

**EVERGREEN MARINE CORPORATION  
(TAIWAN) LTD.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND REPORT OF INDEPENDENT  
ACCOUNTANTS  
DECEMBER 31, 2018 AND 2017**

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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.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the “Company”) as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the 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 our report), the accompanying financial statements present fairly, in all material respects, the financial position of Evergreen Marine Corporation (Taiwan) Ltd. as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” .

### ***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 Parent Company Only Financial Statements* section of our report. We are independent of the Company 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 along with the report of other independent auditors 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements for the year ended December 31, 2018 are as follows:

**Accuracy of freight revenue and appropriate use of cut-off**

Description

Please refer to Note 4(30) for accounting policy on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(20) for details of sales revenue, Note 6(7) for details of investments accounted for using equity method, and Table 8 for information on investees accounted for using equity method.

The Company, the Company's directly held subsidiary, Peony Investment S.A., which is recognised in investments accounted for using equity method, and the subsidiary, Evergreen Marine (Hong Kong) Ltd., which is directly and indirectly held an 80% equity interest by the Company, 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. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the balance sheet date. 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 of which the service has been provided during the reporting period.

Despite the Company and its investee companies 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 Company. Therefore, management could recognise 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 is subject to management's judgement, therefore freight revenue involves high uncertainty and is material to the financial statements. Given the conditions as described above, we consider the accuracy of freight revenue and the appropriate use of cut-off by the Company and its investee companies as a key audit matter.

### How our audit addressed the matter

We, and the other independent accountants, performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the operation and industry of the Company and its investee companies 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 judgment. 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**

#### Description

Please refer to Note 4(15) 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, Note 6(7) for details of investments accounted for using equity method, and Table 8 for information on investees accounted for using equity method.

The Company, the Company's directly held subsidiary, Peony Investment S.A., which is recognised in investments accounted for using equity method, and the subsidiary, Evergreen Marine (Hong Kong) Ltd., which is directly and indirectly held an 80% equity interest by the Company, 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. 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 to significant changes in profit for the industry and raising the risk of impairment on ship equipment, transport equipment and cargo handling equipment, which are recognised in property, plant and equipment. The valuation of impairment and recoverable amounts are evaluated by the Company 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 financial statements. Given the conditions as described above exist in the Company and its investee companies, we consider the impairment assessment of ship equipment, transport equipment and cargo handling equipment in the property, plant and equipment under the Company and its investee companies as a key audit matter.

#### How our audit addressed the matter

We and other accountants performed the following audit procedures on the above key audit matter:

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 transactions in investments accounted for using equity method**

### Description

Please refer to Note 4(14) for accounting policy on investments accounted for using equity method, Note 6(7) for details of investments accounted for under equity method, and Table 8 for information on investees accounted for using equity method.

As of December 31, 2018, the Company owns directly and indirectly 80% equity interests in the subsidiary, Evergreen Marine (Hong Kong) Ltd., which is recognised in investments accounted for using equity method amounting to NT\$7,218,598 thousand, constituting 5.64% of total assets, and recognised gain on investments for the year ended December 31, 2018 amounting to NT\$783,458 thousand.

In December 2018, the subsidiary, Evergreen Marine (Hong Kong) Ltd., acquired a 100% equity interest in Hatsu Marine (Hong Kong) Limited by cash amounting to NT\$3,265,341 thousand, and the fair value of acquired identifiable net assets (including intangible assets-customer relationship) amounted to NT\$3,274,188 thousand. This business combination was a significant transaction during the financial reporting period, the fair value of identifiable net assets were estimated based on management's assessment and price allocation reports prepared by the independent expert appraisers appointed by the company mentioned above. Because the assessment and measurement of the fair value are subject to material judgements and accounting estimations, and are significant to the financial statements, therefore, we identified purchase price allocation a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of and assessed the purpose, internal control policies and process of business combination.
2. Obtained an understanding of and assessed the valuation model used to estimate the fair value of acquiree and the applied forecasting financial data, including assessing the reasonableness of material assumptions, such as discount rate and revenue growth rates, gross margin and operating margin used to estimate future cash flows.
3. Obtained an understanding on the allocation of purchase price and procedures, including policies and assessment procedures on measurement and disclosure of identifiable net assets of acquiree. Reviewed the business combination contracts and price allocation reports, and examined the

acquisition date, recognised considerations and the fair value of identifiable net assets in order to ensure that the transactions were recognised correctly.

**Other matter – Reports of other independent accountants**

We did not audit the financial statements of all the investee companies accounted for using equity method. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion 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 relating to these long-term equity investments, is based solely on the reports of the other independent accountants. Long-term equity investments in these investee companies amounted to NT\$ 21,850,693 thousand and NT\$ 20,592,791 thousand, constituting 17.08% and 17.05% of the total assets as of December 31, 2018 and 2017, respectively, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT\$ 261,959 thousand and NT\$ 1,848,434 thousand, constituting (25.52%) and 40.52% of the total comprehensive income (loss) as of December 31, 2018 and 2017, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Company’s financial reporting process.

### ***Auditor's responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the parent company only 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Li, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2019

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The accompanying parent company only 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 parent company only 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.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 21,672,457	17	\$ 23,043,513	19
Current contract assets	6(20)	682,327	-	-	-
Notes receivable - net	6(4)	43	-	72	-
Accounts receivable - net	6(4)	3,258,807	3	2,861,279	3
Accounts receivable, net - related parties	6(4) and 7	99,623	-	213,443	-
Other receivables		205,230	-	358,065	-
Other receivables - related parties	7	180,937	-	260,788	-
Current income tax assets		-	-	14,180	-
Inventories	6(5)	908,122	1	688,877	1
Prepayments		254,205	-	225,934	-
Other current assets	6(6), 7 and 8	2,774,061	2	2,129,650	2
<b>Current Assets</b>		<u>30,035,812</u>	<u>23</u>	<u>29,795,801</u>	<u>25</u>
<b>Non-current assets</b>					
Non-current financial assets at fair value through other comprehensive income	6(2)	1,021,582	1	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	1,297,929	1
Held-to-maturity financial assets - non-current	12(4)	-	-	100,000	-
Non-current financial assets at amortised cost	6(3)	100,000	-	-	-
Investments accounted for using equity method	6(7)	58,145,047	45	56,719,097	47
Property, plant and equipment - net	6(8) and 8	35,045,526	27	27,118,687	22
Investment property - net	6(9) and 8	1,888,557	2	1,907,702	2
Intangible assets		28,730	-	39,071	-
Deferred income tax assets	6(27)	686,350	1	561,985	-
Other non-current assets	6(10)	976,611	1	3,254,303	3
<b>Non-current assets</b>		<u>97,892,403</u>	<u>77</u>	<u>90,998,774</u>	<u>75</u>
<b>Total assets</b>		<u>\$ 127,928,215</u>	<u>100</u>	<u>\$ 120,794,575</u>	<u>100</u>

(Continued)

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Current contract liabilities	6(20)	\$ 431,290	-	\$ -	-
Accounts payable		4,383,686	4	3,470,062	3
Accounts payable - related parties	7	193,831	-	124,895	-
Other payables		928,636	1	569,685	1
Other payables - related parties	7	6,683	-	14,918	-
Current income tax liabilities		263,684	-	10,766	-
Other current liabilities	6(11)(13) and 7	9,040,820	7	11,029,918	9
<b>Current Liabilities</b>		<u>15,248,630</u>	<u>12</u>	<u>15,220,244</u>	<u>13</u>
<b>Non-current liabilities</b>					
Corporate bonds payable	6(12)	10,000,000	8	8,000,000	7
Long-term loans	6(13)	33,708,791	26	31,951,886	26
Deferred income tax liabilities	6(27)	792,971	1	758,619	1
Other non-current liabilities	6(14)(15)	1,333,593	1	1,465,272	1
<b>Non-current liabilities</b>		<u>45,835,355</u>	<u>36</u>	<u>42,175,777</u>	<u>35</u>
<b>Total Liabilities</b>		<u>61,083,985</u>	<u>48</u>	<u>57,396,021</u>	<u>48</u>
<b>Equity</b>					
<b>Capital</b> 6(16)					
Common stock		45,129,738	35	40,123,560	33
<b>Capital surplus</b> 6(17)					
Capital surplus		11,059,145	9	10,838,075	9
<b>Retained earnings</b> 6(18)					
Legal reserve		5,685,548	4	4,985,031	4
Unappropriated retained earnings		3,776,643	3	6,769,575	6
<b>Other equity interest</b> 6(19)					
Other equity interest		1,193,156	1	682,313	-
<b>Total equity</b>		<u>66,844,230</u>	<u>52</u>	<u>63,398,554</u>	<u>52</u>
<b>Significant Contingent Liabilities And</b>	9				
<b>Unrecognised Contract Commitments</b>					
<b>Significant Events After The Balance Sheet</b>	11				
<b>Date</b>					
<b>Total liabilities and equity</b>		<u>\$ 127,928,215</u>	<u>100</u>	<u>\$ 120,794,575</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**EVERGREEN MARINE CORPORATION (TAIWAN) LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Years ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
<b>Operating revenue</b>	6(20) and 7	\$ 33,994,571	100	\$ 28,897,616	100
<b>Operating costs</b>	6(25)(26) and 7	( 32,512,863)	( 96)	( 26,886,291)	( 93)
<b>Gross profit</b>		<u>1,481,708</u>	<u>4</u>	<u>2,011,325</u>	<u>7</u>
<b>Operating expenses</b>	6(25)(26) and 7				
Selling expenses		( 301,462)	( 1)	( 318,030)	( 1)
General and administrative expenses		( 1,606,233)	( 4)	( 1,776,942)	( 6)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		( 297)	-	-	-
<b>Total operating expenses</b>		<u>( 1,907,992)</u>	<u>( 5)</u>	<u>( 2,094,972)</u>	<u>( 7)</u>
<b>Other gains - net</b>	6(21) and 7	<u>7,594</u>	<u>-</u>	<u>316,314</u>	<u>1</u>
<b>Operating (loss) profit</b>		<u>( 418,690)</u>	<u>( 1)</u>	<u>232,667</u>	<u>1</u>
<b>Non-operating income and expenses</b>					
Other income	6(22)	580,784	2	492,360	2
Other gains and losses	6(23)	19,481	-	435,171	1
Finance costs	6(24)	( 685,636)	( 2)	( 634,697)	( 2)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		<u>1,013,565</u>	<u>3</u>	<u>6,692,407</u>	<u>23</u>
<b>Total non-operating income and expenses</b>		<u>928,194</u>	<u>3</u>	<u>6,985,241</u>	<u>24</u>
<b>Profit before income tax</b>		<u>509,504</u>	<u>2</u>	<u>7,217,908</u>	<u>25</u>
Income tax expense	6(27)	( 215,585)	( 1)	( 212,737)	( 1)
<b>Profit for the year</b>		<u>\$ 293,919</u>	<u>1</u>	<u>\$ 7,005,171</u>	<u>24</u>
<b>Other comprehensive income (loss)</b>	6(19)				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Losses on remeasurements of defined benefit plans	6(15)	( \$ 47,522)	-	( \$ 81,598)	-
Unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income		67,238	-	-	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 409,055)	( 1)	( 167,870)	( 1)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u>11,944</u>	<u>-</u>	<u>13,872</u>	<u>-</u>
<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>		<u>( 377,395)</u>	<u>( 1)</u>	<u>( 235,596)</u>	<u>( 1)</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Other comprehensive income (loss), before tax, exchange differences on translation		1,004,409	3	( 2,046,070)	( 7)
Unrealised loss on available-for-sale financial assets	12(4)	-	-	( 92,521)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		104,751	-	( 71,518)	-
Income tax relating to the components of other comprehensive income		<u>746</u>	<u>-</u>	<u>2,534</u>	<u>-</u>
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>		<u>1,109,906</u>	<u>3</u>	<u>( 2,207,575)</u>	<u>( 7)</u>
<b>Other comprehensive income (loss) for the year</b>		<u>\$ 732,511</u>	<u>2</u>	<u>( \$ 2,443,171)</u>	<u>( 8)</u>
<b>Total comprehensive income for the year</b>		<u>\$ 1,026,430</u>	<u>3</u>	<u>\$ 4,562,000</u>	<u>16</u>
<b>Basic earnings per share (in dollars)</b>	6(28)				
Basic earnings per share		\$ 0.07		\$ 1.88	
Diluted earnings per share		\$ 0.07		\$ 1.88	

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained earnings				Other equity interest					Total equity
		Common stock	Capital surplus	Legal reserve	(Accumulated deficit) unappropriated retained earnings	Exchange differences on translating the financial statements 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	Gains (losses) on hedging instruments	
<b>Year 2017</b>											
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
Profit for the year		-	-	-	7,005,171	-	-	-	-	-	7,005,171
Other comprehensive income (loss) for the year	6(18)(19)	-	-	-	( 235,596 )	( 2,389,736 )	-	130,178	51,983	-	( 2,443,171 )
Total comprehensive income (loss)		-	-	-	6,769,575	( 2,389,736 )	-	130,178	51,983	-	4,562,000
Distribution of 2016 earnings	6(18)	-	-	-	-	-	-	-	-	-	-
Legal reserve used to offset accumulated deficit		-	-	( 4,248,211 )	4,248,211	-	-	-	-	-	-
Issuance of common stock	6(16)(17)	5,000,000	2,711,222	-	-	-	-	-	-	-	7,711,222
Cash capital increase reserved for employee preemption	6(17)	-	76,280	-	-	-	-	-	-	-	76,280
Adjustments to share of changes in equity of subsidiaries, associates and joint ventures	6(17)	-	61,559	-	-	-	-	-	-	-	61,559
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
<b>Year 2018</b>											
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
Retrospective application	3(1), 6(18)(19) and 12(4)	-	-	-	276,681	-	1,553,662	( 1,833,339 )	15,912	( 15,912 )	( 2,996 )
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
Profit for the year		-	-	-	293,919	-	-	-	-	-	293,919
Other comprehensive income (loss) for the year	6(18)(19)	-	-	-	( 71,341 )	1,152,694	( 306,105 )	-	-	( 42,737 )	732,511
Total comprehensive income (loss)		-	-	-	222,578	1,152,694	( 306,105 )	-	-	( 42,737 )	1,026,430
Distribution of 2017 earnings	6(16)(18)	-	-	-	-	-	-	-	-	-	-
Legal capital reserve		-	-	700,517	( 700,517 )	-	-	-	-	-	-
Stock dividends		2,006,178	-	-	( 2,006,178 )	-	-	-	-	-	-
Cash dividends		-	-	-	( 802,471 )	-	-	-	-	-	( 802,471 )
Issuance of common stock	6(16)(17)	3,000,000	226,890	-	-	-	-	-	-	-	3,226,890
Cash capital increase reserved for employee preemption	6(17)	-	17,610	-	-	-	-	-	-	-	17,610
Adjustments to share of changes in equity of subsidiaries, associates and joint ventures	6(17)(18)	-	( 23,430 )	-	3,643	-	-	-	-	-	( 19,787 )
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)(18)	-	-	-	13,332	-	( 13,332 )	-	-	-	-
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

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 509,504	\$ 7,217,908
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(23)(25)	2,052,106	1,771,783
Amortization	6(25)	20,572	19,591
Bad debt expense		297	-
Interest expense	6(24)	685,636	634,697
Interest income	6(22)	( 259,184 )	( 240,022 )
Dividend income	6(22)	( 58,560 )	( 46,965 )
Gain on disposal of available-for-sale financial assets		-	( 523,111 )
Loss on disposal of other long-term investments	6(23)	-	312
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		( 1,013,565 )	( 6,692,407 )
Gain from bargain purchase	6(22)	-	( 1,534 )
Net gain on disposal of property, plant and equipment	6(21)	( 7,594 )	( 316,314 )
Realized income with affiliated companies		-	( 7,444 )
Cash capital increase reserved for employee preemption	6(17)	17,610	76,280
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		( 303,183 )	-
Notes receivable		29	( 43 )
Accounts receivable		( 771,436 )	( 745,383 )
Accounts receivable - related parties		113,797	( 89,546 )
Other receivables		146,416	328,228
Other receivables - related parties		79,851	( 53,321 )
Inventories		( 219,245 )	( 287,794 )
Prepayments		( 28,271 )	( 32,951 )
Other current assets		( 644,411 )	( 78,841 )
Other non-current assets		( 846 )	5,232
Changes in operating liabilities			
Current contract liabilities		( 21,918 )	-
Accounts payable		913,624	963,317
Accounts payable - related parties		68,936	919
Other payables		382,575	112,709
Other payables - related parties		( 8,235 )	8,138
Other current liabilities		( 173,585 )	894,561
Other non-current liabilities		( 179,516 )	( 106,045 )
Cash inflow generated from operations		1,301,404	2,811,954
Interest received		259,184	240,022
Interest paid		( 701,416 )	( 646,262 )
Income tax refund received		-	160,259
Income tax paid		( 12,137 )	-
Net cash flows from operating activities		<u>847,035</u>	<u>2,565,973</u>

(Continued)

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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 available-for-sale financial assets		-	915,160
Proceeds from sale 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(7)	( 86,894 )	( 6,388,255 )
Acquisition of property, plant and equipment	6(29)	( 1,418,425 )	( 1,051,694 )
Proceeds from disposal of property, plant and equipment		1,260	325,141
Acquisition of intangible assets		( 10,231 )	( 6,459 )
Increase in other non-current assets	6(29)	( 6,276,066 )	( 2,402,411 )
Cash dividends received		406,556	390,100
Net cash flows used in investing activities		( 7,040,215 )	( 8,098,418 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		-	600,000
Decrease in short-term loans		-	( 600,000 )
Increase in long-term loans	6(30)	16,065,620	2,164,302
Decrease in long-term loans	6(30)	( 15,668,231 )	( 6,953,775 )
Increase in corporate bonds payable		2,000,000	8,000,000
Decrease in corporate bonds payable		-	( 3,000,000 )
Proceeds from issuance of common stock	6(16)	3,226,890	7,711,222
Increase in guarantee deposits received		316	-
Cash dividends paid		( 802,471 )	-
Net cash flows from financing activities		4,822,124	7,921,749
Net (decrease) increase in cash and cash equivalents		( 1,371,056 )	2,389,304
Cash and cash equivalents at beginning of year		23,043,513	20,654,209
Cash and cash equivalents at end of year		\$ 21,672,457	\$ 23,043,513

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

(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, is 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
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



New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

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).
- (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 Company 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 Company expects to reclassify available-for-sale financial assets in the amount of \$1,297,929 by increasing financial assets at fair value through other comprehensive income in the amount of \$1,297,929. Additionally, the Company 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 Company 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 Company increased deferred income tax assets by \$182, and decreased current contract assets by \$114, accounts receivable, net by \$744, accounts receivable, net - related parties by \$52, investments accounted for using equity method by \$3,665 and retained earnings by \$4,393.
- 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.

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 Company 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 Company 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 Company 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 \$379,235 (including contract assets and allowance for bad debts amounting to \$379,349 and \$114, 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 \$453,207.

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

C. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company expects to provide additional disclosures to explain the changes in liabilities arising from financing activities.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Company’s financial condition and financial performance based on the Company’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 Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company 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 \$14,756,183 and \$14,756,183, 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) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Company’s financial condition and financial performance based on the Company’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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, these parent company only 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company 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) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and 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 company 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 Company 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 Company 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.

(4) Classification of current and non-current items

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.

(5) Cash equivalents

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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company 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.

(8) 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 Company'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 Company 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.

(9) Notes, accounts and other receivables

- A. Notes and accounts receivable entitle the Company 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 services are classified as other receivables.



B. The Company 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.

(10) 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 Company 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 Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(12) 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.

(13) 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.

(14) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.

B. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

- C. After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.
- E. If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost and recognizes any resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.
- F. Associates are all entities over which the Company 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.
- G. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains or loss on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and

'investments accounted for under the 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 Company'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.

- K. Upon loss of significant influence over an associate, the Company 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.
- L. When the Company 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.
- M. When the Company 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 retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. According to "Rules Governing the Preparations of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) 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 Company 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	50 ~ 55 years
Loading and unloading equipment	6 ~ 20 years
Ships	18 ~ 25 years
Transportation equipment	6 ~ 10 years
Other equipment	3 ~ 5 years

(16) Leased assets/ operating leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Company 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 Company 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.

(17) 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 50 ~ 60 years.

(18) Intangible assets

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

(19) Impairment of non-financial assets

The Company 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.

(20) 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.

(21) Accounts payable

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

B. The Company 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.

(22) 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 Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Company 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'.

(24) Derecognition of financial liabilities

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

(25) 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.

(26) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Company'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 Company will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Company 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 Company 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 Company 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.

(27) Employee benefits

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 Company 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 Company 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 Company'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 Company 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) 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 parent company only 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 Company 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.

(29) 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.

(30) Revenue recognition

A. 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. Rental revenue

The Company 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company'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 assets

The Company 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 Company strategy might cause material impairment on assets in the future.

As of December 31, 2018, the Company recognised property, plant and equipment, amounting to \$35,045,526.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash on hand and petty cash	\$ 14,807	\$ 13,433
Checking accounts and demand deposits	2,594,385	2,656,471
Time deposits	19,063,265	20,373,609
	<u>\$ 21,672,457</u>	<u>\$ 23,043,513</u>

A. The Company 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.

B. The Company 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 and OTC) stocks	\$ 490,801
Unlisted stocks	91,058
	581,859
Valuation adjustment	439,723
	\$ 1,021,582

- A. The Company 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 \$1,021,582 at December 31, 2018.
- B. For the year ended December 31, 2018, for the consideration of operations, the Company sold shares of listed stocks with a fair value of \$342,661 of which a cumulative disposal gain of \$13,332 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 <u>December 31, 2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	\$ 53,906
Income tax recognised in other comprehensive income	\$ 6,699
Cumulative gains reclassified to retained earnings due to derecognition	\$ 13,332
Dividend income recognised in profit or loss	
Held at end of period	\$ 48,031

- 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 Company was \$1,021,582.
- 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 is 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	\$ <u>2,200</u>

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 Company was \$100,000.

C. The Company has no financial assets at amortised cost held by the Company 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	\$ 43	\$ 72
Less: Allowance for bad debts	<u>-</u>	<u>-</u>
	<u>\$ 43</u>	<u>\$ 72</u>
Accounts receivable (including related parties)	\$ 3,423,679	\$ 3,143,204
Less: Allowance for bad debts	<u>(65,249)</u>	<u>(68,482)</u>
	<u>\$ 3,358,430</u>	<u>\$ 3,074,722</u>

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

	December 31, 2018		December 31, 2017	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not impaired	\$ 2,376,219	\$ 43	\$ 2,508,727	\$ 72
Up to 30 days	635,760	-	301,805	-
31 to 180 days	282,204	-	202,127	-
Over 181 days	64,247	-	62,063	-
	<u>\$ 3,358,430</u>	<u>\$ 43</u>	<u>\$ 3,074,722</u>	<u>\$ 72</u>

The above ageing analysis was based on past due date.

B. The Company has no notes and accounts receivable held by the Company 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 Company's notes receivable were \$43 and \$72, respectively; and the amount that best represents the Company's accounts receivable were \$3,358,430 and \$3,074,722, 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	\$ 908,122	\$ -	\$ 908,122

  

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 688,877	\$ -	\$ 688,877

(6) Other current assets

	December 31, 2018	December 31, 2017
Shipowner's accounts	\$ 1,270,841	\$ 1,647,486
Agent accounts	417,986	250,116
Other financial assets	121,632	117,725
Temporary debits	963,602	114,323
	<u>\$ 2,774,061</u>	<u>\$ 2,129,650</u>

A. Shipowner's accounts

- (a) These pertain to temporary accounts between the Company and Evergreen International S.A., Gaining Enterprise S.A., Greencompass Marine S.A., Italia Marittima S.p.A., Evergreen Marine (UK) Ltd., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd.. These accounts occur as these ship owners incur foreign port expenses and related rental expenses.
- (b) In response to market competition and enhancement of global transportation network to provide better logistics services to customers, the Company has joined Cosco Container Lines Co., Ltd., Kawasaki Kisen Kaisha, Ltd., Yang Ming (UK), Ltd. and Hanjin Shipping Co., Ltd. to form the new CKYHE Alliance for the 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 Company 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

These accounts occur when domestic and foreign agencies, based on the agreement with the Company, deal with foreign port formalities regarding arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight, and payment of expenses incurred in the foreign port.

(7) Investments accounted for using equity method

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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiary of the Company:		
Peony Investment S.A.	\$ 28,571,763	\$ 29,984,506
Evergreen Marine (Hong Kong) Ltd.	7,218,598	6,287,883
Everport Terminal Services Inc.	1,047,007	568,156
Taiwan Terminal Services Co., Ltd.	53,286	39,912
Associates of the Company:		
EVA Airways Corporation	10,334,116	9,462,402
Evergreen International Storage and Transport Corporation	8,981,075	8,554,230
Taipei Port Container Terminal Corporation	1,026,338	977,049
Charng Yang Development Co., Ltd.	544,057	537,532
VIP Greenport Joint Stock Company	253,668	205,923
Evergreen Security Corporation	111,665	97,140
Evergreen Marine (Latin America), S.A.	3,474	4,364
	<u>\$ 58,145,047</u>	<u>\$ 56,719,097</u>

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

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

B. The above investment income or loss accounted for using the equity method was based on the financial statements of the investees for the corresponding periods, which were audited by independent accountants.

C. Subsidiary:

- (a) For information on the subsidiaries, please refer to Note 4(3) of the consolidated financial statements as of December 31, 2018.
- (b) On August 11, 2017, the Board of Directors resolved to acquire Evergreen Marine (Hong Kong) Ltd. On December 18, 2017, the Company purchased 80% of the shares of Evergreen Marine (Hong Kong) Ltd. for cash of \$6,452,225 (approx. USD 212,000) from subsidiary Peony Investment S.A. Please refer to Note 6(31) to the 2018 consolidated financial statements.
- (c) On August 13, 2018, the Board of Directors of the subsidiary, Evergreen Marine (Hong Kong) Ltd., resolved to acquire Hatsu Marine (Hong Kong) Limited. On December 14, 2018, the Company purchased 100% of the shares of Hatsu Marine (Hong Kong) Limited. for cash of \$3,265,341 (approx. USD 105,808) from other related party Chestnut Estate B.V.. Please refer to Note 6(31) to the 2018 consolidated financial statements.

D.The basic information of the associates that are material to the Company 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		
EVA Airways Corporation	TW	16.31%	16.31%	Have a right to vote in the Board of Directors	Equity method

E.The summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
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	<u>\$ 22,530,677</u>	<u>\$ 21,690,865</u>
Share in associate's net assets	\$ 8,982,546	\$ 8,558,553
Unrealized income with affiliated companies	( 1,471)	( 4,323)
Carrying amount of the associate	<u>\$ 8,981,075</u>	<u>\$ 8,554,230</u>
	<u>EVA Airways Corporation</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
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	<u>\$ 70,119,735</u>	<u>\$ 64,209,508</u>
Share in associate's net assets	<u>\$ 10,334,116</u>	<u>\$ 9,462,402</u>

### Statement of comprehensive income

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2018</u>	<u>31, 2017</u>
Revenue	\$ 7,742,438	\$ 7,554,009
Profit for the period from continuing operations	\$ 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

	<u>EVA Airways Corporation</u>	
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2018</u>	<u>31, 2017</u>
Revenue	\$ 179,907,332	\$ 163,561,731
Profit for the period from continuing operations	\$ 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

F.The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2018 and 2017, the carrying amount of the Company's individually immaterial associates amounted to \$1,939,202 and \$1,822,008, respectively.

	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2018</u>	<u>31, 2017</u>
Profit for the period from continuing operations	\$ 676,960	\$ 344,532
Other comprehensive loss, net of tax	( 3,309)	( 4,318)
Total comprehensive income	\$ 673,651	\$ 340,214

G.On May 12, 2017, the Board of Directors resolved to purchase newly issued shares of VIP Greenport Joint Stock Company for VND 12,500 thousand as an original shareholder. The ownership percentage remains at 21.74% after the purchase.

H.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

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Other	Total
<u>At January 1, 2018</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,043,080	\$ 137,898	\$ 5,034,842	\$ 25,314,393	\$ 207,819	\$ 555,741	\$ 73,690	\$ 38,328,951
Accumulated depreciation	-	( 207,146)	( 4,149,926)	( 115,362)	( 1,654,349)	( 4,566,856)	( 169,263)	( 344,009)	( 3,353)	( 11,210,264)
	<u>\$ 558,532</u>	<u>\$ 195,810</u>	<u>\$ 1,893,154</u>	<u>\$ 22,536</u>	<u>\$ 3,380,493</u>	<u>\$ 20,747,537</u>	<u>\$ 38,556</u>	<u>\$ 211,732</u>	<u>\$ 70,337</u>	<u>\$ 27,118,687</u>
<u>2018</u>										
Opening net book amount as at January 1	\$ 558,532	\$ 195,810	\$ 1,893,154	\$ 22,536	\$ 3,380,493	\$ 20,747,537	\$ 38,556	\$ 211,732	\$ 70,337	\$ 27,118,687
Additions	-	-	4,038	17,682	1,323,549	56,301	2,214	10,097	389	1,414,270
Disposals	-	-	( 1)	( 106)	( 2,478)	-	( 9)	-	-	( 2,594)
Reclassifications	-	-	50,697	818	1,989	8,490,790	-	-	3,830	8,548,124
Depreciation	-	( 7,748)	( 178,203)	( 14,404)	( 451,311)	( 1,241,895)	( 17,875)	( 117,867)	( 3,658)	( 2,032,961)
Closing net book amount as at December 31	<u>\$ 558,532</u>	<u>\$ 188,062</u>	<u>\$ 1,769,685</u>	<u>\$ 26,526</u>	<u>\$ 4,252,242</u>	<u>\$ 28,052,733</u>	<u>\$ 22,886</u>	<u>\$ 103,962</u>	<u>\$ 70,898</u>	<u>\$ 35,045,526</u>
<u>At December 31, 2018</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,079,916	\$ 143,644	\$ 6,356,030	\$ 33,861,484	\$ 206,679	\$ 565,838	\$ 77,909	\$ 48,252,988
Accumulated depreciation	-	( 214,894)	( 4,310,231)	( 117,118)	( 2,103,788)	( 5,808,751)	( 183,793)	( 461,876)	( 7,011)	( 13,207,462)
	<u>\$ 558,532</u>	<u>\$ 188,062</u>	<u>\$ 1,769,685</u>	<u>\$ 26,526</u>	<u>\$ 4,252,242</u>	<u>\$ 28,052,733</u>	<u>\$ 22,886</u>	<u>\$ 103,962</u>	<u>\$ 70,898</u>	<u>\$ 35,045,526</u>

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Other	Total
<u>At January 1, 2017</u>										
Cost	\$ 558,532	\$ 402,956	\$ 5,663,204	\$ 120,405	\$ 4,661,534	\$ 24,554,286	\$ 209,733	\$ 337,340	\$ 72,810	\$ 36,580,800
Accumulated depreciation	-	( 199,399)	( 3,990,202)	( 109,661)	( 1,879,108)	( 3,958,278)	( 159,570)	( 228,668)	( 531)	( 10,525,417)
	<u>\$ 558,532</u>	<u>\$ 203,557</u>	<u>\$ 1,673,002</u>	<u>\$ 10,744</u>	<u>\$ 2,782,426</u>	<u>\$ 20,596,008</u>	<u>\$ 50,163</u>	<u>\$ 108,672</u>	<u>\$ 72,279</u>	<u>\$ 26,055,383</u>
<u>2017</u>										
Opening net book amount as at January 1	\$ 558,532	\$ 203,557	\$ 1,673,002	\$ 10,744	\$ 2,782,426	\$ 20,596,008	\$ 50,163	\$ 108,672	\$ 72,279	\$ 26,055,383
Additions	-	-	2,014	23,131	984,310	21,375	8,320	14,312	494	1,053,956
Disposals	-	-	( 38)	( 28)	( 14,252)	( 3,451)	( 26)	-	-	( 17,795)
Reclassifications	-	-	379,334	807	-	1,195,037	128	204,089	387	1,779,782
Depreciation	-	( 7,747)	( 161,158)	( 12,118)	( 371,991)	( 1,061,432)	( 20,029)	( 115,341)	( 2,823)	( 1,752,639)
Closing net book amount as at December 31	<u>\$ 558,532</u>	<u>\$ 195,810</u>	<u>\$ 1,893,154</u>	<u>\$ 22,536</u>	<u>\$ 3,380,493</u>	<u>\$ 20,747,537</u>	<u>\$ 38,556</u>	<u>\$ 211,732</u>	<u>\$ 70,337</u>	<u>\$ 27,118,687</u>
<u>At December 31, 2017</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,043,080	\$ 137,898	\$ 5,034,842	\$ 25,314,393	\$ 207,819	\$ 555,741	\$ 73,690	\$ 38,328,951
Accumulated depreciation	-	( 207,146)	( 4,149,926)	( 115,362)	( 1,654,349)	( 4,566,856)	( 169,263)	( 344,009)	( 3,353)	( 11,210,264)
	<u>\$ 558,532</u>	<u>\$ 195,810</u>	<u>\$ 1,893,154</u>	<u>\$ 22,536</u>	<u>\$ 3,380,493</u>	<u>\$ 20,747,537</u>	<u>\$ 38,556</u>	<u>\$ 211,732</u>	<u>\$ 70,337</u>	<u>\$ 27,118,687</u>

A. The Company 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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 481,493)	( 481,493)
	<u>\$ 1,414,008</u>	<u>\$ 493,694</u>	<u>\$ 1,907,702</u>
<u>2018</u>			
Opening net book amount as at January 1	\$ 1,414,008	\$ 493,694	\$ 1,907,702
Depreciation charge	-	( 19,145)	( 19,145)
Closing net book amount as at December 31	<u>\$ 1,414,008</u>	<u>\$ 474,549</u>	<u>\$ 1,888,557</u>
<u>At December 31, 2018</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 500,638)	( 500,638)
	<u>\$ 1,414,008</u>	<u>\$ 474,549</u>	<u>\$ 1,888,557</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 462,349)	( 462,349)
	<u>\$ 1,414,008</u>	<u>\$ 512,838</u>	<u>\$ 1,926,846</u>
<u>2017</u>			
Opening net book amount as at January 1	\$ 1,414,008	\$ 512,838	\$ 1,926,846
Depreciation charge	-	( 19,144)	( 19,144)
Closing net book amount as at December 31	<u>\$ 1,414,008</u>	<u>\$ 493,694</u>	<u>\$ 1,907,702</u>
<u>At December 31, 2017</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 481,493)	( 481,493)
	<u>\$ 1,414,008</u>	<u>\$ 493,694</u>	<u>\$ 1,907,702</u>

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 income from investment property	\$ 101,447	\$ 102,753
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 19,145	\$ 19,144
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ -	\$ -

B. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 was \$3,566,686 and \$3,562,523, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property, which is categorised within Level 2 in the fair value hierarchy.

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

(10) Other current assets

	December 31, 2018	December 31, 2017
Prepayments for equipment	\$ 957,350	\$ 3,235,888
Refundable deposits	19,261	18,415
	\$ 976,611	\$ 3,254,303

A. Amount of borrowing costs capitalized as part of prepayment for equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Amount capitalised	\$ 31,368	\$ 42,773
Interest rate	0.86%~1.59%	1.31%~1.59%

B. Movement in prepayments for equipment for the years ended December 31, 2018 and 2017 are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
At January 1	\$ 3,235,888	\$ 2,656,169
Additions	6,269,586	2,359,501
Reclassified to property, plant and equipment	( 8,548,124)	( 1,779,782)
At December 31	\$ 957,350	\$ 3,235,888

(11) Other current liabilities

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Long-term liabilities - current portion	\$ 6,376,400	\$ 7,738,706
Shipowner's accounts	1,609,680	1,939,253
Agency accounts	1,047,237	1,329,979
Others	7,503	21,980
	<u>\$ 9,040,820</u>	<u>\$ 11,029,918</u>

(12) Corporate bonds payable

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

A. On June 27, 2018, the Company issued its fourteenth domestic secured corporate bonds (referred herein as the “Fourteenth Bonds”), totaling \$2,000,000, with each par value of \$1,000. On June 7, 2018, the Bonds were qualified as the green bonds based on the Securities-TPEX-Bond No. 1070014617 issued by Taipei Exchange. 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 on 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.

B. 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.

C. On April 26, 2012, the Company issued its twelfth domestic secured corporate bonds (referred herein as the “Twelfth Bonds”), totaling \$3,000,000. The Twelfth Bonds are categorized into Bond A and B, depending on the guarantee institution. Bond A totals \$2,000,000, and Bond B totals \$1,000,000. The major terms of the issuance are set forth below:

(a) Period: 5 years (April 26, 2012 to April 26, 2017)

(b) Coupon rate: 1.28% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

The Twelfth Bonds are secured. Bond A are guaranteed by Bank Sinopac, and Bond B are guaranteed by Far Eastern International Bank.

(13) Long-term loans

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Secured bank loans	\$ 22,579,047	\$ 18,945,840
Unsecured bank loans	17,296,382	20,745,040
Add: Unrealized foreign exchange loss	223,179	10,339
Less: Deferred expenses - hosting fee credit	( 13,417)	( 10,627)
	40,085,191	39,690,592
Less: Current portion (recorded as other current liabilities)	( 6,376,400)	( 7,738,706)
	<u>\$ 33,708,791</u>	<u>\$ 31,951,886</u>
Maturity range	2019.03~2027.03	2018.04~2027.03
Interest rate	1.12%~3.80%	1.18%~2.56%

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

(14) Other non-current liabilities

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Accrued pension liabilities	\$ 1,321,223	\$ 1,453,219
Guarantee deposits received	12,370	12,053
	<u>\$ 1,333,593</u>	<u>\$ 1,465,272</u>

(15) Pension

A.(a) 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 contributes monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Present value of defined benefit obligations	(\$ 1,847,634)	(\$ 1,893,481)
Fair value of plan assets	526,411	440,262
Net defined benefit liability	<u>(\$ 1,321,223)</u>	<u>(\$ 1,453,219)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2018</u>			
Balance at January 1	(\$ 1,893,481)	\$ 440,262	(\$ 1,453,219)
Current service cost	( 16,532)	-	( 16,532)
Interest (expense) income	( 18,286)	4,290	( 13,996)
	<u>( 1,928,299)</u>	<u>444,552</u>	<u>( 1,483,747)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	14,422	14,422
Change in financial assumptions	-	-	-
Experience adjustments	( 61,944)	-	( 61,944)
	<u>( 61,944)</u>	<u>14,422</u>	<u>( 47,522)</u>
Pension fund contribution	-	184,249	184,249
Paid pension	142,609	( 116,812)	25,797
Balance at December 31	<u>(\$ 1,847,634)</u>	<u>\$ 526,411</u>	<u>(\$ 1,321,223)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2017</u>			
Balance at January 1	(\$ 1,952,460)	\$ 472,588	(\$ 1,479,872)
Current service cost	( 18,595)	-	( 18,595)
Interest (expense) income	( 23,400)	5,556	( 17,844)
	<u>( 1,994,455)</u>	<u>478,144</u>	<u>( 1,516,311)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 1,045)	( 1,045)
Change in financial assumptions	( 45,806)	-	( 45,806)
Experience adjustments	( 34,747)	-	( 34,747)
	<u>( 80,553)</u>	<u>( 1,045)</u>	<u>( 81,598)</u>
Pension fund contribution	-	127,890	127,890
Paid pension	<u>181,527</u>	<u>( 164,727)</u>	<u>16,800</u>
Balance at December 31	<u>(\$ 1,893,481)</u>	<u>\$ 440,262</u>	<u>(\$ 1,453,219)</u>

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company'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 utilisation 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 two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets 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.

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

	Year ended December 31, 2018	Year ended December 31, 2017
Discount rate	<u>1.00%</u>	<u>1.00%</u>
Future salary increases	<u>2.00%</u>	<u>2.00%</u>



Assumptions regarding future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	<u>(\$ 44,122)</u>	<u>\$ 45,798</u>	<u>\$ 29,815</u>	<u>(\$ 28,837)</u>
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	<u>(\$ 45,806)</u>	<u>\$ 47,594</u>	<u>\$ 30,388</u>	<u>(\$ 29,361)</u>

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to \$103,676.

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

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	97,329
1~2 year		95,085
2~5 years		309,243
Over 5 years		1,505,289
	<u>\$</u>	<u>2,006,946</u>

B.(a) Effective July 1, 2005, the Company has 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 contributes 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 Company for the years ended December 31, 2018 and 2017 were \$52,913 and \$48,188, respectively.

(16) Capital stock

- A. As of December 31, 2018, the Company's authorised capital was \$50,000,000, and the paid-in capital was \$45,129,738, divided into 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 of \$5,000,000 by issuing 500,000 thousand shares at a par value of \$10 (in dollars) per share. 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 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 of \$3,000,000 by issuing 300,000 thousand shares at a par value of \$10 (in dollars) per share. 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 November 28, 2018. The amount of shares was \$3,226,890. All proceeds from share issuance was completed on December 21, 2018.

(17) 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 Act 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.

Year ended December 31, 2018					
	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 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 portion to the Company's ownership	-	-	( 23,430)	-	-
At December 31	<u>\$ 8,833,283</u>	<u>\$93,890</u>	<u>\$ 2,124,813</u>	<u>\$ 446</u>	<u>\$ 6,713</u>
Year ended December 31, 2017					
	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 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 portion to the Company's ownership	-	-	61,559	-	-
At December 31	<u>\$ 8,606,393</u>	<u>\$ 76,280</u>	<u>\$ 2,148,243</u>	<u>\$ 446</u>	<u>\$ 6,713</u>

(18) Retained earnings

	Year ended December 31, 2018	Year ended December 31, 2017
At January 1	\$ 6,769,575	(\$ 4,248,211)
Retrospective application	<u>276,681</u>	<u>-</u>
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 deficit	-	4,248,211
Distribution of 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	3,643	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>13,332</u>	<u>-</u>
At December 31	<u>\$ 3,776,643</u>	<u>\$ 6,769,575</u>

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 income tax and cover prior years' losses, 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

The Company is currently at the stable growth stage. 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 balance of the reserve exceeds 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 offset the accumulated deficit totaling \$4,248,211 with the legal reserve.

(b)The appropriation of 2017 earnings was adopted by the stockholders on June 21, 2018 is as follows:

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

F. The appropriation of 2018 earnings was adopted 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	
Appropriate cash dividends to shareholders	\$ -	\$ -
Appropriate 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(26).

(19) 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	67,238	-	-	67,238
Revaluation – tax	( 6,350)	-	-	( 6,350)
Revaluation – associates	( 362,259)	-	-	( 362,259)
Revaluation transferred to retained earnings – gross	( 13,332)	-	-	( 13,332)
Revaluation transferred to retained earnings – associates	( 4,734)	-	-	( 4,734)
Cash flow hedges:				
– Fair value loss in the period				
– Associates	- ( 42,737)	-	-	( 42,737)
Currency translation differences:				
– Parent	-	-	1,004,409	1,004,409
– Parent – tax	-	-	746	746
– Associates	-	-	147,539	147,539
At December 31, 2018	<u>\$ 1,234,225</u>	<u>(\$ 58,649)</u>	<u>\$ 17,580</u>	<u>\$ 1,193,156</u>
	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	( 92,521)	-	-	( 92,521)
Revaluation – tax	239	-	-	239
Revaluation – associates	222,460	-	-	222,460
Cash flow hedges:				
– Fair value gain in the period				
– Associates	-	51,983	-	51,983
Currency translation differences:				
– Parent	-	-	( 2,046,070)	( 2,046,070)
– Parent – tax	-	-	2,295	2,295
– Associates	-	-	( 345,961)	( 345,961)
At December 31, 2017	<u>\$ 1,833,339</u>	<u>(\$ 15,912)</u>	<u>(\$ 1,135,114)</u>	<u>\$ 682,313</u>

(20) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	\$ 33,747,653
Other - ship rental and slottage income	246,918
	<u>\$ 33,994,571</u>

A. Disaggregation of revenue from contracts with customers

The Company 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	Asia	America	Europe	Other	Total
Revenue from external customer contracts	\$ 10,056,018	\$ 14,570,446	\$ 5,788,675	\$ 1,002,475	\$ 31,417,614
Inter-segment revenue	112,805	1,493,799	723,435	-	2,330,039
Total segment revenue	<u>\$ 10,168,823</u>	<u>\$ 16,064,245</u>	<u>\$ 6,512,110</u>	<u>\$ 1,002,475</u>	<u>\$ 33,747,653</u>

B. Contract assets and liabilities

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

	December 31, 2018
Contract assets:	
Contract assets relating to marine freight income	<u>\$ 682,327</u>
Contract liabilities:	
Contract liabilities – unearned marine freight income	<u>\$ 431,290</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	

	Year ended December 31, 2018
Marine freight income	<u>\$ 453,208</u>

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

(21) Other gains -net

	Year ended December 31, 2018	Year ended December 31, 2017
Gains on disposal of property, plant and equipment	<u>\$ 7,594</u>	<u>\$ 316,314</u>

(22) Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Rental revenue	\$ 102,599	\$ 104,056
Dividend income	58,560	46,965
Interest income:		
Interest income from bank deposits	256,984	237,683
Interest income from financial assets other than financial assets at fair value through profit or loss	2,200	2,339
Gain from bargain purchase	-	1,534
Other income – others	160,441	99,783
	<u>\$ 580,784</u>	<u>\$ 492,360</u>

(23) Other gains and losses

	Year ended December 31, 2018	Year ended December 31, 2017
Net currency exchange gains	\$ 123,543	\$ 13,664
Gains on disposal of investments	-	523,111
Depreciation charges on investment property	( 19,145)	( 19,144)
Other non-operating expenses	( 84,917)	( 82,460)
	<u>\$ 19,481</u>	<u>\$ 435,171</u>

(24) Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense:		
Bank borrowings	\$ 624,139	\$ 607,606
Corporate bonds	92,859	69,863
Other	6	-
	<u>717,004</u>	<u>677,469</u>
Less: Capitalisation of qualifying assets	( 31,368)	( 42,772)
Finance costs	<u>\$ 685,636</u>	<u>\$ 634,697</u>



(25) Expenses by nature

	Year ended December 31, 2018	Year ended December 31, 2017
Employee benefit expense	\$ 2,057,266	\$ 2,182,088
Depreciation charges on property, plant and equipment	2,032,961	1,752,639
Amortisation charges on intangible assets	20,572	19,591
Stevedorage	10,489,596	8,659,477
Inland haulage and canal due	7,230,512	6,634,472
Bunker fuel	5,780,146	3,599,512
Operating lease payments	3,078,682	3,071,399
Commission	1,617,074	1,339,333
Port charge	1,289,220	1,049,814
Ship supplies and lubricant oil	276,155	215,764
Professional service and data service expenses	223,548	214,507
Other operating costs and expenses	325,123	242,667
	<u>\$ 34,420,855</u>	<u>\$ 28,981,263</u>

(26) Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	\$ 1,740,534	\$ 1,889,163
Labor and health insurance fees	131,854	112,773
Pension costs	83,441	84,627
Directors' remuneration	9,303	20,091
Other personnel expenses	92,134	75,434
	<u>\$ 2,057,266</u>	<u>\$ 2,182,088</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B.(a) For the year ended December 31, 2018, employees' compensation and directors' remuneration was accrued at \$2,560 and \$0, respectively. The aforementioned amounts were 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 and directors' remuneration were accrued at \$36,322 and \$10,207, respectively. The aforementioned amounts was recognised in salary expenses.

Employees' compensation and directors' remuneration of 2017 as resolved by the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2017.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) 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 year	\$ -	\$ -
Tax on undistributed earnings	283,973	-
Alternative Minimum Tax	-	31,399
Prior year income tax overestimation	( 4,738)	-
Total current tax	<u>279,235</u>	<u>31,399</u>
Deferred tax:		
Origination and reversal of temporary differences	( 110,609)	181,338
Impact of change in tax rate	46,959	-
Total deferred tax	<u>( 63,650)</u>	<u>181,338</u>
Income tax expense	<u>\$ 215,585</u>	<u>\$ 212,737</u>

(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 available-for-sale financial assets	(\$ 6,699)	\$ 239
Currency translation differences	( 33)	2,295
Remeasurement of defined benefit obligations	9,504	13,872
Share of other comprehensive income of associates	18,392	( 5,898)
Impact of change in tax rate	4,891	-
	<u>\$ 26,055</u>	<u>\$ 10,508</u>

(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 not based on the shareholding ratio	146	-
Effects of retrospective application	182	-
Impact of change in tax rate	95	-
	<u>\$ 308</u>	<u>(\$ 95)</u>

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	\$ 101,901	\$ 1,227,044
Expenses disallowed by tax regulation	18,293	10,919
Tax exempt income by tax regulation	( 299,273)	( 1,026,390)
Prior year income tax overestimation	( 4,738)	-
Effect from Alternative Minimum Tax	-	31,399
Effect from investment tax credits	42,068	( 42,068)
Effect from tax losses	26,647	7,984
Tax on undistributed earnings	283,973	-
Change in assessment of realisation of deferred tax assets	( 245)	-
Impact of change in tax rate	46,959	-
Prior year income tax (over) underestimation	-	3,849
Income tax expense	<u>\$ 215,585</u>	<u>\$ 212,737</u>

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

	2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
— Deferred tax assets:					
Temporary differences:					
Bad debts expense	\$ 13,546	\$ 2,689	\$ -	\$ 182	\$ 16,417
Loss on valuation of financial assets	1,979	-	( 1,979)	-	-
Deferred profit	13,918	670	-	-	14,588
Unrealized expense	11,364	2,974	-	-	14,338
Unrealized exchange loss	39,452	( 8,306)	-	-	31,146
Pension expense	197,241	( 1,096)	-	-	196,145
Actuarial losses/(gains)	49,805	-	18,294	-	68,099
Investment tax credits	42,068	( 42,068)	-	-	-
Net operating loss carryforward	192,612	153,005	-	-	345,617
	<u>561,985</u>	<u>107,868</u>	<u>16,315</u>	<u>182</u>	<u>686,350</u>
— Deferred tax liabilities:					
Temporary differences:					
Gain on valuation of financial assets	\$ -	\$ -	(\$ 4,371)	\$ -	(\$ 4,371)
Equity-accounted investment income	( 758,411)	( 44,426)	14,111	126	(\$ 788,600)
Gain on bargain purchase	( 208)	208	-	-	-
	<u>( 758,619)</u>	<u>( 44,218)</u>	<u>9,740</u>	<u>126</u>	<u>( 792,971)</u>
	<u>(\$ 196,634)</u>	<u>\$ 63,650</u>	<u>\$ 26,055</u>	<u>\$ 308</u>	<u>(\$ 106,621)</u>

	2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
– Deferred tax assets:					
Temporary differences:					
Bad debts expense	\$ 13,060	\$ 486	\$ -	\$ -	\$ 13,546
Loss on valuation of financial assets	1,740	-	239	-	1,979
Deferred profit	16,708	( 2,790)	-	-	13,918
Unrealized expense	11,531	( 167)	-	-	11,364
Unrealized exchange loss	49,343	( 9,891)	-	-	39,452
Pension expense	215,644	( 18,403)	-	-	197,241
Actuarial losses/(gains)	35,933	-	13,872	-	49,805
Investment tax credits	-	42,068	-	-	42,068
Net operating loss carryforward	<u>176,711</u>	<u>15,901</u>	<u>-</u>	<u>-</u>	<u>192,612</u>
	<u>520,670</u>	<u>27,204</u>	<u>14,111</u>	<u>-</u>	<u>561,985</u>
– Deferred tax liabilities:					
Temporary differences:					
Equity-accounted investment income	(\$ 546,379)	(\$ 208,334)	(\$ 3,603)	(\$ 95)	(\$ 758,411)
Gain on bargain purchase	-	( 208)	-	-	( 208)
	<u>( 546,379)</u>	<u>( 208,542)</u>	<u>( 3,603)</u>	<u>( 95)</u>	<u>( 758,619)</u>
	<u>(\$ 25,709)</u>	<u>(\$ 181,338)</u>	<u>\$ 10,508</u>	<u>(\$ 95)</u>	<u>(\$ 196,634)</u>

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

December 31, 2018: None.

Qualifying items	December 31, 2017		
	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investments in emerging important strategic industries	<u>\$ 42,068</u>	<u>\$ -</u>	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	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
2018	\$ 671,047	\$ 671,047	\$ -	2028
2017	40,204	40,204	-	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	<u>\$ 1,728,083</u>	<u>\$ 1,728,083</u>	<u>\$ -</u>	

  

December 31, 2017				
Year incurred	Amount filed	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
2017	\$ 116,177	\$ 116,177	\$ -	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	<u>\$ 1,133,009</u>	<u>\$ 1,133,009</u>	<u>\$ -</u>	

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 \$13,018,473, respectively.

G.As of December 31, 2018, 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 Company has assessed the impact of the change in income tax rate.

(28) Earnings (loss) per share

	Year ended December 31, 2018		
		Weighted average number of ordinary shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 293,919	4,240,919	\$ 0.07
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 293,919	4,240,919	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	215	
Profit 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 (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 7,005,171	3,726,809	\$ 1.88
<u>Diluted earnings per share</u>			
Profit 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	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 7,005,171	3,730,184	\$ 1.88

(29) 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	\$ 1,414,270	\$ 1,053,956
Add: Opening balance of payable on equipment	8,429	6,167
Less: Ending balance of payable on equipment	( 4,274)	( 8,429)
Cash paid during the year	\$ 1,418,425	\$ 1,051,694



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

	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of prepayments for equipment	\$ 6,269,586	\$ 2,359,500
Add: Opening balance of payable on prepayments for equipment	38,001	123,685
Less: Ending balance of payable on prepayments for equipment	( 154)	( 38,001)
Capitalisation of qualifying assets	( 31,368)	( 42,773)
Cash paid during the year	<u>\$ 6,276,065</u>	<u>\$ 2,402,411</u>

(30) Changes in liabilities from financing activities

	<u>Long-term borrowings</u>
At January 1, 2018	\$ 39,690,592
Changes in cash flow from financing activities	397,389
Impact of changes in foreign exchange rate	( 2,790)
At December 31, 2018	<u>\$ 40,085,191</u>

7. RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary
Peony Investment S.A. (Peony)	Subsidiary
Everport Terminal Services Inc. (ETS)	Subsidiary
Evergreen Marine (Hong Kong) Ltd. (EGH)	(A subsidiary since December 18, 2017)
Evergreen Marine Corp. (Malaysia) SDN BHD (EGM)	Indirect subsidiary
Kingtrans International Logistics (Tianjin) Co., Ltd. (KTIL)	Indirect subsidiary
Clove Holding Ltd. (CLOVE)	Indirect subsidiary
PT. Multi Bina Transport (MBT)	Indirect subsidiary
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary
Greencompass Marine S.A. (GMS)	Indirect subsidiary
Evergreen Heavy Industrial Co., (Malaysia) Berhad. (EHIC(M))	Indirect subsidiary
Evergreen Marine (UK) Limited (EMU)	Indirect subsidiary
Evergreen Shipping Agency (Europe) GmbH (EEU)	Indirect subsidiary (Note)
Evergreen Shipping Agency (Switzerland) S.A. (EGDL)	Indirect subsidiary (Note)
Evergreen Shipping Agency (Netherlands) B.V. (EGN)	Indirect subsidiary (Note)

Names of related parties	Relationship with the Company
Evergreen Shipping Agency (Poland) SP.ZO.O (EGD-WWX)	Indirect subsidiary (Note)
Evergreen Shipping Agency France S.A. (EGF)	Indirect subsidiary (Note)
Evergreen Shipping Agency (Austria) GmbH (EGDV)	Indirect subsidiary (Note)
Evergreen Argentina S.A. (EGB)	Indirect subsidiary
Evergreen Shipping (Spain) S.L. (EES)	Indirect subsidiary
Evergreen Shipping Agency (Italy) S.p.A. (EIT)	Indirect subsidiary
Island Equipment LLC. (Island)	Indirect subsidiary (Note 1)
Armand Investment (Netherlands) N.V. (Armand N.V.)	Indirect subsidiary
Evergreen Shipping Agency (Australia) Pty. Ltd. (EMA)	Indirect subsidiary
Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT)	Indirect subsidiary
Evergreen Shipping Agency (India) Pvt. Ltd. (EGI)	Indirect subsidiary
Evergreen Shipping Agency (Russia) Ltd. (ERU)	Indirect subsidiary
Evergreen Agency (South Africa) (Pty) Ltd. (ESA)	Indirect subsidiary
Evergreen Shipping Agency (Korea) Corporation (EGK)	Indirect subsidiary
Armand Estate B.V. (Armand B.V.)	Indirect subsidiary
Whitney Equipment LLC. (Whitney)	Indirect subsidiary
Hemlock Equipment LLC. (Hemlock)	Indirect subsidiary (Note 1)
Evergreen Shipping Agency (Vietnam) Corp. (EGV)	(A subsidiary since January 1, 2018)
Evergreen Shipping Services (Cambodia) Co., Ltd. (EKH)	Indirect subsidiary
Evergreen Shipping Agency (Chile) SPA. (ECL)	Indirect subsidiary
Evergreen Shipping Agency (PERU) S.A.C. (EPE)	Indirect subsidiary
Evergreen Shipping Agency (Colombia) S.A.S. (ECO)	Indirect subsidiary
Evergreen Shipping Agency Mexico S.A. DE C.V. (EMX)	Indirect subsidiary
Master International Shipping Agency Co., Ltd. (MAC)	Indirect subsidiary
Evergreen International Storage and Transport Corporation (EITC)	Associate
EVA Airways Corporation (EVA)	Associate
Evergreen Security Corporation (ESC)	Associate
Charng Yang Development Co., Ltd. (CYD)	Associate
Taipei Port Container Terminal Corporation (TPCT)	Associate
Ningbo Victory Container Co., Ltd. (NVC)	Associate
Qingdao Evergreen C&T Co., Ltd. (QECT)	Associate

Names of related parties	Relationship with the Company
Evergreen Marine (Latin America), S.A. (ELA)	Associate
Green Peninsula Agencies SDN. BHD. (GPA)	Associate
Luanta Investment (Netherlands) N.V. (Luanta)	Associate
Balsam Investment (Netherlands) N.V. (Balsam)	Associate
Italia Marittima S.p.A. (ITS)	Associate
Colon Container Terminal S.A. (CCT)	Associate
PT. Evergreen Shipping Agency Indonesia (EMI)	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC (UAE)	Associate
Evergreen International Corporation (EIC)	Other related party
Evergreen Airline Services Corporation (EGAS)	Other related party
Chang Yung-Fa Charity Foundation (CYFC)	Other related party
Chang Yung-Fa Foundation (CYFF)	Other related party
Ever Accord Construction Corporation (EAC)	Other related party
Evergreen Aviation Technologies Corporation (EGAT)	Other related party
Evergreen Sky Catering Corporation (EGSC)	Other related party
Evergreen Air Cargo Services Corporation (EGAC)	Other related party
Evergreen Aviation Precision Corporation (EGAP)	Other related party
Evergreen International S.A. (EIS)	Other related party
Evergreen Marine (Singapore) Pte. Ltd. (EMS)	Other related party
Gaining Enterprise S.A. (GESA)	Other related party
Evergreen Insurance Company Ltd. (EINS)	Other related party
Evergreen Shipping Agency (America) Corporation (EGA)	Other related party
Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related party
Evergreen Shipping Agency Philippines Corporation (EGP)	Other related party
Evergreen International Muanmar Co., Ltd. (EIM)	Other related party
Chestnut Estate B.V. (Chestnut)	Other related party
Note: Indirect subsidiary of Evergreen Shipping Agency (Deutschland) GmbH (EGD), reorganization of EGDL, EGN, EGD-WWX, EGF amd EDGV, was renamed Evergreen Shipping Agency (Europe) GmbH (EEU).	
Note 1: On December 20, 2017, shareholders of the subsidiary, ETS, resolved to make an equity transaction that shareholders of ETS merge its subsidiary, Island, and its second-tier subsidiaries, Hemlock and Whitney, on January 1, 2018.	

(2) Significant related party transactions and balances

A. Sales of services:

	Year ended December 31, 2018	Year ended December 31, 2017
Sales of services:		
Subsidiaries	\$ 2,343,257	\$ 1,955,857
Associates	501,188	594,746
Other related parties	2,875,697	2,867,820
	<u>\$ 5,720,142</u>	<u>\$ 5,418,423</u>

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

B. Purchases of services:

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of services:		
Subsidiaries	\$ 5,048,484	\$ 4,181,646
Associates	967,256	1,160,689
Other related parties	2,552,882	2,350,303
	<u>\$ 8,568,622</u>	<u>\$ 7,692,638</u>

Services are purchased from subsidiaries, associates and other related parties under general conditions.

C. Receivables from related parties:

	December 31, 2018	December 31, 2017
Accounts receivable:		
Subsidiaries	\$ 19,082	\$ 41,619
Associates	31,688	24,894
Other related parties	48,853	146,930
	<u>\$ 99,623</u>	<u>\$ 213,443</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other receivables:		
Subsidiaries		
— Hemlock	\$ -	\$ 95,333
— Others	552	764
Associates	627	2,024
Other related parties		
— EIC	179,593	162,431
— Others	165	236
	<u>\$ 180,937</u>	<u>\$ 260,788</u>

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

D. Payables to related parties:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Accounts payable:		
Subsidiaries	\$ 168,691	\$ 107,203
Associates	22,679	13,230
Other related parties	2,461	4,462
	<u>\$ 193,831</u>	<u>\$ 124,895</u>
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Other payables:		
Subsidiaries	\$ 28	\$ -
Associates	4,224	3,251
Other related parties	2,431	11,667
	<u>\$ 6,683</u>	<u>\$ 14,918</u>

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

E. Agency accounts:

(a) Debit balance of agency accounts

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiaries		
— EGI	\$ 72,695	\$ 5,116
— MAC	44,944	-
— Others	16,060	581
	<u>\$ 133,699</u>	<u>\$ 5,697</u>

(b) Credit balance of agency accounts

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiaries	\$ 99,533	\$ 84,761
Associates	104,353	105,552
Other related parties		
— EGA	441,655	174,272
— EGJ	185,565	139,998
— Others	90,464	71,198
	<u>\$ 921,570</u>	<u>\$ 575,781</u>

F. Shipowner's accounts:

(a) Debit balance of shipowner's accounts

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiaries		
– EMU	\$ 675,749	\$ 595,393
– GMS	114,568	-
Associates		
– ITS	279,431	-
Other related parties		
– EIS	180,684	328,897
– GESA	20,409	25,028
– EMS	-	16,246
	<u>\$ 1,270,841</u>	<u>\$ 965,564</u>

(b) Credit balance of shipowner's accounts

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiaries		
– GMS	\$ -	\$ 362,323
– EGH	613,053	301,631
Associates		
– ITS	-	700,046
Other related parties		
– EMS	996,627	-
	<u>\$ 1,609,680</u>	<u>\$ 1,364,000</u>

G. Property transactions:

Acquisition of property, plant and equipment:

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>
Subsidiaries	\$ -	\$ 89
Associates	-	4,350
Other related parties	-	61
	<u>\$ -</u>	<u>\$ 4,500</u>

H. Endorsements and guarantees provided to related parties:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiaries	\$ 100,417,641	\$ 66,554,130
Associates	3,143,008	3,035,391
	<u>\$ 103,560,649</u>	<u>\$ 69,589,521</u>

I. On August 11, 2017, the Board of Directors resolved to have the Company acquire 79% 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 \$6,371,572 (approx. USD \$209,350).

(3) Key management compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and other short-term employee benefits	\$ 47,772	\$ 105,218
Post-employment benefits	3,138	3,909
	<u>\$ 50,910</u>	<u>\$ 109,127</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2018	December 31, 2017	
Other financial assets			
- Pledged time deposits	\$ 121,632	\$ 117,725	Guarantee
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	181,001	188,363	"
-Ships	28,052,733	19,151,033	"
-Loading and unloading equipment	1,094,929	1,159,312	"
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	452,502	470,909	"
	<u>\$ 31,702,890</u>	<u>\$ 22,887,435</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2018, the Company had delegated DBS Bank to issue Standby Letter of Credit amounting to USD 5,000 thousand.

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 thousand. 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 thousand. 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 Company's purchase of new ships and general working capital requirement amounted to \$41,488,820 and the unutilized credits was \$1,390,212.

D. Operating lease

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

	<u>December 31, 2018</u>
Within 1 year	\$ 4,437,551
1~5 years	15,675,940
Over 5 years	<u>20,420,940</u>
	<u>\$ 40,534,431</u>

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 operational needs, the Company signed the shipbuilding contracts with Taiwan Shipbuilding Co., Ltd. and Imabari Shipbuilding Co., Ltd. As of December 31, 2018, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 76,160 thousand, USD53,312 thousand of which remain unpaid.

G. In response to international regulations on sulfur content in shipping fuel, the Company entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy and Alfa Laval Nijmegen B.V.. As of December 31, 2018, the total contract prices are USD 19,075 and EUR 6,915, respectively, and USD 16,955 and EUR 3,043 remain unpaid. The Company signed following installation contracts with Huarun Dadong Dockyard Co., Ltd.. As of December 31, 2018, the total price of the contracts amounted to USD 33,040, USD 32,020 of which remain unpaid.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 22, 2019, the proposal to appropriate the accumulated earnings was approved by the Board of Directors. Please refer to Note 6(18) for the details.



## 12. OTHERS

### (1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,021,582	\$ -
Available-for-sale financial assets	-	1,297,929
Held-to-maturity financial assets	-	100,000
Financial assets at amortised cost		
Cash and cash equivalents	21,672,457	23,043,513
Notes receivables	43	72
Accounts receivables	3,358,430	3,074,722
Other accounts receivables	386,167	618,853
Financial assets at amortised cost	100,000	-
Guarantee deposits paid	19,261	18,415
Other financial assets	121,632	117,725
	<u>\$ 26,679,572</u>	<u>\$ 28,271,229</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 4,577,517	\$ 3,594,958
Other accounts payable	935,319	584,602
Bonds payable (including current portion)	10,000,000	8,000,000
Long-term borrowings(including current portion)	40,085,192	39,690,592
Guarantee deposits received	12,370	12,053
	<u>\$ 55,610,398</u>	<u>\$ 51,882,205</u>

#### B. Financial risk management policies

(a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the Company's Finance Department under policies approved by the Board of Directors. The Company's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company'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 Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- ii. The Company'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 Company's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company use forward foreign exchange contracts, transacted with Company'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 Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,024,952	30.7535	\$ 31,520,861
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 959,193	30.7535	\$ 29,498,542

December 31, 2017			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 956,693	29.7005	\$ 28,414,260
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 908,807	29.7005	\$ 26,992,022

iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017 amounted to \$123,543 and \$13,664, 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)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 315,209	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 294,985	\$ -
Year ended December 31, 2017			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 284,143	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 269,920	\$ -

### Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company .
- ii. The Company'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 \$10,097 and \$12,935 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 Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. During the years ended December 31, 2018 and 2017, the Company's borrowings at variable rate were denominated in the NTD and USD.
- 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 \$320,789 and \$329,520 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 Company 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 Company manages their credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company 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 Company 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 Company classifies customers' accounts receivable in accordance with the nature of segments. The Company applies the modified approach using probability of default to estimate expected credit loss under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Company has no written-off financial assets that are still under recourse procedures.
- vii. The Company 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:

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.03%	100%	
Total book value	\$ 4,042,007	\$ 64,247	\$ 4,106,254
Loss allowance	\$ 1,207	\$ 64,247	\$ 65,454

- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable (including related parties) and contract assets are as follows:

	<u>2018</u>	
	<u>Accounts receivable</u>	<u>Contract assets</u>
At January 1_IAS 39	(\$ 68,482)	\$ -
Adjustments under new standards	( 796)	( 114)
At January 1_IFRS 9	( 69,278)	( 114)
Provision for impairment	( 206)	( 91)
Effect of foreign exchange	4,235	-
At December 31	(\$ 65,249)	(\$ 205)

- 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 Company and aggregated by Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company'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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		months and 1 year				
Accounts payable	\$ 4,383,686	\$ -	\$ -	\$ -	\$ -	\$ 4,383,686
Accounts payable - related parties	193,831	-	-	-	-	193,831
Other payables	857,410	71,226	-	-	-	928,636
Other payables - related parties	6,683	-	-	-	-	6,683
Bonds payable	-	101,200	101,200	10,177,600	-	10,380,000
Long-term loans (including current portion)	498,172	6,514,509	11,703,964	18,770,047	4,647,345	42,134,037

Non-derivative financial liabilities:

December 31, 2017	Less than 3 months	Between 3	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		months and 1 year				
Accounts payable	\$ 3,470,062	\$ -	\$ -	\$ -	\$ -	\$ 3,470,062
Accounts payable - related parties	124,895	-	-	-	-	124,895
Other payables	507,476	62,209	-	-	-	569,685
Other payables - related parties	14,918	-	-	-	-	14,918
Bonds payable (including current portion)	-	84,000	84,000	8,210,000	-	8,378,000
Long-term loans (including current portion)	1,460,388	6,839,680	9,582,984	16,681,547	6,968,213	41,532,812

iii. The Company 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 where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company'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.

	<u>December 31, 2018</u>	
	<u>Book value</u>	<u>Fair value Level 3</u>
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,156,197
Long-term loans (including current portion)	<u>40,085,191</u>	<u>42,134,037</u>
	<u>\$ 50,085,191</u>	<u>\$ 52,290,234</u>
	<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Fair value Level 3</u>
Financial liabilities:		
Bonds payable	\$ 8,000,000	\$ 8,177,927
Long-term loans (including current portion)	<u>39,690,592</u>	<u>41,532,812</u>
	<u>\$ 47,690,592</u>	<u>\$ 49,710,739</u>

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 850,223</u>	<u>\$ -</u>	<u>\$ 171,359</u>	<u>\$ 1,021,582</u>

December 31, 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	<u>\$ 1,144,974</u>	<u>\$ -</u>	<u>\$ 152,955</u>	<u>\$ 1,297,929</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
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 parent company only 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 Company 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 Company'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 Company'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 parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.



vi. The Company 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 Company'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:

	<u>2018</u>	<u>2017</u>
At January 1	\$ 152,955	\$ 144,476
Acquired in the period	-	-
Decreased in the period	( 924)	-
Gains and losses recognised in other comprehensive income (Note)	<u>19,328</u>	<u>8,479</u>
At December 31	<u>\$ 171,359</u>	<u>\$ 152,955</u>

Note: Recorded as unrealised valuation gain or loss of available-for-sale financial assets and unrealised gains or losses on valuation of investments in equity instruments measured at value through other comprehensive income

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

H. The Company 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	\$ 164,587	Market comparable companies	Price to earnings ratio multiple	69.55~70.77	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.89~2.36	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	6,772	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	\$ 145,259	Market comparable companies	Price to earnings ratio multiple	20.37~31.89	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.97~1.71	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	7,696	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

J. The Company 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	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 1,646	\$ 1,646	
	Net asset value	±1%	-	-	68	68	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,714</u>	<u>\$ 1,714</u>	

				December 31, 2017			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 1,453	\$ 1,453	
	Net asset value	±1%	-	-	77	77	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ 1,530</u>	

(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 Company 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 Company 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 Company 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 Company, 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 Company 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 financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was

recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognised 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 Company 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 Company 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 Company 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 transferred from December 31, 2017, IAS 39, to January 1, 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	Others equity
<b>IAS 39</b>	\$ -	\$ 1,297,929	\$ 100,000	\$ -	\$ 1,397,929	\$ -	\$ -
Transferred into and measured at fair value through other comprehensive income-equity	1,297,929	( 1,297,929)	-	-	-	-	-
Transferred into and measured at amortised cost	-	-	( 100,000)	100,000	-	-	-
Impairment loss adjustment	-	-	-	-	-	192,156	( 192,156)
<b>IFRS 9</b>	<u>\$ 1,297,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,397,929</u>	<u>\$ 192,156</u>	<u>(\$ 192,156)</u>

- (a) Under IAS 39, because the equity instruments, which were classified as: available-for-sale financial assets, amounting to \$1,297,929, 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 \$1,297,929, increased retained earnings and decreased other equity interest in the amounts of \$192,156 and \$192,156, respectively, 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, 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 are as follows:

(a) Available-for-sale financial assets

<u>Items</u>	<u>December 31, 2017</u>
Non-current items:	
Listed (TSE and OTC) stocks	\$ 631,039
Unlisted stocks	88,917
	<u>719,956</u>
Valuation adjustment	577,973
	<u>\$ 1,297,929</u>

- i. The Company recognised \$92,521 in other comprehensive income 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 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 Company has no available-for-sale assets pledged to others.

(b) Held-to-maturity financial assets

<u>Items</u>	<u>December 31, 2017</u>
Non-current items:	
Financial bonds	\$ <u>100,000</u>

- i. The Company 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 Company's investments have good credit quality.
- iii. The Company has no held-to-maturity financial assets held by the Company 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company 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 Company's credit quality control policy.

	<u>December 31, 2017</u>
Group 1	\$ 277,138
Group 2	<u>2,018,146</u>
	<u>\$ 2,295,284</u>

Note:

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

Company 2: General risk.

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

	<u>December 31, 2017</u>
Up to 30 days	\$ 301,805
31 to 180 days	<u>264,190</u>
	<u>\$ 565,995</u>

The above ageing analysis was based on past due date.

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

	<u>2017</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 73,732	\$ -	\$ 73,732
Net exchange differences	( 5,250)	-	( 5,250)
At December 31	<u>\$ 68,482</u>	<u>\$ -</u>	<u>\$ 68,482</u>

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and 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 Company's activities. Revenue arising from the sales of goods is recognised when the Company 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 Company 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 Company recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Marine freight income	\$ 27,548,083
Ship rental and slottage income	331,663
Commission income	348,411
Others income	669,459
	<u>\$ 28,897,616</u>

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 sheets and comprehensive income statements if the Company continues adopting above accounting policies for the year ended December 31, 2018 are as follows:

Balance sheet items	December 31, 2018		
	Balance by using		
	Balance by using IFRS 15	previous accounting policies	Effects from changes in accounting policy
Contract assets - current	\$ 682,327	\$ -	\$ 682,327
Accounts receivable, net	3,258,807	3,941,134	( 682,327)
Contract liabilities- current	( 431,290)	-	( 431,290)
Other current liabilities	( 9,040,820)	9,472,110	( 18,512,930)

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 9.

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

### 14. SEGMENT INFORMATION

None.

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of cash and cash equivalents  
December 31, 2018

In Thousands of NTD

Item	Description	Amount	
		Subtotal	Total
Cash			\$ 14,807
	Cash on hand	\$ 26	
	Petty cash		
	TWD	1,330	
	USD 437	13,523	
	Add: Unrealised gains or losses	( 72)	
Cash in banks			
Checking accounts			205,409
NTD demand deposits			796,326
Foreign demand deposits			1,592,650
	EUR 2,041	71,697	
	GBP 348	13,527	
	HKD 10	37	
	INR 2,247	987	
	JPY 10,865	3,023	
	PLN 163	1,401	
	SGD 348	7,841	
	USD 48,583	1,495,790	
	VND 22,415	31	
	Add: Unrealised gains or losses	( 1,684)	
NTD time deposits	Interest rate:0.58%~1.04%		11,866,471
Foreign time deposits	Interest rate:2.68%~3.22%		7,196,794
	USD 234,015	7,126,298	
	Add: Unrealised gains or losses	70,496	
			<u>\$ 21,672,457</u>

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of accounts receivable  
December 31, 2018

In Thousands of NTD

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties			
	CMA CGM S.A.	\$ 548,881	1) Foreign freight are translated into the functional currency at the dates of the transactions and retranslated 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.
	Cosco Container Lines Co.,Ltd.	543,011	
	Orient Overseas Containers Line Limited	170,546	
	Others	2,066,335	
	Less: Unrealised gains or losses	( 4,741)	
	Less: Allowance for bad debts	( 65,225)	
		<u>3,258,807</u>	
Related parties			
	Evergreen International Corporation	33,363	2) The amount of individual client included in others does not exceed 5% of the account balance.
	Evergreen International Storage and Transport Corporation	23,243	
	Evergreen Marine (Singapore) Pte. Ltd.	11,453	
	Evergreen Marine (UK) Ltd.	9,549	
	Greencompass Marine S.A.	7,782	
	Italia Marittima S.p.A	8,445	
	Others	5,788	
		<u>99,623</u>	
		<u>\$ 3,358,430</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other receivable  
December 31, 2018

In Thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties			
Accrued interest	Interest income	\$ 50,307	
Tax refund receivable		12,203	
China COSCO Shipping Co., Ltd.		9,432	
CMA CGM S.A.		11,093	
Others		<u>122,195</u>	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>205,230</u>	
Related parties			
Evergreen International Corporation		179,593	
Others		<u>1,344</u>	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>180,937</u>	
		<u>\$ 386,167</u>	

(blank part below)

Evergreen Marine Corporation (Taiwan) Ltd.

Statement of ship fuel

December 31, 2018

In Thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Cost</u> <u>(in thousands)</u>	<u>Net Realisable</u> <u>Value</u>	<u>Footnote</u>
Fuel	TYOT	USD 3,104	\$ 95,455	1) Fuel inventories of each ship are recorded at cost and retranslated at the exchange rates prevailing at the balance sheet date.
	LBRA	USD 3,042	93,540	
	LIVN	USD 2,380	73,183	
	GIVE	USD 2,084	64,105	
	LOYL	USD 1,850	56,894	
	LRIC	USD 1,759	54,104	
	LUNR	USD 1,636	50,319	
	Others	<u>USD 13,674</u>	<u>420,522</u>	2) The amount of individual client included in others does not exceed 5% of the account balance.
		<u>USD 29,529</u>	<u>\$ 908,122</u>	

(blank part below)

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other current assets  
December 31, 2018

In Thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Agency accounts			1) Agency accounts are translated into the functional currency at the dates of the transactions and retranslated 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.
	Evergreen Indis Pvt Ltd	\$ 72,695	
	Unigreen Marine S.A.(PNM)	36,904	
	Arabian Gulf Marine Trading Co.	29,316	
	Master International Shipping Agency Co.	44,944	
	Evergreen America Corporation Canada Branch	24,401	
	Others	<u>209,726</u>	2) The amount of individual client included in others does not exceed 5% of the account balance.
		<u>417,986</u>	
Shipowner's accounts			
	Evergreen Marine (UK) Limited	\$ 675,749	
	Italia Marittima S.p.A	279,431	
	Evergreen International S.A.	180,684	
	Greencompass Marine S.A.	114,568	
	Gaining Enterprise S.A.	<u>20,409</u>	
		1,270,841	
Other financial assets		121,632	
Others	Temporary payments for others	<u>963,602</u>	
		<u>\$ 2,774,061</u>	



Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in investments accounted for using equity method  
For the year ended December 31, 2018

In Thousands of shares/NTD

Investees	Balance at January 1, 2018		Additions in Investment		Decrease in Investment		Balance at December 31, 2018			Market Value or Net Assets Value		Collateral	Footnote
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Ownership	Amount	Price (NTD)	Total Amount		
Peony Investment S.A.	4,765	\$ 29,984,506	-	\$ -	-	\$ 1,412,743	4,765	100.00	\$ 28,571,763	\$ -	\$ 28,887,580	No	
Everport Terminal Services Inc.	1	568,156	-	478,851	-	-	1	94.43	1,047,007	-	1,197,772	//	
Taiwan Terminal Services Co., Ltd.	5,500	39,912	-	13,374	-	-	5,500	55.00	53,286	-	53,286	//	
Chang Yang Development Co.,Ltd.	58,542	537,532	-	68,646	-	62,120	58,542	40.00	544,058	-	777,524	//	
Evergreen International Storage and Transport Corporation	424,063	8,554,230	6,629	575,267	-	148,422	430,692	40.36	8,981,075	13.50	5,814,345	//	
Evergreen Security Corporation	6,336	97,140	-	14,525	-	-	6,336	31.25	111,665	-	111,665	//	
EVA Airways Corporation	680,786	9,462,402	34,039	1,007,871	-	136,157	714,825	16.31	10,334,116	15.80	11,294,242	//	
Taipei Port Container Terminal Corporation	109,378	977,049	-	49,289	-	-	109,378	21.03	1,026,338	-	1,024,789	//	
Evergreen Marine (Latin America), S.A.	105	4,364	-	407	-	1,297	105	17.50	3,474	-	3,474	//	
VIP Greenport Joint Stock Company	13,750	205,923	-	47,744	-	-	13,750	21.74	253,667	-	250,233	//	
Evergreen Marine (Hong Kong) Ltd.	6,320	<u>6,287,883</u>	-	<u>930,715</u>	-	-	6,320	79.00	<u>7,218,598</u>	-	7,218,598	//	
		<u>\$ 56,719,097</u>		<u>\$ 3,186,689</u>		<u>\$ 1,760,739</u>			<u>\$ 58,145,047</u>				

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in ships  
For the year ended December 31, 2018

In Thousands of NTD

Item	Balance at January 1, 2018	Increased in the period	Transferred in the period	Decreased in the period	Balance at December 31, 2018	Footnote
Ships :						
LOYL	\$ 3,201,590	\$ 1,983	\$ -	\$ -	3,203,573	
LUCD	3,157,763	621	-	-	3,158,384	
LOGC	3,146,076	17,481	-	-	3,163,557	
LIVN	3,224,550	9,571	-	-	3,234,121	
LBRA	3,201,422	4,240	-	-	3,205,662	
LUNR	3,316,821	-	-	-	3,316,821	
LYRC	3,305,403	-	-	-	3,305,403	
PRMT	560,051	13,082	-	-	573,133	
PRBT	513,405	9,300	-	-	522,705	
PRSP	492,275	23	-	-	492,298	
BLMY	1,195,037	-	( 2,780)	-	1,192,257	
BLOM	-	-	1,259,843	-	1,259,843	
BEMY	-	-	1,258,471	-	1,258,471	
BASS	-	-	1,255,394	-	1,255,394	
BEFT	-	-	1,170,750	-	1,170,750	
BORD	-	-	1,192,681	-	1,192,681	
BEDY	-	-	1,162,769	-	1,162,769	
BENG	-	-	1,193,662	-	1,193,662	
	<u>\$ 25,314,393</u>	<u>\$ 56,301</u>	<u>\$ 8,490,790</u>	<u>\$ -</u>	<u>\$ 33,861,484</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in ships (continue)  
For the year ended December 31, 2018

In Thousands of NTD

Item	Balance at January 1, 2018	Increased in the period	Decreased in the period	Balance at December 31, 2018	Note
Accumulated depreciation :					
LOYL	\$ 457,302	\$ 121,519	\$ -	\$ 578,821	
LUCD	472,015	119,874	-	591,889	
LOGC	560,257	125,146	-	685,403	
LIVN	571,243	128,079	-	699,322	
LBRA	631,883	127,312	-	759,195	
LUNR	372,032	124,957	-	496,989	
LYRC	337,860	124,678	-	462,538	
PRMT	440,285	67,044	-	507,329	
PRBT	372,400	59,522	-	431,922	
PRSP	343,555	57,076	-	400,631	
BLMY	8,024	43,855	-	51,879	
BLOM	-	19,832	-	19,832	
BEMY	-	25,459	-	25,459	
BASS	-	36,565	-	36,565	
BEFT	-	21,565	-	21,565	
BORD	-	583	-	583	
BEDY	-	29,308	-	29,308	
BENG	-	9,521	-	9,521	
	<u>\$ 4,566,856</u>	<u>\$ 1,241,895</u>	<u>\$ -</u>	<u>\$ 5,808,751</u>	
Net Amount	<u>\$ 20,747,537</u>			<u>\$ 28,052,733</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of accounts payable  
December 31, 2018

In Thousands of NTD

Client Name	Description	Amount	Footnote
Non-related parties			
CMA CGM S.A.		\$ 495,961	
Orient Overseas Containers Line Limited		200,956	
COSCO Shipping Lines Co., Ltd.		542,297	
Estimated expense payable		1,939,251	
Others		1,007,074	The amount of individual client included in others does not exceed 5% of the account balance.
Add: Unrealised gains or losses		198,147	
		<u>4,383,686</u>	
Related parties			
Taiwan Terminal Services Co., Ltd.		79,666	
Evergreen International Storage and Transport Corporation		20,660	
Everport Terminal Services Inc.		68,256	
GREENCOMPASS MARINE S.A.		20,659	
Others		4,590	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>193,831</u>	
		<u>\$ 4,577,517</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other payables  
December 31, 2018

In Thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Other payables		\$ 638,420	
Accrued expenses		170,815	
Interest payable		114,971	
Payable on equipment		<u>4,430</u>	
		<u>\$ 928,636</u>	

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Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other current liabilities  
December 31, 2018

In Thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Agency accounts			1) Agency accounts are translated into the functional currency at the dates of the transactions and retranslated 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.
	Evergreen Shipping Agency (America) Corporation	\$ 441,655	
	Evergreen Shipping Agency (Japan) Corporation	185,565	
	PT.Evergreen Shipping Agency Indonesia	101,153	
	Evergreen International Corportion	87,295	
	Others	231,569	2) The amount of individual client included in others does not exceed 5% of the account balance.
		<u>1,047,237</u>	
Shipowner's accounts			
	Evergreen Marine (Singapore) Pte Ltd.	996,627	
	Evergreen Marine (Hong Kong) Ltd.	613,053	
		<u>1,609,680</u>	
Unearned Receipts	Ship rental income and Base station revenue	36	
Receipts under custody	Withholding tax	7,467	
Long-term liabilities - current portion		6,376,400	
		<u>\$ 9,040,820</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of corporate bonds payable  
December 31, 2018

In Thousands of NTD

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Rate (%)	Amount		Balance at December 31, 2018	Unamortised Premiums (Discounts)	Book Value	Repayment	Collateral	Footnote
					Total Amount	Repayment paid						
Thirteenth domestic secured corporate bonds	Bank Of Taiwan	106.04.25	111.04.25	1.05	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	\$ 8,000,000	Note 1	Yes	Note 2
Fourteenth domestic secured corporate bonds	Bank Of Taiwan	107.06.27	112.06.27	0.86	2,000,000	-	2,000,000	-	2,000,000	Note 3	"	Note 4
Less: current portion									-			
Non-current portion									<u>\$ 10,000,000</u>			

Note 1 : Except for conversion, proceeds and redemption, half the principal of the Bond must be paid at the end of the fourth year, and another half at the maturity date.

Please refer to Note 6(12) for details of principal repayment and interest payment.

Note 2 : The Bonds are secured and are guaranteed by Hua Nan Bank, First Bank, Mega International Commercial Bank, Land Bank of Taiwan, Chang Hwa Bank, Taiwan Cooperative Bank and Bank Sinopac.

Note 3 : Except for conversion, proceeds and redemption, the principal of the Bonds shall be repaid in lump sum at maturity.

Please refer to Note 6(12) for details of principal repayment and interest payment.

Note 4 : The Bonds are secured and are guaranteed by First Commercial Bank.

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of long-term loans  
December 31, 2018

In Thousands of NTD

Creditor	Description	Amount	Term of Contract	Rate(%)	Collateral	Footnote
Long-term bank loans :						
Bank of Taiwan	Secured bank loans	\$ 1,900,000	104.12.28~109.12.28		Minsheng Building	
Bank of Taiwan	"	803,031	102.11.19~111.11.19		Loading and unloading equipment	
Bank of Taiwan and other banks	"	1,977,930	103.01.15~112.10.14		Ships	
Bank of Taiwan and other banks	"	2,108,122	104.01.09~112.10.14		"	
Bank of Taiwan and other banks	"	2,061,978	104.04.15~112.10.14		"	
Bank of Taiwan	"	307,168	105.03.28~116.03.28		"	
Land Bank of Taiwan	"	284,771	105.09.23~115.03.28		"	
First Commercial Bank	"	1,525,941	102.04.22~114.04.22		"	Including foreign loans
Hua Nan Commercial Bank	"	866,850	107.08.31~114.06.28		"	
Hua Nan Commercial Bank	"	1,796,349	101.01.04~115.03.20		"	Including foreign loans
Chang Hwa Commercial Bank	"	935,804	107.08.31~114.03.31		"	
Chang Hwa Commercial Bank	"	947,504	107.11.30~114.09.28		"	
Cathay United Bank	"	844,404	105.09.23~114.12.28		"	
Mega International Commercial Bank and other banks	"	1,314,276	101.10.22~108.10.22		"	Including foreign loans
Mega International Commercial Bank and other banks	"	1,401,261	102.04.30~109.04.30		"	Including foreign loans
Bank of China	"	924,421	105.06.29~115.06.29		"	
Bank of China	"	922,206	107.04.19~115.06.29		"	
Bank SinoPac	"	873,911	107.04.17~114.03.02		"	
The Export-Import Bank of the Republic of China	"	783,120	107.04.20~115.04.20		"	
Bank of China	Unsecured bank loans	580,000	107.02.23~109.02.23		None	
Taipei Star Bank	"	200,000	107.01.23~110.01.23		"	
Chinatrust Commercial Bank	"	1,000,000	106.03.31~109.03.31		"	
Bank of Taiwan	"	1,987,500	104.03.25~109.12.28		"	
Jih Sun International Bank	"	500,000	107.07.02~110.03.29		"	



Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of long-term loans (continue)  
December 31, 2018

In Thousands of NTD

Creditor	Description	Amount	Term of Contract	Rate(%)	Collateral	Footnote
Yuanta Commercial Bank (Previous name refer to Ta Chong Commercial Bank)	Unsecured bank loans	\$ 1,500,000	107.05.30~112.05.30		None	
E.Sun Commercial Bank	"	300,000	107.07.26~110.07.26		"	
Agricultural Bank of Taiwan	"	1,200,000	104.12.29~109.12.29		"	
Land Bank of Taiwan	"	1,600,000	104.12.28~109.11.23		"	
O-Bank	"	1,000,000	105.05.24~110.05.24		"	
Taiwan Business Bank	"	1,000,000	107.12.20~112.12.20		"	
Cathay United Bank	"	1,500,000	107.12.12~112.12.12		"	
Taiwan Cooperative Bank	"	500,000	105.12.12~110.12.12		"	
The Export-Import Bank of the Republic of China	"	500,000	107.09.28~110.09.28		"	
Taishin International Bank	Commercial paper	2,550,000	105.08.26~112.05.15		"	
Chang Hwa Commercial Bank	Container secured bank loans	766,882	107.02.09~114.02.09		"	
Taiwan Cooperative Bank	"	612,000	103.05.20~110.05.20		"	
		<u>39,875,429</u>		1.13-3.79		
Add: Unrealised losses		223,179				
Less: Deferred expenses - hosting fee credit		( 13,417)				
		40,085,191				
Less: current portion		( 6,376,400)				
Non-current portion		<u>\$ 33,708,791</u>				

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of labor, depreciation and amortisation by function  
For the year ended December 31, 2018

In Thousands of NTD

By Nature \ By Function	Year ended December 31, 2018			Year ended December 31, 2017		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 660,115	\$ 1,080,419	\$ 1,740,534	\$ 556,974	\$ 1,332,189	\$ 1,889,163
Labor and health insurance fees	41,050	90,804	131,854	31,615	81,158	112,773
Pension costs	28,191	55,250	83,441	23,906	60,721	84,627
Directors' remuneration	-	9,303	9,303	-	20,091	20,091
Other personnel expenses	42,180	49,954	92,134	31,723	43,711	75,434
Depreciation expenses	1,996,682	36,279	2,032,961	1,706,411	46,228	1,752,639
Amortisation expenses	10,323	10,249	20,572	12,687	6,904	19,591

Note: As of December 31, 2018 and 2017, the Company had 1,776 and 1,600 employees, respectively. There were 7 non-employee directors for both years.

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	
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	
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.

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/ guarantees 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/ guarantees 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	Y	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:  $66,844,230 \times 250\% = 167,110,575$

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:  $USD 151,130 \times 30.7535 \times 250\% = 11,619,479$

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

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. :  $CNY 18,239 \times 4.4789 \times 250\% = 204,228$

Limit on endorsements or guarantees provided for a single entity of Master International Shipping Agency Co. :  $CNY 18,239 \times 4.4789 \times 100\% = 81,691$  (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 chairman 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

Expressed 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)	General 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 amortised 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%	
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Purchases	1,580,488	5%	30~60 days	-	-	( 20,659)	-	
			Sales	1,497,882	4%	30~60 days	-	-	7,782	-	
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	893,918	3%	30~60 days	-	-	( 79,666)	2%	
	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)	-	
			Sales	729,254	2%	30~60 days	-	-	9,549	-	
	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	-		
		Purchases	577,182	2%	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 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%	
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	USD 48,254	11%	30~60 days	-	-	USD 2,219	6%	
	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%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 121,382	27%	30 days	-	-	USD 5,916	16%	
	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%	
	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	-	-	-	-	
			Purchases	USD 3,743	1%	30~60 days	-	-	(USD 57)	-	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 32,710	9%	30~60 days	-	-	-	-	
			Purchases	USD 7,686	2%	30~60 days	-	-	-	-	
	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	-	
			Purchases	USD 29,271	9%	30~60 days	-	-	(USD 102)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 8,937	3%	30 days	-	-	(USD 440)	1%	
	Master International Shipping Agency Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 3,538	1%	30~60 days	-	-	(USD 3,538)	5%	
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	-	
			Purchases	USD 32,095	1%	30~60 days	-	-	(USD 382)	-	
	Evergreen Marine Corp.	The parent	Sales	USD 52,384	2%	30~60 days	-	-	USD 672	-	
			Purchases	USD 49,646	2%	30~60 days	-	-	(USD 253)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 43,105	2%	30 days	-	-	(USD 2,226)	1%	
	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	-	-	-	-	

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	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 7,686	-	30~60 days	-	-	-	-	
			Purchases	USD 32,710	1%	30~60 days	-	-	-	-	
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	-	
			Purchases	USD 53,300	3%	30~60 days	-	-	(USD 1,183)	1%	
	Evergreen Marine Corp.	The Parent	Sales	USD 8,304	-	30~60 days	-	-	USD 4	-	
			Purchases	USD 24,171	1%	30~60 days	-	-	(USD 310)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 121,382	7%	30 days	-	-	(USD 5,916)	3%	
	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	-	
			Purchases	USD 8,761	1%	30~60 days	-	-	(USD 130)	-	
	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	\$ -	-	\$ -	-	
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%	
Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	EUR 12,354	34%	30~60 days	-	-	-	-	
	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	-	-	-	-	
	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 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.	Subsidiary	USD 20,194	-	-	-	-	-	
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	-	
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 9,689	-	-	-	-	-	

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	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
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
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
	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	"
	Chang 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
	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	255,746	255,746	-	100.00	299,158	17,957	17,957	"
	Evergreen Shipping Agency (Korea) Corporation	South Korea	Shipping agency	74,608	74,608	121	100.00	48,857	12,772	12,772	"
	Evergreen Shipping Agency (Poland) SP. ZO. O	Poland	Shipping agency	-	20,359	2	100.00	-	-	-	"
	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)	"
	Evergreen Shipping Agency (India) Pvt. Ltd.	India	Shipping agency	36,188	36,188	100	99.99	142,568	45,819	45,818	"
	Evergreen Argentina S.A.	Argentina	Leasing	4,305	4,305	150	95.00	970	( 7,407)	( 7,037)	"



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 Internasional	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
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	24,735	24,735	2	17.39	14,248	5,914	1,028	"
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	839,412	839,412	42,120	84.44	1,002,482	53,652	45,304	"
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	354,050	354,050	4	70.00	323,664	20,198	14,139	"
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	207,442	207,442	6	100.00	236,380	151,681	151,681	"
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	72,332	72,332	0.55	55.00	91,804	70,370	38,704	"
	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)	"
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	52,539	7,599	1	100.00	124,808	125,187	84,501	"
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	26,079	26,079	-	51.00	19,007	73,185	37,324	"
	Evergreen Shipping Agency (Singapore) Pte. Ltd.	Singapore	Shipping agency	-	66,335	765	51.00	-	-	-	"
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	68,980	61,199	680	85.00	105,232	78,830	67,005	"
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,868	17,868	5,500	55.00	100,350	127,945	70,370	"
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	37,858	13,962	-	100.00	167,404	138,967	138,967	"
	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	
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	

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
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
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
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
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	479,755	-	5,144	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

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
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	10,796	-	80	100.00	( 574)	( 10,981)	( 10,981)	"
	Evergreen Shipping Agency (Mexico) S.A. DE C.V.	Mexico	Shipping agency	7,049	-	44.40	60.00	10,580	5,819	3,491	"
	Evergreen Shipping Agency (CHILE)SPA.	Chile	Shipping agency	9,805	-	1.5	60.00	17,097	13,135	7,881	"

Note 1: 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	Accumulated 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	-	
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	-	
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	-	
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	-	
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	-	

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 or 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	Accumulated 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	\$ -	

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 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.