Stock Code:2615

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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, 2019, 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: Shihlin Paper Co., Ltd.
Representative: Po Ting Chen
Date: March 26, 2020

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, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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)(v) "Revenue disclosures" of the financial statements.

   How the matter was addressed in our audit

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

Our principal audit procedures included:

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

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.

Other Matter

Wan Hai Lines Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, 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 Yi-Chun Chen and Chung-Yi Chiang.

KPMG

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

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019.12.31		2018.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 15,479,460	18	13,418,582	17
1110	Current financial assets at fair value through profit or loss (note (6)(b))	4,125,184	5	2,345,430	3
1150	Notes receivable, net (notes (6)(e) and 6(v))	39,735	-	29,636	-
1170	Accounts receivable, net (notes (6)(e), (6)(v) and (7))	2,206,775	3	2,861,696	4
1140	Current contract assets (note (6)(v))	733,689	1	751,084	1
1200	Other receivables, net (note (7))	1,197,291	1	1,382,358	2
1330	Inventories, net (note (6)(f))	1,996,453	2	1,341,644	2
1475	Receivables from agents (note (7))	939,080	1	834,068	1
1479	Other current assets, others (note (8))	797,195	1	688,329	1
		27,514,862	32	23,652,827	31
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss(note (6)(b))	-	-	1,127,838	1
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	3,696,383	4	3,036,010	4
1550	Investments accounted for using equity method, net (note (6)(g))	1,161,390	1	1,141,225	1
1600	Property, plant and equipment (notes (6)(i), (8) and (9))	43,728,724	50	43,419,203	56
1755	Right-of-use assets (note (6)(j))	5,097,810	6	-	-
1760	Investment property, net (note (6)(k))	1,740,224	2	314,759	1
1780	Intangible assets (note (6)(l))	77,322	-	95,730	-
1900	Other non-current assets (notes (8) and (9))	4,587,537	5	4,249,758	6
		60,089,390	68	53,384,523	69
	Total assets	$ 87,604,252	100	77,037,350	100

		2019.12.31		2018.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note (6)(m))	$ 70,000	-	60,000	-
2126	Current financial liabilities for hedging (note (6)(d))	534,197	1	-	-
2170	Accounts payable (note (7))	8,124,379	9	7,644,956	10
2200	Other payables (note (7))	2,536,977	3	2,692,144	3
2230	Current tax liabilities(note (6)(s))	84,397	-	109,290	-
2280	Current lease liabilities (note (6)(p))	382,244	-	-	-
2320	Current portion of long-term loans (notes (6)(n), (6)(o) and (8))	3,356,533	4	8,288,389	11
2350	Payables to agents	12,563	-	10,472	-
2300	Other current liabilities (note (7))	1,620,905	2	2,022,554	3
		16,722,195	19	20,827,805	27
	Non-Current liabilities:				
2511	Non-current financial liabilities for hedging (note (6)(d))	2,026,200	2	-	-
2530	Bonds payable (note (6)(o))	13,900,000	16	5,900,000	8
2540	Long-term borrowings (notes (6)(n) and (8))	12,374,200	14	12,122,591	16
2570	Deferred tax liabilities (note (6)(s))	2,735,115	3	2,010,571	2
2580	Non-current lease liabilities (note (6)(p))	2,186,345	2	-	-
2640	Accrued pension liabilities-non current (note(6)(r))	703,424	1	767,936	1
2645	Guarantee deposits received	608,308	1	591,042	1
		34,533,592	39	21,392,140	28
	Total liabilities	51,255,787	58	42,219,945	55
	Equity attributable to owners of parent (notes (6)(t) and (u)):				
3100	Common stock	22,182,975	26	22,182,975	29
3200	Capital surplus	1,271,775	2	1,261,681	2
	Retained earnings:				
3310	Legal reserve	6,869,483	8	6,757,693	9
3320	Special reserve	810,700	1	1,127,482	1
3350	Retained earnings-unappropriated	6,488,930	7	4,065,321	5
		14,169,113	16	11,950,496	15
	Other equity interest:				
3411	Exchange differences on translation of foreign financial statements	(1,352,809)	(2)	(604,711)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(200,376)	-	(205,989)	-
3450	Gains (losses) on hedging instruments (note(6)(d))	33,504	-	-	-
		(1,519,681)	(2)	(810,700)	(1)
	Total equity attributable to owners of parent:	36,104,182	42	34,584,452	45
36XX	Non-controlling interests	244,283	-	232,953	-
	Total equity	36,348,465	42	34,817,405	45
	Total liabilities and equity	$ 87,604,252	100	77,037,350	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, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes (6)(v) and (7))**	$ 72,951,183	100	66,778,676	100
5000	**Operating costs (notes (6)(f) and (7))**	65,721,165	90	61,776,300	92
	Gross profit	7,230,018	10	5,002,376	8
6000	**Operating expenses**	4,378,732	6	4,013,375	6
	Income from operations	2,851,286	4	989,001	2
	Non-operating income and expenses (notes (6)(g) and (6)(x)):				
7010	Other income	397,179	1	441,013	1
7020	Other gains and losses	1,831,735	2	772,064	1
7050	Finance costs	(692,460)	(1)	(565,345)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	167,453	-	140,574	-
	Total non-operating income and expenses	1,703,907	2	788,306	1
7900	**Profit before tax**	4,555,193	6	1,777,307	3
7950	**Less: Income tax expenses**	967,487	1	640,069	1
	Net Profit	3,587,706	5	1,137,238	2
	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	(19,358)	-	15,178	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	5,613	-	(46,035)	-
8349	Less: Income tax related to components of other comprehensive income that may not be reclassified subsequently	7,739	-	5,392	-
	Total items that may not be reclassified subsequently to profit and loss	(6,006)	-	(25,465)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	(738,820)	(1)	876,215	1
8368	Gains (losses) on hedging instrument	33,504	-	-	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	5,222	-	(794)	-
	Total items that may be reclassified subsequently to profit and loss	(700,094)	(1)	875,421	1
	Other comprehensive income (net of tax)	(706,100)	(1)	849,956	1
8500	**Total comprehensive income**	**$ 2,881,606**	**4**	**1,987,194**	**3**
	Profit (loss), attributable to:				
8610	Owners of the parent company	$ 3,573,703	5	1,117,906	2
8620	Non-controlling interests	14,003	-	19,332	-
		$ 3,587,706	**5**	**1,137,238**	**2**
	Comprehensive income attributable to:				
8710	Owners of the parent company	$ 2,863,197	4	1,967,988	3
8720	Non-controlling interests	18,409	-	19,206	-
		$ 2,881,606	**4**	**1,987,194**	**3**
9750	**Basic earnings per share (New Taiwan Dollars) (note (6)(u))**	**$**	**1.61**		**0.50**
9850	**Diluted earnings per share (New Taiwan Dollars) (note (6)(u))**	**$**	**1.61**		**0.50**

Seeing accompanying notes to financial statements.

WAN HAI LINES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Stock		Retained Earnings			Other Equity Items						
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized Gains (losses) on Available for sale Financial Assets	Gains (losses) on hedging instruments	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total
Balance at January 1, 2018	$ 22,182,975	1,261,681	6,503,503	-	5,146,283	(1,480,258)	-	352,776	-	33,966,960	212,657	34,179,617
Effects of retrospective application	-	-	-	-	271,383	-	(159,954)	(352,776)	-	(241,347)	-	(241,347)
Equity at beginning of period after adjustments	22,182,975	1,261,681	6,503,503	-	5,417,666	(1,480,258)	(159,954)	-	-	33,725,613	212,657	33,938,270
Profit	-	-	-	-	1,117,906	-	-	-	-	1,117,906	19,332	1,137,238
Other comprehensive income (loss)	-	-	-	-	20,570	875,547	(46,035)	-	-	850,082	(126)	849,956
Total comprehensive income (loss)	-	-	-	-	1,138,476	875,547	(46,035)	-	-	1,967,988	19,206	1,987,194
Appropriation of retained earnings:												
Legal reserve	-	-	254,190	-	(254,190)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,127,482	(1,127,482)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,109,149)	-	-	-	-	(1,109,149)	-	(1,109,149)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,090	1,090
Balance at 2018.12.31	22,182,975	1,261,681	6,757,693	1,127,482	4,065,321	(604,711)	(205,989)	-	-	34,584,452	232,953	34,817,405
Net Profit	-	-	-	-	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 December 31, 2019	**$ 22,182,975**	**1,271,775**	**6,869,483**	**810,700**	**6,488,930**	**(1,352,809)**	**(200,376)**	**-**	**33,504**	**36,104,182**	**244,283**	**36,348,465**

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before income tax	$ 4,555,193	1,777,307
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,283,403	4,124,116
Amortization expense	55,031	46,437
Net (gain) loss on financial assets at fair value through profit or loss	(365,273)	(64,405)
Interest expense	692,460	565,345
Interest revenue	(186,199)	(247,999)
Dividend income	(210,980)	(193,014)
Investment income under the equity method	(167,453)	(140,574)
Gain on disposal of property, plant and equipment	(1,119,393)	(512,526)
Property, plant and equipment transferred to expenses	19,016	-
Unrealized foreign exchange (gian) loss	(157,316)	223,091
Others	55	585
Total adjustments to reconcile profit (loss)	3,843,351	3,801,056
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	17,395	(113,435)
Notes receivable	(10,099)	(4,206)
Accounts receivable (including related parties)	672,724	(558,082)
Other receivables	87,120	(245,556)
Inventories	(654,809)	(22,597)
Receivables from agents	(105,012)	(137,120)
Other current assets	(103,250)	(106,937)
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(313,980)	(115,617)
Total changes in operating assets, net	(409,911)	(1,303,550)
Changes in operating liabilities, net:		
Accounts payable (including related parties)	440,452	754,130
Other payables	252,181	(210,121)
Payables to agents	2,090	6,920
Other current liabilities	(387,438)	532,740
Accrued pension liabilities	(83,869)	(39,548)
Total changes in operating liabilities, net	223,416	1,044,121
Total changes in operating assets and liabilities	(186,495)	(259,429)
Total adjustments	3,656,856	3,541,627
Cash inflow generated from operations	8,212,049	5,318,934
Income taxes paid	(191,023)	(314,206)
Net cash provided by operating activities	8,021,026	5,004,728
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(654,760)	(262,840)
Acquisition of long-term equity investment under equity method	(8,817)	(395,362)
Net cash flow from acquisition of subsidiaries	29,883	-
Acquisition of property, plant and equipment	(5,628,755)	(4,185,886)
Proceeds from disposal of property, plant and equipment	1,466,041	555,867
Acquisition of intangible assets	(31,401)	(59,667)
Acquisition of investment property	(1,442,746)	(5,267)
Other non-current assets	(778,618)	(3,246,657)
Interest received	194,767	252,784
Dividends received	332,840	312,370
Net cash used in investing activities	(6,521,566)	(7,034,658)
Cash flows from financing activities:		
Increase in short-term loans	10,000	-
Proceeds from issuing bonds	8,000,000	-
Repayments of bonds	(1,000,000)	(4,500,000)
Proceeds from long-term loans	9,222,250	11,530,300
Repayment of long-term loans	(12,667,734)	(9,298,111)
Guarantee deposits	2,267	48,686
Cash dividends paid	(1,343,467)	(1,109,149)
Lease repayments- principal portions	(827,245)	-
Interest paid	(682,044)	(596,047)
Change in non-controlling interests	(7,079)	1,090
Net cash used in financing activities	706,948	(3,923,231)
Foreign exchange rate effects	(145,530)	126,303
Net increase (decrease) in cash and cash equivalents	2,060,878	(5,826,858)
Cash and cash equivalents, beginning of period	13,418,582	19,245,440
Cash and cash equivalents, end of period	$ **15,479,460**	**13,418,582**

Seeing accompanying notes to financial statements.

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

(1) Company History

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. The Company 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 26, 2020.

(3) New Standards, Amendments and Interpretations adopted:

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

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

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

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

(i) IFRS 16"Leases"

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

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

1) Definition of a lease

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

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

2) As a lessee

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

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

A. Leases classified as operating leases under IAS 17

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

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

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

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

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

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

3) As a lessor

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

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $5,463,590 thousands of both right-of-use assets and lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.26%.

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

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 10,821,969
Recognition exemption for:	
short-term leases	(3,350,185)
Leases of low-value assets	(1,629,114)
Extension and termination options reasonably certain to be exercised	152,060
	$ 5,994,730
Discounted using the incremental borrowing rate at January 1, 2019	$ 5,463,590
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	**$ 5,463,590**

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

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

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

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

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

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

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

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

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

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

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

The 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.

(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.

(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 (available-for-sale financial assets) 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 controlls 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.

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
			2019.12.31	2018.12.31	
The Company	Wan Hai Lines (Singapore) Pte Ltd. (WHL-Singapore)	International freight transportation, agency services for transport affairs, vessel leasing	100.00 %	100.00 %	

Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2019.12.31	2018.12.31	
The Company	Wan Hai Lines (America) Ltd. (WHL-America)	International freight transportation and agency services for transport affairs	- %	100.00 %	Completed the liquidation process in October 2019
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 %	100.00 %	
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 %	
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 %	

Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2019.12.31	2018.12.31	
WHL-Singapore	Wan Hai Lines (Thailand) Ltd. (WHL-Thailand)	International freight transportation and agency services for transport affairs	49.00 %	49.00 %	The Company did not directly or indirectly hold over one half of the voting rights of WHL-Thailand; however, the subsidiary WHL Singapore occupies three of the five seats on the board of WHL-Thailand. As a result, WHL Singapore has a direct control over WHL-Thailand.
WHL-Singapore	Wan Hai Lines (Ecuador) S.A.	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. (Bravely)	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 %	- %	
WHL Singapore、WHL INTL.	Wan Hai Lines Peru S.A.C.(WHL Peru)	International freight transportation and agency services for transport affairs	100.00 %	51.00 %	The Group previously used the equity method on its joint venture with WHL Peru, which the Group had significant influence over it. In July 2019, the Group acquired the entire shares of WHL Peru and obtained full control over it, resulting in WHL Peru to become a subsidiary of the Group.
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.
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 %	
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company LTD.	Managing container, storage and logistics services	80.00 %	80.00 %	

Name of investor	Name of subsidiary	Principal activity	Shareholding %		Note
			2019.12.31	2018.12.31	
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. (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 %	The Company did not directly or indirectly hold over one half of the voting rights of Clipper; however, the subsidiary, Shenzhen Uniwin, occupies four of the five seats on the board of Clipper. As a result, the Company has a direct control over Clipper.
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.

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 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.

(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.

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;

· 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.

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.

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.

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.

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.

(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	23～57 years
2)Vessels	1～25 years
3)The major compoment of vessels: docking repair assets	2.5 years
4)Containers	1～10 years
5)Privileyed wharf equipment	2～15 years
6)Other equipment	1～16 years

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

(m) Leases

Applicable from January 1, 2019

(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

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 leasee

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;
- 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.

(iii) As a leasor

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.

Applicable before January 1, 2019

(i) Lessor

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

(ii) Lessee

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

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

(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	2～5 years
2)Trademarks	3～10 years

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

(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 excessed 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.

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) 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.

(r) Income taxes

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

The 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.

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 reserve, using tax rates enacted or substantively enacted at the reporting date.

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

1.the 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.

(s) 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.

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.

(t) 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.

(u) 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.

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

(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.

(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

		2019.12.31	2018.12.31
Cash	$	61,130	58,981
Savings accounts		6,366,857	2,647,703
Time deposits		9,051,473	10,711,898
Cash and cash equivalents in statement of cash flows	$	**15,479,460**	**13,418,582**

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

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

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

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

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

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

		2019.12.31	2018.12.31
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	$	2,712,827	2,618,063
Stocks listed on foreign markets		513,571	-
Stocks unlisted on domestic markets		469,985	417,947
Total	$	**3,696,383**	**3,036,010**

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.

For the year ended December 31, 2019 and 2018, the dividends of $109,132 and $98,127 thousand were recognized as equity investments at fair value through other comprehensive income.

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

The Group has acquired a 20.24% 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(z).

3. As of December 31, 2019 and 2018, 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:

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

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

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

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

(e) Notes receivable and accounts receivable

		2019.12.31	2018.12.31
Notes receivable	$	39,735	29,636
Accounts receivable		2,207,133	2,862,054
Less: Allowance for doubtful receivables		(358)	(358)
	$	2,246,510	2,891,332

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 on December 31, 2019 and 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2019 and 2018 was determined as follows:

	2019.12.31		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 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	9,203	0%~100%	358
	$ 2,246,868		**358**

	2018.12.31		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,476,227	0%~0.0006%	-
Overdue 0-30 days	336,991	0%~0.0007%	-
Overdue 31-120 days	59,540	0%~0.002%	-
Overdue 121-365 days	4,838	0%~0.003%	-
Overdue more than 365 days	14,094	0%~100%	358
	$ 2,891,690		**358**

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

	For the years ended December 31,	
	2019	**2018**
Ending balance (equals to beginning balance)	**$ 358**	**358**

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

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

(f) Inventories

	2019.12.31	**2018.12.31**
Marine diesel oil	$ 196,062	201,738
Marine residual fuel oil	1,682,155	1,180,128
Fresh lubricating oil	118,546	135,101
Subtotal	1,996,763	1,516,967
Less: Allowance for inventory valuation and obsolescence losses	(310)	(175,323)
Total	**$ 1,996,453**	**1,341,644**

For the years ended December 31, 2019, the reversal of write-downs amounted to $175,194 thousand due to the previous reasons causing the net realizable value of inventories lower than its costs has disappeared. The reversals are recognized in gains on inventory value recoveries.

During the year ended December 31, 2018, the write-downs of inventories to net realizable value amounting to $174,123 thousand was included in operating costs.

As of December 31, 2019 and 2018 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:

	2019.12.31	2018.12.31
Associates	$ 994,040	971,154
Joint venture	167,350	170,071
	$ 1,161,390	**1,141,225**

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:

	2019.12.31	2018.12.31
The carrying amount of individually non-significant associates' equity	**$ 994,040**	**971,154**

	2019	2018
Attributable to the Group:		
Profit (loss) from continuing operations	$ 144,194	115,474
Total comprehensive income	**$ 144,194**	**115,474**

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. For more information 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:

	2019.12.31	2018.12.31
The carrying amount of individually non-significant joint venture equity	**$ 167,350**	**170,071**

	2019	2018
Attributable to the Group:		
Profit (loss) from continuing operations	$ 23,259	25,100
Total comprehensive income	**$ 23,259**	**25,100**

3.Collateral

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

(h)Acquisition of subsidiary and non-controlling interest

1.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 six months 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 thousands, and the consolidated profit after income tax would have been $12,210 thousands. 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	$ 135
Intangible assets (note (6)(i))	107
Trade receivables (note (6)(l))	17,803
Cash and cash equivalents	37,185
Trade and other payables	(40,327)
	$ 14,903

(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, 2019 and 2018, were as follows:

	Land	Buildings	Vessels	Containers	Other equipment	Privileged wharf equipment	Total
Cost:							
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
Acquired 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	$ 659,350	1,589,301	66,722,536	25,988,559	1,881,536	2,401,587	99,242,869
Balance at January 1, 2018	$ 658,948	1,604,539	67,629,430	22,213,368	1,507,198	1,865,371	95,478,854
Additions	-	11,153	710,417	3,054,413	157,417	36,177	3,969,577
Reclassification	-	-	-	-	8,395	-	8,395
Disposals	-	-	(1,000,238)	(1,021,924)	(46,322)	(452)	(2,068,936)
Effect of movements in exchange rates	1,368	9,652	2,217,478	1	(445)	68	2,228,122
Balance at December 31, 2018	$ 660,316	1,625,344	69,557,087	24,245,858	1,626,243	1,901,164	99,616,012
Depreciation and impairment loss:							
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
Impairment loss disposal	-	-	-	-	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	$ -	487,045	41,972,338	10,980,670	930,860	1,143,232	55,514,145
Balance at January 1, 2018	$ -	406,805	38,893,291	11,784,671	782,601	931,044	52,798,412
Depreciation	-	42,414	2,798,782	1,044,143	131,411	102,826	4,119,576
Disposals	-	-	(1,000,238)	(952,277)	(46,133)	(453)	(1,999,101)
Effect of movements in exchange rates	-	5,195	1,271,635	1	1,074	17	1,277,922
Balance at December 31, 2018	$ -	454,414	41,963,470	11,876,538	868,953	1,033,434	56,196,809
Carrying amounts:							
Balance at December 31, 2019	$ 659,350	1,102,256	24,750,198	15,007,889	950,676	1,258,355	43,728,724
Balance at January 1, 2018	$ 658,948	1,197,734	28,736,139	10,428,697	724,597	934,327	42,680,442
Balance at December 31, 2018	$ 660,316	1,170,930	27,593,617	12,369,320	757,290	867,730	43,419,203

As of December 31, 2019 and 2018, 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).

(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:

		Wharfs	Buildings	Containers	Others	Total
Cost:						
Balance as of January 1, 2019	$	-	-	-	-	-
Effects of retrospective application		4,313,428	218,820	883,649	47,693	5,463,590
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
Disposal		-	(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	$	**4,297,368**	**268,389**	**1,375,646**	**46,442**	**5,987,845**
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2019	$	-	-	-	-	-
Depreciation for the year		468,800	69,205	339,996	18,302	896,303
Disposal		-	(4,476)	-	(70)	(4,546)
Effect of changes in foreign exchange rates		(91)	(1,298)	-	(333)	(1,722)
Balance as of December 31,2019	$	**468,709**	**63,431**	**339,996**	**17,899**	**890,035**
Carrying amount:						
Balance at December 31, 2019	$	**3,828,659**	**204,958**	**1,035,650**	**28,543**	**5,097,810**

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

(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 3 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, 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	$	**1,409,448**	**344,597**	**1,754,045**

	Owned property		
	Land and improvements	Buildings	Total
Balance at January 1, 2018	$ 138,493	164,921	303,414
Purchases	-	5,267	5,267
Effect of changes in foreign exchange rates	4,923	5,978	10,901
Balance at December 31, 2018	**$ 143,416**	**176,166**	**319,582**
Depreciation and impairment losses:			
Balance at January 1, 2019	$ -	4,823	4,823
Depreciation	-	9,284	9,284
Effect of changes in foreign exchange rates	-	(286)	(286)
Balance at December 31, 2019	**$ -**	**13,821**	**13,821**
Balance at January 1, 2018	$ -	176	176
Depreciation	-	4,540	4,540
Effect of changes in foreign exchange rate	-	107	107
Balance at December 31, 2018	**$ -**	**4,823**	**4,823**
Carrying amount:			
Balance at December 31, 2019	**$ 1,409,448**	**330,776**	**1,740,224**
Balance at January 1, 2018	**$ 138,493**	**164,745**	**303,238**
Balance at December 31, 2018	**$ 143,416**	**171,343**	**314,759**
Fair value:			
Balance at December 31, 2019			**$ 1,790,983**
Balance at December 31, 2018			**$ 325,791**

The fair value of investment properties in America at December 31,2019 and 2018, 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 vale 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 31,2019 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 2019, and 2018 were as follows:

Location	2019	2018
America	6.25%~7%	6.0%~7.5%
Taiwan	1.55%	-

The investment property is a commercial real estate which was bought for operation planning in Taiwan and America on 2019 and 2017. That property has been currently leasing out for rental income, and no contingent rents are charged. The rent revenue is $26,761 thousand and $17,305 thousand for the year 2019 and 2018, respectively.

As of December 31, 2019 and 2018, 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 2019 and 2018 were as follows:

		Computer software	Trademarks	Total
Costs:				
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	$	**164,282**	**4,081**	**168,363**
Balance at January 1, 2018	$	86,910	5,772	92,682
Additions		59,408	259	59,667
Reclassification		29,220	-	29,220
Disposals		(23,123)	(591)	(23,714)
Effect of movement in exchange rates		4	-	4
Balance at December 31, 2018	$	**152,419**	**5,440**	**157,859**
Amortization and impairment loss:				
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	$	**89,726**	**1,315**	**91,041**
Balance at January 1, 2018	$	36,646	2,774	39,420
Amortization for the year		45,663	774	46,437
Disposals		(23,123)	(591)	(23,714)
Effect of movement in exchange rates		(14)	-	(14)
Balance at December 31, 2018	$	**59,172**	**2,957**	**62,129**

	Computer software	Trademarks	Total
Carrying amounts:			
Balance at December 31, 2019	$ 74,556	2,766	77,322
Balance at December 31, 2018	$ 93,247	2,483	95,730
Balance at January 1, 2018	$ 50,264	2,998	53,262

1. Recognition of amortization and impairment

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

	2019	2018
Operating costs	$ 2,668	784
Operating expense	$ 52,363	45,653

(m) Short-term borrowings

	2019.12.31	2018.12.31
Unsecured bank loans－TWD	$ 70,000	60,000
Unused short-term credit lines	$ 4,554,445	4,638,757

1.Issuance and repayment of short-term borrowings

For the years ended December 31, 2019 and 2018, the proceeds from short-term borrowings amounted to $9,050,000 thousand and $6,716,011 thousand respectively and the repayments amounted to $9,040,000 thousand and $6,716,011 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:

	2019.12.31			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank loans	USD	2.54%-3.62%	2022/12/21~ 2024/02/11	$ 978,424
Unsecured bank loans	TWD	0.95%~1.67%	2020/05/19~ 2021/06/18	509,465
Secured bank loans	USD	2.52%~3.74%	2020/8/31~ 2026/12/19	11,172,508
Secured bank loans	TWD	1.16%~1.67%	2020/05/19~ 2021/12/21	340,583
Commercial paper	TWD	0.38%~0.93%	2021/04/20~ 2021/12/25	2,730,000
				15,730,980
Less: Discount on commercial paper				(247)
Current portion				(3,356,533)
Total				**$ 12,374,200**
Unused loan credit				**$ 7,399,550**

	2018.12.31			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank loans	USD	2.39%-3.62%	2019/03/21~ 2022/12/21	$ 230,512
Unsecured bank loans	TWD	0.95%-1.67%	2019/01/04~ 2021/06/18	3,808,395
Secured bank loans	USD	2.06%~3.88%	2019/01/15~ 2023/06/12	11,320,422
Secured bank loans	TWD	1.16%~1.67%	2019/06/21~ 2021/12/21	521,750
Commercial paper	TWD	0.32%~0.90%	2021/04/20~ 2021/12/25	3,530,000
				19,411,079
Less: Discount on commercial paper				(99)
Current portion				(7,288,389)
Total				**$ 12,122,591**
Unused loan credit				**$ 3,828,800**

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

1.Issuance and repayment of long-term borrowings

For the years ended December 31, 2019 and 2018, the proceeds from long-term borrowings amounted to $9,222,250 thousand and $11,530,300 thousand respectively, and the repayment amounted to $12,667,734 thousand and $9,298,111 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 consider the loan shall be due.

(o) Bonds payable

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

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

1. Unsecured bond-2014 first domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.95%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: None.

12) Announcement

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

2. Unsecured bond-2016 first domestic bond issue

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

1) Issue amount

TWD3,000,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate: 1.18%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

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

3. Unsecured bond-2017 first domestic bond issue

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

1) Issue amount

TWD2,100,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate: 1.55%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

4. Unsecured bond-2019 first domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.95%

2) Series B: 1.05%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

5. Unsecured bond-2019 second domestic bond issue

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

1) Issue amount

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

2) Nominal amount

Par value TWD 1,000 thousand per unit.

3) Issuance period

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

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 0.97%

2) Series B: 1.07%

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

7) Redemption on the maturity date

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

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

9) Trustee

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

10) Agency for payment of principal and interest

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

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

12) Announcement

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

(p) Lease liabilities

The amounts of lease liabilities were as follows:

	2019.12.31
Current	$ 916,441
Non-current	$ 4,212,545

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

For the year ended December 31, 2019, the Group's lease liabilities recognized as current financial liabilities for hedging were $534,197 thousand, non-current financial liabilities for hedging were $2,026,200 thousand, current lease liabilities were $382,244 thousand, and non-current lease liabilities were $2,186,345.

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 122,161
Variable lease payments not included in the measurement of lease liabilities	$ 43,190
Expenses relating to short-term leases	$ 4,201,861
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 914,551

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

	2019
Total cash outflow for leases	$ 6,109,008

1. Wharf, and container leases

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

   Some payments for wharf leases depend on the variation of loading capacity, in addition, the 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

   As of December 31, 2019, 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

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

4. Other leases

   As of December 31, 2019, the Group leases other machinery or equipment for its operating needs. 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.

(q) Operating leases

Non-cancellable operating lease rentals payable were as follows:

		2018.12.31
Less than one year	$	4,031,991
Between one and five years		4,596,818
More than five years		2,193,160
	$	**10,821,969**

(r) Employee benefits

1. Defined benefit plans

		2019.12.31	2018.12.31
Present value of defined benefit obligation	$	1,353,400	1,325,271
Fair value of plan assets		(649,976)	(557,335)
Recognized liabilities for defined benefit obligations	$	**703,424**	**767,936**

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

2) Movements in present value of the defined benefit obligations

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

		2019	2018
Defined benefit obligation at January 1	$	1,325,271	1,405,434
Current service costs and interest cost		64,417	71,524
Remeasurement on the net defined benefit liability			
－Actuarial loss (gain) arising from changes in financial assumptions		39,484	(304)
Benefit paid		(75,773)	(151,383)
Defined benefit obligation at December 31	$	**1,353,399**	**1,325,271**

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:

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

4) Expenses recognized in profit or loss

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

		2019	2018
Current service costs	$	51,107	55,685
Net interest of net liabilities (assets) for defined benefit obligation		7,308	8,841
	$	**58,415**	**64,526**

		2019	2018
Operating costs	$	52,090	55,922
Selling expenses		6,325	8,604
	$	**58,415**	**64,526**

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

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

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

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

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, 2019		
Discount rate	$ (67,258)	72,786
Future salary increasing rate	64,107	(60,089)
December 31, 2018		
Discount rate	(67,492)	73,067
Future salary increasing rate	64,668	(60,583)

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

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

2. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $54,904 and $52,581 for the years ended December 31, 2019 and 2018, respectively.

3.The foreign Group's pension costs under the local law were $49,132 thousand and $53,586 thousand for the years ended December 31, 2019 and 2018, respectively.

(s) Income taxes

1. Income tax expense

The amount of income tax were as follows:

	2019	2018
Current income tax expense:		
Current period	$ 222,893	209,208
Adjustment for prior periods	12,095	(89,820)
	234,988	119,388
Deferred tax expense (benefit):		
Change in tax rate	-	174,177
Origination and reversal of temporary differences	732,499	346,504
	732,499	520,681
Income tax expense from continuing operations	**$ 967,487**	**640,069**

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

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

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

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

	2019	2018
Profit excluding income tax	$ 4,555,193	1,777,307
Income tax using the Company's domestic tax rate	$ 911,039	355,461
Effect of tax rates in foreign jurisdiction	300,679	507,379
Change in tax rate	(2,299)	173,544
Non-deductible expense	559,216	655,950
Tax-exempt income	(854,738)	(966,824)
Tax incentive	(3,866)	(2,129)
Recognition of previously unrecognized tax losses	83	(389)
Current-year losses for which unrecognized deferred tax asset was recognized	6,318	882
Change in unrecognized temporary difference	35,434	7,219
Under (Over) provision in prior periods	15,981	(90,999)
Income tax credit	(296)	-
Others	(64)	(25)
Total	$ 967,487	640,069

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2019	$ 1,344,375	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	$ 1,850,930	863,886	20,299	2,735,115
Balance at January 1, 2018	$ 704,511	392,219	(829)	1,095,901
Debit (Credited) Income statement	639,864	266,620	7,871	914,355
Foreign currency translation difference for foreign operations	-	312	3	315
Balance at December 31, 2018	$ 1,344,375	659,151	7,045	2,010,571

		Defined Benefit Plans	Loss Carry forward	Others	Total
Deferred Tax Assets:					
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	$	**78,782**	**264,361**	**193,815**	**536,958**
Balance at January 1, 2018	$	85,289	-	46,886	132,175
(Debit) Credited Income statement		772	347,575	45,327	393,674
(Debit) Credited Other Comprehensive Income		5,392	-	(794)	4,598
Foreign currency translation difference for foreign operations		(367)	-	(59)	(426)
Balance at December 31, 2018	$	**91,086**	**347,575**	**91,360**	**530,021**

3. Examination and Approval

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

(t) Capital and other equity

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

1. Capital surplus

The balance of capital surplus was as follows:

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

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

2. Retained earnings

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

The relevant dividend distribution to shareholders was as follows:

	2018		2017	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 0.60	1,343,467	0.50	1,109,149

3. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Available-for-sale investments	Gains (losses) on hedging instrument	NCI	Total
Balance at January 1, 2019	$ (604,711)	(205,989)	-	-	232,953	(577,747)
Net profit (loss)	-	-	-	-	14,003	14,003
Foreign currency translation differences	(738,004)	-	-	-	4,406	(733,598)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	5,613	-	-	-	5,613
Gains (losses) from changes in the fair value of the hedging instrument:-Exchange rate risk for anticipated transactions	-	-	-	27,540	-	27,540
Gains (losses) from changes in fair value of the hedging instrument that will be reclassified to profit or loss:-Exchange rate risk for anticipated transactions	-	-	-	5,964	-	5,964
The actual differences between the equity and the book value of subsidiaries' disposal or purchase	(10,094)	-	-	-	-	(10,094)
Capital increase in subsidiaries non-controlling interest	-	-	-	-	450	450
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	-	(7,529)	(7,529)
Balance at December 31, 2019	$ (1,352,809)	(200,376)	-	33,504	244,283	(1,275,398)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Available-for-sale investments	Gains (losses) on hedging instrument	NCI	Total
Balance at January 1, 2018	$ (1,480,258)	-	352,776	-	212,657	(914,825)
Effects of retrospective application	-	(159,954)	(352,776)	-	-	(512,730)
Balance at January 1, 2018, after adjustments	(1,480,258)	(159,954)	-	-	212,657	(1,427,555)
Net profit (loss)	-	-	-	-	19,332	19,332
Foreign currency translation differences	875,547	-	-	-	(126)	875,421
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(46,035)	-	-	-	(46,035)
Capital increase in subsidiaries non-controlling interest	-	-	-	-	7,684	7,684
Cash dividends from subsidiaries paid to non-controlling interest	-	-	-	-	(6,594)	(6,594)
Balance at December 31, 2018	$ **(604,711)**	**(205,989)**	**-**	**-**	**232,953**	**(577,747)**

(u) Earnings per share

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

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

(v) Revenue from contracts with customers

1. Disaggregation of revenue

		2019	2018
Primary geographical markets:			
Asia	$	46,769,004	42,811,809
the Middle East		5,048,221	5,489,208
India		8,951,110	7,512,601
United States		5,639,126	6,043,470
South America		5,464,044	4,333,936
Red Sea		1,079,678	587,652
	$	**72,951,183**	**66,778,676**
Main service line:			
Freight	$	69,259,615	63,530,746
Rentals		2,268,423	1,937,705
WHL terminal		803,538	754,596
Other		619,607	555,629
	$	**72,951,183**	**66,778,676**

2.Contract balances

		2019.12.31	2018.12.31	2018.1.1
Notes receivable	$	39,735	29,636	25,430
Accounts receivable		2,207,133	2,862,054	2,303,972
Less: allowance for doubtful receivables		(358)	(358)	(358)
Total	$	**2,246,510**	**2,891,332**	**2,329,044**
Contract assets	$	**733,689**	**751,084**	**637,649**
Contract liabilities (recognized as other current liabilities)	$	**223,257**	**557,368**	**252,606**

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

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

(w) Remuneration of employees, directors and supervisors

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

(x) Non-operating income and expenses

1. Other revenue

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

		2019	2018
Interest income from bank deposit	$	186,199	247,999
Dividend revenue		210,980	193,014
	$	**397,179**	**441,013**

2. Other gains and losses

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

		2019	2018
Foreign exchange gains (losses)	$	310,426	130,717
Impairment loss of investments		(19,016)	-
Gains on financial assets at fair value through profit or loss		365,273	91,048
Gains on disposal of property, plant and equipment		1,119,393	512,526
Other gains (losses)		55,659	37,773
	$	**1,831,735**	**772,064**

3. Finance costs

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

		2019	2018
Interest expense:			
Bank loan	$	423,606	405,311
Bonds payable		127,899	139,825
Commercial paper		18,794	20,209
Lease liabilities		122,161	-
	$	**692,460**	**565,345**

(y) Financial instruments

1. Credit risks

1) Credit risks exposure

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

2) Concentration of credit risk

Since the 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). There are no significant expected losses on other receivables and the financial assets at amortized cost by assessment, so none of the impairment allowance can be recorded.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the 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, 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	670,292	670,292	670,292	-	-	-	-
	$ 46,173,930	47,981,277	13,706,648	2,466,494	11,439,892	16,563,482	3,804,761

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$ 60,000	60,075	60,075	-	-	-	-
Secured bank loans	11,842,172	12,577,949	2,224,081	2,045,797	3,349,002	4,959,069	-
Unsecured bank loans	4,038,907	4,064,103	3,324,918	43,723	324,823	370,639	-
Commercial paper	3,529,901	3,594,189	11,394	11,860	23,720	3,547,215	-
Account payables (including related parties)	7,644,956	7,644,956	7,644,956	-	-	-	-
Other payables	2,692,144	2,692,144	2,692,144	-	-	-	-
Payables to agents	10,472	10,472	10,472	-	-	-	-
Bonds payable	6,900,000	7,199,700	67,950	1,032,100	83,550	6,016,100	-
Guarantee deposits	668,025	668,025	668,025	-	-	-	-
	$ 37,386,577	38,511,613	16,704,015	3,133,480	3,781,095	14,893,023	-

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

3. Currency risk

1) Currency risk exposure

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

	2019.12.31			2018.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	316,562	29.99	9,493,680	315,042	30.74	9,682,831
CNY	805,005	4.30	3,465,507	716,758	4.49	3,215,055
JPY	12,445,782	0.28	3,434,702	7,780,315	0.28	2,166,407
INR	678,829	0.42	285,487	678,179	0.44	297,854
HKD	68,333	3.85	263,158	146,071	3.92	573,204
Non-monetary items						
VND	396,752,400	0.0013	513,446	-	-	-
Financial liabilities						
Monetary items						
USD	464,195	29.99	13,921,222	337,786	30.74	10,381,861
JPY	9,615,799	0.28	2,653,702	3,356,381	0.28	934,575
CNY	309,164	4.30	1,330,936	263,608	4.49	1,182,425
HKD	281,868	3.85	1,085,502	115,279	3.92	609,337
MYR	42,049	7.32	307,947	34,137	7.39	252,272

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, 2019 and 2018, would have increased (decreased) the net profit before tax by $1,522 thousand and $22,519 thousand, respectively. For 2019, the cash flow hedge would have increased (decreased) the equity by $20,470 thousand. This analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2019 and 2018.

3) Foreign Exchange Gain or Loss on Monetary Items

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, 2019 and 2018, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $310,426 thousand and $130,717 thousand, respectively.

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 $153,010 thousand and $189,711 thousand, respectively, for the years ended December 31, 2019 and 2018 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, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2019		**2018**	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 32,264	23,744	26,181	18,763
Decreasing 1%	(32,264)	(23,744)	(26,181)	(18,763)

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:

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic listed stocks	$ 2,958,241	2,958,241	-	-	2,958,241
Non-derivative financial assets mandatorily measured at fair value through profit or loss－domestic emerging stocks	9,812	9,812	-	-	9,812
Non-derivative financial assets mandatorily measured at fair value through profit or loss－bond investment	1,157,131	-	-	1,157,131	1,157,131
Sub-total	4,125,184	2,968,053	-	1,157,131	4,125,184
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	2,712,827	2,712,827	-	-	2,712,827
Foreign listed stocks	513,571	513,571	-	-	513,571
Unquoted equity instrument measured at fair value	469,985	-	-	469,985	469,985
Sub-total	3,696,383	3,226,398	-	469,985	3,696,383
Financial assets measured at amortized cost					
Cash and cash equivalents	15,479,460	-	-	-	-
Notes receivable	39,735	-	-	-	-
Accounts receivable	2,206,775	-	-	-	-
Contract assets	733,689	-	-	-	-
Other receivable	1,197,291	-	-	-	-
Receivables 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**

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

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

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 13,418,582	-	-	-	-
Notes receivable	29,636	-	-	-	-
Accounts receivable	2,861,696	-	-	-	-
Contract assets	751,084	-	-	-	-
Other receivables	1,382,358	-	-	-	-
Receivables from agents	834,068	-	-	-	-
Guarantee deposits paid (recognized as other current assets and other non-current assets)	264,606	-	-	-	-
Sub-total	19,542,030	-	-	-	-
Total	$ 26,051,308	4,963,493	-	1,545,785	6,509,278
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 60,000	-	-	-	-
Accounts payable	7,644,956	-	-	-	-
Other payables	2,692,144	-	-	-	-
Payable to agents	10,472	-	-	-	-
Bonds payable (including current portion)	6,900,000	-	-	-	-
Long-term borrowings (including current portion)	19,410,980	-	-	-	-
Guarantee deposits received (recognized as other current liabilities and other non-current guarantee deposits received)	668,025	-	-	-	-
Total	$ 37,386,577	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

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

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

If the 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.

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

4) Reconciliation of Level 3 fair values

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

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

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

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

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

The 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.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss－Debt investment without active markets	Discounted cash flow method	·Liquidity adjusted discount rate (2.8401% and 2.6803% on December 31, 2019 and December 31, 2018)	The estimated fair value would increase (decrease) if the liquidity adjusted discount rate were lower (higher).

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income －Unlisted equity investments	Comparable trading company method	· Liquidity-adjusted discount rate (28% on December 31, 2019 and December 31, 2018, respectively) · Price-to-book ratio (0.81 and 0.76 on December 31, 2019 and December 31, 2018, respectively) · EBITDA multiplier (9.68 and 7.73 on December 31, 2019 and December 31, 2018, respectively)	The estimated fair value would increase (decrease) if: · the liquidity-adjusted discount rate were lower (higher) · the price-to-book ratio were higher (lower) · the EBITDA multiplier were higher (lower)

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

The 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:

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

	Input	Positive and negative changes	Profit or loss Favorable	Profit or loss Unfavorable	Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2019						
December 31, 2018						
Financial assets at fair value through profit or loss			$			
Bond investment without an active market	Discount rate	1%	11,590	(11,590)	-	-
Financial assets at fair value through other comprehensive income						
Unlisted equity investment	Discount rate	1%	-	-	5,805	(5,805)
Unlisted equity investment	Price-to-book ratio multiplier	1%	-	-	4,065	(4,065)
Unlisted equity investment	EBITDA multiplier	1%	-	-	90	(90)
			$ 11,590	(11,590)	9,960	(9,960)

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

(z) Financial risk management

1. Overview

The 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.

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 a 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.

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 $11,953,995 thousand and $8,467,557 thousand, as of December 31, 2019 and 2018.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the 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.

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 48.48% 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.

(aa) 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:

		2019.12.31	2018.12.31
Total liabilities	$	51,255,787	42,219,945
Less: Cash and cash equivalents		(15,479,460)	(13,418,582)
Net debt	$	**35,776,327**	**28,801,363**
Total equity	$	**36,348,465**	**34,817,405**
Debt-to-equity ratio		**98.43 %**	**82.72 %**

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

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

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

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

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	2019.1.1	Cash flows	Others	Foreign exchange movement	Fair value changes	2019.12.31
Long-term borrowings	$ 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	(1,000,000)	-	-	-	5,900,000
Lease liabilities (some recognized as financial liabilities for hedging)	5,463,590	(949,405)	614,801	-	-	5,128,986
Total liabilities from financing activities	$ 31,834,570	(5,385,037)	614,801	(234,615)	-	26,829,719

			Non-cash changes			
	2018.1.1	Cash flows	Others	Foreign exchange movement	Fair value changes	2018.12.31
Long-term borrowings	$ 16,695,534	2,232,949	-	482,497	-	19,410,980
Short-term borrowings	60,000	-	-	-	-	60,000
Bonds payable	11,400,000	(4,500,000)	-	-	-	6,900,000
Total liabilities from financing activities	$ 28,155,534	(2,267,051)	-	482,497	-	26,370,980

(7) Related-Party Transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Companyt
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 & 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

Name of related party	Relationship with the Companyt
New Sincere Transportation Corp. (NSTC)	Related party in substance
New Safety Transportation Corp. (NSaTC)	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the 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
New Speed Transportation & Terminal Co., Ltd. (NS)	Related party in substance
Alpha Total Solution Pte. Ltd.	Subsidiary of APLI
PHUC XUAN MARITIME SERVICE CO., LTD. (Phuc Xuan)	Joint Venture
TRANSTOTAL AGENCIA MARITIMA S.A.	Related party in substance

(b) Significant transactions with related parties

1. Sales to related parties:

	2019	2018
Other related parties	$ 1,478,096	1,159,598
Joint vemture	2,010	-
	$ 1,480,106	**1,159,598**

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

2. Consideration for services related to the entity:

	2019	2018
Associate	$ 122,395	66,813
Other related parties	3,574,916	3,455,659
	$ 3,697,311	3,522,472

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：

Item	Related party categories	2019.12.31	2018.12.31
Accounts receivable	Other related party	$ 35,405	30,851
Other receivables	Associate	-	132
Other receivables	Joint Venture	-	602
Other receivables	Other related party	40,615	7,372
Receivables from agents	Other related party-WHL Japan	736,864	659,090
Receivables from agents	Associate	18,492	16,650
		$ 831,376	714,697

4. Payables from related parties

Payable of the Group related parties were as follows：

Item	Related party categories	2019.12.31	2018.12.31
Accounts payable	Other related party	$ 364,583	336,074
Accounts payable	Joint venture	6,343	5,668
Other payables	Other related party	11,614	6,880
Other current liabilities	Other related party	22,952	4,413
		$ 405,492	353,035

5. Other related-party transactions

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

For the years ended December 31, 2019 and 2018, the Group sold the property, plant and equipment amounting to $238 thousand and $443 thousand to the related party, and gains on disposal of it were $191 thousand and $431 thousand, respectively.

6.Leasing

In January 2019, the Group rented office buildings from its related enterprises to be used as its offices. 2-18-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 $14,441 thousand. The Group applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized additional amounts of both $9,665 thousand of right-of-use assets and lease liabilities, respectively. For the year ended December 31, 2019, the Group recognized the amount of $441 thousand as interest expense. As of December 31, 2019, the balance of lease liabilities amounted to $8,681 thousand.

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

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	2019	2018
Shorts-term employee benefits	$ 79,525	50,769
Post-employment benefits	160	138
	$ 79,685	**50,907**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Objective	2019.12.31	2018.12.31
Time deposits (recorded in other current assets)	Registration of container storage and truck lease contract	$ 6,542	6,135
Time deposits (recorded in other non-current assets)	Refundable deposits of harbor bureau and lease contract for wharf	106,565	69,365
Guarantee deposits paid (recorded in other non-current assets)	Lease contract for wharf, building lease contract and lawsuit	175,005	189,106
Terminal privileged wharf	Long-term loans	76,834	89,640
Containers	Long-term loans	10,651,838	6,218,080
Vessels	Long-term loans	11,965,572	14,786,002
Buildings	Long-term loans	14,069	14,623
		$ 22,996,425	**21,372,951**

(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, 2019, the lease deposit amounted to ￥255,775,000 (TWD 70,594 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 boxships of 3036 TEUs from Japan Marine United Corporation, and twelve feeder boxships of 2038 TEUs from CHINA SHIP BUILDING TRADING COMPANY, LTD. and GUANGZHOU WENCHONG SHIPYARD CO.,LTD, costing ￥37,680,000 thousand and USD315,936 thousand (together equal TWD20,137,000 thousand), respectively.

(c) As of December 31, 2019, the total amount claimed to the Group is approximately $52,995 thousand, and the related cases are under negotiation or under trial.

(10) Losses Due to Major Disasters: None.

(11) Significant Subsequent Events

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

(b) On March 2, 2020,The Group decided to purchase two feeder boxships each having a volume of 11,923 TEUs, from Pacific International Lines (Private) Limited, costing $185,000 thousand, for the development of its business.

(12) Others

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

By function / By item	2019 Operating Cost	2019 Operating Expense	2019 Total	2018 Operating Cost	2018 Operating Expense	2018 Total
Employee benefits						
Salary	2,188,840	2,172,873	4,361,713	2,135,302	1,977,630	4,112,932
Labor and health insurance	26,795	224,309	251,104	25,648	206,953	232,601
Pension	67,855	94,596	162,451	70,894	99,799	170,693
Remuneration of directors	-	55,534	55,534	-	28,015	28,015
Others employee benefits	166,553	87,335	253,888	159,249	84,216	243,465
Depreciation	5,070,626	212,777	5,283,403	4,016,637	107,479	4,124,116
Amortization	2,668	52,363	55,031	784	45,653	46,437

(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, 2019:

1. Fund financing to other parties:

(In thousands of TWD)

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

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Acquisition of assets.

Note 4: Operating activities.

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

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

Note 6: Eliminated in the consolidated financial statement.

2. Guarantees and endorsements for other parties:

(In thousands of TWD)

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

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

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

Note 3: The Company provided a guarantee for TK's bank loan of $27,600 thousand and had received a promissory note for that amount.
Note 4: Eliminated in the consolidated financial statements.

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

(In thousands of TWD)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance: Number of shares	Ending balance: Book value	Ending balance: Percentage of shares	Ending balance: Market value	Highest percentage of capital investment during the period	Notes
	Domestic listed stocks:								
The Company	GREATWALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss-current	8,296,579	362,146	- %	362,146	- %	
〃	Formosa Plastics Corporation	-	〃	376,288	37,554	- %	37,554	- %	
〃	Formosa Chemicals & Fibre Corporation	-	〃	245,480	21,479	- %	21,479	- %	
〃	Tainan Spinning Co., Ltd.	-	〃	3,498,898	36,738	- %	36,738	- %	
〃	China Steel Corporation	-	〃	2,291,162	54,759	- %	54,759	- %	
〃	Delta Electronics, Inc.	-	〃	1,608,000	243,612	- %	243,612	- %	
〃	Hon Hai Precision Ind. Co., Ltd.	-	〃	93,440	8,484	- %	8,484	- %	

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance: Number of shares	Ending balance: Book value	Ending balance: Percentage of shares	Ending balance: Market value	Highest percentage of capital investment during the period	Notes
	Domestic listed stocks:								
The Company	Transcend Information, Inc.	-	Financial assets at fair value through profit or loss-current	89,111	6,942	- %	6,942	- %	
〃	Amtran Technology Co., Ltd.	-	〃	984,058	10,480	- %	10,480	- %	
〃	Yang Ming Marine Transport Corp.	-	〃	957,526	6,904	- %	6,904	- %	
〃	China Airlines Ltd.	-	〃	23,753,862	215,210	- %	215,210	- %	
〃	Chinese Maritime Transport Ltd.	-	〃	435,050	12,943	- %	12,943	- %	
〃	Mega Financial Holding Co., Ltd.	-	〃	10,758,646	329,214	- %	329,214	- %	
〃	Taishin Financial Holding Co., Ltd.	-	〃	20,215,416	293,123	- %	293,123	- %	
〃	First Financial Holding Co., Ltd.	-	〃	14,643,234	347,045	- %	347,045	- %	
〃	Kinsus Interconnect Technology Corp.	-	〃	334,627	17,334	- %	17,334	- %	
〃	Shih Wei Navigation Co., Ltd.	-	〃	678,680	5,497	- %	5,497	- %	
〃	Taiwan Cooperative Financial Holding Co., Ltd.	-	〃	30,023,845	622,995	- %	622,995	- %	
〃	Taiwan Secom Co., Ltd.	-	〃	2,419,000	214,807	- %	214,807	- %	
〃	The Eslite Spectrum Corporation	-	〃	965,000	110,975	- %	110,975	- %	
	Domestic Emerging stocks:								
〃	Tigerair Taiwan	-	Financial assets at fair value through profit or loss-current	195,997	9,812	0.10 %	9,812	- %	
				-	-	- %	-	- %	
〃	Shihlin Paper Corporation	Related party in substance	Financial assets at fair value through other comprehensive income-non-current	5,419,088	183,707	2.08 %	183,707	- %	
〃	Chunghwa Telecom Co., Ltd.	-	〃	22,992,000	2,529,120	- %	2,529,120	- %	
	Domestic unlisted stocks:								
〃	Taipei Port Container Terminal Corp.	Related party in substance	〃	79,315,476	456,743	15.25 %	456,743	- %	
〃	United Stevedoring Corporation	-	〃	781,250	13,242	15.63 %	13,242	- %	

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		
	Foreign listed stocks:								
WHL Singapore	Da Nang Port Joint Stock Company	-	Financial assets at fair value through other comprehensive income-non-current	20,038,000	513,571	20.24 %	513,571	- %	
	Bond								
The Company	Royal Bank of Scotland PLC	-	Financial assets at fair value through profit or loss-non-current	-	1,157,131	- %	1,157,131	- %	

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

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

Note 1: Includes valuation adjustments on financial assets.

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

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

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

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

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	816,988	1.47 %	30 days	-	-	-	- %	

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	k.k. WH Corporation	Subsidiary	Terminal port charges, rent expense	381,405	0.68 %	30 days	-	-	(30,872)	0.41 %	Note 2
〃	WHL-Singapore	Subsidiary	Rent income, commission revenue, shipping agent revenue	(3,218,718)	5.45 %	〃	-	-	-	- %	Note 2
〃	WHL-Singapore	Subsidiary	Vessel rental expense, Oil expense	6,002,973	10.77 %	〃	-	-	(129,704)	1.72 %	Note 2
〃	WHL Hongkong	Subsidiary	Commission fee	805,703	1.45 %	〃	-	-	(808,094)	10.74 %	Note 2
〃	WHL (Japan)	Same director with the company	Commission fee	249,657	0.45 %	〃	-	-	-	- %	
〃	IAL Singapore	Related party in substance	Joint venture revenue, container rental revenue, shipping agent revenue, ship rental revenue	(1,062,835)	1.80 %	〃	-	-	11,598	0.32 %	
〃	IAL Singapore	Related party in substance	Joint venture expense, container rental expense	334,277	0.60 %	〃	-	-	-	- %	
〃	Hyaline	Same director with the company	Commission fee	623,001	1.12 %	〃	-	-	-	- %	
〃	NSTC	Related party in substance	Tow charge	524,959	0.94 %	〃	-	-	(38,633)	0.51 %	
〃	APLI	Related party in substance	Container fee	317,754	0.57 %	〃	-	-	(9,208)	0.12 %	
〃	WCIC	Related party in substance	Turnkey charges, terminal handling charge	160,916	0.29 %	〃	-	-	(18,520)	0.25 %	
〃	NSaTC	Related party in substance	Tow charge, container fee	127,919	0.23 %	〃	-	-	(7,809)	0.10 %	
〃	WHL Malaysia	Subsidiary	Commission fee	117,895	0.21 %	〃	-	-	-	- %	Note 2
〃	New World Container Services Corporation	Related party in substance	Container fee	115,240	0.21 %	〃	-	-	(9,980)	0.13 %	

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

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

Note 2: Eliminated in the consolidated financial statements.

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

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	WHL Malaysia	Subsidiary	125,198	- %	-		125,198	-
〃	WHL Japan	Coporate director of the Company	736,864	- %	-		716,989	-
〃	WHL India	Subsidiary	249,127	- %	-		245,303	-
〃	LUEN CHUN	Subsidiary	699,944	- %	-		600,365	-
WHL-HongKong	The Company	Subsidiary	808,094	- %	-		438,637	-
WHL-Singapore	The Company	Subsidiary	129,704	- %	-		129,704	-
WHL-Thailand	The Company	Subsidiary	190,231	- %	-		190,231	-
Bao Sheng	The Company	Subsidiary	135,406	- %	-		132,822	-

Note: Eliminated in the consolidated financial statements.

9. Derivative transactions: None.

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 2019			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets (Note 3)
0	The Company	WHL-Hongkong	1	Commission fee	805,703	No significant differences	1.10 %
0	〃	WHL-Singapore	1	Rent income, commission revenue, shipping agent revenue	3,218,718	〃	4.41 %
1	WHL-Singapore	The Company	2	Vessel rental revenue, oil revenue	6,002,973	〃	8.23 %

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.

(b) Information on investees

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

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			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	21,546,395	979,399,234	100.00 %	30,538,179	100.00 %	2,119,271	2,748,242	Subsidiary (Note 2、3)
"	Wan Hai Lines (America) Ltd.	America	Transportation and shipping agency services	-	401,460	-	- %	-	100.00 %	6,324	6,324	Subsidiary (Note 3、4)
"	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	21,819	100.00 %	3,782	3,782	Subsidiary (Note 3)
"	Wan Hai Lines (Germany) GmbH	Germany	Transportation and shipping agency services	1,018	1,018	-	100.00 %	1,533	100.00 %	(503)	(503)	Subsidiary (Note 1、3)
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	419,869	21.33 %	614,096	130,987	Associate (Note 1)
"	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	149,290	55.00 %	8,501	4,676	Subsidiary (Note 3)
"	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	41,821	70.01 %	9,159	6,413	Subsidiary (Note 3)
"	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	598,211	598,211	-	16.50 %	539,413	16.50 %	(107,160)	(20,607)	Associate (Note 1)

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	Wan Hai Lines (Phils.), Inc.	Philippines	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	13,740	100.00 %	(146)	(146)	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 %	3,103,897	100.00 %	456,132	456,132	Indirect subsidiary (Note 3)
"	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	79,836	100.00 %	(2,632)	(2,632)	Indirect subsidiary (Note 3)
"	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	14,991	100.00 %	6,172	6,172	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	36,577	100.00 %	10,699	10,699	Indirect subsidiary (Note 3)
"	Wan Hai International Pte. Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	630,172	100.00 %	49,769	49,769	Indirect subsidiary (Note 3)
"	Wan Hai Lines (Thailand) Ltd.	Thailand	Transportation and shipping agency services	2,805	2,805	29,400	49.00 %	67,476	49.00 %	9,753	4,779	Indirect subsidiary (Note 3)
"	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	44,972	100.00 %	12,773	12,773	Indirect subsidiary (Note 1、3)
"	HE CHUN LOGISTICS COMPANY LTD.	Vietnam	ODD operations	60,857	60,857	-	100.00 %	74,576	100.00 %	14,688	14,688	Indirect subsidiary (Note 1、3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	1,942	1,000	211,860	99.00 %	14,059	99.00 %	12,154	6,163	Indirect subsidiary (Note 3)
"	Wan Hai Lines Ecuador SA.	Ecuador	Transportation and shipping agency services	1,627	1,627	51,000	51.00 %	9,247	51.00 %	14,097	7,189	Indirect subsidiary (Note 3)
"	PHUC XUAN MARITIME SERVICE CO.,LTD.	Vietnam	Container yard business	9,186	-	-	49.00 %	10,496	49.00 %	3,266	1,600	Associate (Note 1)
"	Bravely International Pte. Ltd.	Singapore	Transportation and investment	413,778	413,778	18,332,701	100.00 %	(78,227)	100.00 %	(170,676)	(170,676)	Indirect subsidiary (Note 3)
"	WAN HAI LINES (USA) LTD.	America	Transportation and shipping agency services	437,514	4,469	284,381	100.00 %	435,776	100.00 %	8,885	8,885	Indirect subsidiary (Note 3)
"	Wan Hai Shipping Limited	Myanmar	Transportation and shipping agency services	1,075	-	35,000	70.00 %	1,036	70.00 %	(67)	(47)	Indirect subsidiary (Note 3)
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	34,758	49.00 %	69,007	33,814	Associate
"	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	(1,697)	100.00 %	(1,013)	(1,013)	Indirect subsidiary (Note 3)
"	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	125,588	100.00 %	50,286	50,286	Indirect subsidiary (Note 3)
"	Wan Hai Lines Peru S.A.C.	Peru	Transportation and shipping agency services	20	-	2,140	1.00 %	142	1.00 %	12,154	121	Indirect subsidiary (Note 3)
WHL Hongkong	Dawin Logistics (International) Limited	Hong Kong	Managing container, storage and logistics services	570,480	570,480	144,640,000	100.00 %	907,136	100.00 %	20,042	20,042	Indirect subsidiary (Note 3)
Bravely International Pte. Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	House rental and management services	127,584	127,584	4,000,000	80.00 %	89,889	80.00 %	(6,054)	(4,843)	Indirect subsidiary (Note 3)
WAN HAI LINES (USA) LTD.	Wan Hai Lines (Arizona) LLC.	America	House rental and management	359,760	359,760	-	100.00 %	372,790	100.00 %	6,500	6,500	Indirect subsidiary (Note 1、3)

Note 1: Limited companies with no common shares issued.

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

Note 3: Eliminated in the consolidated financial statements.

Note 4:The liquuidation process was completed in October 2019.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	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)	-	-	-	-	2,076	100.00 %	100.00 %	2,076	23,599	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and acting as agent for transport affairs	644,016	(1)	-	-	-	-	7,164	100.00 %	100.00 %	7,164	773,276	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	(5,912)	49.00 %	49.00 %	(2,897)	(431)	-
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	3,567	100.00 %	100.00 %	3,567	66,981	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	(2,043)	90.00 %	90.00 %	(1,839)	23,782	-
Wan Hang Tours Co., Ltd.	Retailing and Catering management	287,330	(1)	-	-	-	-	6,256	50.00 %	50.00 %	3,128	119,237	-
Qingdao port & Win International Logistics Co., Ltd.	Container yard station	50,188	(1)	-	-	-	-	24,541	50.00 %	50.00 %	12,270	37,617	-

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

2. Limitation on investment in Mainland China:

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

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

3. Significant transactions:

As of December 31, 2019, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(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.

(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.

By region		2019	2018
Revenue from external customers:			
Asia	$	46,769,004	42,811,809
the Middle East		5,048,221	5,489,208
India		8,951,110	7,512,601
America		5,639,126	6,043,470
South America		5,464,044	4,333,936
Red sea		1,079,678	587,652
Total	$	**72,951,183**	**66,778,676**

By region		2019.12.31	2018.12.31
Non-current assets:			
Asia	$	53,878,603	46,733,460
India		209,125	208,071
America		325,362	349,428
Total	$	**54,413,090**	**47,290,959**

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.