. Credit risks

1) Credit risks exposure

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

2) Concentration of credit risk

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

3) Credit risk of receivables

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2020. There are no significant expected losses on other receivables and the financial assets at amortized cost by assessment, so none of the impairment allowance can be recorded.

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2. Liquidity risks

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

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 50,000	50,175	50,175	-	-	-	-
Secured bank loans	13,775,190	14,326,853	1,621,950	1,675,846	3,094,098	5,337,504	2,597,455
Unsecured bank loans	2,845,475	2,891,741	372,010	120,437	938,270	1,461,024	-
Commercial paper	2,809,861	2,829,574	3,466	3,576	7,132	2,815,401	-
Account payables (including related parties)	8,386,638	8,386,638	8,386,638	-	-	-	-
Other payables	2,994,247	2,994,247	2,994,247	-	-	-	-
Payables to agents	127,385	127,385	127,385	-	-	-	-
Bonds payable	16,400,000	16,979,410	3,116,850	872,890	3,738,740	7,229,530	2,021,400
Lease liabilities (partial recognized as financial liabilities for hedging)	7,731,745	8,306,741	999,176	1,045,877	1,537,635	2,697,933	2,026,120
Guarantee deposits received (recognized as other current liabilities and non-current guarantee deposits)	820,722	820,722	820,722	-	-	-	-
	<u>\$ 55,941,263</u>	<u>57,713,486</u>	<u>18,492,619</u>	<u>3,718,626</u>	<u>9,315,875</u>	<u>19,541,392</u>	<u>6,644,975</u>
December 31, 2019							
Non-derivative financial liabilities							
Short-term borrowings	\$ 70,000	70,250	70,250	-	-	-	-
Secured bank loans	11,513,091	12,154,805	1,533,258	1,589,146	3,394,879	5,519,652	117,870
Unsecured bank loans	1,487,889	1,547,963	142,120	380,555	503,781	521,507	-
Commercial paper	2,729,753	2,764,750	9,621	9,739	2,745,390	-	-
Account payables (including related parties)	8,124,379	8,124,379	8,124,379	-	-	-	-
Other payables	2,536,977	2,536,977	2,536,977	-	-	-	-
Payables to agents	12,563	12,563	12,563	-	-	-	-
Bonds payable	13,900,000	14,523,650	116,850	48,640	3,965,490	8,371,270	2,021,400
Lease liabilities (partial recognized as financial liabilities for hedging)	5,128,986	5,575,648	490,338	438,414	830,352	2,151,053	1,665,491
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	670,292	670,292	670,292	-	-	-	-
	<u>\$ 46,173,930</u>	<u>47,981,277</u>	<u>13,706,648</u>	<u>2,466,494</u>	<u>11,439,892</u>	<u>16,563,482</u>	<u>3,804,761</u>

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

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3. Currency risk

1) Currency risk exposure

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

		2020.12.31			2019.12.31		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	587,861	28.10	16,518,892	316,562	29.99	9,463,680
CNY		1,004,463	4.30	4,319,842	805,005	4.30	3,465,507
JPY		5,885,431	0.27	1,603,613	12,445,782	0.28	3,434,702
INR		1,113,320	0.38	428,200	678,829	0.42	285,487
THB		157,478	0.94	147,701	100,477	1.01	100,982
MYR		16,015	6.99	111,948	24,758	7.32	181,315
<u>Non-monetary items</u>							
VND		542,430,000	0.0012	660,268	396,752,400	0.0013	513,446
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		549,370	28.10	15,437,307	464,195	29.99	13,921,222
CNY		784,765	4.30	3,374,996	309,164	4.30	1,330,936
JPY		8,728,432	0.27	2,378,250	9,615,799	0.28	2,653,702
HKD		278,476	3.62	1,009,427	281,868	3.85	1,085,502
INR		903,349	0.38	347,442	579,657	0.42	243,779
THB		282,042	0.94	264,532	238,571	1.01	239,770

2) Sensitivity analysis

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

A strengthening (weakening) of 1% of the TWD against the USD, HKD and JPY etc. as at December 31, 2020 and 2019, would have increased (decreased) the net profit before tax by \$36,078 thousand and \$1,522 thousand, respectively; the cash flow hedge would have increased (decreased) the equity by \$36,741 thousand and \$25,604 thousand, respectively. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2020 and 2019.

3) Foreign Exchange Gain or Loss on Monetary Items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gains (including realized and unrealized portions) amounted to \$272,359 thousand and \$310,426 thousand, respectively.

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4. Interest rate analysis

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

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

If the interest rate had increased or decreased by 1%, the Group's net profit before tax would have increased or decreased by \$163,502 thousand and \$153,010 thousand, respectively, for the years ended December 31, 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

5. Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2020		2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	\$ 40,378	38,759	32,264	23,744
Decreasing 1%	(40,378)	(38,759)	(32,264)	(23,744)

6. Fair value information

1) The Categories and Fair Values of Financial Instruments

The Group assesses its financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis by using the fair value method.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liability, disclosure of fair value information is not required:

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	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss — domestic listed stocks	\$ 4,836,764	4,836,764	-	-	4,836,764
Non-derivative financial assets mandatorily measured at fair value through profit or loss — domestic emerging stocks	8,076	8,076	-	-	8,076
Sub-total	4,844,840	4,844,840	-	-	4,844,840
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	3,377,664	3,377,664	-	-	3,377,664
Foreign listed stocks	660,115	660,115	-	-	660,115
Unquoted equity instrument measured at fair value	450,120	-	-	450,120	450,120
Sub-total	4,487,899	4,037,779	-	450,120	4,487,899
Financial assets measured at amortized cost					
Cash and cash equivalents	15,765,903	-	-	-	-
Notes receivable	52,358	-	-	-	-
Accounts receivable	3,589,346	-	-	-	-
Contract assets	1,530,849	-	-	-	-
Other receivables	1,425,327	-	-	-	-
Receivables from agents	1,213,957	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	259,510	-	-	-	-
Sub-total	23,837,250	-	-	-	-
Total	\$ 33,169,989	8,882,619	-	450,120	9,332,739
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 50,000	-	-	-	-
Accounts payable	8,386,638	-	-	-	-
Other payables	2,994,247	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	7,731,745	-	-	-	-
Payables to agents	127,385	-	-	-	-
Bonds payable (including current portion)	16,400,000	-	-	-	-
Long-term borrowings (including current portion)	19,430,526	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	820,722	-	-	-	-
Total	\$ 55,941,263	-	-	-	-

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	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss — domestic listed stocks	\$ 2,958,241	2,958,241	-	-	2,958,241
Non-derivative financial assets mandatorily measured at fair value through profit or loss — domestic emerging stocks	9,812	9,812	-	-	9,812
Non-derivative financial assets mandatorily measured at fair value through profit or loss — bond investment	1,157,131	-	-	1,157,131	1,157,131
Sub-total	4,125,184	2,968,053	-	1,157,131	4,125,184
Financial assets measured at amortized cost					
Accounts receivable	2,712,827	2,712,827	-	-	2,712,827
Contract assets	513,571	513,571	-	-	513,571
Receivables from agents	469,985	-	-	469,985	469,985
Sub-total	3,696,383	3,226,398	-	469,985	3,696,383
Loan and receivable					
Cash and cash equivalents	15,479,460	-	-	-	-
Notes receivable	39,735	-	-	-	-
Accounts receivable	2,206,775	-	-	-	-
Contract assets	733,689	-	-	-	-
Other receivables	1,197,291	-	-	-	-
Receivable from agents	939,080	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	288,112	-	-	-	-
Sub-total	20,884,142	-	-	-	-
Total	\$ 28,705,709	6,194,451	-	1,627,116	7,821,567
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 70,000	-	-	-	-
Accounts payable	8,124,379	-	-	-	-
Other payables	2,536,977	-	-	-	-
Lease liabilities (including financial liabilities for hedging)	5,128,986	-	-	-	-
Payable to agents	12,563	-	-	-	-
Bonds payable (including current portion)	13,900,000	-	-	-	-
Long-term borrowings (including current portion)	15,730,733	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	670,292	-	-	-	-
Total	\$ 46,173,930	-	-	-	-

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2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

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

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

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

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

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

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

Unquoted equity instrument:

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

Unquoted equity instrument:

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

Unquoted debt instrument:

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

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3) For the years ended December 31, 2020 and 2019, there were no transferring of fair value hierarchy.

4) Reconciliation of Level 3 fair values

	Fair value through profit or loss Non-derivative mandatorily measured at fair value through profit or loss	Fair value through other comprehensive income Unquoted equity instruments	Total
Opening balance, January 1, 2020	\$ 1,157,131	469,985	1,627,116
Total gains and losses recognized:			
In profit or loss	(15,531)	-	(15,531)
In other comprehensive income	-	(19,865)	(19,865)
Disposal	(1,141,600)	-	(1,141,600)
Ending balance, December 31, 2020	<u>\$ -</u>	<u>450,120</u>	<u>450,120</u>
Opening balance, January 1, 2019	\$ 1,127,838	417,947	1,545,785
Total gains and losses recognized:			
In profit or loss	29,293	-	29,293
In other comprehensive income	-	52,038	52,038
	<u>\$ 1,157,131</u>	<u>469,985</u>	<u>1,627,116</u>

For the years ended December 31, 2020 and 2019, the total gains and losses that were included in “other gains and losses” and “unrealized gains (losses) on financial assets at fair value through other comprehensive income” were as follows:

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

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

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

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

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Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – Debt investment without active markets	Discounted cash flow method	· Liquidity – adjusted discount rate (2.8401% on December 31, 2019.)	The estimated fair value would increase (decrease) if the liquidity – adjusted discount rate were lower (higher).
Financial assets at fair value through other comprehensive income – Unlisted equity investments	Comparable trading company method	· Liquidity-adjusted discount rate (28% on December 31, 2020 and December 31, 2019, respectively) · Price-to-book ratio (0.73 and 0.81 on December 31, 2020 and December 31, 2019, respectively) · EBITDA multiplier (9.67 and 9.68 on December 31, 2020 and December 31, 2019, respectively)	The estimated fair value would increase (decrease) if: · the liquidity-adjusted discount rate were lower (higher) · the price-to-book ratio were higher (lower) · the EBITDA multiplier were higher (lower)

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

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

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

December 31, 2020	Input	Positive and negative changes	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	\$ -	-	6,252	(6,252)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,362	(4,362)
Unlisted equity investment	EBITDA multiplier	1%	-	-	123	(123)
			\$ -	-	10,737	(10,737)

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

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

(y) Financial risk management

1. Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

2. Risk management framework

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

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

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

3. Credit risk

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

1) Accounts receivable and other receivables

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

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms are offered. The Group's review includes external ratings, when available, and in some cases bank references.

Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager's office; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on an advance received basis.

2) Investment

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

3) Guarantees

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

4. Liquidity risk

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

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The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused credit line for \$19,602,988 thousand and \$11,953,995 thousand, as of December 31, 2020 and 2019.

5. Market risk

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

1) Currency risk

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

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

2) Interest rate risk

The Group adopts a policy of ensuring that 54.43% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis.

3) Other market price risk

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

(z) Capital management

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

The debt-to-equity ratio is as follow:

	2020.12.31	2019.12.31
Total liabilities	\$ 64,425,276	51,255,787
Less: Cash and cash equivalents	<u>(15,765,903)</u>	<u>(15,479,460)</u>
Net debt	<u>\$ 48,659,373</u>	<u>35,776,327</u>
Total equity	<u>\$ 44,172,342</u>	<u>36,348,465</u>
Debt-to-equity ratio	<u>110.16 %</u>	<u>98.43 %</u>

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

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2020 were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2020.1.1	Cash flows	Others	Foreign exchange movement	2020.12.31
Long-term borrowings	\$ 15,730,733	4,436,714	-	(736,921)	19,430,526
Short-term borrowings	70,000	(20,000)	-	-	50,000
Bonds payable	13,900,000	2,500,000	-	-	16,400,000
Lease liabilities (partial recognized as financial liabilities for hedging)	5,128,986	(998,801)	3,601,560	-	7,731,745
Total liabilities from financing activities	<u>\$ 34,829,719</u>	<u>5,917,913</u>	<u>3,601,560</u>	<u>(736,921)</u>	<u>43,612,271</u>

			Non-cash changes		
	2019.1.1	Cash flows	Others	Foreign exchange movement	2019.12.31
Long-term borrowings	\$ 19,410,980	(3,445,632)	-	(234,615)	15,730,733
Short-term borrowings	60,000	10,000	-	-	70,000
Bonds payable	6,900,000	7,000,000	-	-	13,900,000
Lease liabilities (partial recognized as financial liabilities for hedging)	5,463,590	(827,245)	492,641	-	5,128,986
Total liabilities from financing activities	<u>\$ 31,834,570</u>	<u>2,737,123</u>	<u>492,641</u>	<u>(234,615)</u>	<u>34,829,719</u>

(7) Related-Party Transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Company
Tan Cang-Cai Mep International Terminal Co., Ltd. (Tan Cang-Cai Mep)	An associate
HAI PHONG INTERNATIONAL CONTAINER TERMINAL COMPANY LTD. (HAI PHONG)	An associate
Wan Hai Lines (UAE) LLC. (WHL UAE)	An associate
QINGDAO PORT AND WIN INTERNATIONAL LOGISTICS CO., LTD.	Joint Venture
Asia Pacific Logistics International Co., Ltd. (APLI)	Related party in substance
New World Container services Corporation	Subsidiary of APLI
Universal Checker Co., Ltd.	Related party in substance
Express Container Terminal Corp. (ECTC)	Related party in substance
New Sincere Transportation Corp. (NSTC)	Related party in substance

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<u>Name of related party</u>	<u>Relationship with the Company</u>
New Safety Transportation Corp. (NSaTC)	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the Group
Taian Insurance Co., Ltd.	Related party in substance
Wan Chun International Corp. (WCIC)	Subsidiary of ECTC
Apezgo Digital Information Co., Ltd.	Subsidiary of APLI
AP PETROLEUM BUSINESS CO., LTD.	Subsidiary of APLI
Formosa Wonderworld Co., Ltd. (Formosa Wonderworld)	Related party in substance
Interasia Lines Taiwan, Ltd.	Related party in substance
Hyaline Shipping (HK) Co., Ltd. (Hyaline)	Same director with the Group
Wan Hai Lines (Japan) Ltd. (WHL Japan)	Same director with the Group
INTERASIA LINES SINGAPORE PTE LTD. (IAL (S))	Related party in substance
INTERASIA LINES (M) SDN. BHD. (IAL(M))	Related party in substance
AP INT'L TRAVEL SERVICE CO., LTD.	Subsidiary of APLI
SUNSHINE SHIHLIN PAPER HOTEL	Related party in substance
Alpha Total Solution Pte. Ltd.	Subsidiary of APLI
WAN HAI CHARITY FOUNDATION	Related party in substance
New Speed Transportation & Terminal Co., Ltd. (NS)	Related party in substance
PHUC XUAN MARITIME SERVICE CO.,LTD.	Joint Venture
Transtotal Agencia Maritima S.A	Related party in substance

(b) Significant transactions with related parties

1. Sales to related parties:

	<u>2020</u>	<u>2019</u>
Other related parties	\$ 1,994,674	1,478,096
Joint venture	8,933	2,010
	<u>\$ 2,003,607</u>	<u>1,480,106</u>

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

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2. Consideration for services related to the entity:

	<u>2020</u>	<u>2019</u>
Associate	\$ 145,558	122,395
Joint venture	1,754	-
Other related parties	<u>3,523,941</u>	<u>3,574,916</u>
	<u><u>\$ 3,671,253</u></u>	<u><u>3,697,311</u></u>

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

3. Receivables from related parties

Receivables of the Group from related parties were as follows :

<u>Item</u>	<u>Related party categories</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts receivable	Other related parties	\$ 146,139	35,405
Other receivables	Associate	183	-
Other receivables	Other related parties	64,610	40,615
Receivables from agents	Other related parties — WHL	981,342	736,864
	Japan		
Receivables from agents	Associate	<u>31,604</u>	<u>18,492</u>
		<u><u>\$ 1,223,878</u></u>	<u><u>831,376</u></u>

4. Payables from related parties

Payable of the Group related parties were as follows:

<u>Item</u>	<u>Related party categories</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts payable	Other related parties	\$ 267,272	364,583
Accounts payable	Joint venture	6,425	6,343
Other payables	Other related parties	6,530	11,614
Other current liabilities	Other related parties	<u>5,273</u>	<u>22,952</u>
		<u><u>\$ 285,500</u></u>	<u><u>405,492</u></u>

5. Other related-party transactions

For the years ended December 31, 2020 and 2019, the Group sold the property, plant, and equipment to the related party amounting to \$224 thousand and \$238 thousand, also gains on disposal was \$151 thousand and \$191 thousand, respectively.

For the year ended December 31, 2020, the Group received payments of claims from other related parties amounting to \$1,336 thousand.

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

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

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6. Leasing

In January 2019, the Group rented office buildings from its related enterprises to be used as its offices. 10-18-year lease contracts were signed, in which the rental fees were determined based on nearby office rental rates. The total value of the contracts was \$18,465 thousand. For the years ended December 31, 2020 and 2019, the Group recognized the amount of \$456 thousand and \$441 thousand as interest expense, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$11,647 thousand, thousand and \$8,681 thousand, respectively.

In January 2019 and July 2020, the Group rented containers from its other related parties. 1.5~12 year lease contracts were signed. The total value of the contract was \$62,622 thousand. For the years ended December 31, 2020 and 2019, the Group recognized the amount of \$977 thousand and \$1,190 thousand as interest expense, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$47,069 thousand and \$49,728 thousand, respectively.

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	2020	2019
Shorts-term employee benefits	\$ 192,756	79,525
Post-employment benefits	170	160
	<u>\$ 192,926</u>	<u>79,685</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Objective	2020.12.31	2019.12.31
Time deposits (recognized in other current assets)	Registration of container storage and truck lease contract	\$ 6,184	6,542
Time deposits (recognized in other non-current assets)	Refundable deposits of harbor bureau and lease contract for wharf	104,505	106,565
Guarantee deposit paid (recognized in other non-current assets)	Lease contract for wharf, building lease contract and lawsuit	148,821	175,005
Wharf equipment (recognized in Property, plant and equipment)	Long-term loans	-	76,834
Containers (recognized in Property, plant and equipment)	Long-term loans	9,109,185	10,651,838
Vessels (recognized in Property, plant and equipment)	Long-term loans	13,051,797	11,965,572
Buildings (recognized in Property, plant and equipment)	Long-term loans	2,516,131	303,443
		<u>\$ 24,936,623</u>	<u>23,285,799</u>

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(9) Significant Contingencies and Commitments

(a) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Group entered into a contract to lease a wharf in Japan in March 2003 and renewed it in April 2008. The lease period is from March 2003 to March 2028. As of December 31, 2020, the lease deposit amounted to ¥255,775,000 (TWD 69,691 thousand) was recorded in guarantee deposits paid.

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

The Group rented the W29 to W32 stacking yards from Keelung Harbor Bureau in February 2006, and the rental period is for 30 years beginning from the date of completion of inspection.

(b) Vessel construction contract:

Considering the Group's current fleet deployment and long-term development plan, the Group decided to acquire eight feeder container ships of 3,036 TEUs from Japan Marine United Corporation, and twelve feeder container ships of 2,038 TEUs from CHINA SHIPBUILDING TRADING COMPANY, LTD. and GUANGZHOU WENCHONG SHIPYARD CO., LTD, costing JPY 37,680,000 thousand and USD 315,936 thousand (together equal TWD 20,137,000 thousand), respectively. As of December 31, 2020, the Group has prepaid the amount of \$4,072,175 thousand, which was recognized in other non-current assets. However, the container ships have transferred one of 2,028 TEUs ship and four of 3,036 TEUs ship to the Group as of the above date.

(c) Ship purchase contract

For operational purpose, the Group entered into agreements in December to purchase 7 second-hand container ships, with a total price of approximately USD 208,180 thousand (TWD 5,849,858 thousand). The Group has already paid the amount of \$389,410 thousand in advance (recognized in other non-current assets).

(d) As of December 31, 2020, the total amount claimed to the Group is approximately \$12,968 thousand, and the related cases are under negotiation or under trial.

(10) Losses Due to Major Disasters: None.

(11) Significant Subsequent Events

- (a) On January 25, 2021, the Group decided to enter into two an agreement with the sellers, JAPAN MARINE UNITED CORPORATION and NIHON SHIPYARD CO., LTD., to purchase twelve container ships, each having a carrying capacity of 3,013 TEU, at a total transaction amount of US\$565,200 thousand for operational purpose.
- (b) For operational purpose, the Group entered into agreements with the sellers, MI-DAS LINE S.A., CMB NV of De Gerlachekaai 20,2000 Antwerp (Belgium), and MYNY Maltese Co Ltd, Valletta, Malta, in February and March 2021 to purchase 4 second-hand container ships, at a total transaction amount of US\$85,500 thousand.

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

(12) Others

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

By item	By function	2020			2019		
		Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits							
Salary		2,166,579	2,735,240	4,901,819	2,188,840	2,172,873	4,361,713
Labor and health insurance		26,134	176,032	202,166	26,795	224,309	251,104
Pension		67,917	94,540	162,457	67,855	94,596	162,451
Remuneration of directors		-	158,389	158,389	-	55,534	55,534
Others employee benefits		143,296	81,006	224,302	166,553	87,335	253,888
Depreciation		5,522,338	246,267	5,768,605	5,070,626	212,777	5,283,403
Amortization		20,655	47,331	67,986	2,668	52,363	55,031

(13) Other Disclosures

- (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2020:

1. Fund financing to other parties:

(In thousands of TWD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance (Note 6)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 3)
													Name	Value		
0	The Company	WHL Singapore	Other receivables related	Yes	7,703,250	7,025,000	4,636,500	1.23~2.23%	1	-	Note 4	-	Promissory note	7,025,000	15,390,539	17,560,964
1	WHL INTL.	WHL India	Other receivables related	Yes	146,362	77,275	77,275	4.5%	1	-	Note 3	-	Promissory note	77,275	146,793	146,793
2	WHL Singapore	Yi Chun	Other receivables related	Yes	92,418	84,300	32,101	1.63~3.36%	1	-	Note 4	-	Promissory note	84,300	12,312,431	12,312,431

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Acquisition of assets.

Note 4: Operating activities.

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

- Individual funding loan limits of financing for single borrower who has business with the lending company cannot exceed the total transaction amount of the current year.

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

Note 6: Eliminated in the consolidated financial statement.

2. Guarantees and endorsements for other parties:

(In thousands of TWD)

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount) (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
	The Company	WHL Singapore	2	35,121,927	22,657,179	17,045,151	8,031,939	-	38.83 %	87,804,818	Y	N	N
	The Company	TK	2	35,121,927	9,193	-	-	-	- %	87,804,818	Y	N	N

Note 1: Relationship with the Company

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

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

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

Note 3: Eliminated in the consolidated financial statements.

3. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of TWD)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	Domestic listed stocks:								
	GREATWALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss-current	11,870,579	603,025	1.43 %	603,025	- %	
	Formosa Plastics Corporation	-	"	376,288	36,274	0.01 %	36,274	- %	
	Formosa Chemicals & Fibre Corporation	-	"	245,480	20,792	- %	20,792	- %	
"	Tainan Spinning Co., Ltd.	-	"	5,439,898	81,599	0.33 %	81,599	- %	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	TAIYEN BIOTECH CO., LTD	-	Financial assets at fair value through profit or loss-current	1,108,000	36,232	0.55 %	36,232	- %	
"	China Steel Corporation	-	"	2,291,162	56,706	0.01 %	56,706	- %	
"	Delta Electronics, Inc.	-	"	3,930,000	1,033,590	0.15 %	1,033,590	- %	
"	Hon Hai Precision Ind. Co., Ltd.	-	"	93,440	8,597	- %	8,597	- %	
"	Taiwan Semiconductor Manufacturing Co., Ltd	-	"	384,000	203,520	- %	203,520	- %	
"	Transcend Information, Inc.	-	"	89,111	5,792	0.02 %	5,792	- %	
"	Amtran Technology Co., Ltd.	-	"	984,058	12,301	0.12 %	12,301	- %	
"	Yang Ming Marine Transport Corp.	-	"	957,526	28,008	0.04 %	28,008	- %	
"	China Airlines Ltd.	-	"	23,753,862	286,234	0.44 %	286,234	- %	
"	Chinese Maritime Transport Ltd.	-	"	435,050	15,357	0.22 %	15,357	- %	
"	Mega Financial Holding Co., Ltd.	-	"	17,634,646	525,512	0.13 %	525,512	- %	
"	Taishin Financial Holding Co., Ltd.	-	"	37,657,608	498,963	0.35 %	498,963	- %	
"	First Financial Holding Co., Ltd.	-	"	15,947,731	340,484	0.12 %	340,484	- %	
"	The Eslite Spectrum Corporation	-	"	1,078,000	85,593	2.27 %	85,593	- %	
"	Kinsus Interconnect Technology Corp.	-	"	334,627	27,071	0.07 %	27,071	- %	
"	Shih Wei Navigation Co., Ltd.	-	"	678,680	8,823	0.24 %	8,823	- %	
"	Taiwan Cooperative Financial Holding Co., Ltd.	-	"	30,924,560	629,315	0.23 %	629,315	- %	
"	Taiwan Secom Co., Ltd.	-	"	3,303,000	292,976	0.73 %	292,976	- %	
	<u>Domestic Emerging stocks:</u>								
"	Tigerair Taiwan	-	Financial assets at fair value through profit or loss-current	262,635	8,076	0.09 %	8,076	- %	
	<u>Domestic listed stocks:</u>								
"	Shihlin Paper Corporation	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	6,374,088	377,984	2.45 %	377,984	- %	
"	Chunghwa Telecom Co., Ltd.	-	"	27,520,000	2,999,680	0.35 %	2,999,680	- %	

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Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Highest percentage of capital investment during the period	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	<u>Domestic unlisted stocks:</u>								
	Taipei Port Container Terminal Corp.	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	79,315,476	436,162	15.25 %	436,162	- %	
"	United Stevedoring Corporation	-	"	781,250	13,958	15.63 %	13,958	- %	
WHL Singapore	<u>Foreign listed stocks:</u>								
	Da Nang Port Joint Stock Company	-	Financial assets at fair value through other comprehensive income-non-current	20,090,000	660,115	20.29 %	660,115	- %	

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

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
The Company	Chunghwa Telecom Co., Ltd.	Financial assets at fair value through other comprehensive income—non-current	-	-	22,992,000	2,529,120	4,528,000	470,560	-	-	-	-	27,520,000	2,999,680

Note 1: Includes valuation adjustments on financial assets.

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

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

Name of Company	Name of property	Transaction/ Occurrence date	Transaction amount	Conditions of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the precious transfer information				References for determining price	Purpose for obtaining and usage status	Notes
							Owner	Relationship with the Company	Transfer date	Amount			
The Company	Land and building	2020/5/6	2,228,880	Paid	CHONG HONG CONSTRUCTION CO., LTD	-	-	-	-	-	Market value and appraisal report	For the mediumterm and longterm development of its Taipei headquarter.	None
The Company	Land and building	2020/5/14	538,000	Paid	YI JINN INDUSTRIAL CO., LTD.	-	-	-	-	-	Market value and appraisal report	For longterm investment, mediumterm and longterm development.	None
The Company	Land and building	2020/9/28	1,538,000	Paid	CHONG HONG CONSTRUCTION CO., LTD	-	-	-	-	-	Market value and appraisal report	For the longterm development of the Company	None

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

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

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	Interasia Lines Taiwan	Related party in substance	Loading and unloading revenue	(104,829)	0.17 %	30 days	-	-	15,106	0.25 %	
"	WHL-Vietnam	Subsidiary	Commission fee	125,502	0.24 %	"	-	-	(60,056)	0.68 %	Note 2
"	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	812,302	1.54 %	"	-	-	(9)	- %	
"	WHL-Singapore	Subsidiary	Rent income, commission revenue, shipping agent revenue	(3,077,578)	4.97 %	"	-	-	-	- %	Note 2
"	WHL-Singapore	Subsidiary	Vessel rental expense, Oil expense	5,866,584	11.13 %	"	-	-	(1,146,798)	12.94 %	Note 2
"	IAL Singapore	Related party in substance	Joint venture revenue, container rental revenue, shipping agent revenue, ship rental revenue	(1,503,873)	2.43 %	"	-	-	119,395	2.00 %	
"	IAL Singapore	Related party in substance	Joint venture revenue, Container rental cost	320,646	0.61 %	"	-	-	-	- %	
"	WHL Hongkong	Subsidiary	Commission fee	1,216,916	2.31 %	"	-	-	(794,344)	8.96 %	Note 2
"	WHL (Japan)	Same director with the company	Commission fee	242,582	0.46 %	"	-	-	-	- %	
"	Hyaline	Same director with the company	Commission fee	603,776	1.15 %	"	-	-	-	- %	
"	NSTC	Related party in substance	Tow charge	511,365	0.97 %	"	-	-	(47,876)	0.54 %	
"	APLI	Related party in substance	Container fee	319,107	0.61 %	"	-	-	(9,292)	0.10 %	
"	WCIC	Related party in substance	Turnkey fee	160,652	0.30 %	"	-	-	(24,015)	0.27 %	

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Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	NSaTC	Related party in substance	Tow charge, Container fee	116,249	0.22 %	30 days	-	-	(6,545)	0.07 %	
"	WHL-Malaysia	Subsidiary	Commission fee	118,958	0.23 %	"	-	-	-	- %	Note 2
"	New World Container services Corporation	Related party in substance	Container fee	125,444	0.24 %	"	-	-	(13,095)	0.15 %	
"	TK Logistics International Co., Ltd.	Subsidiary	Container fee, Labor fee, Terminal handling charge	130,749	0.25 %	"	-	-	(15,875)	0.18 %	Note 2
"	WHL-Thailand	Subsidiary	Commission fee	113,574	0.22 %	"	-	-	(201,401)	2.27 %	Note 2
WHL-Singapore	The Company	Subsidiary	Rent expense, commission fee, shipping agent expense	3,077,578	14.42 %	30 days	-	-	-	- %	Note 2
"	The Company	Subsidiary	Oil revenue, Vessel rental revenue	(5,866,584)	21.46 %	"	-	-	1,146,798	48.11 %	Note 2
WHL-Hongkong	The Company	Subsidiary	Commission income	(1,216,916)	85.16 %	"	-	-	794,344	25.74 %	Note 2
WHL-Malaysia	The Company	Subsidiary	Commission income	(118,958)	100.00 %		-	-	-	- %	Note 2
WHL-Thailand	The Company	Subsidiary	Commission income	(113,574)	93.41 %		-	-	201,401	80.59 %	Note 2
TK Logistics International Co., Ltd.	The Company	Subsidiary	Container revenue, Service revenue	(130,749)	52.16 %		-	-	15,875	53.08 %	Note 2
WHL-Vietnam	The Company	Subsidiary	Commission income	(125,502)	100.00 %		-	-	60,056	41.13 %	Note 2

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

Note 2: Eliminated in the consolidated financial statements.

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

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company (Note 2)	WHL India	Subsidiary	391,673	- %	-	-	387,815	-
The Company (Note 2)	IAL Singapore	Related party in substance	119,395	- %	-	-	119,395	-
The Company (Note 2)	WHL (Japan)	Same director with the Company	981,342	- %	-	-	866,633	-
The Company (Note 2)	Clipper	Subsidiary	1,127,566	- %	-	-	1,127,566	-

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Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company (Note 2)	Shenzhen Uniwin International Logistics Ltd.	Subsidiary	272,421	- %	-	-	246,315	-
The Company (Note 3)	WHL-Singapore	Subsidiary	4,842,911	- %	-	-	205,473	-
WHL Thailand (Note 2)	The Company	Subsidiary	201,401	- %	-	-	158,631	-
WHL-HongKong (Note 2)	The Company	Subsidiary	794,344	- %	-	-	794,344	-
Bao Sheng Shipping Agency Co., Ltd.	The Company	Subsidiary	191,564	- %	-	-	189,839	-
WHL-Singapore (Note 2)	The Company	Subsidiary	1,146,798	- %	-	-	1,146,798	-

Note 1: Eliminated in the consolidated financial statements.

Note 2: Including accounts receivable, contract assets and receivable from agent.

Note 3: Other receivable.

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

Number (Note 1)	Name of the company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction details during 2020			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets (Note 3)
0	The Company	WHL-Hongkong	1	Shipping agent expense	1,216,916	No significant differences	1.49 %
0	The Company	WHL-Singapore	1	Vessel rental expense, Oil expense	5,866,584	No significant differences	7.16 %
0	The Company	WHL-Singapore	1	Rent income, commission revenue, shipping agent revenue	3,077,578	No significant differences	3.76 %
0	The Company	WHL-Singapore	1	Accounts payable	1,146,798	No significant differences	1.06 %
0	The Company	Clipper international shipping agency Ltd.	1	Agent current account	1,127,566	No significant differences	1.04 %

Note 1: numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The disclosed amounts are above 1% of total assets for balance sheet accounts or 1% of total operating revenue for income statement accounts of the Group.

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(b) Information on investees

For the year ended December 31, 2020, the following is the information on investees (excluding investees in Mainland china):

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Wan Hai Lines (Singapore) Pte. Ltd.	Singapore	Transportation and shipping agency service, vessel rental service, and international transportation and shipping agency services	21,983,099	21,983,099	979,399,234	100.00 %	35,745,788	100.00 %	6,553,945	7,088,033	Subsidiary (Note 2 · 3)
"	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	24,513	100.00 %	3,000	3,000	Subsidiary (Note 3)
"	Wan Hai Lines (Germany) GmbH	Germany	Transportation and shipping agency services	-	1,018	-	- %	-	100.00 %	(382)	(382)	Subsidiary (Note 1 · 3 · 4)
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	436,375	21.33 %	568,974	121,362	Associate (Note 1)
"	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	156,410	55.00 %	20,597	11,329	Subsidiary (Note 3)
"	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	40,652	70.01 %	6,573	4,602	Subsidiary (Note 3)
"	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	598,211	598,211	-	16.50 %	534,245	16.50 %	172,257	28,423	Associate (Note 1)
WHL-Singapore	Wan Hai Lines (Phils.), Inc.	Philippines	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	11,040	100.00 %	(1,855)	(1,855)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (H.K.) Limited	Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	3,579,522	100.00 %	620,765	620,765	Indirect subsidiary (Note 3)
"	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	74,268	100.00 %	(1,933)	(1,933)	Indirect subsidiary (Note 3)
"	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	17,515	100.00 %	3,209	3,209	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	52,655	100.00 %	14,762	14,762	Indirect subsidiary (Note 3)
"	Wan Hai International Pte. Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	523,370	100.00 %	76,167	76,167	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Thailand) Ltd.	Thailand	Transportation and shipping agency services	4,732	2,805	49,000	49.00 %	75,164	49.00 %	21,479	10,525	Indirect subsidiary (Note 3)
"	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	61,145	100.00 %	43,487	43,487	Indirect subsidiary (Note 1 · 3)
"	HE CHUN LOGISTICS COMPANY LTD.	Vietnam	ODD operations	60,857	60,857	-	100.00 %	77,893	100.00 %	22,939	22,939	Indirect subsidiary (Note 1 · 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	1,942	1,942	245,124	99.00 %	13,441	99.00 %	12,234	12,111	Indirect subsidiary (Note 3)
"	WanHai Lines (Ecuador) S.A.	Ecuador	Transportation and shipping agency services	1,627	1,627	51,000	51.00 %	9,079	51.00 %	14,207	7,246	Indirect subsidiary (Note 3)
"	PHUC XUAN MARITIME SERVICE CO.,LTD.	Vietnam	Container yard business	9,186	9,186	-	49.00 %	22,919	49.00 %	31,042	15,210	Associate (Note 1)

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
WHL-Singapore	Bravely International Pte. Ltd.	Singapore	Transportation and investment	625,026	413,778	28,262,221	100.00 %	133,395	100.00 %	(5,149)	(5,149)	Indirect subsidiary (Note 3)
"	WAN HAI LINES (USA) LTD.	America	Transportation and shipping agency services	437,514	437,514	284,381	100.00 %	433,750	100.00 %	26,605	26,605	Indirect subsidiary (Note 3)
"	Wan Hai Shipping Limited	Myanmar	Transportation and shipping agency services	1,075	1,075	35,000	70.00 %	931	70.00 %	(209)	(146)	Indirect subsidiary (Note 3)
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	31,583	49.00 %	63,651	31,189	Associate
"	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	5,674	100.00 %	7,597	7,597	Indirect subsidiary (Note 3)
"	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	158,743	100.00 %	45,275	45,275	Indirect subsidiary (Note 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	20	20	2,476	1.00 %	136	1.00 %	12,234	123	Indirect subsidiary (Note 3)
WHL Hongkong	Dawin Logistics (International) Limited	Hong Kong	Managing container, storage and logistics services	570,480	570,480	144,640,000	100.00 %	992,194	100.00 %	87,004	87,004	Indirect subsidiary (Note 3)
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	Management container, storage and logistic service	127,584	127,584	4,000,000	80.00 %	90,773	80.00 %	(3,590)	(2,872)	Indirect subsidiary (Note 3)
WAN HAI LINES (USA) LTD.	Wan Hai Lines (Arizona) LLC.	America	House rental and management	359,760	359,760	-	100.00 %	358,025	100.00 %	9,129	9,129	Indirect subsidiary (Note 1 · 3)
Wan Hai Lines (India) PVT Ltd.	WH Logistics Private Limited	India	Managing container, storage and logistics services	395	-	100,000	50.00 %	312	50.00 %	(150)	(75)	Associate

Note 1: Limited companies with no common shares issued.

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

Note 3: Eliminated in the consolidated financial statements.

Note 4: The liquidation process was completed in March, 2020.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount							
Guangzhou Wan Hai Information Technology Ltd.	Information software service	7,922	(1)	-	-	-	-	(2,187)	100.00 %	100.00 %	(2,187)	21,354	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and acting as agent for transport affairs	644,016	(1)	-	-	-	-	67,538	100.00 %	100.00 %	67,538	840,976	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	21,880	49.00 %	49.00 %	10,721	10,448	-
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	7,498	100.00 %	100.00 %	7,498	74,517	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	9,735	90.00 %	90.00 %	8,701	32,647	-

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Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount							
Wan Hang Tours Co., Ltd.	Retailing and Catering management	287,330	(1)	-	-	-	-	(5,651)	50.00 %	50.00 %	(2,826)	116,241	-
Qingdao port & Win International Logistics Co., Ltd.	Container yard station	50,188	(1)	-	-	-	-	20,323	50.00 %	50.00 %	10,162	37,269	-

Note 1: Indirectly invested in Mainland China through investees.

Note 2: The investment income (loss) recognized in current period was audited and certified by the CPA of the Company.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	1,131,368	26,341,445

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

3. Significant transactions:

As of December 31, 2020, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

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

(14) Segment Information

(a) General Information

The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of the resources of the segment and to assess its performance for which the discrete financial information is available. Only one reportable segment of the Group was identified, and it's mainly associated with the shipping operations.

- (b) The Group has only one segment associated with shipping operations. Please refer to the Consolidated Balance Sheets and Consolidated Statements of comprehensive Income for its segment profit or loss, segment assets and segment liabilities.

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(c) Entity — wide Information:

Geographical Areas:

The segments information of the Group that is identified based on geographical areas was as follow. Operating segments were identified based on the way in which revenues were classified according to customer's location, and non-current assets were classified according to the location of asset.

<u>By region</u>	<u>2020</u>	<u>2019</u>
Revenue from external customers:		
Asia	\$ 46,581,636	46,769,004
the Middle East, India, Red sea	17,636,991	15,079,009
America, South America	<u>17,661,555</u>	<u>11,103,170</u>
Total	<u><u>\$ 81,880,182</u></u>	<u><u>72,951,183</u></u>
<u>By region</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Non-current assets:		
Asia	\$ 70,462,916	53,878,603
India	144,260	209,125
America	<u>307,135</u>	<u>325,362</u>
Total	<u><u>\$ 70,914,311</u></u>	<u><u>54,413,090</u></u>

Non-current assets include property, plant and equipment, investment property, intangible assets, right-of-use assets and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information about Major Customers:

The Group does not have more than 10% corporate income from single customer.