EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2018 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, EVERGREEN MARINE CORPORATION (TAIWAN) LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
By

CHENG-YUNG CHANG, Chairman
March 22, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Evergreen Marine Corporation (Taiwan) Ltd.

Introduction

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the“ Company”) and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to Other Matter section of the report), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the 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 and the reports of other independent accountants are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Accuracy and cut-off of freight revenue

Description

Please refer to Note 4(31) for accounting policies on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(21) for details of sales revenue.

Evergreen Marine Corporation (Taiwan) Ltd. primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. In 2018, freight revenue from contracts with customers was NT$ 153,056,483 thousand, representing 90.44% of operating revenue. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the date of balance sheet. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel during the reporting period.

Despite the Group conducting business worldwide, its transactions are all in small amounts, whereas the freight rate is subject to fluctuation caused by cargo loading rate as well as market competition. Worldwide shipping agencies use a system to record the transactions by entering data including shipping departure, destination, counterparty, transit time, shipping amounts, and freight price for the Group. Therefore, management could recognize freight revenue in accordance with the data on bill of lading reports generated from the system, accompanied by estimation made from past experience and current cargo loading conditions the revenue that would flow in, and calculate the revenue under the percentage-of-completion method. As the process of recording transactions, communicating with agencies, and maintaining the system are done manually, and the estimation of freight revenue are subject to management's judgement, therefore freight revenue involves high uncertainty and is material to the financial statements. Given the conditions mentioned above, we consider the accuracy of freight revenue and the appropriate use of cut-off by the Group and its investee companies as a key audit matter.

<u>How our audit addressed the matter</u>

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Obtained an understanding of the operation and industry of the Group to assess the reasonableness of policies and procedures on revenue recognition, and confirmed whether it is appropriate to the financial statements.
2. Obtained an understanding of the procedures of revenue recognition from booking, picking, billing to receiving. Assessed and tested relevant internal controls, including checking freight items and amounts of delivery information against the approved contracts and booking list. In addition, recalculated the accuracy of freight revenue, and ensured its consistency with the bill of lading report.
3. Obtained the estimated freight income report for vessels underway as of balance sheets date, and inquired with management for the reasonableness of judgement. In addition, checked historical freight revenue for total voyage under each individual vessel, along with comparing with current cargo loading condition as well as actual revenue received after period end to ensure the reasonableness of revenue assumptions.
4. Confirmed the completeness of vessels underway for the reporting period, including tracking the movements of shipments on the internet to ensure the vessels that depart before period end have been taken into consideration in the freight revenue calculation.
5. Verified accuracy of data used in calculating percentage of completion under each voyage, including selecting samples and check whether total shipping days shown on the Company's website are in agreement with cruise timetable as well as recalculating shipping days (days between departure and balance sheet date), in order to examine the soundness of percentage applied.

Impairment of property, plant and equipment

<u>Description</u>

Please refer to Note 4(16) for accounting policies on property, plant and equipment, Note 5(2) for uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment, and Note 6(8) for details of property, plant and equipment.

As of December 31, 2018, property, plant and equipment amounted to NT$ 117,219,185 thousand, constituting 51.18% of total assets, and ship equipment, transport equipment and cargo handling equipment amounted to NT$ 95,517,451 thousand, accounting for approximately 81.49% of total property, plant and equipment. As new ships have been built and put into operation by many carriers around the world, market supply has exceeded demand. Therefore, the market imbalance led to price competition, resulting in unstable profitability for the industry and raising the risk of impairment arising from main operating ship equipment, transport equipment and cargo handling equipment. The valuation of impairment and recoverable amounts are evaluated by the Group using the present value of the future cash flows expected to be derived from an asset or cash-generating unit compared to the book value. The main assumptions of discount rates used in recoverable amounts, and expected operating revenue growth rates, gross profit, operating profit rates, capital expenditures and discount rates used in future cash flow estimates are subject to management's judgement and involve high uncertainty, and the estimated results are material to the consolidated financial statements. Given the conditions mentioned above, we consider the impairment assessment of ship equipment, transport equipment and cargo handling equipment in the property, plant and equipment under the Group and its investee companies as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Obtained an understanding and assessed the relevant policies, internal controls and process applied to valuation of asset impairments.
2. Interviewed with management regarding the impairment test report, and assessed the reasonableness of discount rates and the reasonableness of operating revenue, gross profit, operating profit rate, growth rates and capital expenditure that management used in estimating future cash flows by checking actual performance under past operating plans and comparing the performance with industry forecast to evaluate the intention and capability of management.
3. Checked the parameters of the valuation model and recalculated the valuation model for accuracy.

Significant transaction

Description

Please refer to Note 4(32) for accounting policies on business combination and Note 6(31) for details of business combination.

The subsidiary, Evergreen Marine (Hong Kong) Ltd., acquired 100% equity interest of Hatsu Marine (Hong Kong) Limited for a cash consideration of $3,265,341 thousand in December 2018. The fair value of identifiable net assets, inclusive of intangible asset - customer relationship, amounted to $ 3,274,188 thousand and gain from bargain purchase amounted to $ 8,847 thousand. The merger was classified as a significant transaction during the reporting period. The valuation and measurement of the fair value of identifiable net assets based on management's estimation and the Purchase Price Allocation report issued by the independent expert appraisers involved critical judgements and estimates so as to be material to the financial statements. Given the conditions mentioned above, we consider the allocation of purchase price as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Understood and assessed the purpose of the acquisition, relevant internal controls and process applied to the accounting treatments.
2. Understood and assessed the valuation models that management used in measuring the fair value of the acquisition and the reasonableness of major assumption, inclusive of discount rate and operating revenue, gross profit and operating profit rate that management used in estimating future cash flows.
3. Obtained an understanding of the acquisition price allocation and procedures including acquiring the measurement and disclosure of relevant policy and evaluation procedures relating to acquiree's identifiable net assets and reviewed the contract and the Purchase Price Allocation report of the acquisition. In addition, examined the date, the consideration and the fair value of acquiree's identifiable net assets of the acquisition determined by management to ensure the accuracy of the accounting treatment.

Other matter – Report of other independent accountants

We did not audit the financial statements of all the consolidated subsidiaries. Those statements and the information disclosed in Note 13 were performed by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein is based solely on the reports of the other independent accountants. The statements reflect that total assets in these subsidiaries amounted to NT$52,567,030 thousand and NT$53,765,827 thousand, constituting 22.95% and 26.87% of the total consolidated assets as of December 31, 2018, and 2017, respectively. Net operating revenues in the subsidiaries amounted to NT$50,179,774 thousand and NT$55,681,727 thousand, constituting 29.65% and 36.98% of the total consolidated net operating revenues of 2018 and 2017 for the years then ended. In addition, we did not audit the financial statements of all the investee companies accounted for using equity method. Those statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 related to these long-term equity investments, is based solely on the reports of other independent accountants. Long-term equity investments in these investee companies amounted to NT$17,158,367 thousand and NT$16,239,361 thousand, constituting 7.49% and 8.12% of the total consolidated assets as of December 31, 2018 and 2017, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT$109,172 thousand and NT$1,892,245 thousand constituting 16.69% and 51.28% of the consolidated total comprehensive income and loss for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited the parent company only financial statement of Evergreen Marine Corporation (Taiwan) Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unqualified opinion with explanatory paragraph thereon.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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.
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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 auditor's 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.

Lee, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 38,230,522	17	$ 38,108,263	19
1140	Current contract assets	6(21)	2,244,065	1	-	-
1150	Notes receivable, net	6(4)	154,295	-	66,410	-
1170	Accounts receivable, net	6(4)	15,013,211	7	12,976,049	7
1180	Accounts receivable, net - related parties	7	503,638	-	793,621	-
1200	Other receivables		882,521	1	396,179	-
1210	Other receivables - related parties	7	598,931	-	486,727	-
1220	Current income tax assets		221,601	-	159,893	-
130X	Inventories	6(5)	5,100,897	2	3,719,429	2
1410	Prepayments		1,824,053	1	1,579,564	1
1470	Other current assets	6(6) and 8	3,124,774	1	2,665,093	1
11XX	**Current assets**		67,898,508	30	60,951,228	30
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,650,372	1	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	2,282,619	1
1527	Held-to-maturity financial assets - non-current	12(4)	-	-	100,000	-
1535	Non-current financial assets at amortised cost, net	6(3)	100,000	-	-	-
1550	Investments accounted for using equity method	6(7)	28,265,168	12	26,783,026	14
1600	Property, plant and equipment, net	6(8), 8 and 9	117,219,185	51	97,687,454	49
1760	Investment property, net	6(9) and 8	5,835,074	3	4,969,272	3
1780	Intangible assets		2,266,526	1	159,667	-
1840	Deferred income tax assets	6(28)	835,979	-	708,266	-
1900	Other non-current assets	6(10)(15) and 8	4,941,143	2	6,438,365	3
15XX	**Non-current assets**		161,113,447	70	139,128,669	70
1XXX	**Total assets**		$ 229,011,955	100	$ 200,079,897	100

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EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(21)	$ 1,774,392	1	$ -	-
2170	Accounts payable		19,813,190	9	15,358,651	8
2180	Accounts payable - related parties	7	253,172	-	203,868	-
2200	Other payables		3,622,892	2	3,111,155	2
2220	Other payables - related parties	7	1,184,484	-	1,002,731	1
2230	Current income tax liabilities		797,877	-	368,327	-
2300	Other current liabilities	6(11)	22,615,978	10	24,715,669	12
21XX	**Current liabilities**		50,061,985	22	44,760,401	23
	Non-current liabilities					
2530	Corporate bonds payable	6(12)	10,000,000	4	8,000,000	4
2540	Long-term loans	6(13)	83,010,375	36	65,369,665	32
2570	Deferred income tax liabilities	6(28)	1,970,567	1	1,749,020	1
2600	Other non-current liabilities	6(14)(15)	13,001,192	6	13,512,021	7
25XX	**Non-current liabilities**		107,982,134	47	88,630,706	44
2XXX	**Total liabilities**		158,044,119	69	133,391,107	67
	Equity attributable to owners of the parent					
	Capital	6(17)				
3110	Common stock		45,129,738	20	40,123,560	20
	Capital surplus	6(18)				
3200	Capital surplus		11,059,145	5	10,838,075	5
	Retained earnings	6(19)				
3310	Legal reserve		5,685,548	2	4,985,031	3
3350	Unappropriated retained earnings		3,776,643	2	6,769,575	3
	Other equity interest	6(20)				
3400	Other equity interest		1,193,156	-	682,313	1
31XX	**Equity attributable to owners of the parent**		66,844,230	29	63,398,554	32
36XX	**Non-controlling interest**		4,123,606	2	3,290,236	1
3XXX	**Total equity**		70,967,836	31	66,688,790	33
	Significant Contingent Liabilities And Unrecognized Contract Commitments	9				
	Significant Events After The Balance	11				
3X2X	**Total liabilities and equity**		$ 229,011,955	100	$ 200,079,897	100

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Years ended December 31 2018 AMOUNT	%	2017 AMOUNT	%
4000	**Operating revenue**	6(21) and 7	$ 169,236,653	100	$ 150,582,692	100
5000	**Operating costs**	6(26)(27) and 7	(161,771,163)	(95)	(139,693,568)	(93)
5900	**Gross profit**		7,465,490	5	10,889,124	7
5910	Unrealized profit from sales		(8,131)	-	(27,306)	-
5920	Realized profit on from sales		13,509	-	12,469	-
5950	**Gross profit**		7,470,868	5	10,874,287	7
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(1,533,425)	(1)	(1,386,988)	(1)
6200	General and administrative expenses		(6,520,083)	(4)	(5,171,613)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(1,473)	-	-	-
6000	**Operating expenses**		(8,054,981)	(5)	(6,558,601)	(4)
6500	**Other gains - net**	6(22)	1,510,330	1	501,784	-
6900	**Operating profit**		926,217	1	4,817,470	3
7010	Other income	6(23)	1,473,164	1	954,306	1
7020	Other gains and losses	6(24)	(77,900)	-	572,894	-
7050	Finance costs	6(25)	(1,880,424)	(1)	(1,380,716)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method		754,347	-	2,483,595	2
7000	**Total non-operating income and expenses**		269,187	-	2,630,079	2
7900	**Profit before income tax**		1,195,404	1	7,447,549	5
7950	Income tax expense	6(28)	(1,116,903)	(1)	(785,928)	(1)
8200	**Profit for the year**		$ 78,501	-	$ 6,661,621	4

(Continued)

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial loss on defined benefit plan		($ 32,228)	-	($ 149,004)	-
8316	Unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(2)	(316,044)	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(44,100)	-	(114,187)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	23,136	-	16,942	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(369,236)	-	(246,249)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		839,342	-	(2,564,224)	(2)
8362	Unrealized gain on valuation of available-for-sale financial assets		-	-	103,671	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		104,751	-	(259,276)	-
8399	Income tax relating to the components of other comprehensive income (loss)	6(28)	746	-	(5,829)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		944,839	-	(2,725,658)	(2)
8300	**Other comprehensive (loss) income for the year, net of income tax**		$ 575,603	-	($ 2,971,907)	(2)
8500	**Total comprehensive income for the year**		$ 654,104	-	$ 3,689,714	2
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 293,919	-	$ 7,005,171	4
8620	Non-controlling interest		($ 215,418)	-	($ 343,550)	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 1,031,164	-	$ 4,562,000	3
8720	Non-controlling interest		($ 377,060)	-	($ 872,286)	(1)
	Earnings per share (in dollars)	6(29)				
9750	**Basic earnings per share**		$ 0.07		$ 1.88	
9850	**Diluted earnings per share**		$ 0.07		$ 1.88	

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											
				Retained earnings		Other equity interest							
	Notes	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	(Accumulated deficit) unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Total Gains (losses) on hedging instruments	Total	Non-controlling interest	Total equity
Year 2017													
Balance at January 1, 2017		$ 35,123,560	$ 7,989,014	$ 9,233,242	($ 4,248,211)	$ 1,254,622	$ -	$ 1,703,161	($ 67,895)	$ -	$ 50,987,493	$ 2,651,008	$ 53,638,501
Profit (loss) for the year		-	-	-	7,005,171	-	-	-	-	-	7,005,171	(343,550)	6,661,621
Other comprehensive income (loss) for the year	6(19)(20)	-	-	-	(235,596)	(2,389,736)	-	130,178	51,983	-	(2,443,171)	(528,736)	(2,971,907)
Total comprehensive income		-	-	-	6,769,575	(2,389,736)	-	130,178	51,983	-	4,562,000	(872,286)	3,689,714
Distribution of 2016 earnings:	6(19)												
Legal reserve used to cover accumulated deficit		-	-	(4,248,211)	4,248,211	-	-	-	-	-	-	-	-
Issuance of common stock for cash	6(17)(18)	5,000,000	2,711,222	-	-	-	-	-	-	-	7,711,222	-	7,711,222
Employee stock options exercised	6(18)	-	76,280	-	-	-	-	-	-	-	76,280	-	76,280
Adjustments to share of changes in equity of associates and joint ventures	6(18)	-	67,866	-	-	-	-	-	-	-	67,866	-	67,866
Effect of business combination		-	-	-	-	-	-	-	-	-	-	1,613,445	1,613,445
Decrease in non-controlling interests	6(30)	-	(6,307)	-	-	-	-	-	-	-	(6,307)	(101,931)	(108,238)
Balance at December 31, 2017		$ 40,123,560	$ 10,838,075	$ 4,985,031	$ 6,769,575	($ 1,135,114)	$ -	$ 1,833,339	($ 15,912)	$ -	$ 63,398,554	$ 3,290,236	$ 66,688,790
Year 2018													
Balance at January 1, 2018		$ 40,123,560	$ 10,838,075	$ 4,985,031	$ 6,769,575	($ 1,135,114)	$ -	$ 1,833,339	($ 15,912)	$ -	$ 63,398,554	$ 3,290,236	$ 66,688,790
Retrospective application	3(1), 6(19) and 12(4)	-	-	-	276,681	-	1,553,662	(1,833,339)	15,912	(15,912)	(2,996)	(1,231)	(4,227)
Balance at 1 January after adjustments		40,123,560	10,838,075	4,985,031	7,046,256	(1,135,114)	1,553,662	-	-	(15,912)	63,395,558	3,289,005	66,684,563
Profit (loss) for the year		-	-	-	293,919	-	-	-	-	-	293,919	(215,418)	78,501
Other comprehensive income (loss) for the year	6(20)	-	-	-	(71,341)	1,152,694	(301,371)	-	-	(42,737)	737,245	(161,642)	575,603
Total comprehensive income		-	-	-	222,578	1,152,694	(301,371)	-	-	(42,737)	1,031,164	(377,060)	654,104
Distribution of 2017 earnings:	6(17)(19)												
Legal capital reserve		-	-	700,517	(700,517)	-	-	-	-	-	-	-	-
Stock dividends		2,006,178	-	-	(2,006,178)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	(802,471)	-	-	-	-	-	(802,471)	-	(802,471)
Issuance of common stock for cash	6(17)(18)	3,000,000	226,890	-	-	-	-	-	-	-	3,226,890	-	3,226,890
Employee stock options exercised		-	17,610	-	-	-	-	-	-	-	17,610	-	17,610
Adjustments to share of changes in equity of associates and joint ventures	6(18)	-	20,412	-	3,537	-	(4,628)	-	-	-	19,321	-	19,321
Disposal of investments in equity instruments designated at fair value	6(2)	-	-	-	13,438	-	(13,438)	-	-	-	-	-	-
Effect of business combination		-	-	-	-	-	-	-	-	-	-	55,857	55,857
Decrease in non-controlling interests	6(18)(30)	-	(43,842)	-	-	-	-	-	-	-	(43,842)	1,155,804	1,111,962
Balance at December 31, 2018		$ 45,129,738	$ 11,059,145	$ 5,685,548	$ 3,776,643	$ 17,580	$ 1,234,225	$ -	$ -	($ 58,649)	$ 66,844,230	$ 4,123,606	$ 70,967,836

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,195,404	$ 7,447,549
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)(24)(26)	8,803,540	7,691,699
Amortization	6(26)	69,348	38,375
Expected credit loss	12(2)(4)	1,473	21,646
Interest income	6(23)	(563,604)	(436,954)
Interest expense	6(25)	1,880,424	1,380,716
Dividend income	6(23)	(109,996)	(117,436)
Gain on disposal of available-for-sale financial assets		-	(612,704)
Loss on disposal of investments accounted for using equity method	6(24)	122,834	(6,578)
Share of (profit) loss of associates and joint ventures accounted for using equity method		(754,347)	(2,483,595)
Gain from bargain purchase	6(23)	(138,571)	(5,983)
Net gain on disposal of property, plant and equipment	6(22)	(1,510,330)	(501,784)
Loss on disposal of other investments		-	312
Realized income with affliated companies		(13,509)	(19,912)
Unrealized income with affliated companies		8,131	27,306
Employee stock options exercised	6(18)	17,610	76,280
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Current contract assets		(358,513)	-
Notes receivable, net		(85,537)	(17,342)
Accounts receivable		(2,505,861)	(509,152)
Accounts receivable, net - related parties		299,056	238,192
Other receivables		(428,644)	416,368
Other receivables - related parties		(98,659)	(184,257)
Inventories		(1,274,022)	(712,073)
Prepayments		(189,060)	(364,000)
Other current assets		(155,729)	(83,272)
Other non-current assets		47,085	2,740
Net changes in liabilities relating to operating activities			
Current contract liabilities		(748,709)	-
Accounts payable		3,779,538	1,785,500
Accounts payable - related parties		50,260	(258,732)
Other payables		199,638	894,990
Other payables - related parties		(788,583)	87,866
Other current liabilities		(1,178,807)	(1,180,528)
Other non-current liabilities		(239,764)	2,130
Cash inflow generated from operations		5,332,096	12,617,367
Interest received		563,604	436,954
Interest paid		(2,019,771)	(1,456,592)
Income tax paid		(830,758)	(406,889)
Net cash flows from operating activities		3,045,171	11,190,840

(Continued)

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ -	$ 1,053,435
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	342,661	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		924	-
Proceeds from disposal of held-to-maturity financial assets		-	170,000
Acquisition of held-to-maturity financial assets		-	(50,000)
Acquisition of investments accounted for using equity method	6(32)	(980,574)	(16,683)
Proceeds from disposal of investments accounted for using equity method		-	42,803
Proceeds from capital reduction of investments accounted for using equity method		43,904	-
Acquisition of property, plant and equipment	6(32)	(10,065,416)	(1,559,769)
Proceeds from disposal of property, plant and equipment		2,161,292	551,502
Acquisition of intangible assets	6(32)	(29,380)	(55,744)
Increase in guarantee deposits paid		(7,295)	(43,328)
Increase in other non-current assets	6(32)	(14,455,798)	(5,628,835)
Proceeds from disposal of subsidiaries		5	-
Effect of initial consolidation of subsidiaries	6(32)	(2,635,830)	(5,106,379)
Cash dividend received		717,798	796,989
Non-current prepayments for investments		-	(23,166)
Net cash flows used in investing activities		(24,907,709)	(9,869,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		-	600,000
Decrease in short-term loans		-	(600,000)
Increase other payables - related parties	7	939,354	814,101
Increase in long-term loans	6(33)	43,572,441	8,447,360
Decrease in long-term loans	6(33)	(27,312,244)	(16,660,954)
Net change in non-controlling interest	6(32)	1,215,982	(85,393)
Increase in corporate bonds payable		2,000,000	8,000,000
Decrease in corporate bonds payable		-	(3,000,000)
Decrease other non-current liabilities		(1,050,945)	(1,350,278)
Increase (decrease) in guarantee deposits received		122,898	(1,262)
Issuance of common stock for cash	6(17)	3,226,890	7,711,222
Cash dividends paid	6(19)	(802,471)	-
Net cash flows from financing activities		21,911,905	3,874,796
Effect of exchange rate changes		72,892	(1,501,647)
Net increase in cash and cash equivalents		122,259	3,694,814
Cash and cash equivalents at beginning of year		38,108,263	34,413,449
Cash and cash equivalents at end of year		$ 38,230,522	$ 38,108,263

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Evergreen Marine Corporation (Taiwan) Ltd. (the "Company") was established in the Republic of China. The Company and its subsidiaries (collectively referred herein as the "Group") are mainly engaged in domestic and international marine transportation, shipping agency services, and the distribution of containers. The Company was approved by the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, R.O.C. to be a public company on November 2, 1982 and was further approved by the SFB to be a listed company on July 6, 1987. The Company's shares have been publicly traded on the Taiwan Stock Exchange since September 21, 1987.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised by the Board of Directors on March 22, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

(d) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets in the amount of $2,282,619 by increasing financial assets at fair value through other comprehensive income in the amount of $2,282,619. Additionally, the Group increased retained earnings by $281,074, decreased investments accounted for using equity method by $1,397 and decreased other equity interest by $279,677.

ii. In accordance with IFRS 9, the Group expects to reclassify held-to-maturity financial assets of $100,000 by increasing financial assets at amortised cost in the amount of $100,000.

iii. In line with the regulations under IFRS 9 on provision for impairment, the Group increased deferred income tax assets by $289, and decreased notes receivable, net by $5, accounts receivable, net by $857, contract assets, net by $4,467, accounts receivable, net - related parties by $52, other current assets by $502, investments accounted for using equity method by $30, retained earnings by $4,393 and non-controlling interest by $1,231.

iv. Please refer to Note 12(4) for disclosure in relation to the first time application of IFRS 9.

B. IFRS 15, ‘Revenue from contracts with customers’ and amendments

(a) IFRS 15, ‘Revenue from contracts with customers’ replaces IAS 11, ‘Construction contracts’, IAS 18, ‘Revenue’ and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract(s).

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

(b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The Group applied retrospectively IFRS 15 only to incomplete contracts as of January 1, 2018, by adopting an optional transition expedient. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

i. Under IFRS 15, contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to $1,881,693 (including contract assets and allowance for bad debts amounting to $1,886,160 and $4,467, respectively).

ii. Under IFRS 15, liabilities in relation to contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $2,523,101.

iii. Please refer to Note 12(5) for other disclosures in relation to the first time application of IFRS 15.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	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
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

A. IFRS 16, ‘Leases’

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the “modified retrospective approach”). On January 1, 2019, it is expected that right-of-use asset and lease liability will be increased by $60,887,660 and $60,710,151, respectively.

B. Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’

When a change to a plan take place, the amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

C. Annual improvements to IFRSs 2015-2017 cycle

(a) Amendments to IFRS 3, ‘Business combinations’

The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should remeasure its previously held interest in the joint operation at fair value at of the acquisition date.

(b) Amendments to IAS 12, ‘Income taxes’

The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

(c) Amendments to IAS 23, ‘Borrowing costs’

The amendments clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'

The amendments clarify the definition of material that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

B. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognised either in full or partially depending on the nature of the assets sold or contributed:

(a) If sales or contributions of assets constitute a 'business' , the full gain or loss is recognized;

(b) If sales or contributions of assets do not constitute a 'business' , the partial gain or loss is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income /Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main business activities	December 31, 2018	December 31, 2017	Description
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
The Company	Peony	Investments in transport-related business	100.00	100.00	
The Company	ETS	Terminal Services	94.43	100.00	(e)
The Company	EGH	Container shipping and agency services dealing with port formalities	79.00	79.00	
Peony	GMS	Container shipping	100.00	100.00	
Peony	Clove	Investments in container yards and port terminals	100.00	100.00	
Peony	EMU	Container shipping	51.00	51.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Peony	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	84.44	
Peony	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	
Peony	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	
Peony	MBPI	Containers storage and inspections of containers at the customs house	95.03	95.03	
Peony	MBT	Inland transportation, repairs and cleaning of containers	17.39	17.39	
Peony	EGS	Agency services dealing with port formalities	-	51.00	(m)
Peony	EGK	Agency services dealing with port formalities	100.00	100.00	
Peony	EGT	Agency services dealing with port formalities	85.00	85.00	
Peony	EGI	Agency services dealing with port formalities	99.99	99.99	
Peony	EMA	Agency services dealing with port formalities	100.00	67.50	(a)
Peony	EIT	Agency services dealing with port formalities	55.00	55.00	
Peony	EES	Agency services dealing with port formalities	100.00	100.00	
Peony	ERU	Agency services dealing with port formalities	51.00	51.00	
Peony	EEU	Agency services dealing with port formalities	100.00	100.00	(c)(d)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Peony	EGD-WWX	Agency services dealing with port formalities	-	100.00	(c)
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	
Peony	EGB	Real estate leasing	95.00	95.00	
Peony	EGM	Agency services dealing with port formalities	100.00	100.00	
Peony	EGH	Container shipping and agency services dealing with port formalities	1.00	1.00	
Peony	EGV	Agency services dealing with port formalities	100.00	49.00	(f)
EGH	Ever shine (Shanghai)	Management consultancy and self-owned property leasing	100.00	100.00	
EGH	Ever shine (Ningbo)	Management consultancy and self-owned property leasing	100.00	100.00	
EGH	EKH	Agency services dealing with port formalities	100.00	100.00	(g)
EGH	EPE	Agency services dealing with port formalities	60.00	-	(h)
EGH	ECO	Agency services dealing with port formalities	100.00	-	(i)
EGH	ECL	Agency services dealing with port formalities	60.00	-	(j)
EGH	EMX	Agency services dealing with port formalities	60.00	-	(k)
EGH	HMH	Agency services dealing with port formalities	-	-	(l)
EGH	Ever shine (Shenzhen)	Management consultancy and self-owned property leasing	100.00	-	(l)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
EGH	Ever shine (Qingdao)	Management consultancy and self-owned property leasing	100.00	-	(l)
EGH	MAC	Agency services dealing with port formalities	49.00	-	(l)
EGH	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	-	(e)
ETS	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	-	(e)
EMU	Island	Investments in operating machinery and equipment of port terminals	-	15.00	(e)
EMU	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	
EMU	EGU	Agency services dealing with port formalities	-	100.00	(b)
EMU	EGUD	Agency services dealing with port formalities	-	100.00	(b)
EEU	EGDL	Agency services dealing with port formalities	-	100.00	(d)
Clove	Island	Investments in operating machinery and equipment of port terminals	-	36.00	(e)
Clove	ETS	Terminal Services	5.57	-	(e)
Armand N.V.	Armand B.V.	Investments in container yards and port terminals	100.00	100.00	

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main business activities	December 31, 2018	December 31, 2017	Description
Island	Whitney	Investments and leases of operating machinery and equipment of port terminals	-	100.00	(e)
Island	Hemlock	Investments and leases of operating machinery and equipment of port terminals	-	100.00	(e)
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	72.95	

(a) On December 21, 2018, the Board of Directors resolved to have the subsidiary Peony Investment acquire 32.5% of the shares of EMA from the original shareholders of the joint venture. The effective date of ownership transfer was December 28, 2018.

(b) On August 1, 2016, the Board of Directors has resolved that the subsidiary – Peony to sell 100% share ownership of EGUD to the indirect subsidiary – EMU. Since EMU obtained the wholly-owned ownership, the Board of Directors resolved a reorganization plan to transfer businesses from EGU and EGUD to EMU on August 1, 2016. The liquidation process of EGU and EGUD were completed by June 28, 2018 and May 27, 2018, respectively.

(c) The proposal of reorganisation of the subsidiary, Peony, has been approved by the Board of Directors on May 12, 2017 to transfer EGDW's business to the sub-subsidiary, EEU, beginning on August 1, 2017. The liquidation process of EGDW was completed by June 12, 2018.

(d) The proposal of reorganisation of the sub-subsidiary, EEU, has been resolved at the shareholders' meeting on May 18, 2017, to transfer its business to its subsidiary, EGDL, effective on August 1, 2017. The liquidation process of EGDL was completed by May 14, 2018.

(e) On December 20, 2017, shareholders of the subsidiary, ETS, during their meeting resolved to make an equity transaction. ETS acquired a 100% equity interest of Island from the joint ventures, Clove and EMU, of which the transaction made with Clove is through issuing new shares totaling 59 shares with par value of US$100 per share in exchange for a 36% equity interest of Island with Clove. On January 1, 2018, shareholders of ETS during their meeting resolved to merge its subsidiary, Island, and its second-tier subsidiaries, Hemlock and Whitney, when the equity transaction made with Clove and EMU was completed. Under the merger, ETS and Whitney are the surviving companies, and Island and Hemlock will be dissolved.

(f) On December 20, 2017, the Board of Directors resolved to have the subsidiary, Peony Investment, acquire 51% of the shares of EGV from the original shareholders of the joint venture. The effective date of ownership transfer was January 1, 2018.

(g) On September 13, 2017, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EKH, in Cambodia. The capital of establishment is KHR 1,200,000 (approx. USD 300), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

(h) On July 31, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EPE, in Peru. The capital of establishment is PEN 1,500 (approx. USD462), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

(i) On August 14, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, ECO, in Columbia. The capital of establishment is COP 80,000 (approx. USD27), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

(j) On October 1, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, ECL, in Chile. The capital of establishment is CLP 350,000 (approx. USD531), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

(k) On October 15, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EMX, in Mexico. The capital of establishment is MXN 7,400 (approx. USD382), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

(l) On August 13, 2018, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired a 100% equity interest of HMH and its indirect investees, wholly-owned Ever shine (Shenzhen), wholly-owned Ever shine (Qingdao), 49% owned MAC and 20% owned KTIL from the joint ventures, Chestnut Estate B.V.. The transaction amount was US $105,808. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 14, 2018. On December 21, 2018, shareholders of EGH during their meeting resolved to merge its subsidiary, HMH. EGH will be the surviving companies and HMH will be dissolved after the merger. As of the date of issuance of the financial report, the merger procedure was still in process.

(m) The liquidation process of the sub-subsidiary, EGS was completed by December 19, 2018.

C. Subsidiary not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2018 and 2017, the non-controlling interest amounted to $4,123,606 and $3,290,236, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2018		December 31, 2017		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
EMU	U.K.	$ 1,469,422	49%	$ 598,392	49%	
EGH	Hong Kong	1,903,321	20%	1,591,869	20%	

Summarised financial information of the subsidiaries:

<u>Balance sheets</u>

	EMU	
	December 31, 2018	December 31, 2017
Current assets	$ 9,362,266	$ 9,113,834
Non-current assets	37,184,025	38,436,657
Current liabilities	(17,239,612)	(20,121,083)
Non-current liabilities	(26,307,858)	(26,208,199)
Total net assets	$ 2,998,821	$ 1,221,209

	EGH	
	December 31, 2018	December 31, 2017
Current assets	$ 9,396,355	$ 3,119,694
Non-current assets	21,515,148	8,673,850
Current liabilities	(8,315,106)	(2,054,676)
Non-current liabilities	(13,383,103)	(1,779,522)
Total net assets	$ 9,213,294	$ 7,959,346

Statements of comprehensive income

	EMU	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$ 50,304,493	$ 54,151,814
Loss before income tax	($ 1,297,028)	($ 1,313,841)
Income tax expense	(23,795)	(15,818)
Loss for the period from continuing operations	(1,320,823)	(1,329,659)
Other comprehensive income (loss), net of tax	7,518	(13,202)
Total comprehensive loss for the period	($ 1,313,305)	($ 1,342,861)
Comprehensive loss attributable to non-controlling interest	($ 643,519)	($ 658,002)

	EGH	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$ 11,014,069	$ 3,883,278
Profit before income tax	$ 1,194,785	$ 977,953
Income tax expense	(215,462)	(114,967)
Profit for the period from continuing operations	979,323	862,986
Other comprehensive loss, net of tax	(2,263)	(3,310)
Total comprehensive income for the period	$ 977,060	$ 859,676
Comprehensive income attributable to non-controlling interest	$ 195,412	$ 12,402

Statements of cash flows

	EMU	
	Year ended December 31, 2018	Year ended December 31, 2017
Net cash (used in) provided by operating activities	($ 953,448)	$ 4,996,091
Net cash provided by (used in) investing activities	1,098,202	(246,896)
Net cash used in financing activities	(256,283)	(4,648,565)
Effect of exchange rates on cash and cash equivalents	58,194	(150,575)
Decrease in cash and cash equivalents	(53,335)	(49,945)
Cash and cash equivalents, beginning of period	1,840,693	1,890,638
Cash and cash equivalents, end of period	$ 1,787,358	$ 1,840,693

	EGH	
	Year ended December 31, 2018	Year ended December 31, 2017
Net cash provided by operating activities	$ 2,565,400	$ 1,944,965
Net cash (used in) provided by investing activities	(12,950,639)	80,984
Net cash provided by (used in) financing activities	12,471,803	(1,252,423)
Effect of exchange rates on cash and cash equivalents	75,867	(39,186)
Increase in cash and cash equivalents	2,162,431	734,340
Cash and cash equivalents, beginning of period	1,003,634	269,294
Cash and cash equivalents, end of period	$ 3,166,065	$ 1,003,634

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits with original maturities of one year or less that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Notes, accounts and other receivables

A. Notes and account receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. Receivables arising from transactions other than the sale of goods or service are classified as other receivables.

B. The Group initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories refer to fuel inventories and steel inventories. Fuel inventories are physically measured by the crew of each ship and reported back to the Head Office through telegraph for recording purposes at balance sheet date. Valuation of inventories is based on the exchange rate prevailing at balance sheet date.

The perpetual inventory system is adopted for steel inventory recognition. Steel inventories are stated at cost. The cost is determined using the weighted-average method. At the end of period, inventories are evaluated at the lower of cost or net realisable value, and the individual item approach is used in the comparison of cost and net realisable value. The calculation of net realisable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains and loss on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 135 years
Loading and unloading equipment	5 ~ 20 years
Ships	18 ~ 25 years
Transportation equipment	5 ~ 10 years
Lease assets	2 ~ 90 years
Other equipment	2 ~ 15 years

(17) Leased assets/ operating leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

C. The accounting treatment of sale and leaseback transactions depends on the substance of the transaction. If sale and finance leaseback is in substance a financing transaction, the difference between the sales proceeds and the carrying value of the asset is deferred and amortised to the income statement over the lease term. If the sale price is below the fair value, the difference between sale price and carrying amount should be recognised immediately except that, if a loss arising is compensated by future rent at below market price, it should be deferred and amortised in proportion to the rent payments over the period for which the asset is expected to be used. If the sale price is above the fair value, the excess of proceeds over fair value should be deferred and amortised over the period for which the asset is expected to be used.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 60 years.

(19) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Customer relationship

Customer relationship arises from the business combination is measured initially at their fair values at the acquisition date. Customer relationship has a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 8.05 to 10 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The Group initially measures accounts payable at fair value and subsequently amortises the interest expense in profit or loss over the period of circulation using the effective interest method.

(23) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(26) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship as follows:

Cash flow hedge:

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(a)The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and

ii. the cumulative change in fair value of the hedged item from inception of the hedge.

(b)The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.

(c)The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(28) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(29) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. Sales of goods

Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services

Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable.

C. Rental revenue

The Group leases ships and shipping spaces under IAS 17, 'Leases'. Lease assets are classified as finance leases or operating leases based on the transferred proportion of the risks and rewards incidental to ownership of the leased asset, and recognised in revenue over the lease term.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1)Critical judgements in applying the Group's accounting policies

None.

(2)Critical accounting estimates and assumptions

A. Revenue recognition

Revenue from delivering services and related costs are recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2018, the Group recognised property, plant, equipment amounting to $117,219,185.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 22,713	$ 20,739
Checking accounts and demand deposits	7,192,906	6,300,219
Time deposits	31,014,903	31,787,305
	$ 38,230,522	$ 38,108,263

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

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

Items	December 31, 2018
Non-current items:	
Listed (TSE) stocks	$ 490,801
Unlisted stocks	211,476
	702,277
Valuation adjustment	948,095
	$ 1,650,372

A. The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,650,372 at December 31, 2018.

B. For the year ended December 31, 2018, for the consideration of operations, the Group sold shares of unlisted stocks and listed stocks with a fair value of $34,055 and $342,661, respectively, of which a cumulative disposal gain of $111 and $13,332, respectively, was recognised.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 316,044)
Income tax recognised in other comprehensive income	$ 6,210
Cumulative gains reclassified to retained earnings due to derecognition	$ 13,438
Dividend income recognised in profit or loss	
Held at end of period	$ 99,467

D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,650,372.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

F. Information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 are provided in Note 12(4).

(3) Financial assets at amortised cost

Items	December 31, 2018
Non-current items:	
Financial bonds	$ 100,000

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2018
Interest income	$ 2,200

B. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $100,000.

C. The Group has no financial assets at amortised cost held by the Group pledged to others.

D. Information on held-to-maturity financial assets and investments in debt instruments without active market as of December 31, 2017 are provided in Note 12(4).

(4) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 154,299	$ 66,410
Less: Allowance for bad debts	(4)	-
	$ 154,295	$ 66,410
Accounts receivable (including related parties)	$ 15,613,317	$ 13,865,953
Less: Allowance for bad debts	(96,468)	(96,283)
	$ 15,516,849	$ 13,769,670
Overdue receivables (recorded as other non-current assets)	$ 202,654	$ 195,715
Less: Allowance for bad debts	(202,654)	(195,715)
	$ -	$ -

A. The ageing analysis of accounts receivable and notes receivable are as follows:

	December 31, 2018	December 31, 2017
	Accounts receivable	Accounts receivable
Not impaired	$ 12,352,224	$ 11,747,121
Up to 30 days	2,694,557	1,749,509
31 to 180 days	470,068	273,040
	$ 15,516,849	$ 13,769,670

	December 31, 2018	December 31, 2017
	Notes receivable	Notes receivable
Not impaired	$ 154,295	$ 66,410
Up to 30 days	-	-
31 to 180 days	-	-
	$ 154,295	$ 66,410

The above ageing analysis was based on past due date.

B. The Group has no notes and accounts receivable held by the Group pledged to others.

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable were $ 154,295 and $66,410, respectively; and the amount that best represents the Group’s accounts receivable were $ $15,516,849 and $ 13,769,670, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Ship fuel	$ 4,715,175	$ -	$ 4,715,175
Steel and others	385,722	-	385,722
	$ 5,100,897	$ -	$ 5,100,897

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Ship fuel	$ 3,306,081	$ -	$ 3,306,081
Steel and others	413,348	-	413,348
	$ 3,719,429	$ -	$ 3,719,429

(6) Other current assets

	December 31, 2018	December 31, 2017
Shipowner's accounts	$ 624,748	$ 1,207,851
Agency accounts	894,341	824,422
Temporary debits	1,333,964	308,312
Other financial assets	271,721	324,508
	$ 3,124,774	$ 2,665,093

A. Shipowner’s accounts:

(a) Temporary accounts, between the Group and other related parties – Evergreen International S.A., Gaining Enterprise S.A., Italia Marittima S.p.A., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd. incurred due to foreign port formalities and pier rental expenses.

(b) In response to market competition and enhancement of global transportation network to provide better logistics services to customers, the Group has joined Cosco Container Lines Co., Ltd., Kawasaki Kisen Kaisha, Ltd., Yang Ming (UK), Ltd. and Hanjin Shipping Co., Ltd. to form the CKYHE Alliance Transactions for trading of shipping spaces from March 1, 2014 to March 31, 2017.

(c) In response to market competition and enhancement of global transportation network to provide better logistics services to customers, the Group has joined Cosco Container Lines Co., Ltd., CMA CGM, Ltd., and the Orient Overseas Container Line, Ltd. to form the OCEAN Alliance on March 31, 2017 for trading of shipping space.

B. Agency accounts:

The Group entered into agency agreements with its related parties, whereby the related parties act as the Group’s agents to deal with domestic and foreign port formalities, such as arrival and departure of the Group's ships, cargo stevedoring and forwarding, freight collection, and payment of expenses incurred in domestic and foreign ports.

(7) Investments accounted for using equity method

A. Details of long-term equity investments accounted for using equity method are set forth below:

	December 31, 2018	December 31, 2017
Evergreen International Storage and Transport Corporation	$ 8,884,659	$ 8,452,437
EVA Airways Corporation	10,334,116	9,462,402
Taipei Port Container Terminal Corporation	1,500,384	1,428,295
Charng Yang Development Co., Ltd.	544,057	537,532
Luanta Investment (Netherlands) N.V.	1,933,828	1,865,804
Balsam Investment (Netherlands) N.V.	658,599	1,282,862
Colon Container Terminal S.A.	3,261,433	2,532,187
Others	1,148,092	1,221,507
	$ 28,265,168	$ 26,783,026

B. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Ownership(%)		Nature of relationship	Methods of measurement
		December 31, 2018	December 31, 2017		
Evergreen International Storage and Transport Corporation	TW	40.36%	39.74%	With a right over 20% to vote	Equity method
EVA Airways Corporation	TW	16.31%	16.31%	Have a right to vote in the Board of Directors	Equity method

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Evergreen International Storage and Transport Corporation	
	December 31, 2018	December 31, 2017
Current assets	$ 6,066,455	$ 5,429,946
Non-current assets	27,152,629	27,662,565
Current liabilities	(2,418,658)	(2,369,781)
Non-current liabilities	(8,269,749)	(9,031,865)
Total net assets	$ 22,530,677	$ 21,690,865
Share in associate's net assets	$ 8,982,546	$ 8,558,554
Unrealized income with affiliated companies	(97,887)	(106,117)
Carrying amount of the associate	$ 8,884,659	$ 8,452,437

	EVA Airways Corporation	
	December 31, 2018	December 31, 2017
Current assets	$ 75,996,433	$ 69,002,340
Non-current assets	165,197,470	159,204,888
Current liabilities	(60,922,876)	(60,428,208)
Non-current liabilities	(110,151,292)	(103,569,512)
Total net assets	$ 70,119,735	$ 64,209,508
Share in associate's net assets	$ 10,334,116	$ 9,462,402

Statement of comprehensive income

	Evergreen International Storage and Transport Corporation	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$ 7,742,438	$ 7,554,009
Profit for the period	$ 870,248	$ 884,258
Other comprehensive income (loss), net of tax	351,587	(647,260)
Total comprehensive income	$ 1,221,835	$ 236,998
Dividends received from associates	$ 148,422	$ 148,422

	EVA Airways Corporation	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$ 179,907,332	$ 163,561,731
Profit for the period	$ 7,214,513	$ 6,310,934
Other comprehensive loss, net of tax	(543,495)	(769,683)
Total comprehensive income	$ 6,671,018	$ 5,541,251
Dividends received from associates	$ 136,157	$ 132,191

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:
As of December 31, 2018 and 2017, the carrying amount of the Group's individually immaterial associates amounted to $ 9,046,393 and $8,868,187, respectively.

	Year ended December 31, 2018	Year ended December 31, 2017
(Loss) gain for the period	($ 992,621)	$ 2,410,843
Other comprehensive loss, net of tax	(3,309)	(4,318)
Total comprehensive (loss) income	($ 995,930)	$ 2,406,525

C. Above stated certain investments accounted for using equity method are based on the financial statements of associates which were audited by the independent accountants.

D. Above stated certain investments accounted for using equity method are based on the financial statements of associates which were reviewed by the associates' independent accountants.

E. The fair value of the Group's associates which have quoted market price was as follows:

	December 31, 2018	December 31, 2017
Evergreen International Storage and Transport Corporation	$ 5,814,345	$ 6,000,494
EVA Airways Corporation	11,294,242	10,790,460
	$ 17,108,587	$ 16,790,954

F. On December 21, 2017, the Board of Directors of the subsidiary, Evergreen Marine (Hong Kong) Ltd., during their meeting resolved to acquire a 9% equity interest of Colon Container Terminal S.A. from its original shareholder, Marubeni Corporation, in the amount of USD 15,600, and gain from bargain purchase amounted to USD43,000 thousand was recognised. The shareholding ratio will be increased to 49% when the transaction is completed.

G. On October 8, 2018, the Board of Directors during their meeting resolved to acquire 6,629 thousand shares of Evergreen International Storage and Transport Corporation's shares from the stock exchange market. The transaction price was $86,894, and the ownership percentage was increased to 40.36% after the purchase.

(8) Property, plant and equipment, net

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1, 2018												
Cost	$ 829,745	$7,194,260	$611,447	$ 9,600,294	$ 1,120,713	$ 16,325,955	$107,532,947	$ 533,874	$19,524,906	$ 574,438	$ 85,891	$ 163,934,470
Accumulated depreciation	-	(1,111,749)	(495,678)	(5,878,445)	(416,793)	(7,596,520)	(43,793,777)	(423,613)	(6,168,818)	(358,270)	(3,353)	(66,247,016)
	$ 829,745	$6,082,511	$115,769	$ 3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454
2018												
Opening net book amount	$ 829,745	$6,082,511	$115,769	$ 3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454
Additions	-	40,149	23,114	65,091	90,695	8,367,446	297,302	34,023	1,035,091	20,370	68,046	10,041,327
Disposals	-	(96,090)	-	(462)	(1,009)	(549,776)	-	(157)	(4,594)	-	-	(652,088)
Reclassifications	-	7,275	-	172,500	13,706	1,989	16,116,276	(6,924)	(121,803)	-	(14,672)	16,168,347
Depreciation	-	(145,356)	(10,827)	(519,453)	(209,499)	(1,644,186)	(4,788,870)	(40,922)	(1,185,711)	(122,078)	(3,658)	(8,670,560)
Acquired from business combinations	-	140,031	-	-	9,378	113	-	24,383	158	10,539	26,620	211,222
Net exchange differences	(7,669)	149,834	1,084	57,028	20,915	291,603	1,460,396	(355)	459,947	125	575	2,433,483
Closing net book amount	$ 822,076	$6,178,354	$129,140	$ 3,496,553	$ 628,106	$ 15,196,624	$ 76,824,274	$ 120,309	$13,539,176	$ 125,124	$159,449	$ 117,219,185
At December 31, 2018												
Cost	$ 822,076	$7,436,436	$640,766	$ 10,823,844	$ 1,245,653	$ 22,567,926	$126,866,151	$ 543,931	$20,242,368	$ 605,782	$166,460	$ 191,961,393
Accumulated depreciation	-	(1,258,082)	(511,626)	(7,327,291)	(617,547)	(7,371,302)	(50,041,877)	(423,622)	(6,703,192)	(480,658)	(7,011)	(74,742,208)
	$ 822,076	$6,178,354	$129,140	$ 3,496,553	$ 628,106	$ 15,196,624	$ 76,824,274	$ 120,309	$13,539,176	$ 125,124	$159,449	$ 117,219,185

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1, 2017												
Cost	$ 845,610	$1,632,334	$600,442	$ 9,269,204	$ 1,064,943	$ 17,025,213	$110,782,722	$ 511,701	$21,192,069	$ 366,787	$138,493	$ 163,429,518
Accumulated depreciation	-	(1,004,644)	(479,520)	(5,612,263)	(248,689)	(7,412,028)	(42,981,997)	(411,375)	(5,565,381)	(242,660)	(531)	(63,959,088)
	$ 845,610	$ 627,690	$120,922	$ 3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430
2017												
Opening net book amount	$ 845,610	$ 627,690	$120,922	$ 3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430
Additions	-	1,891	3,169	202,894	58,911	985,566	207,088	21,224	70,957	15,488	35,235	1,602,423
Disposals	-	(1,067)	(285)	(3,875)	(617)	(25,375)	(3,451)	(3,721)	(6,337)	(6,155)	-	(50,883)
Reclassifications	-	7,130	-	482,220	76,298	-	3,660,780	(4,012)	(81,527)	204,088	(81,922)	4,263,055
Depreciation	-	(40,958)	(10,041)	(464,240)	(192,670)	(1,328,043)	(4,406,998)	(33,435)	(1,063,223)	(120,753)	(2,822)	(7,663,183)
Acquired from business combinations	-	5,615,200	173	-	2,265	2,970	116,948	27,237	-	-	-	5,764,793
Net exchange differences	(15,865)	(127,375)	1,831	(152,091)	(56,521)	(518,868)	(3,635,922)	2,642	(1,190,470)	(627)	(5,915)	(5,699,181)
Closing net book amount	$ 829,745	$6,082,511	$115,769	$ 3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454
At December 31, 2017												
Cost	$ 829,745	$7,194,260	$611,447	$ 9,600,294	$ 1,120,713	$ 16,325,955	$107,532,947	$ 533,874	$19,524,906	$ 574,438	$ 85,891	$ 163,934,470
Accumulated depreciation	-	(1,111,749)	(495,678)	(5,878,445)	(416,793)	(7,596,520)	(43,793,777)	(423,613)	(6,168,818)	(358,270)	(3,353)	(66,247,016)
	$ 829,745	$6,082,511	$115,769	$ 3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454

A. The Group has issued a negative pledge to granting banks for drawing borrowings within the credit line to purchase the above transportation equipment.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Investment property, net

	Land	Buildings	Total
At January 1, 2018			
Cost	$ 1,414,757	$ 4,066,438	$ 5,481,195
Accumulated depreciation	-	(511,923)	(511,923)
	$ 1,414,757	$ 3,554,515	$ 4,969,272
2018			
Opening net book amount	$ 1,414,757	$ 3,554,515	$ 4,969,272
Reclassifications	270	-	270
Depreciation	-	(132,980)	(132,980)
Acquired from business combinations	-	962,109	962,109
Net exchange differences	27	36,376	36,403
Closing net book amount	$ 1,415,054	$ 4,420,020	$ 5,835,074
At December 31, 2018			
Cost	$ 1,415,054	$ 5,048,676	$ 6,463,730
Accumulated depreciation	-	(628,656)	(628,656)
	$ 1,415,054	$ 4,420,020	$ 5,835,074
At January 1, 2017			
Cost	$ 1,414,631	$ 1,000,649	$ 2,415,280
Accumulated depreciation	-	(476,506)	(476,506)
	$ 1,414,631	$ 524,143	$ 1,938,774
2017			
Opening net book amount	$ 1,414,631	$ 524,143	$ 1,938,774
Reclassifications	174	-	174
Depreciation	-	(28,516)	(28,516)
Acquired from business combinations	-	3,119,127	3,119,127
Net exchange differences	(48)	(60,239)	(60,287)
Closing net book amount	$ 1,414,757	$ 3,554,515	$ 4,969,272
At December 31, 2017			
Cost	$ 1,414,757	$ 4,066,438	$ 5,481,195
Accumulated depreciation	-	(511,923)	(511,923)
	$ 1,414,757	$ 3,554,515	$ 4,969,272

A. Rental income from the investment property and direct operating expenses arising from the investment property are shown below:

	Year ended December 31, 2018	Year ended December 31, 2017
Rental revenue from the lease of the investment property	$ 273,868	$ 125,880
Direct operating expenses arising from the investment property that generated rental income in the period	$ 134,783	$ 25,294
Direct operating expenses arising from the investment property that did not generate rental income in the period	$ 734	$ 1,017

B. The fair value of the investment property held by the Group as at December 31, 2018 and 2017 was $7,801,498 and $6,743,253, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

C. Information about the investment property that were pledged to others as collaterals is provided in Note 8.

(10) Other non-current assets

	December 31, 2018	December 31, 2017
Prepayments for equipment	$ 4,619,738	$ 6,080,908
Refundable deposits	226,760	197,413
Others	94,646	160,044
	$ 4,941,144	$ 6,438,365

Movement analysis of prepayments for equipment are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
At January 1	$ 6,080,908	$ 4,898,843
Additions	14,606,580	5,615,770
Reclassification to property, plant and equipment	(16,168,617)	(4,263,229)
Net exchange differences	100,867	(170,476)
At December 31	$ 4,619,738	$ 6,080,908

Amount of borrowing costs capitalised as part of prepayment for equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Amount capitalised	$ 155,226	$ 107,084
Interest rate	0.86%~4.12%	1.31%~3.06%

(11) Other current liabilities

	December 31, 2018	December 31, 2017
Receipt in advance	$ 15,127	$ 12,367
Long-term liabilities - current portion	16,350,126	16,117,966
Shipowner's accounts	1,804,031	2,322,289
Agency accounts	2,385,780	4,838,099
Long-term leases payable - current	1,941,251	1,349,699
Others	119,663	75,249
	$ 22,615,978	$ 24,715,669

(12) Corporate bonds payable

	December 31, 2018	December 31, 2017
Domestic secured corporate bonds	$ 10,000,000	$ 8,000,000
Less: Current portion or exercise of put options	-	-
	$ 10,000,000	$ 8,000,000

A. On April 25, 2017, the Company issued its thirteenth domestic secured corporate bonds (referred herein as the “Thirteenth Bonds”), totaling $8,000,000. The Thirteenth Bonds are categorized into Bond A, B, C, D, E, F and G, depending on the guarantee institution. Bond A totals $2,000,000, and the rest total $6,000,000, with each par value of $1,000,000. The major terms of the issuance are set forth below:

(a) Period: 5 years (April 25, 2017 to April 25, 2022)

(b) Coupon rate: 1.05% fixed per annum

(c) Principal repayment and interest payment

Repayments for the Thirteenth Bonds are paid annually on coupon rate, starting a year from the issuing date. For each category of the bonds mentioned above, half the principal must be paid at the end of the fourth year, and another half at the maturity date.

(d) Collaterals

The Thirteenth Bonds are secured. Bond A is guaranteed by Hua Nan Bank, Bond B is guaranteed by First Bank, Bond C is guaranteed by Mega International Commercial Bank, Bond D is guaranteed by Land Bank of Taiwan, Bond E is guaranteed by Chang Hwa Bank, Bond F is guaranteed by Taiwan Cooperative Bank, and Bond G is guaranteed by Bank Sinopac.

B. On June 27, 2018, the Company issued its fourteenth domestic secured corporate bonds (referred herein as the "Fourteenth Bonds"), totaling $2,000,000 at face value. The major terms of the issuance are set forth below:

(a) Period: 5 years (June 27, 2018 to June 27, 2023)

(b) Coupon rate: 0.86% fixed per annum

(c) Principal repayment and interest payment

Repayments for the Fourteenth Bonds are paid annually at coupon rate, starting a year from the issuing date. The principal of the Fourteenth Bonds shall be repaid in lump sum at maturity.

(d) Collaterals

The Fourteenth Bonds are secured and are guaranteed by First Commercial Bank.

(13) Long-term loans

	December 31, 2018	December 31, 2017
Secured bank loans	$ 63,430,488	$ 55,586,429
Unsecured bank loans	35,729,010	25,915,897
Add : Unrealised foreign exchange (gains) losses	223,179	10,339
Less: Hosting fee credit	(22,176)	(25,034)
	99,360,501	81,487,631
Less: Current portion (recorded as other current liabilities)	(16,350,126)	(16,117,966)
	$ 83,010,375	$ 65,369,665
Borrowing period	2019.01~2028.12	2018.02~2027.06
Interest rate	1.12%~5.15%	1.18%~5.15%

Please refer to Note 8 for details of the collaterals pledged for the above long-term loans.

(14) Other non-current liabilities

	December 31, 2018	December 31, 2017
Long-term leases payable - non-current	$ 9,698,447	$ 10,381,197
Accrued pension liabilities	2,935,589	3,053,342
Guarantee deposits received	347,115	37,608
Unrealised gain on sale and leaseback	20,041	39,874
	$ 13,001,192	$ 13,512,021

(15) Finance lease liabilities

The Group leases in loading and unloading equipment, ships and transportation equipment under finance lease, based on the terms of the lease contracts. Future minimum lease payments and their present values as at December 31, 2018 and 2017 are as follows:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 2,325,368	($ 384,117)	$ 1,941,251
Non-current			
Later than one year but not later than five years	10,489,983	(791,536)	9,698,447
	$ 12,815,351	($ 1,175,653)	$ 11,639,698

	December 31, 2017		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 1,761,272	($ 411,573)	$ 1,349,699
Non-current			
Later than one year but not later than five years	11,124,634	(1,092,641)	10,031,993
Over five years	356,716	(7,512)	349,204
	11,481,350	(1,100,153)	10,381,197
	$ 13,242,622	($ 1,511,726)	$ 11,730,896

(16) Pension

A.(a) The Company and its domestic subsidiary-TTSC have a defined benefit pension plan in accordance with the Labor Standards Act (“the Act”), covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its subsidiary-TTSC contribute monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with the Trust Department of Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) The employees with R.O.C. nationality of the Group's subsidiaries, Evergreen Marine (Hong Kong) Ltd., Greencompass Marine S. A. and Evergreen Marine (UK) Limited, adopted the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

(c) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 4,240,280)	($ 4,236,061)
Fair value of plan assets	1,304,691	1,182,719
Net defined benefit liability	($ 2,935,589)	($ 3,053,342)

(d) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 4,236,061)	$ 1,182,719	($ 3,053,342)
Current service cost	(157,857)	-	(157,857)
Interest (expense) income	(56,362)	19,780	(36,582)
Past service cost	121	-	121
Curtailment (Settlement)	344	(8,470)	(8,126)
	(4,449,815)	1,194,029	(3,255,786)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	24,053	24,053
Change in demographic assumptions	(9,184)	-	(9,184)
Change in financial assumptions	(41,007)	-	(41,007)
Experience adjustments	(6,090)	-	(6,090)
	(56,281)	24,053	(32,228)
Pension fund contribution	10,349	246,597	256,946
Paid pension	247,051	(152,800)	94,251
Exchange difference	8,416	(7,188)	1,228
Balance at December 31	($ 4,240,280)	$ 1,304,691	($ 3,053,342)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 4,165,132)	$ 1,197,086	($ 2,968,046)
Current service cost	(159,331)	-	(159,331)
Interest (expense) income	(59,773)	11,664	(48,109)
Past service cost	1,415	-	1,415
Settlement profit or loss	668	-	668
	(4,382,153)	1,208,750	(3,173,403)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(40,092)	(40,092)
Change in demographic assumptions	(6,478)	-	(6,478)
Change in financial assumptions	(34,108)	-	(34,108)
Experience adjustments	(68,326)	-	(68,326)
	(108,912)	(40,092)	(149,004)
Pension fund contribution	22,718	188,078	210,796
Paid pension	302,970	(201,422)	101,548
Exchange difference	(33,781)	27,405	(6,376)
Effect of business combination	(36,903)	-	(36,903)
Balance at December 31	($ 4,236,061)	$ 1,182,719	($ 3,053,342)

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries-TTSC's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from twoyear time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(f) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Discount rate	0%~8%	0%~7.3%
Future salary increases	0%~10%	0.5%~11%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.015%~1.00%	Decrease 0.015%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
December 31, 2018				
Effect on present value of defined benefit obligation	(147,753)	157,779	104,371	(94,424)

	Discount rate		Future salary increases	
	Increase 0.025%~1.00%	Decrease 0.025%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
December 31, 2017				
Effect on present value of defined benefit obligation	(150,553)	161,436	108,296	(98,285)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(g) Expected contributions to the defined benefit pension plans of the Company and its subsidiary-TTSC for the year ending December 31, 2018 amounts to $121,399.

(h) As of December 31, 2018, the weighted average duration of the retirement plan is 10 ~25 years.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiary-TTSC have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the“Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary-TTSC contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $241,026 and $186,442, respectively.

(17) Capital stock

A. As of December 31, 2018, the Company's authorized capital was $50,000,000, and the paid-in capital was $ 45,129,738, consisting of 4,512,974 thousand shares of common stocks with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. On August 11, 2017, the Board of Directors of the Company resolved to increase capital by $5,000,000 by issuing 500,000 thousand shares at a par value of NT$10. Of which 50,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on December 5, 2017. The total amount of shares was $7,711,222. All proceeds from share issuance was completed on December 27, 2017.

C. The stockholders at their annual stockholders meeting on June 21, 2018, resolved to issue 200,618 thousand shares through capitalization of unappropriated retained earnings of $2,006,178. The proposal of the capitalisation of earnings was filed online with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect on July 31, 2018. The Company had filed registration of the capital increase through capitalisation of earnings with the Ministry of Economic Affairs on September 18, 2018.

D. On August 13, 2018, the Board of Directors of the Company resolved to increase capital by $3,000,000 by issuing 300,000 thousand shares at a par value of NT$10. Of which 30,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on November 28, 2017. The total amount of shares was $3,226,890. All proceeds from share issuance was completed on December 21, 2018.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2018				
	Share premium	Employe stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1, 2018	$ 8,606,393	$ 76,280	$ 2,148,243	$ 446	$ 6,713
Issuance of common stock for cash	226,890	17,610	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	(23,430)	-	-
At December 31, 2018	$ 8,833,283	$ 93,890	$ 2,124,813	$ 446	$ 6,713

	2017				
	Share premium	Employe stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1, 2017	$ 5,895,171	$ -	$ 2,086,684	$ 446	$ 6,713
Issuance of common stock for cash	2,711,222	76,280	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	61,559	-	-
At December 31, 2017	$ 8,606,393	$ 76,280	$ 2,148,243	$ 446	$ 6,713

(19) Retained earnings

	2018	2017
At January 1	$ 6,769,575	($ 4,248,211)
Retrospective application	276,681	-
Balance at 1 January after adjustments	7,046,256	(4,248,211)
Profit for the year	293,919	7,005,171
Legal reserve used to cover accumulated deficits	-	4,248,211
Distribution of 2017 earnings	(3,509,166)	-
Remeasurement on post employment benefit obligations, net of tax	(71,341)	(235,596)
Adjustments to share of changes in equity of associates and joint ventures	3,537	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	13,438	-
At December 31	$ 3,776,643	$ 6,769,575

A. According to the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for all taxes and cover prior years' losses and then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders.

B. Dividend policy

In order to facilitate future expansion plans, dividends to stockholders are distributed mutually in the form of both cash and stocks with the basic principle that the ratio of cash dividends to total stock dividends shall not be lower than 10%.

C. Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) For the year ended December 31, 2016, the Company incurred accumulated deficit. On June 22, 2017, the Board of Directors proposed to cover the accumulated deficit totaling $4,248,211 with the legal reserve.

(b) The appropriation of earnings of year 2017 as resolved by the Board of Directors on June 21, 2018 is as follows:

	Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	$ 700,517	
Appropriation of cash dividends to shareholders	$ 802,471	$ 0.2
Appropriation of stock dividends to shareholders	$ 2,006,178	$ 0.5

F. The appropriation of earnings of year 2018 as resolved by the Board of Directors on March 22, 2019 is as follows:

	Year ended December 31, 2018	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	$ 29,392	
Appropriation of cash dividends to shareholders	$ -	$ -
Appropriation of stock dividends to shareholders	$ -	$ -

As of March 22, 2019, the above-mentioned 2018 earnings appropriation had not been resolved by the stockholders.

G. For information relating to employees' and directors' remuneration, please refer to Note 6(27).

(20) Other equity items

	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1, 2018	$ 1,833,339	($ 15,912)	($ 1,135,114)	$ 682,313
Effects of retrospective application	(279,677)	-	-	(279,677)
Balance at January 1 after retrospective adjustments	$ 1,553,662	($ 15,912)	($ 1,135,114)	$ 402,636
Revaluation – gross	(316,044)	-	-	(316,044)
Revaluation – tax	6,210	-	-	6,210
Revaluation – associates	8,463	-	-	8,463
Revaluation transferred to retained earnings – gross	(13,438)	-	-	(13,438)
Revaluation transferred to retained earnings – associates	(4,628)	-	-	(4,628)
Cash flow hedges:				
– Fair value loss in the period				
– Associates	-	(42,737)	-	(42,737)
Currency translation differences:				
– Group	-	-	1,004,409	1,004,409
– Group – tax	-	-	746	746
– Associates	-	-	147,539	147,539
At December 31, 2018	$ 1,234,225	($ 58,649)	$ 17,580	$ 1,193,156

	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1, 2017	$ 1,703,161	($ 67,895)	$ 1,254,622	$ 2,889,888
Revaluation – gross	103,585	-	-	103,585
Revaluation – tax	(8,110)	-	-	(8,110)
Revaluation – associates	34,703	-	-	34,703
Cash flow hedges:				
– Fair value gain in the period				
– Associates	-	51,983	-	51,983
Currency translation differences:				
– Group	-	-	(2,046,070)	(2,046,070)
– Group – tax	-	-	2,296	2,296
– Associates	-	-	(345,962)	(345,962)
At December 31, 2017	$ 1,833,339	($ 15,912)	($ 1,135,114)	$ 682,313

(21) Operating revenue

		Year ended December 31, 2018
Revenue from contracts with customers	$	167,647,073
Other - ship rental and slottage income		1,589,580
	$	169,236,653

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following major businesses:

Year ended December 31, 2018	Ship-owners	Agent	Terminal	Other	Total
Total segment revenue	$182,903,835	$ 2,894,849	$ 7,150,737	$ 506,701	$193,456,122
Inter-segment revenue	(25,809,049)	-	-	-	(25,809,049)
Revenue from external customer contracts	$157,094,786	$ 2,894,849	$ 7,150,737	$ 506,701	$167,647,073

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

		December 31, 2018
Contract assets:		
Contract assets relating to marine freight income	$	2,244,065
Contract liabilities:		
Contract liabilities – unearned marine freight income	($	1,774,392)

Revenue recognised that was included in the contract liability balance at the beginning of the period

		Year ended December 31, 2018
Marine freight income	$	2,523,101

C. Related disclosures for 2017 operating revenue are provided in Note 12(5) B.

(22) Other income and expenses, net

		Year ended December 31, 2018		Year ended December 31, 2017
Gains on disposal of property, plant and equipment	$	1,510,330	$	501,784

(23) Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income：		
Interest income from bank deposits	$ 561,404	$ 434,615
Interest income from financial assets measured at amortised cost	2,200	-
Interest income from financial assets other than financial assets at fair value through profit or loss	-	2,339
Rent income	284,183	127,807
Dividend income	109,996	117,436
Gain recognised in bargain purchase transaction	138,571	5,983
Other income, others	376,810	266,126
	$ 1,473,164	$ 954,306

(24) Other gains and losses

	Year ended December 31, 2018	Year ended December 31, 2017
(Losses) gains on disposal of investments	($ 122,834)	$ 612,704
Net currency exchange gains	308,013	51,516
Depreciation on investment property	(132,980)	(28,516)
Other non-operating expenses	(130,099)	(62,810)
	($ 77,900)	$ 572,894

(25) Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense:		
Bank loans	$ 1,942,785	$ 1,417,937
Corporate bonds	92,859	69,863
Other	6	-
	2,035,650	1,487,800
Less: Capitalisation of qualifying assets	(155,226)	(107,084)
Finance costs	$ 1,880,424	$ 1,380,716

(26) Expenses by nature

	Year ended December 31, 2018	Year ended December 31, 2017
Employee benefit expense	$ 7,823,668	$ 6,932,955
Depreciation charges on property, plant and equipment	8,670,560	7,663,183
Amortisation charges on intangible assets	69,348	38,375
Other operating costs and expenses	153,262,568	131,617,656
	$ 169,826,144	$ 146,252,169

(27) Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	$ 6,452,284	$ 5,770,241
Labor and health insurance fees	534,619	440,465
Pension costs	443,470	391,799
Other personnel expenses	393,295	330,450
	$ 7,823,668	$ 6,932,955

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for no less than 0.5% and pay remuneration to the directors and supervisors that account for no more than 2% of the total distributed amount.

B. (a) For the year ended December 31, 2018, employees' compensation was accrued at $2,560, while directors' remunerations were accrued at $0. The aforementioned amount was recognised in salary expenses.

(b) The employees' compensation and directors' remuneration were estimated and accrued based on 0.5% and 0% of distributable profit of current year for the year ended December 31, 2018.

(c) For the year ended December 31, 2017, employees' compensation was accrued at $36,322, while directors' and supervisors' remunerations were accrued at $10,207. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration of 2017 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

Information about the appropriation of employees', directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a)Components of income tax expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Current tax:		
Current tax on profits for the period	$ 907,890	$ 629,009
Tax on undistributed surplus earnings	283,973	-
Alternative MinimumTax	-	31,399
Prior year income tax overestimation	(8,780)	(32,894)
Total current tax	1,183,083	627,514
Deferred tax:		
Origination and reversal of temporary differences	(108,897)	155,464
Impact of change in tax rate	42,717	2,950
Total deferred tax	(66,180)	158,414
Income tax expense	$ 1,116,903	$ 785,928

(b)The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Changes in fair value of financial assets at fair value through other comprehensive income	$ 12,465	$ -
Fair value gains/losses on available-for-sale financial assets	-	(8,125)
Exchange differences on translating the financial statements of foreign operations	(33)	2,296
Remeasurement of defined benefit obligations	5,063	16,942
Impact of change in tax rate	6,387	-
	$ 23,882	$ 11,113

(c)The income tax charged/(credited) to equity during the period is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	($ 115)	($ 95)
Reduction in retained earnings caused by recognition of foreign investees based on the shareholding ratio	146	-
Effects of retrospective application	182	-
Impact of change in tax rate	95	-
	$ 308	($ 95)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2018	Year ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 1,051,440	$ 1,823,489
Expenses disallowed by tax regulation	29,891	19,362
Tax exempt income by tax regulation	(324,906)	(1,028,143)
Effect from investment tax credits	41,966	(42,068)
Change in assessment of realisation of deferred tax assets	(246)	-
Prior year income tax overestimation	(8,780)	(32,894)
Effect from Alternative Minimum Tax	-	31,399
Effect from changes in tax regulation	42,717	2,950
Tax on undistributed earnings	283,973	-
Effect from income tax deduction from prior years	21,272	7,984
Effect of defferd tax from prior year income tax underestimation	-	3,849
Other	(20,424)	-
Income tax expense	$ 1,116,903	$ 785,928

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2018						
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	Business combination	December 31
Temporary differences:							
－Deferred tax assets:							
Bad debts expense	$ 16,047	$ 2,470	$ -	$ 182	($ 182)	$ -	$ 18,517
Loss on valuation of financial assets	1,979	-	(1,979)	-	-	-	-
Deferred profit from disposal of loading and unloading equipment	13,918	671	-	-	-	-	14,589
Unrealized expense	30,185	5,976	-	-	(269)	-	35,892
Unrealized exchange loss	40,741	(11,862)	-	-	89	-	28,968
Pension expense and actuarial losses/(gains)	369,659	7,258	16,126	-	(1,726)	-	391,317
Others	275	621	-	-	183	-	1,079
Net operating loss carryforward	193,394	152,432	-	-	(209)	-	345,617
Investment tax credits	42,068	(42,068)	-	-	-	-	-
Subtotal	$ 708,266	$ 115,498	$ 14,147	$ 182	($ 2,114)	$ -	$ 835,979
－Deferred tax liabilities:							
Temporary differences:							
Gain on valuation of financial assets	$ -	$ -	($ 4,371)	$ -	$ -	$ -	($ 4,371)
Unrealized exchange gain	(584)	462	-	-	4	-	(118)
Unrealized gain	(5,019)	(161)	-	-	164	-	(5,016)
Pension expense and actuarial losses/(gains)	(617)	-	-	-	126	-	(491)
Foreign investment income	(768,141)	(45,996)	14,106	126	354	-	(799,551)
Others	(974,659)	(3,623)	-	-	(32,458)	(150,280)	(1,161,020)
Subtotal	($1,749,020)	($ 49,318)	$ 9,735	$ 126	($ 31,810)	($ 150,280)	($ 1,970,567)
Total	($1,040,754)	$ 66,180	$ 23,882	$ 308	($ 33,924)	($ 150,280)	($ 1,134,588)

	2017						
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	Business combination	December 31
Temporary differences:							
－Deferred tax assets:							
Bad debts expense	$ 14,493	$ 1,501	$ -	$ -	$ 53	$ -	$ 16,047
Loss on valuation of financial assets	1,766	-	209	-	4	-	1,979
Deferred profit from disposal of loading and unloading equipment	16,708	(2,790)	-	-	-	-	13,918
Unrealized expense	32,248	(1,301)	-	-	(762)	-	30,185
Unrealized exchange loss	50,198	(9,482)	-	-	25	-	40,741
Pension expense and actuarial losses/(gains)	365,725	(13,376)	15,284	-	2,026	-	369,659
Others	4,165	(3,706)	-	-	(184)	-	275
Net operating loss carryforward	176,711	16,474	-	-	209	-	193,394
Investment tax credits	-	42,068	-	-	-	-	42,068
Subtotal	$ 662,014	$ 29,388	$ 15,493	$ -	$ 1,371	$ -	$ 708,266
－Deferred tax liabilities:							
Temporary differences:							
Gain on valuation of financial assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrealized exchange gain	(20,999)	20,112	-	-	303	-	(584)
Unrealized gain	(5,833)	454	-	-	360	-	(5,019)
Pension expense and actuarial losses/(gains)	(233)	-	(133)	-	(251)	-	(617)
Foreign investment income	(558,247)	(207,171)	(4,247)	(95)	1,619	-	(768,141)
Others	(47,870)	(1,197)	-	-	22,026	(947,618)	(974,659)
Subtotal	($ 633,182)	($ 187,802)	($ 4,380)	($ 95)	$ 24,057	($ 947,618)	($ 1,749,020)
Total	$ 28,832	($ 158,414)	$ 11,113	($ 95)	$ 25,428	($ 947,618)	($ 1,040,754)

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

As of December 31, 2018：None.

Qualifying items	December 31, 2017 Unused tax credits	December 31, 2017 Unrecognised deferred tax assets	December 31, 2017 Expiry year
Investments in emerging important strategic industries	$ 42,068	$ -	2020

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2018

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 671,047	$ 671,047	$ -	2028
2017	40,204	40,204	-	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	$ 1,728,083	$ 1,728,083	$ -	

December 31, 2017

Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 116,177	$ 116,177	$ -	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	$ 1,133,009	$ 1,133,009	$ -	

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the amounts of temporary difference unrecognised as deferred tax liabilities were $13,656,982 and $13,018,477, respectively.

G. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

H. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

I. The impact of the change in tax rate was primarily from the tax bill signed into law by the President of the United States on December 22, 2017 (Taiwan time), which lowered the corporate income tax rate from 35% to 21%. The Group has assessed the impact of the change in income tax rate.

(29) Earnings (loss) per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Net loss attributable to ordinary shareholders of the parent	$ 293,919	4,240,919	$ 0.07
Diluted loss per share			
Net loss attributable to ordinary shareholders of the parent	293,919	4,240,919	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	215	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 293,919	4,241,134	$ 0.07

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 7,005,171	3,726,809	$ 1.88
Diluted earnings per share			
Net income attributable to ordinary shareholders of the parent	7,005,171	3,726,809	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,375	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 7,005,171	3,730,184	$ 1.88

(30) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

(a) Subsidiary, Peony, purchased 32.5% of outstanding shares of EMA for cash of $44,940 (approx. USD 1,461) on December 28, 2018. The carrying amount of non-controlling interest in Island was $41,019 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $41,019 and a decrease in the equity attributable to owners of the parent by $3,921.

(b) Subsidiary, Everport Terminal Service Inc., purchased 49% of outstanding shares of Island for cash of $262,927 (approx. USD 8,853) on January 1, 2018. The carrying amount of non-controlling interest in Island was $223,006 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $223,006 and a decrease in the equity attributable to owners of the parent by $39,921.

(c) Subsidiary, Peony Investment, purchased 34% of outstanding shares of subsidiary, EGT, for cash of $22,845 (approx. USD 769) on December 31, 2017. The carrying amount of non-controlling interest in EGT was $15,311 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $15,311 and a decrease in the equity attributable to owners of the parent by $7,534.

(d) Subsidiary, Peony Investment, purchased 45% of outstanding shares of subsidiary, EES, for cash of $85,393 (approx. USD 2,875) on December 31, 2017. The carrying amount of non-controlling interest in EES was $86,620 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $86,620 and an increase in the equity attributable to owners of the parent by $1,227.

B. The effect of changes in interests in EMA,ETS, EGT and EES on the equity attributable to owners of the parent for the years ended December 31, 2018 and 2017 are shown below:

	Year ended December 31, 2018	Year ended December 31, 2017
Carrying amount of non-controlling interest acquired	$ 264,025	$ 101,931
Consideration paid to non-controlling interest	(307,867)	(108,238)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	($ 43,842)	($ 6,307)

(31) Business combinations

A. On December 14, 2018, subsidiary, EGH, acquired 100% of the shares of HMH for cash of $3,265,341 (approx. USD 105,808) and obtained control of the company. The company primarily provides shipping agency services. As a result of the acquisition, the Group is expected to strengthen our foothold in the Greater China market and expand our shipping agency and other related businesses in the region.

B. On January 1, 2018, subsidiary, Peony Investment, acquired 51% of the shares of EGV for cash of $10,603 (approx. USD 357). Peony Investment has a 49% equity interest before acquiring these 51% equity interests, therefore, Peony owns 100% of the shares of EGV after the acquisition and has control of EGV. The company primarily provides cargo and shipping agency services in Malaysia. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

C. On December 18, 2017, the Company and Peony Investment acquired 80% of the shares of EGH for cash of $6,452,225 and obtained control of the company. The company primarily provides cargo services domestically and internationally and shipping agency services. As a result of the acquisition, the Group is expected to strengthen our foothold in the Greater China market and expand our shipping agency, liner transport, and other related businesses in the region.

D. On December 27, 2017, Peony Investment acquired 70% of the shares of EGM for cash of $280,668. Previously, on November 30, 2017, Peony Investment received 30% of the shares of EGM from its associate, Green Peninsula Agencies SDN. BHD., as a dividend payment. Therefore, Peony owns 100% of the shares of EGM after the acquisition and has control of EGM. The company primarily provides cargo and shipping agency services in Malaysia. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

E. The following table summarises the consideration paid and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase consideration		
Cash paid	$ 3,275,944	$ 6,732,893
Fair value of equity interest in EGM held before the business combination	10,187	120,287
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	-	1,613,445
	3,286,131	8,466,625
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	640,114	1,626,514
Notes receivable	-	21,411
Accounts receivable	1,025,835	1,654,816
Prepayments	18,606	357,931
Other receivables	59,248	38,375
Inventories	-	50,253
Other current assets	106,692	1,415,204
Investments accounted for using equity method	87,092	4,195
Property, plant and equipment, net	211,222	5,764,793
Investment property, net	962,109	3,119,127
Intangible assets	2,144,086	75,928
Other non-current assets	15,777	148,991
Accounts payable	(268,226)	(2,006,696)
Other payables	(235,433)	(241,970)
Current income tax liabilities	(27,462)	(215,017)
Other current liabilities	(944,979)	(1,805,049)
Long-term loans	(131,261)	(534,492)
Deferred income tax liabilities	(150,280)	(947,618)
Other non-current liabilities	(224,773)	(54,088)
Total identifiable net assets	3,288,367	8,472,608
Goodwill / Gain from bargain purchase	($ 2,236)	($ 5,983)

The following table summarises the amounts of goodwill and gain from bargain purchase by company:

	Year ended December 31, 2018	Year ended December 31, 2017
HMH	($ 8,848)	$ -
EGV	6,612	-
EGH	-	(1,553)
EGM	-	(4,430)
	($ 2,236)	($ 5,983)

F. As at December 31, 2018 and 2017, the fair value of the acquired identifiable intangible assets – customer relationship were estimated to be $2,143,384 and $75,928, respectively.

G. The Group originally held 49% of share ownership in EGV before the business combination. Loss on remeasurement of fair value amounted to $119,908.

H. The Group originally held 30% of share ownership in EGM before the business combination. Gain on remeasurement of fair value amounted to $30,253.

I. The subsidiary, EGH, consolidated HMH as of December 14, 2018, and HMH contributed operating income and pre-tax loss of $6,807 and $115,535, respectively. Had EGH been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue and loss before income tax of $1,183,972 and $545,887, respectively.

J. The Company and subsidiary, Peony Investment, consolidated EGH as of December 18, 2017, and EGH contributed operating income and pre-tax loss of $317,144 and $28,251, respectively. Had EGH been consolidated from January 1, 2017, the consolidated statement of comprehensive income for the year ended December 31, 2017 would show operating revenue and loss before income tax of $2,340,377 and $455,118, respectively.

K. Peony Investment consolidated EGM as of December 27, 2017, and EGM contributed operating income and pre-tax loss of $3,531 and $331, respectively. Had EGM been consolidated from January 1, 2017, the consolidated statement of comprehensive income for the year ended December 31, 2017 would show operating revenue and profit before income tax of $341,516 and $98,988, respectively.

(32) Supplemental cash flow information

Investing activities with partial cash payments

A. Property, plant and equipment

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of property, plant and equipment	$ 10,041,327	$ 1,602,423
Add: Opening balance of payable on equipment	58,347	15,693
Less: Ending balance of payable on equipment	(34,258)	(58,347)
Cash paid during the period	$ 10,065,416	$ 1,559,769

B. Prepayments for equipment (recorded as other non-current assets)

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of prepayments for equipment	$ 14,606,580	$ 5,615,770
Add: Opening balance of payable on prepayments for equipment	4,638	124,787
Less: Ending balance of payable on prepayments for equipment	(194)	(4,638)
Capitalisation of qualifying assets	(155,226)	(107,084)
Cash paid during the period	$ 14,455,798	$ 5,628,835

C. Intangible assets

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of intangible assets	$ 29,380	$ 7,397
Add: Opening balance of payable on intangible assets	-	48,347
Less: Ending balance of payable on intangible assets	-	-
Cash paid during the period	$ 29,380	$ 55,744

D. Investments accounted for using equity method

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of investments accounted for using equity method	$ 1,003,740	$ -
Add: Opening balance of payable on capital stock	(23,166)	-
Less: Ending balance of payable on capital stock	-	-
Cash paid during the period	$ 980,574	$ -

E. The balances of the assets and liabilities of consolidated subsidiaries for the current period are as follows:

	January 1, 2018	Year ended December 31, 2017
Cash and cash equivalents	$ 640,114	$ 1,626,514
Notes receivable	-	21,411
Accounts receivable	1,025,835	1,654,816
Prepayments	18,606	357,931
Other receivables	59,248	38,375
Inventories	-	50,253
Other current assets	106,692	1,415,204
Investments accounted for using equity method	87,092	4,195
Property, plant and equipment, net	211,222	5,764,793
Investment property, net	962,109	3,119,127
Intangible assets	2,144,086	75,928
Deferred income tax assets	-	142,849
Other non-current assets	15,777	6,142
Accounts payable	(268,226)	(2,006,696)
Other payables	(235,433)	(241,970)
Current income tax liabilities	(27,462)	(215,017)
Other current liabilities	(944,979)	(1,805,049)
Long-term loans	(131,261)	(534,492)
Deferred income tax liabilities	(150,280)	(947,618)
Other non-current liabilities	(224,773)	(54,088)
Goodwill/Gain from bargain purchase	(2,236)	(5,983)
	$ 3,286,131	$ 8,466,625

Cash paid for the acquisition	$ 3,275,944	$ 6,732,893
Cash and cash equivalents	(640,114)	(1,626,514)
Net cash paid for the acquisition	$ 2,635,830	$ 5,106,379

F. Change in non-controlling interest

	Year ended December 31, 2018	Year ended December 31, 2017
Change in transactions with non-controlling interest	$ 1,167,819	$ 108,238
Add: Opening balance of payable on investments	-	-
Less: Ending balance of payable on investments	-	(22,845)
Add: Acquired from business combinations	48,163	-
Cash paid during the period	$ 1,215,982	$ 85,393

(33) Changes in liabilities from financing activities

	Long-term borrowings
At January 1, 2018	$ 81,487,631
Changes in cash flow from financing activities	16,260,197
Acquired from business combinations	131,261
Impact of changes in foreign exchange rate	1,481,412
At December 31, 2018	$ 99,360,501

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Group

Names of related parties	Relationship with the Group
Evergreen International Storage and Transport Corp.	Associate
Eva Airways Corp.	Associate
Evergreen Security Corp.	Associate
Charng Yang Development Co., Ltd.	Associate
Taipei Port Container Terminal Corp.	Associate
Ningbo Victory Container Co. Ltd.	Associate
Qingdao Evergreen Container Storage & Transportation Co. Ltd.	Associate
Evergreen Marine (Latin America) S.A.	Associate
Green Peninsula Agencies SDN.BHD	Associate
Luanta Investment (Netherlands) N.V.	Associate
Balsam Investment (Netherlands) N.V.	Associate
Italia Marittima S.p.A.	Associate
Colon Container Terminal S.A.	Associate
PT. Evergreen Shipping Agency Indonesia	Associate
Evergreen Shipping Agency (Vietnam) Corp.	Other related party (A subsidiary since January 1, 2018)
Evergreen Shipping Agency Co. (U.A.E) LLC	Associate
Evergreen International Corp.	Other related party
Evergreen Airline Service Corp.	Other related party
Chang Yung-Fa Charity Foundation	Other related party
Chang Yung-Fa Foundation	Other related party
Eever Accord Construction Corporation	Other related party
Evergreen Aviation Technologies Corporation	Other related party
Evergreen Sky Catering Corporation	Other related party
Evergreen Air Cargo Services Corporation	Other related party
Evergreen Aviation Precision Corporation	Other related party
Evergreen International S.A.	Other related party
Evergreen Marine (Singapore) Pte. Ltd.	Other related party
Gaining Enterprise S.A.	Other related party
Eevergreen Insurance Company Limited	Other related party
Evergreen Shipping Agency (America) Corporation	Other related party
Evergreen Shipping Agency (Japan) Corporation	Other related party
Evergreen Shipping Agency (Philippines) Corporation	Other related party
Evergreen International Myanmar Co., Ltd.	Other related party
Evergreen Marine (Hong Kong) Ltd.	Other related party (A subsidiary since December 18, 2017)

(2) Significant related party transactions and balances

A. Operating revenue:

	Year ended December 31, 2018	Year ended December 31, 2017
Sales of services:		
Associates	$ 2,830,008	$ 3,191,386
Other related parties	10,452,502	10,692,025
	$ 13,282,510	$ 13,883,411

The business terms on which the Group transacts with related parties are of no difference from those with non-related parties.

B. Purchases:

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of services:		
Associates	$ 3,293,741	$ 3,717,601
Other related parties	7,481,533	7,698,504
	$ 10,775,274	$ 11,416,105

Goods and services are purchased from associates and other related parties on normal commercial terms and conditions.

C. Receivables from related parties :

	December 31, 2018	December 31, 2017
Accounts receivable:		
Associates	$ 115,875	$ 162,609
Other related parties	387,763	631,012
Subtotal	$ 503,638	$ 793,621
Other receivables:		
Associates		
-Other	$ 1,626	$ 3,038
Other related parties		
-EIC	179,661	162,433
-Other	8,402	48,789
Subtotal	$ 189,689	$ 214,260
Total	$ 693,327	$ 1,007,881

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. The receivables include provisions against receivables from related parties.

D. Payables to related parties:

		December 31, 2018	December 31, 2017
Accounts payable:			
	Associates	$ 61,940	$ 57,279
	Other related parties	191,232	146,589
	Subtotal	$ 253,172	$ 203,868
Other payables:			
	Associates	$ 25,548	$ 11,752
	Other related parties	156,320	113,616
	Subtotal	$ 181,868	$ 125,368
	Total	$ 435,040	$ 329,236

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Property transactions:

(a) Acquisition of property, plant and equipment:

	Year ended December 31, 2018	Year ended December 31, 2017
Associates	$ -	$ 4,350
Other related parties	4,805	4,199
	$ 4,805	$ 8,549

(b) Disposal of property, plant and equipment:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Other related parties	$ -	$ -	$ 4,890	$ 746

F. Agency accounts:

		December 31, 2018	December 31, 2017
Credit balance of agency accounts:			
	Associates	($ 170,132)	($ 196,045)
	Other related parties		
	-EIC	(382,642)	(515,617)
	-EGA	(648,750)	(865,521)
	-EGJ	(441,941)	(364,482)
	-Other	(57,287)	(28,815)
		($ 1,700,752)	($ 1,970,480)

G. Shipowner's accounts:

	December 31, 2018	December 31, 2017
Debit balance of shipowner's accounts:		
Associates		
-ITS	$ 133,072	$ -
Other related parties		
-EIS	471,267	696,616
-GESA	20,409	25,028
	$ 624,748	$ 721,644

	December 31, 2018	December 31, 2017
Credit balance of shipowner's accounts:		
Associates		
-ITS	$ -	($ 889,198)
Other related parties		
-EMS	(1,804,031)	(525,647)
	($ 1,804,031)	($ 1,414,845)

H. Loans to/from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	December 31, 2018	December 31, 2017
Associates	$ 409,242	$ 272,467

ii. Interest income

	Year ended December 31, 2018	Year ended December 31, 2017
Associates	$ 10,314	$ 2,876

The loans to associates carry interest at floating rates for the years ended December 31, 2018 and 2017.

(b) Loans from related parties:

i. Outstanding balance:

	December 31, 2018	December 31, 2017
Other related parties	$ 1,002,616	$ 877,363

ii. Interest expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Associates	$ -	$ 765
Other related parties	40,026	15,401
	$ 40,026	$ 16,166

The loans from associates carry interest at floating rates for the years ended December 31, 2018 and 2017.

I. Endorsements and guarantees provided to related parties:

	December 31, 2018	December 31, 2017
Associates	$ 3,646,750	$ 3,035,391

J. On August 11, 2017, the Board of Directors resolved to have the Company and Peony Investment acquire 79% and 1%, respectively, of the shares of EGH from other related party Evergreen International S.A. The acquisition date was December 18, 2017, and the transaction amount was $6,452,225 (approx. USD $212,000).

K. On November 30, 2017, the Board of Directors resolved to have Peony Investment acquire 19% of the shares (95,000 shares) of EGM for $76,181 (approx. USD 2,545) from other related party GESA. The acquisition date was December 27, 2017.

L. On December 20, 2017, the Board of Directors resolved to have subsidiary ETS acquire 15% of the shares of Island for $80,488 (approx. USD 2,710) from associate ITS. The acquisition date was January 1, 2018.

M. On June 7, 2018, the Board of Directors resolved to have the subsidiary Peony Investment acquire 11.1074% of the shares of ICS Depot Services Sdn Bhd for $21,568 (approx. USD 706) from associate GESA. The acquisition date was June 30, 2018.

N. On August 13, 2018, the Board of Directors of the subsidiary, EGH, during their meeting resolved to acquire 100% of the shares of HMH from other related party Chestnut. The acquisition date was December 14, 2018, and the transaction amount was $3,265,341 (approx. USD $105,808).

(3) Key management compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and other short-term employee benefits	$ 150,727	$ 207,058
Post-employment benefits	3,704	3,909
	$ 154,431	$ 210,967

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2018	December 31, 2017	Purpose
Other financial assets			
- Pledged time deposits	$ 271,721	$ 324,508	Performance guarantee
Refundable deposits			
- Pledged time deposits	2,000	2,000	〃
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	5,760,284	2,081,017	〃
-Loading and unloading equipment	1,971,185	1,968,231	〃
-Ships	71,813,444	56,643,395	〃
-Computer and communication equipment	502,283	659,279	〃
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	4,393,746	3,523,332	〃
	$ 86,514,756	$ 67,001,855	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2018, the Company had delegated Crédit Agricole Corporate and Investment Bank to issue Standby Letter of Credit amounting to USD 5,000.

B. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The total amount of the issuance of GDRs was USD 115,000. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at $50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at $50.50 (in dollars) per share, and the GDRs issued amounted to USD 115,000. Another 2,116,352 units, representing 21,163,604 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2018. As of December 31, 2018, 8,301,902 units were redeemed and 81,480 units were outstanding, representing 814,889 shares of the Company's common stock.

C. As of December 31, 2018, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Group's purchase of new ships and general working capital requirement amounted to $112,504,119 and the unutilized credit was $20,541,327.

D. Operating lease

The estimated amount of rent expense in the following years under long-term contracts is set forth as follows:

	December 31, 2018	
Within 1 year	$	18,144,025
1~5 years		67,013,201
Over 5 years		45,807,288
	$	130,964,514

E. As of December 31, 2018, the amount of guaranteed notes issued by the Company for loans borrowed was $75,190,874.

F. To meet its operational needs, the Company signed the shipbuilding contracts with Imabari Shipbuilding Co., Ltd. and Samsung Heavy Industries. As of December 31, 2018, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 912,760, USD 791,560 of which remain unpaid.

G. In response to international regulations on sulfur content in shipping fuel, the Group entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy and Alfa Laval Nijmegen B.V.. The total contract prices are USD 72,440 and EUR 23,246, respectively, and USD 60,897 and EUR 18,544 remain unpaid. The Group signed installation contracts with Huarun Dadong Dockyard Co., Ltd.. As of December 31, 2018, the total price of the contracts amounted to USD 88,380, USD 86,612 of which remain unpaid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of appropriation of earnings as proposed by the Board of Directors on March 22, 2019, please refer to Note 6(18).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to maintain an optimal capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 1,650,372	$ -
Available-for-sale financial assets	-	2,282,619
Held-to-maturity financial assets	-	100,000
Financial assets at amortised cost		
Cash and cash equivalents	38,230,522	38,108,263
Notes receivables	154,295	66,410
Accounts receivable	15,516,849	13,769,670
Other accounts receivable	1,481,452	882,906
Financial assets at amortised cost	100,000	-
Guarantee deposits paid	226,760	197,413
Other financial assets	271,721	324,508
	$ 57,631,971	$ 55,731,789
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 20,066,362	$ 15,562,519
Other accounts payable	4,807,376	4,113,886
Bonds payable (including current portion)	10,000,000	8,000,000
Long-term borrowings (including current portion)	99,360,501	81,487,631
Guarantee deposits received	347,115	37,608
	$ 134,581,354	$ 109,201,644

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. The Group's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and GBP. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

ii. The Group's management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group's Finance Department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, GBP, EUR, CNY and others). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 975,655	30.7535	$ 30,004,806
Financial liabilities			
Monetary items			
USD:NTD	$ 955,998	30.7535	$ 29,400,284
HKD:USD	102,461	0.1276	402,072
GBP:USD	5,892	1.2650	229,218
RMB:USD	209,819	0.1456	939,509
EUR:USD	4,406	1.1450	155,147

	December 31, 2017				
	Foreign currency amount (In Thousands)	Exchange rate		Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	946,352	29.7005	$	28,107,128
EUR:USD		9,375	1.1993		333,936
Financial liabilities					
Monetary items					
USD:NTD	$	830,955	29.7005	$	24,679,779
HKD:USD		93,861	0.1279		356,549
RMB:USD		143,195	0.1532		651,554

iv. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to $308,031 and $51,516, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2018				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	300,048	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	294,003	$	-
HKD:USD	1%		4,021		-
GBP:USD	1%		2,292		-
RMB:USD	1%		9,395		-
EUR:USD	1%		1,551		-

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 281,071	$ -
EUR:USD	1%	3,339	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 246,798	$ -
HKD:USD	1%	3,565	-
RMB:USD	1%	6,516	-

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity would have increased/decreased by $16,071 and $22,364 for the years ended December 31, 2018 and 2017, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in the NTD, USD and GBP.

ii. At December 31, 2018 and 2017, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have been $866,151 and $702,141 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. If the default rate of an investment target exceeds 0.03%, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customers' accounts receivable in accordance with the nature of segments. The Group applies the modified approach using probability of default to estimate expected credit loss under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Group has no written-off financial assets that are still under recourse procedures.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable (including related parties) and contract assets. On December 31, 2018, the loss rate methodology is as follows:

	Individual	Group	Total
At December 31, 2018			
Expected loss rate	100%	0.17%	
Total book value	$ 269,567	$ 17,945,460	$ 18,215,027
Loss allowance	$ 269,567	$ 30,251	$ 299,818

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2018			
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables
At January 1_IAS 39	$ -	($ 96,283)	$ -	($ 195,715)
Adjustments under new standards	(5)	(909)	(4,467)	-
At January 1_IFRS 9	(5)	(97,192)	(4,467)	(195,715)
Provision for impairment	-	(15,524)	-	-
Reversal of impairment loss	1	10,192	3,858	-
Write-offs	-	1,114	-	-
Effect of foreign exchange	-	4,942	(83)	(6,939)
At December 31	($ 4)	($ 96,468)	($ 692)	($ 202,654)

ix. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities:

December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	$ 19,747,208	$ 65,975	$ 7	$ -	$ -	$19,813,190
Accounts payable - related parties	145,511	107,661	-	-	-	253,172
Other payables	3,345,893	275,033	-	-	1,966	3,622,892
Other payables - related parties	80,048	1,104,436	-	-	-	1,184,484
Bonds payable	-	101,200	101,200	10,177,600	-	10,380,000
Long-term loans (including current portion)	6,739,554	12,365,049	25,567,731	47,214,097	16,668,096	108,554,527
Long-term leases (including current portion)	593,514	1,347,737	1,245,685	8,452,762	-	11,639,698

Non-derivative financial liabilities:

December 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	$ 15,358,566	$ 71	$ 14	$ -	$ -	$15,358,651
Accounts payable - related parties	188,582	15,286	-	-	-	203,868
Other payables	2,683,132	426,465	-	-	1,558	3,111,155
Other payables - related parties	138,764	863,967	-	-	-	1,002,731
Bonds payable	-	84,000	84,000	8,210,000	-	8,378,000
Long-term loans (including current portion)	3,611,101	14,125,522	19,548,867	32,884,400	16,685,608	86,855,498
Long-term leases (including current portion)	505,416	844,283	1,672,398	8,359,595	349,204	11,730,896

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A.The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, accounts payable and other payables are approximate to their fair values.

	December 31, 2018	
		Fair value
	Book value	Level 3
Financial liabilities:		
Bonds payable	$ 10,000,000	$ 10,156,197
Long-term loans (including current portion)	99,360,501	108,243,508
	$ 109,360,501	$ 118,399,705

	December 31, 2017	
		Fair value
	Book value	Level 3
Financial liabilities:		
Bonds payable	$ 8,000,000	$ 8,177,927
Long-term loans (including current portion)	81,487,631	85,935,082
	$ 89,487,631	$ 94,113,009

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 850,223	$ -	$ 800,149	$ 1,650,372

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 1,144,974	$ -	$ 1,137,645	$ 2,282,619

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	2018	2017
At January 1	$ 1,137,645	$ 1,056,802
Issued in the period	-	-
Sold in the period	(924)	-
Gains and losses recognised in other comprehensive income (Note 1)	(336,572)	80,843
At December 31	$ 800,149	$ 1,137,645

Note 1: Recorded as unrealised gain or losses on valuation of available-for-sale financial assets, unrealised gains or losses on valuation of investments in equity instruments measured at fair value through other comprehensive income and exchange differences on translating the financial statements of foreign operations.

G. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

H. The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 793,376	Market comparable companies	Price to earnings ratio multiple	7.61~70.77	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.46~2.36	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1,129,949	Market comparable companies	Price to earnings ratio multiple	15.33~31.89	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.48~1.71	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	7,696	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	$ -	$ -	$ 7,934	$ 7,934
	Net asset value	±1%	-	-	68	68
			$ -	$ -	$ 8,002	$ 8,002

	Input	Change	December 31, 2017 Recognised in profit or loss Favourable change	Unfavourable change	Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	$ -	$ -	$ 11,299	$ 11,299
	Net asset value	±1%	-	-	77	77
			$ -	$ -	$ 11,376	$ 11,376

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summaries of adopting significant accounting policies in 2017:

(a) Financial assets at fair value through profit or loss

i. They are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(i) Hybrid (combined) contracts; or

(ii) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(iii)They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

iii. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(b) Available-for-sale financial assets

i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(c) Held-to-maturity financial assets

i. They are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

ii. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using trade date accounting.

iii. They are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(d) Notes, accounts and other receivables

Notes and accounts receivable are claims resulting from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes, accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(e) Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(f) Derivative financial instruments and hedging activities

i. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

ii. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

iii. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

iv. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

v. Cash flow hedge

(i) The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within ‘other gains and losses’.

(ii) Amounts accumulated in other comprehensive income are reclassified into profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within ‘finance costs’. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or financial liability, the gains and losses previously deferred in other comprehensive income are reclassified into profit or loss in the periods when the asset acquired or the liability assumed affects profit or loss. The deferred amounts are ultimately recognised in operating costs.

(iii) When a hedging instrument expires, or is sold, cancelled or executed, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

B. The reconciliations of carrying amount of financial assets transfered from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

	Measured at fair value through other comprehensive income-equity	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets at amortised cost	Total	Effects: Retained earnings	Effects: Others equity
IAS 39	$ -	$ 2,282,619	$ 100,000	$ -	$ 2,382,619	$ -	$ -
Transferred into and measured at fair value through other comprehensive income-equity	2,282,619	(2,282,619)	-	-	-	-	-
Transferred into and measured at amortised cost	-	-	(100,000)	100,000	2,382,619	-	-
Impairment loss adjustment	-	-	-	-	-	192,156	(192,156)
IFRS 9	$ 2,282,619	$ -	$ -	$ 100,000	$ 4,765,238	$ 192,156	($ 192,156)

(a) Under IAS 39, because the equity instruments, which were classified as: available-for-sale financial assets, amounting to $2,282,619, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $2,282,619, increased retained earnings and decreased other equity interest in the amounts of $192,156 and $192,156 on initial application of IFRS 9.

(b) Under IAS 39, because the equity instruments, which were classified as: held-to-maturity financial assets, amounting to $100,000, met the condition that it is intended to settle the principal and interest on the outstanding principal balance, and the Group holds these assets for the purpose of cash inflow and sale, they were reclassified as "financial assets at amortised cost" amounting to $100,000 on initial application of IFRS 9.

C. The significant accounts as of December 31, 2017 and for the year ended December 31, 2017, are as follows:

(a)Available-for-sale financial assets

Items	December 31, 2017
Non-current items:	
Listed (TSE and OTC) stocks	$ 631,039
Unlisted stocks	205,227
Subtoal	836,266
Valuation adjustment	1,446,353
	$ 2,282,619

i. The Group recognised $41,394 in other comprehensive income (including unrealised gain or losses on valuation of available-for-sale financial assets and exchange differences on translating the financial statements of foreign operations.) for fair value change for the year ended December 31, 2017.

ii. The Company originally owned the emerging stock of Taiwan High Speed Rail Corporation which was first publicly traded on October 27, 2016. However, for the year ended December 31, 2015, the Company assessed that there had been objective evidence of impairment given that the market price of the shares declined continuously fell. As of December 31, 2017, the Company has recognized $189,091 as impairment loss.

iii. The Company recognised impairment loss of $3,065 on unlisted stocks.

iv. The Group has no available-for-sale assets pledged to others.

(b)Held-to-maturity financial assets

Items	December 31, 2017
Current items:	
Financial bonds	$ -
Non-current items:	
Financial bonds	$ 100,000

i. The Group recognised interest income of $2,339 for amortised cost in profit or loss for the year ended December 31, 2017.

ii. The counterparties of the Group’s investments have good credit quality.

iii. The Group has no held-to-maturity financial assets held by the Group pledged to others.

D. Credit risk information for the year ended December 31, 2017 are as follows :

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's credit quality control policy.

	December 31, 2017
Group 1	$ 1,438,533
Group 2	9,514,967
	$ 10,953,500

Note:

Group 1: Low risk: The Group's ten largest customers, with sound performance and high transparency of financial information, are approved based on the Group's credit quality control policy.

Group 2: General risk.

(d) The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017
Up to 30 days	$ 1,749,509
31 to 180 days	273,040
	$ 2,022,549

The above ageing analysis was based on past due date.

(e) Movement analysis of financial assets that were impaired is as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	($ 99,075)	$ -	($ 99,075)
Provision for impairment	(21,646)	-	(21,646)
Reversal of impairment	18,569	-	18,569
Write-offs during the period	3,490	-	3,490
Net exchange differences	2,379	-	2,379
At December 31	($ 96,283)	$ -	($ 96,283)

(5) Effects of initial application of IFRS 15 and information on application of IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

(a) Sales of goods

Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) Sales of services

Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable.

B. The revenue of the Group recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Marine freight income	$ 135,358,310
Ship rental and slottage income	1,545,894
Container manufacturing income	1,659,315
Commission income and agency service income	1,366,761
Container income and others	10,652,412
	$ 150,582,692

C. Under IFRS 15, liabilities are recognised as contract liabilities, but were previously presented as other current liabilities-others in the balance sheet, the effects and description of current balance sheet items if the Group continues adopting above accounting policies for the year ended December 31, 2018 are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from chages in accounting policy
Contract assets - current	$ 2,244,065	$ -	$ 2,244,065
Accounts receivable, net	15,013,211	17,257,276	(2,244,065)
Contract liabilities- current	(1,774,392)	-	(1,774,392)
Other current liabilities	(22,615,978)	(24,390,370)	1,774,392

There is no impact to the current comprehensive income.

(a) Contracts with customers where services were rendered but not yet billed, were previously presented as accounts receivable on the balance sheet, and are recognised as contract assets in accordance with IFRS 15 'Revenue from contracts with customers'.

(b) Contracts with customers in relation to advance service receipt in the previous period are reclassified as contract liabilities in accordance with IFRS 15.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees (not including investees in Mainland China)

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2018			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	$ 168,729,952	$ 506,701	$ -	$ 169,236,653
Revenue from internal customers	25,809,049	-	(25,809,049)	-
Segment revenue	194,539,001	506,701	(25,809,049)	169,236,653
Interest income	538,144	25,460	-	563,604
Interest expense	(1,873,692)	(6,732)	-	(1,880,424)
Depreciation and amortisation	(8,659,957)	(212,931)	-	(8,872,888)
Share of income (loss) of associates and joint ventures accounted for using equity method	1,602,737	(848,390)	-	754,347
Other items	(158,122,183)	(483,705)	-	(158,605,888)
Segment profit (loss)	$ 28,024,050	($ 1,019,597)	($ 25,809,049)	$ 1,195,404
Recognizable assets	$ 192,189,335	$ 8,557,452	$ -	$ 200,746,787
Investments accounted for using equity method	21,780,248	6,484,920	-	28,265,168
Segment assets	$ 213,969,583	$ 15,042,372	$ -	$ 229,011,955
Segment liabilities	$ 156,893,418	$ 1,150,701	$ -	$ 158,044,119

	Year ended December 31, 2017			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	$ 148,746,685	$ 1,836,007	$ -	$ 150,582,692
Revenue from internal customers	17,503,128	-	(17,503,128)	-
Segment revenue	166,249,813	1,836,007	(17,503,128)	150,582,692
Interest income	417,798	19,156	-	436,954
Interest expense	(1,336,931)	(43,785)	-	(1,380,716)
Depreciation and amortisation	(7,410,359)	(319,715)	-	(7,730,074)
Share of income (loss) of associates and joint ventures accounted for using equity method	1,401,092	1,082,503	-	2,483,595
Other items	(135,361,899)	(1,583,003)	-	(136,944,902)
Segment profit (loss)	$ 23,959,514	$ 991,163	($ 17,503,128)	$ 7,447,549
Recognizable assets	$ 168,476,948	$ 4,819,923	$ -	$ 173,296,871
Investments accounted for using equity method	19,745,077	7,037,949	-	26,783,026
Segment assets	$ 188,222,025	$ 11,857,872	$ -	$ 200,079,897
Segment liabilities	$ 131,942,538	$ 1,448,569	$ -	$ 133,391,107

(3) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that in the balance sheet.

C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that in the balance sheet.

D. The amounts provided to the chief operating decision-maker with respect to segment profit (loss) are measured in a manner consistent with the income (loss) before tax from continuing operations.

(4) Trading information

Service routes	Year ended December 31, 2018 Amount	Year ended December 31, 2018 % of Account Balance	Year ended December 31, 2017 Amount	Year ended December 31, 2017 % of Account Balance
North America	$ 65,814,288	43	$ 52,789,741	39
Europe	32,141,861	21	37,900,327	28
Asia	33,672,426	22	29,778,828	22
Others	21,427,908	14	14,889,414	11
	$ 153,056,483	100	$ 135,358,310	100

(5) Geographical information

Service routes	Year ended December 31, 2018 Revenue	Year ended December 31, 2018 Non-current assets	Year ended December 31, 2017 Revenue	Year ended December 31, 2017 Non-current assets
Taiwan	$ 31,626,116	$ 37,861,813	$ 26,534,097	$ 32,260,172
America	77,426,330	32,747,591	66,722,280	28,478,053
Europe	49,069,897	37,558,867	53,904,721	38,404,276
Asia	10,516,436	22,086,161	2,890,167	10,104,135
Others	597,874	7,496	531,427	8,122
	$ 169,236,653	$ 130,261,928	$ 150,582,692	$ 109,254,758

(6) Major customer information

The Group provides services to customers all over the world. No single customer of the Group accounts for more than 10% of the Group’s operating revenues.

Evergreen Marine Corporation (Taiwan) Ltd.
Loans to others
For the year ended December 31, 2018

Table 1 Expressed in thousands of NTD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 3)	Balance at December 31, 2018 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	Peony Investment S.A.	Luanta Investment (Netherlands) N.V.	Receivables from related parties	Yes	$ 76,426	$ 43,055	$ 43,055	3.4149~3.6056	2	$ -	Working capital requirement	$ -	None	$ -	$ 5,778,585	$ 14,446,463	
1	Peony Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	712,103	707,331	618,145	3.3149~3.6038	2	-	Working capital requirement	-	None	-	11,557,170	14,446,463	(Note 9)
2	Clove Holding Ltd.	Whitney Equipment LLC.	Receivables from related parties	Yes	92,883	92,261	92,261	3.3981	2	-	Working capital requirement	-	None	-	1,101,187	1,376,484	(Note 9)
2	Clove Holding Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	371,532	369,042	295,234	3.4149~3.6063	2	-	Working capital requirement	-	None	-	550,594	1,376,484	
3	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	83,595	83,034	66,428	3.1694~3.5794	2	-	Working capital requirement	-	None	-	929,558	1,859,117	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows
(1)The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2018

Note 4: The column of'Nature of loan' shall fill in 1.'Business transaction' or 2.'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

1. According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statements.
PEONY：USD 939,500*30.7535*20%=5,778,585
Clove Holding Ltd.：USD 89,517*30.7535*20%=550,594
Evergreen Marine (Hong Kong) Ltd.：USD 151,130*30.7535*20%=929,558
The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the latest financial statements.
PEONY：USD 939,500*30.7535*40%=11,557,170

2. According to the Company's credit policy, the total amount of loans granted should not exceed 40% of the net worth stated in the latest financial statements.
Clove Holding Ltd.：USD 89,517*30.7535*40%=1,101,187
Evergreen Marine (Hong Kong) Ltd.：USD 151,130*30.7535*40%=1,859,117
The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted should not exceed 50% of the net worth stated in the latest financial statements.
PEONY：USD 939,500*30.7535*50%=14,446,463
Clove Holding Ltd.：USD 89,517*30.7535*50%=1,376,484

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: This transaction was written off when the consolidated financial statements were prepared.

Evergreen Marine Corporation (Taiwan) Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarntees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2018 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Evergreen Marine Corporation	Greencompass Marine S.A.	2	$ 133,688,460	$ 47,652,627	$ 43,599,149	$ 25,800,522	$ -	65.22%	$ 167,110,575	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	133,688,460	154,805	153,768	-	-	0.23%	167,110,575	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	2	133,688,460	38,039,795	34,190,847	29,061,383	-	51.15%	167,110,575	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	2	133,688,460	237,641	154,042	149,651	-	0.23%	167,110,575	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	33,422,115	2,253,961	2,238,855	2,238,855	-	3.35%	167,110,575	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	33,422,115	910,253	904,153	881,549	-	1.35%	167,110,575	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	133,688,460	1,745,064	1,627,942	1,395,973	-	2.44%	167,110,575	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	2	133,688,460	20,878,199	20,691,893	11,295,851	-	30.96%	167,110,575	Y	N	N	

Evergreen Marine Corporation (Taiwan) Ltd.
Provision of endorsements and guarantees to others
For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarntees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2018 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
1	Evergreen Marine (Hong Kong) Ltd.	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	2	$ 9,295,583	$ 134,910	$ 71,662	$ 35,633	$ -	1.54%	$ 11,619,479	N	N	Y	
1	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	6	2,323,896	507,141	503,742	503,742	-	10.84%	11,619,479	N	N	N	
2	Master International Shipping Agency Co., Ltd.	Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	1	81,691	76,987	76,987	76,987	-	94.24%	204,228	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.

(3) The endorsed/guaranteed parent company directly and indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.

(5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

The calculation is as follows:

The Company: 66,844,230*250% = 167,110,575

Limit on endorsement or guarantees provided by the Company for a single entity is $33,422,115 (Amounting to 50% of its net worth).

When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to $133,688,460.

According to the credit policy of Evergreen Marine (Hong Kong) Ltd., the calculation for total amount of endorsements/guarantees is as follows:

Ceiling on total amount of endorsements/guarantees: USD 151,130*30.7535*250% = 11,619,479

Limit on endorsements or guarantees provided for a single entity：USD 151,130*30.7535*50% = 2,323,896

When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to $9,295,583.

Ceiling on total amount of endorsements/guarantees of Master International Shipping Agency Co. : CNY 18,239*4.4789*250% = 204,228

Limit on endorsements or guarantees provided for a single entity of Master International Shipping Agency Co.：CNY 18,239*4.4789*100%=81,691 (100% of its net worth)

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Evergreen Marine Corporation (Taiwan) Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2018

Table 3

ressed in thousands of shares/thousands of NTD/thousands of foreign currency

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Genearl ledger account	As of December 31, 2018				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Evergreen Marine Corporation	Stock:							
	Power World Fund Inc.		Financial asset measured at fair value through other comprehensive income - non-current	677	$ 6,772	5.68%	$ 6,772	
	Linden Technologies, Inc.		〃	50	40,423	1.44%	40,423	
	TopLogis, Inc.		〃	2,464	18,906	17.48%	18,906	
	Ever Accord Construction Corp.	Other related party	〃	9,317	105,258	17.50%	105,258	
	Central Reinsurance Corp.		〃	49,866	850,223	8.45%	850,223	
	Financial bonds:							
	Sunny Bank 2nd Subordinate Financial Debentures-B Issue in 2015		Financial asset measured at atmortised cost - non-current	-	50,000	-	50,000	
	Sunny Bank 3rd Subordinate Financial Debentures-B Issue in 2017		〃	-	50,000	-	50,000	
Peony Investment S.A.	Hutchison Inland Container Depots Ltd.		Financial asset measured at fair value through other comprehensive income - non-current	0.75	USD 209	7.50	USD 209	
	South Asia Gateway Terminals (Private) Ltd.		〃	18,942	USD 20,226	5.00	USD 20,226	
Evergreen Shipping Agency (Europe) GmbH	Zoll Pool Hafen Hamburg AG		〃	10	EUR 10	2.86	EUR 10	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, 'Financial instruments: recognition and measurement'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Evergreen Marine Corporation (Taiwan) Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2018

Table 4

Expressed in thousands of shares/thousands of NTD

Investor	Marketable securities （Note 1）	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2018		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Evergreen Marine Corporation	Stock:													
	Taiwan HSR Consortium	Financial asset measured at fair value through other comprehensive income - non-current			13,356	$ 329,329	-	$ -	13,356	$ 342,661	$ 329,329	$ 13,332	-	$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2018

Table 5

Expressed in thousands

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Everport Terminal Services Inc.	Subsidiary	Purchases	$ 1,455,870	4%	30~60 days	$ -	-	($ 68,256)	1%	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Purchases	1,580,488	5%	30~60 days	-	-	(20,659)	-	(Note)
			Sales	1,497,882	4%	30~60 days	-	-	7,782	-	(Note)
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	893,918	3%	30~60 days	-	-	(79,666)	2%	(Note)
	Italia Marittima S.p.A.	Associates	Purchases	370,150	1%	30~60 days	-	-	-	-	
			Sales	408,890	1%	30~60 days	-	-	8,445	-	
	Evergreen International Storage and Transport Corp.	Associates	Purchases	410,325	1%	30~60 days	-	-	(20,660)	-	
	Evergreen Shipping Agency (America) Corporation	Other related parties	Purchases	363,380	1%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Other related parties	Purchases	449,731	1%	30~60 days	-	-	(2,390)	-	
			Sales	1,739,984	5%	30~60 days	-	-	33,363	1%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Company	Purchases	250,536	1%	30~60 days	-	-	(110)	-	(Note)
			Sales	729,254	2%	30~60 days	-	-	9,549	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Purchases	181,192	1%	30~60 days	-	-	-	-	
			Sales	1,085,215	3%	30~60 days	-	-	11,453	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Sales	112,920	-	30~60 days	-	-	1,751	-	(Note)
			Purchases	577,182	2%	30~60 days	-	-	-	-	(Note)

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Gaining Enterprise S.A.	Other related parties	Purchases	$ 1,365,732	4%	30~60 days	$ -	-	$ -	-	
	Taipei Port Container Terminal Corp.	Associates	Purchases	107,467	-	30~60 days	-	-	-	-	
Taiwan Terminal Services Co.,Ltd.	Evergreen Marine Corp.	The parent	Sales	893,918	100%	30~60 days	-	-	79,666	99%	(Note)
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	USD 48,254	11%	30~60 days	-	-	USD 2,219	6%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 76,497	17%	30 days	-	-	USD 4,825	13%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 43,105	10%	30 days	-	-	USD 2,226	6%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 121,382	27%	30 days	-	-	USD 5,916	16%	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 12,707	3%	30 days	-	-	USD 858	2%	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 8,937	2%	30 days	-	-	USD 440	1%	(Note)
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 8,745	2%	30 days	-	-	-	-	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine Corp.	The parent	Sales	USD 19,130	5%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 3,743	1%	30~60 days	-	-	(USD 57)	-	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 32,710	9%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 7,686	2%	30~60 days	-	-	-	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 6,667	2%	30~60 days	-	-	-	-	
			Purchases	USD 5,813	2%	30~60 days	-	-	-	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 7,325	2%	30~60 days	-	-	-	-	
			Purchases	USD 9,928	3%	30~60 days	-	-	(USD 14)	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (Hong Kong) Ltd.	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Sales	USD 10,535	3%	30~60 days	$ -	-	USD 903	1%	
			Purchases	USD 11,723	4%	30~60 days	-	-	-	-	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 8,761	2%	30~60 days	-	-	USD 130	-	(Note)
			Purchases	USD 29,271	9%	30~60 days	-	-	(USD 102)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 8,937	3%	30 days	-	-	(USD 440)	1%	(Note)
	Master International Shipping Agency Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 3,538	1%	30~60 days	-	-	(USD 3,538)	5%	(Note)
Greencompass Marine S.A.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 53,300	2%	30~60 days	-	-	USD 1,183	-	(Note)
			Purchases	USD 32,095	1%	30~60 days	-	-	(USD 382)	-	(Note)
	Evergreen Marine Corp.	The parent	Sales	USD 52,384	2%	30~60 days	-	-	USD 672	-	(Note)
			Purchases	USD 49,646	2%	30~60 days	-	-	(USD 253)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 43,105	2%	30 days	-	-	(USD 2,226)	1%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 85,897	3%	30~60 days	-	-	USD 2,214	1%	
			Purchases	USD 23,702	1%	30~60 days	-	-	(USD 443)	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 31,255	1%	30~60 days	-	-	-	-	
			Purchases	USD 46,437	2%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 19,432	1%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 12,860	-	30~60 days	-	-	(USD 1,055)	-	
	Evergreen Shipping Agency (Japan)	Investee of the Parent Company's major shareholder	Purchases	USD 6,581	-	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 14,589	1%	30~60 days	-	-	-	-	(Note)

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencompass Marine S.A.	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 5,094	-	30~60 days	$ -	-	(USD 938)	-	
	Evergreen Marine Co. (Malaysia) SDN.BHD.	Indirect subsidiary of the Parent Company	Purchases	USD 5,446	-	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 7,686	-	30~60 days	-	-	-	-	(Note)
			Purchases	USD 32,710	1%	30~60 days	-	-	-	-	(Note)
	PT. Evergreen Shipping Agency Indonesia	Investee of Peony Investment S.A.	Purchases	USD 3,607	0%	30~60 days	-	-	-	-	
Evergreen Marine (UK) Limited	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 32,095	2%	30~60 days	-	-	USD 382	-	(Note)
			Purchases	USD 53,300	3%	30~60 days	-	-	(USD 1,183)	1%	(Note)
	Evergreen Marine Corp.	The Parent	Sales	USD 8,304	-	30~60 days	-	-	USD 4	-	(Note)
			Purchases	USD 24,171	1%	30~60 days	-	-	(USD 310)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 121,382	7%	30 days	-	-	(USD 5,916)	3%	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 12,041	1%	30~60 days	-	-	USD 367	-	
			Purchases	USD 17,127	1%	30~60 days	-	-	(USD 364)	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 26,722	2%	30~60 days	-	-	USD 673	-	
			Purchases	USD 9,030	1%	30~60 days	-	-	(USD 526)	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 28,699	2%	30~60 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 29,271	2%	30~60 days	-	-	USD 102	-	(Note)
			Purchases	USD 8,761	1%	30~60 days	-	-	(USD 130)	-	(Note)
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 8,310	-	30~60 days	-	-	(USD 226)	-	
	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 4,167	-	30~60 days	-	-	-	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 6,671	-	30~60 days	$ -	-	$ -	-	(Note)
Evergreen Heavy Industrial Corp.(Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 64,925	21%	45 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	MYR 249,169	79%	45 days	-	-	MYR 49,931	100%	(Note)
Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	EUR 12,354	34%	30~60 days	-	-	-	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	EUR 4,813	13%	30~60 days	-	-	EUR 434	1%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 5,649	15%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	EUR 9,921	27%	30~60 days	-	-	EUR 892	2%	
Master International Shipping Agency Co. Ltd.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	CNY 23,434	96%	30~60 days			CNY 24,295	100%	(Note)

Note: This transaction was written off when the consolidated financial statements were prepared.

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2018

Table 6

Expressed in thousands of NTD/thousands of foreign currency

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Evergreen Marine Corp.	Evergreen International Corporation	Investee of the Company's major shareholder	$ 212,956	-	$ -	-	$ 211,519	$ -	
Peony Investment S.A.	Clove Holding Ltd. (Note)	Subsidiary	USD 20,194	-	-	-	-	-	Note
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Evergreen Marine (Hong Kong) Ltd.	Investee of the Parent Company's major shareholder	MYR 49,931	-	-	-	MYR 49,931	-	Note
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 9,689	-	-	-	-	-	

Note: This transaction was written off when the consolidated financial statements were prepared.
Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties, etc.
Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2018

Table 7

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Evergreen Marine Corporation	Taiwan Terminal Services Co.,Ltd.	1	Operating cost	$ 893,918	Note 4	0.53
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Shipowner's account - debit	114,568	"	0.05
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	1,497,882	"	0.89
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	1,580,488	"	0.93
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Shipowner's account - debit	675,749	"	0.30
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	729,254	"	0.43
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	250,536	"	0.15
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	613,053	"	0.27
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating revenue	112,920	"	0.07
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating cost	577,182	"	0.34
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	1,455,870	"	0.86
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	354,342	"	0.15
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	986,885	"	0.58
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	1,300,513	"	0.77
1	Greencompass Marine S.A.	Evergreen Marine Corp. (Malaysia) SDN BHD	3	Operating cost	164,311	"	0.10
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating revenue	968,342	"	0.57
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating cost	1,608,121	"	0.95
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	883,133	"	0.52
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	264,318	"	0.16
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	3,662,221	"	2.16
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Account payable	181,951	"	0.08
3	Evergreen Heavy Industrial Co., (Malaysia) Berhad	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	1,861,135	"	1.10
3	Evergreen Heavy Industrial Co., (Malaysia) Berhad	Evergreen Marine (Hong Kong) Ltd.	3	Account receivables	369,255	"	0.16

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
4	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating cost	$ 231,885	Note 4	0.14
4	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Shipowner's account - credit	325,710	"	0.14
4	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	3	Shipowner's account - credit	234,668	"	0.10
4	Evergreen Marine (Hong Kong) Ltd.	Everport Terminal Services Inc.	3	Operating cost	269,625	"	0.16
4	Evergreen Marine (Hong Kong) Ltd.	Master International Shipping Agency Co., Ltd.	3	Account payable	108,813	"	0.05
5	Master International Shipping Agency Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	106,357	"	0.06
6	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	621,046	"	0.27
7	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Operating revenue	415,318	"	0.25
7	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Shipowner's account - credit	385,266	"	0.17
7	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (UK) Limited	3	Operating revenue	199,075	"	0.12
7	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	188,978	"	0.08

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; Fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Terms are approximately the same as for general transactions.

Note 5: The Company may decide whether or not to disclose transaction details in this table based on the Materiality Principle.

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investees (not including investee company of Mainland China)

For the year ended December 31, 2018

Table 8

Expressed in thousands of shares/thousands of NTD

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net profit (loss) of the investee For the year ended December 31, 2018 (Note 1(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2018 (Note 1(3))	Footnote
				Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	Republic of Panama	Investment activities	$ 14,654,043	$ 14,654,043	4,765	100.00	$ 28,732,006	($ 1,888,994)	($ 1,896,945)	Subsidiary of the Company (Note)
	Taiwan Terminal Services Co., Ltd.	Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	53,286	27,476	15,112	〃
	Everport Terminal Services Inc.	U.S.A	Terminal services	3,075	3,075	1	94.43	1,047,007	553,979	523,115	〃
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	6,438,245	6,438,245	6,320	79.00	7,218,598	979,323	773,665	〃
	Charng Yang Development Co.,Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	544,057	171,613	68,645	Investee accounted for using equity method
	Evergreen International Storage and Transport Corporation	Taiwan	Container transportation and gas stations	4,840,408	4,753,514	430,692	40.36	8,884,659	863,837	348,173	〃
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	111,665	49,790	15,560	〃
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	10,767,879	10,767,879	714,825	16.31	10,334,116	6,552,827	1,068,918	〃
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,094,073	1,094,073	109,378	21.03	1,026,338	234,439	49,312	〃
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,229	3,229	105	17.50	3,474	1,371	240	〃
	VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	178,750	13,750	21.74	253,667	219,747	47,771	〃
Peony Investment S.A.	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,616,074	1,616,074	10	100.00	2,752,969	42,847	42,847	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	255,746	255,746	-	100.00	299,158	17,957	17,957	〃 (Note)
	Evergreen Shipping Agency (Korea) Corporation	South Korea	Shipping agency	74,608	74,608	121	100.00	48,857	12,772	12,772	〃 (Note)
	Evergreen Shipping Agency (Poland) SP. ZO. O	Poland	Shipping agency	-	20,359	2	100.00	-	-	-	〃 (Note)
	Greencompass Marine S.A.	Republic of Panama	Marine transportation	10,871,362	10,871,362	3,535	100.00	15,801,771	(1,334,891)	(1,334,891)	〃 (Note)
	Evergreen Shipping Agency (India) Pvt. Ltd.	India	Shipping agency	36,188	36,188	100	99.99	142,568	45,819	45,818	〃 (Note)
	Evergreen Argentina S.A.	Argentina	Leasing	4,305	4,305	150	95.00	970	(7,407)	(7,037)	〃 (Note)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net profit (loss) of the investee For the year ended December 31, 2018 (Note 1(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2018 (Note 1(3))	Footnote
				Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	PT. Multi Bina Pura International	Indonesia	Loading and discharging operations of container yards and inland transportation	$ 241,137	$ 241,137	17	95.03	$ 502,803	$ 114,147	$ 108,473	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	24,735	24,735	2	17.39	14,248	5,914	1,028	〃 (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	839,412	839,412	42,120	84.44	1,002,482	53,652	45,304	〃 (Note)
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	354,050	354,050	4	70.00	323,664	20,198	14,139	〃 (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	207,442	207,442	6	100.00	236,380	151,681	151,681	〃 (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	72,332	72,332	0.55	55.00	91,804	70,370	38,704	〃 (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	4,124,126	2,555,697	765	51.00	1,529,399	(1,333,238)	(679,951)	〃 (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	52,539	7,599	1	100.00	124,808	125,187	84,501	〃 (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	26,079	26,079	-	51.00	19,007	73,185	37,324	〃 (Note)
	Evergreen Shipping Agency (Singapore) Pte. Ltd.	Singapore	Shipping agency	-	66,335	765	51.00	-	-	-	〃 (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	68,980	61,199	680	85.00	105,232	78,830	67,005	〃 (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,868	17,868	5,500	55.00	100,350	127,945	70,370	〃 (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	37,858	13,962	-	100.00	167,404	138,967	138,967	〃 (Note)
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	29,923	29,923	0.441	49.00	123,188	99,136	48,577	Investee company of Peony accounted for using equity method
	Luanta Investment (Netherlands) N.V.	Curaçao	Investment holding company	1,461,999	1,453,949	460	50.00	1,933,827	(12,120)	(6,060)	〃
	Balsam Investment (Netherlands) N.V.	Curaçao	Investment holding company	12,091,859	11,639,782	0.451	49.00	658,599	(2,207,677)	(1,081,762)	〃
	Green Peninsula Agencies SDN. BHD.	Malaysia	Investment holding company	223,117	223,117	24	30.00	65	(380)	(114)	〃
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	64,029	64,029	-	49.00	78,903	80,200	39,298	〃
	Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	13,102	13,102	1,500	30.00	41,527	14,145	4,243	〃
	Evergreen Marine Corp. (Malaysia) SDN.BHD.	Malaysia	Shipping agency	289,519	3,788	500	100.00	592,961	250,142	250,142	Indirect subsidiary of the Company (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	81,497	81,497	80	1.00	91,375	979,323	9,793	Investee company of Peony accounted for using equity method (Note)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net profit (loss) of the investee For the year ended December 31, 2018 (Note 1(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2018 (Note 1(3))	Footnote
				Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Ics Depot Services Snd. Bhd.	Malaysia	Depot services	$ 34,259	$ -	286	28.65	$ 60,962	$ 49,639	$ 6,591	Investee company of Peony accounted for using equity method (Note)
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Netherlands	Investment holding company	520,839	520,839	-	100.00	466,259	20,915	20,915	Indirect subsidiary of the Company (Note)
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	50,602	50,602	50,602	9.73	474,046	234,439	22,811	Investee company of Armand Estate B.V. accounted for using equity method
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	703,025	703,025	22,860	40.00	2,645,712	50,352	20,141	Investee company of Clove Holding Ltd. accounted for using equity method
	Everport Terminal Services Inc.	U.S.A	Terminal services	200,019	-	0.059	5.57	221,434	553,978	30,863	Investee company of Clove Holding Ltd. accounted for using equity method (Note)
Evergreen Marine (UK) Limited	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,045	3,045	99	16.50	3,275	1,371	226	Investee company of Evergreen Marine (UK) Limited accounted for using equity method
Everport Terminal Services Inc.	Whitney Equipment LLC.	U.S.A	Equipment Leasing Company	6,151	-	-	100.00	192,943	23,716	23,716	Investee company of Everport Terminal Services Inc. accounted for using equity method (Note)
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	101,530	101,530	8	72.95	59,771	5,914	4,314	Indirect subsidiary of the Company (Note)
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	479,755	-	5,143.5	9.00	615,720	50,352	3,666	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,045	3,045	99	16.50	3,275	1,371	226	〃
	Evergreen Shipping Service (Cambodia) Co., Ltd.	Cambodia	Shipping agency	6,151	3,998	200	100.00	12,376	6,107	6,107	Indirect subsidiary of the Company (Note)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net profit (loss) of the investee For the year ended December 31, 2018 (Note 1(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2018 (Note 1(3))	Footnote
				Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value			
Evergreen Marine (Hong Kong) Limited	Evergreen Shipping Agency (PERU) S.A.C.	Peru	Shipping agency	$ 8,537	$ -	900	60.00	$ 23,570	$ 25,292	$ 15,175	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	10,796	0	80	100.00	(574)	(10,981)	(10,981)	〃 (Note)
	Evergreeb Shipping Agency (Mexico) S.A. DE C.V.	Mexico	Shipping agency	7,049	-	44.40	60.00	10,580	5,819	3,491	〃 (Note)
	Evergreeb Shipping Agency (CHILE)SPA.	Chile	Shipping agency	9,805	0	1.5	60.00	17,097	13,135	7,881	〃 (Note)

Note: This transaction was written off when the consolidated financial statements were prepared.

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2018' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee For the year ended December 31, 2018' column should fill in amount of net profit (loss) of the investee for this period.

(3) The'Investment income (loss) recognised by the Company For the year ended December 31, 2018' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investments in Mainland China

For the year ended December 31, 2018

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income (loss) of the investee for the year ended December 31, 2018	Ownership held by the Company (direct of indirect) (%)	Investment income (loss) recognised by the Company. For the year ended December 31, 2018 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2018	Accumulted amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	$ 559,746	(2)	$ 220,241	$ -	$ -	$ 220,241	$ 25,341	40.00	$ 10,137	$ 277,074	$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	190,353	(2)	43,575	-	-	43,575	219,369	40.00	87,747	191,016	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	349,038	(2)	123,014	168,076	-	291,090	28,027	56.00	11,631	246,811	-	(Note)
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	1,945,977	(2)	2,505,191	-	-	2,505,191	22,555	80.00	(56,013)	3,332,384	-	(Note)
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	192,593	(2)	277,147	-	-	277,147	(1,239)	80.00	(934)	152,305	-	(Note)
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	274,765	(2)	-	482,230	-	482,230	2,813	80.00	(570)	417,532	-	(Note)
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	222,781	(2)	-	393,103	-	393,103	1,778	80.00	(145)	250,770	-	(Note)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income (loss) of the investee for the year ended December 31, 2018	Ownership held by the Company (direct of indirect) (%)	Investment income (loss) recognised by the Company. For the year ended December 31, 2018 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2018	Accumulted amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Master International Shipping Agency Co., Ltd.	Inland container transportation, storage, loading, discharging, passenger transportation and related activities	$ 22,395	(2)	$ -	$ 84,904	$ -	$ 84,904	$ 48,085	39.20	$ 1,879	$ 32,023	$ -	(Note)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Evergreen Marine Corp.	$ 4,297,481	$ 4,864,612	$ 40,106,538

Note: This transaction was written off when the consolidated financial statements were prepared.

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company, Peony Investment S.A. and Evergreen Marine (Hong Kong) Ltd., in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2018’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company’s CPA.

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.