

**EVERGREEN INTERNATIONAL STORAGE
AND TRANSPORT CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2018 AND 2017**

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Evergreen International Storage and Transport Corporation

Opinion

We have audited the accompanying balance sheets of Evergreen International Storage and Transport Corporation (the “Company”) as at December 31, 2018 and 2017, and the related 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 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 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 is 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.

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

Key audit matters- Accuracy of transportation and container yard service revenue

Description

Please refer to Note 4(28) for accounting policies on operating revenue, and Note 6(16) for details of operating revenue.

The Company is primarily engaged in land container transport, cargo handling, operation of gasoline station, highway bus and tourist bus carrier. For the year ended December 31, 2018, the total revenue of container transport and container yard service was NT\$2,835,019 thousand, constituting 61.57% of operating revenue in 2018 and were the main source of income. Transportation and container yard service revenue were recognised in the accounting periods in which the services are rendered, the revenue recognition were based on the relevant information (cargo specification, numbers, transportation starting point and destination and cargo handling service types) that were recorded by front service employees and charged for different services by system.

The Company has a high volume of transactions, the services fees of transported or handled containers were different with specifications, numbers and the distances between starting point and destination, and the trading amounts were small. In addition, some of the information process, recording and maintenance of relevant business statements were done manually, and may lead to inaccurate calculation of transport and container yard service revenue. As a result, more audit staff were required to perform the procedures. Also, the amount of revenue was material to the financial statements, thus we consider the accuracy of transportation and container yard service revenue a key audit matter.

How our audit addressed the matter

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

- A. Based on our understanding of the Company's business and industry, we assessed the reasonableness of revenue recognition policies and procedures and confirmed that these were consistently applied in the financial statements;
- B. We obtained an understanding of the transportation process, and assessed and tested relevant internal controls, including the information of container specification, numbers and transportation starting point and destination in handover statement which was recorded by drivers, agreed with the information in the computer system and operating statement;

- C. We understood the process of container yard service, and assessed and tested relevant internal controls, including ascertaining that the information of container specification, numbers and cargo handling service types in the statements which were prepared by the Company personnel, were consistent with customers' shipping accounts; and
- D. We verified the accuracy of operating statements which were used in revenue recognition by management, including randomly checking the charge fees in the operating statements and work content against the charges of services types, daily transportation statements and cargo handling statements generated by the computer system, to recalculate the accuracy and ascertained that these were consistent with the carrying amount of revenue.

Key audit matter- Impairment assessment on property, plant and equipment of subsidiaries accounted for using equity method

Description

Please refer to Note 4(14) for accounting policies on investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method.

As of December 31, 2018, the Company held 100% equity of Gaining Enterprise S.A. and recognised as investments accounted for using equity method of NT\$11,362,049 thousand, constituting 43.08% of the total assets. For the year ended December 31, 2018, the Company recognised gain on investments amounting to NT\$483,222 thousand, constituting 44.58% of profit before tax. Gaining Enterprise S.A. is principally engaged in ship and container lease business. The significant impact to the ship and container lease business arises from changes in the global economy as well as supply and demand of the shipping market, affecting the future profitability of the business. Thus, there is possibility of impairment.

Management assessed whether the property, plant and equipment were impaired using the recoverable amount of the cash generating unit. The assumptions used in determining the recoverable amount estimate was subjected to management's judgement and involves a high degree of uncertainty, and included discount rate, expected growth rate of operating revenue, gross profit ratio, operating profit ratio, capital expenditure. As the assessed results of recoverable amount were material to the parent company only financial statements, thus we consider the impairment assessment on property, plant and equipment of the subsidiary, Gaining Enterprise S.A., a key audit matter.

How our audit addressed the matter

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

- A. We understood and assessed policies, internal controls and processes that were related with assets impairment valuation;
- B. We interviewed management on the impairment valuation report, and assessed the discount rate and the reasonableness of operating revenue, gross profit ratio, operating profit ratio, growth rate and capital expenditure that were used in the estimation of future cash flow, including review of the basic information of such assumptions. Also, we ascertained that the documents had been approved by appropriate management, reviewed the actual execution of management's past operating plan, and compared with industry forecast to assess the intention and ability; and
- C. We checked the inputted value of valuation model, the setting of formulation, and recalculated the accuracy of valuation model calculation result.

Responsibilities of management and those charged with governance for the 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 group audit. We remain solely responsible for our audit opinion.

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

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

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

Lee, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

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 INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 505,041	2	\$ 664,389	3
Financial assets at fair value through profit or loss - current	6(2)	100,054	-	-	-
Financial assets at fair value through other comprehensive income - current	6(3)	935,249	4	-	-
Available-for-sale financial assets - current	12(4)	-	-	1,149,448	4
Notes receivable, net	6(4)	15,523	-	15,005	-
Accounts receivable, net	6(4) and 12(4)	213,437	1	221,744	1
Accounts receivable, net - related parties	6(4), 7 and 12(4)	339,394	1	264,467	1
Other receivables		11,195	-	6,645	-
Inventories		45,194	-	36,011	-
Prepayments		6,082	-	9,154	-
Other current assets		11,491	-	8,833	-
Total Current Assets		2,182,660	8	2,375,696	9
Non-current assets					
Financial assets at fair value through other comprehensive income- non-current	6(3)	1,141,461	4	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	1,126,098	4
Financial assets carried at cost - non-current	12(4)	-	-	3,299	-
Investments accounted for using equity method	6(5)	11,891,737	45	11,004,892	43
Property, plant and equipment, net	6(6) and 7	9,991,441	38	10,079,451	39
Investment property, net	6(7)	713,689	3	716,869	3
Intangible assets		4,837	-	2,112	-
Deferred income tax assets	6(22)	171,229	1	168,595	1
Other non-current assets	8	276,039	1	123,636	1
Total Non-current Assets		24,190,433	92	23,224,952	91
TOTAL ASSETS		\$ 26,373,093	100	\$ 25,600,648	100

(Continued)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Current contract liabilities	6(16)	\$ 9,779	-	\$ -	-
Notes payable		-	-	5,750	-
Accounts payable		243,739	1	252,675	1
Accounts payable - related parties	7	23,668	-	22,909	-
Other payables	6(8)	231,441	1	269,616	1
Other payables - related parties	6(8) and 7	18,586	-	12,253	-
Current income tax liabilities	6(22)	83,882	-	59,791	-
Long-term liabilities, current portion	6(9)(25)	120,000	1	60,000	-
Other current liabilities, others		54,649	-	56,773	-
Total Current Liabilities		<u>785,744</u>	<u>3</u>	<u>739,767</u>	<u>2</u>
Non-current liabilities					
Long-term borrowings	6(9)(25)	120,000	1	240,000	1
Deferred income tax liabilities	6(22)	2,253,636	8	2,170,294	9
Other non-current liabilities	6(10)(11)	824,739	3	901,512	4
Total Non-current Liabilities		<u>3,198,375</u>	<u>12</u>	<u>3,311,806</u>	<u>14</u>
TOTAL LIABILITIES		<u>3,984,119</u>	<u>15</u>	<u>4,051,573</u>	<u>16</u>
Equity					
Capital stock	6(12)				
Common stock		10,671,411	41	10,671,411	42
Capital surplus	6(13)				
Capital surplus		4,265,942	16	4,264,970	17
Retained earnings	6(14)				
Legal reserve		2,121,238	8	2,032,926	8
Unappropriated retained earnings		4,656,098	18	4,175,059	16
Other equity interest	6(15)				
Other equity interest		674,285	2	404,709	1
Total equity		<u>22,388,974</u>	<u>85</u>	<u>21,549,075</u>	<u>84</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
TOTAL LIABILITIES AND EQUITY		<u>\$ 26,373,093</u>	<u>100</u>	<u>\$ 25,600,648</u>	<u>100</u>

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Years ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(16), 7 and 12(5)	\$ 4,604,276	100	\$ 4,545,320	100
Operating costs	6(20) and 7	(3,953,243)	(86)	(3,940,989)	(87)
Gross profit		<u>651,033</u>	<u>14</u>	<u>604,331</u>	<u>13</u>
Operating expenses	6(20) and 7				
Selling expenses		(28,979)	-	(26,121)	-
General and administrative expenses		(190,799)	(4)	(181,533)	(4)
Total operating expenses		<u>(219,778)</u>	<u>(4)</u>	<u>(207,654)</u>	<u>(4)</u>
Operating profit		<u>431,255</u>	<u>10</u>	<u>396,677</u>	<u>9</u>
Non-operating income and expenses					
Other income	6(17)	145,923	3	54,685	1
Other gains and losses	6(18)	(3,606)	-	92,756	2
Finance costs	6(19)	(4,745)	-	(1,794)	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)				
		<u>515,181</u>	<u>11</u>	<u>538,584</u>	<u>12</u>
Total non-operating income and expenses		<u>652,753</u>	<u>14</u>	<u>684,231</u>	<u>15</u>
Profit before income tax		<u>1,084,008</u>	<u>24</u>	<u>1,080,908</u>	<u>24</u>
Income tax expense	6(22)	(220,171)	(5)	(197,787)	(5)
Profit for the year		<u>\$ 863,837</u>	<u>19</u>	<u>\$ 883,121</u>	<u>19</u>
Other comprehensive income, net	6(15)				
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plan		\$ 11,275	-	\$ 65,720	1
Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	6(3)	(43,199)	(1)	-	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss		6,956	-	(14,191)	-
Income tax relating to the components of other comprehensive profit	6(22)	8,352	-	(8,766)	-
Items that will be reclassified to profit or loss					
Exchange differences arising on translation of foreign operations		368,403	8	(845,163)	(19)
Unrealised gain on valuation of available-for-sale financial assets		-	-	217,302	5
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, items that will be reclassified to profit or loss		(195)	-	(83,158)	(2)
Income tax relating to the components of other comprehensive profit	6(22)	-	-	21,138	1
Total other comprehensive income (loss) for the year, net		<u>\$ 351,592</u>	<u>7</u>	<u>(\$ 647,118)</u>	<u>(14)</u>
Total comprehensive income for the year		<u>\$ 1,215,429</u>	<u>26</u>	<u>\$ 236,003</u>	<u>5</u>
Earnings per share	6(23)				
Basic earnings per share (in dollars)		\$ 0.81		\$ 0.83	
Diluted earnings per share (in dollars)		\$ 0.81		\$ 0.83	

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest			Total equity
		Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences arising on translation of foreign operations	Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on valuation of available-for-sale financial assets	
<u>2017</u>									
Balance at January 1, 2017		\$ 10,671,411	\$ 4,264,590	\$ 1,951,837	\$ 3,703,763	\$ 597,957	\$ -	\$ 496,633	\$ 21,686,191
Profit for the year		-	-	-	883,121	-	-	-	883,121
Other comprehensive income (loss) for the year	6(14)(15)	-	-	-	42,763	(847,235)	-	157,354	(647,118)
Total comprehensive income (loss) for the year		-	-	-	925,884	(847,235)	-	157,354	236,003
Appropriation of 2016 earnings	6(14)								
Legal reserve		-	-	81,089	(81,089)	-	-	-	-
Cash dividends		-	-	-	(373,499)	-	-	-	(373,499)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	6(5)(22)	-	380	-	-	-	-	-	380
Balance at December 31, 2017		\$ 10,671,411	\$ 4,264,970	\$ 2,032,926	\$ 4,175,059	(\$ 249,278)	\$ -	\$ 653,987	\$ 21,549,075
<u>2018</u>									
Balance at January 1, 2018		\$ 10,671,411	\$ 4,264,970	\$ 2,032,926	\$ 4,175,059	(\$ 249,278)	\$ -	\$ 653,987	\$ 21,549,075
Effects of retrospective application	6(14) and 12(4)	-	-	-	37,122	-	617,371	(653,987)	506
Adjusted balance at January 1, 2018		10,671,411	4,264,970	2,032,926	4,212,181	(249,278)	617,371	-	21,549,581
Profit for the year		-	-	-	863,837	-	-	-	863,837
Other comprehensive income (loss) for the year	6(14)(15)	-	-	-	26,523	368,208	(43,139)	-	351,592
Total comprehensive income (loss) for the year		-	-	-	890,360	368,208	(43,139)	-	1,215,429
Appropriation of 2017 earnings	6(14)								
Legal reserve		-	-	88,312	(88,312)	-	-	-	-
Cash dividends		-	-	-	(373,499)	-	-	-	(373,499)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	6(5)(22)	-	512	-	60	-	(60)	-	512
Other changes in capital surplus		-	460	-	-	-	-	-	460
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	(3,509)	-	-	-	(3,509)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	-	-	-	18,817	-	(18,817)	-	-
Balance at December 31, 2018		\$ 10,671,411	\$ 4,265,942	\$ 2,121,238	\$ 4,656,098	\$ 118,930	\$ 555,355	\$ -	\$ 22,388,974

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,084,008	\$ 1,080,908
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(20)	321,474	299,596
Amortisation	6(20)	2,412	1,837
Loss on financial assets at fair value through profit or loss	6(2)	179	-
Interest expense	6(19)	4,551	1,602
Interest income	6(17)	(6,815)	(4,196)
Dividend income	6(17)	(68,533)	(38,965)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(515,181)	(538,584)
Gain on disposal of property, plant and equipment	6(18)	(1,482)	(3,188)
Gain on disposal of investments	6(18)	-	(92,992)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		25,000	-
Notes receivable, net	(	518)	2,236
Account receivable, net		8,307	(7,657)
Accounts receivable, net - related parties	(	74,927)	82,159
Other receivables	(	4,551)	(2,593)
Inventories	(	9,183)	(2,299)
Prepayments		3,072	1,652
Other current assets	(	2,658)	(19)
Changes in operating liabilities			
Current contract liabilities		9,779	-
Notes payable	(	5,750)	(6,900)
Accounts payable	(	8,936)	4,283
Accounts payable - related parties		759	(2,444)
Other payables	(	65,432)	75,866
Other payables - related parties		371	64
Other current liabilities, others	(	2,124)	14,695
Other non-current liabilities	(	67,173)	(62,660)
Cash inflow generated from operations		626,649	802,401
Interest received		6,816	4,029
Interest paid	(	4,572)	(1,496)
Income tax paid	(	107,125)	(133,411)
Net cash flows from operating activities		521,768	671,523

(Continued)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 14,564)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	48,490	-
Capital stock reduction of financial assets at fair value through other comprehensive income	6(3)	303	-
Acquisition of available-for-sale financial assets		-	(355,980)
Proceeds from disposal of available-for-sale financial assets		-	362,964
Net cash flow from acquisition of subsidiaries	6(5)	(10,000)	-
Acquisition of property, plant and equipment (including prepayments for equipment)	6(24)	(347,970)	(218,107)
Proceeds from disposal of property, plant and equipment		1,518	3,386
Decrease in refundable deposits		100	50
Acquisition of intangible assets		(5,137)	(658)
Increase in other non-current assets - other financial assets		(1,613)	(13)
Dividends received		79,121	49,105
Net cash flows used in investing activities		(249,752)	(159,253)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(25)	-	300,000
Repayment of long-term borrowings	6(25)	(60,000)	-
Increase in guarantee deposits received		1,675	-
Decrease in guarantee deposits received		-	(161)
Dividends paid	6(14)	(373,499)	(373,499)
Other financing activities		460	-
Net cash flows used in financing activities		(431,364)	(73,660)
Net (decrease) increase in cash and cash equivalents		(159,348)	438,610
Cash and cash equivalents at beginning of year		664,389	225,779
Cash and cash equivalents at end of year		\$ 505,041	\$ 664,389

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Incorporated in 1973, Evergreen International Storage and Transport Corporation (the “Company”) was initially operated under the name of “Everglory Transport Corporation”. In July 1986, the Company was renamed as “Evergreen Transport Corporation”. Shares of the Company have been traded on the Taiwan Stock Exchange since 1990. In September 2001, the Company was renamed again and is currently known as “Evergreen International Storage and Transport Corporation”. The Company is principally engaged in container trucking, operation of container distribution centers, ship chartering, operation of gasoline station and passenger transportation.

The Company merged with Evergreen Container Terminal Corporation and Uniglory Marine Corporation on March 31, 2002 and November 1, 2002, respectively. On May 1, 2003, the Company merged with Evervoyage Transportation Corporation, a subsidiary of the Company, which was conducted in accordance with the Business Mergers and Acquisitions Law.

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 21, 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 (“IFRSs”) 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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.

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 in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.
- (c) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4)B and C.

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 contracts.

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:

Parent company only balance sheet <u>Affected items</u>	Book value under previous revenue standard	Adjustment for initial application of IFRS 15	Adjusted amount after IFRS 15 adoption
<u>January 1, 2018</u>			
Contract liabilities	\$ -	\$ 10,913	\$ 10,913
Other current liabilities, others	56,773	(10,913)	45,860
	<u>\$ 56,773</u>	<u>\$ -</u>	<u>\$ 56,773</u>

Presentation of liabilities in relation to contracts with customers

- A. Under IFRS 15, the Company changed the presentation of certain accounts in the balance sheet. Liabilities in relation to sales contracts are recognised as contract liabilities, but were

previously presented as advance sales receipts (shown as ‘other current liabilities-others’) in the balance sheet. On January 1, 2018, the balance was \$10,913.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

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, finance lease payments receivable and lease liability will be increased by \$1,832,051, \$24,245 and \$1,856,296, respectively.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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 are prepared by the Company 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 at fair value through profit or loss/Available-for-sale financial assets measured at fair value.
- (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 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 translations

Items included in the 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.
- (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 foreign exchange gains and losses 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 subsidiaries and associates entities 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 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 settlement 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.

(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.
- 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:

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.

(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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable 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 the cash flow 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 of 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

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

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses occurring from inter-company transactions with subsidiaries have been offset. 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 recognises proportionately for the share of profit and loss and other comprehensive income in the statement of comprehensive income 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 recognise 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 recognised directly in equity and attributed to the owners of the parent.
- E. If the Company loses control of a subsidiary, the Company recognises any investment retained in the former subsidiary at its fair value at the date when control is lost and recognises any resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognised 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 recognised 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% 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 change in ownership interest in the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains 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 using 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 Preparation of Financial Statements by Securities Issuers”, ‘profit for the year’ and ‘other comprehensive income for the year’ reported in the 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 equal to 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:

Asset	Useful Life
Land improvements	3 - 25 years
Buildings	15 - 55 years
Machinery	3 - 15 years
Loading/unloading equipment	5 - 15 years
Transportation equipment	4 - 8 years
Ships	23 years
Office equipment	3 - 6 years
Leasehold improvements	2 - 10 years
Other equipment	2 - 50 years

The significant components of buildings include hydroelectric facilities and buildings, which are depreciated over 15 to 55 years.

(16) Operating leases (lessee)

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.

(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 3~55 years.

(18) Intangible assets

Computer software is 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 recognising 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

Borrowings comprise bank borrowings. 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.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

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

(23) 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.

(24) 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. 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.

(25) 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. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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.

- D. Deferred income 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.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. Sales of goods

The Company sells oil. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, and the transition price taking into account of business tax, returns, rebates and discounts. 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

The Company provides passenger transportation, container transportation and container yard services. Revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided.

C. Leasing service

The Company follows the guidance of IAS 17 “Leases” to recognise revenue from the leasing of ships and equipment. Leases are required to be classified as either finance lease or operating lease according to the extent of transition of risks and rewards of ownership. Revenue is recognised through the period of leases.

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; the information is addressed below:

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

A. 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 utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of the Company strategy might cause material impairment on assets in the future.

As of December 31, 2018, the carrying amount of property, plant and equipment was \$9,991,441.

B. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2018, the carrying amount of unlisted stocks without active market was \$268,017.

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	\$ 2,443	\$ 2,822
Checking accounts and demand deposits	66,455	33,336
Time deposits	<u>436,143</u>	<u>628,231</u>
	<u>\$ 505,041</u>	<u>\$ 664,389</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 profit or loss

<u>Items</u>	<u>December 31, 2018</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	\$ 100,000
Valuation adjustment	<u>54</u>
	<u>\$ 100,054</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Year ended December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	<u>\$ 346</u>

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

C. Information on available-for-sale financial assets as of December 31, 2017 is provided in Note 12(4).

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

Items	December 31, 2018
Current items:	
Equity instruments	
Listed stocks	\$ 809,147
Valuation adjustment	126,102
Total	<u>\$ 935,249</u>
Non-current items:	
Equity instruments	
Listed stocks	\$ 513,610
Unlisted stocks	198,598
Subtotal	712,208
Valuation adjustment	429,253
Total	<u>\$ 1,141,461</u>

- A. The Company has elected to classify investments in listed and unlisted companies 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 \$2,076,710 as at December 31, 2018.
- B. During the year ended December 31, 2018, the Company sold listed stocks at fair value of \$48,490 due to operational reason, and generated accumulated gain on disposal of \$18,817.
- C. The stockholders of Universal Venture Fund Inc. approved to return proceeds from capital reduction in cash on June 5, 2018. The capital reduction ratio was 8.00062% and the effective date was August 10, 2018. The Company received returned capital amounting to \$303 and proportionately derecognised \$303 from initial cost on September 14, 2018.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2018
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ 43,199)
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 18,877)
Dividend income recognised in profit or loss	
Held at end of period	<u>\$ 68,479</u>

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

(4) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	\$ 15,523	\$ 15,005
Accounts receivable - non-related parties	\$ 213,983	\$ 222,290
Accounts receivable - related parties	339,394	264,467
Less: Allowance for bad debts	(546)	(546)
	<u>\$ 552,831</u>	<u>\$ 486,211</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2018	
	Accounts receivable	Notes receivable
Without past due	\$ 440,382	\$ 15,523
Up to 3 months past due	112,991	-
Over 3 months past due	4	-
	<u>\$ 553,377</u>	<u>\$ 15,523</u>

The above ageing analysis was based on the number of days past due.

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 Company's notes and accounts receivable were \$15,523 and \$552,831, respectively.

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

(5) Investments accounted for using equity method

	2018	2017
At January 1	\$ 11,004,892	\$ 11,418,503
Effects of retrospective application	(21)	-
Addition of investments accounted for using equity method	6,491	-
Share of profit or loss of investments accounted for using equity method	515,181	538,584
Earnings distribution of investments accounted for using equity method	(10,588)	(10,141)
Changes in capital surplus	617	458
Changes in other equity items	375,165	(942,512)
At December 31	<u>\$ 11,891,737</u>	<u>\$ 11,004,892</u>

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Subsidiary :		
Gaining Enterprise S.A.	\$ 11,362,049	\$ 10,503,106
Shun An Enterprise Corp.	32,201	25,398
Associates :		
Ever Reward Logistics Corp.	21,886	23,662
Taipei Port Container Terminal Corp.	475,601	452,726
	<u>\$ 11,891,737</u>	<u>\$ 11,004,892</u>

A. Subsidiary

Please refer to Note 4(3) of the consolidated financial statements for the information on subsidiaries.

B. Associates

- (a) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2018 and 2017, the carrying amount of the Company's individually immaterial associates amounted to \$497,487 and \$476,388, respectively.

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>
Profit for the period from continuing operations	\$ 251,895	\$ 61,916
Other comprehensive income (loss) - net of tax	206	(111)
Total comprehensive income	<u>\$ 252,101</u>	<u>\$ 61,805</u>

- (b) Taipei Port Container Terminal Corporation (Taipei Port) is accounted for using equity method despite the percentage of combined holding in Taipei Port is less than 20%. The reason is the issuing entity had to reserve issue rights for its employees, and the Company and its subsidiaries could not exercise rights with original percentage of ownership, which caused the percentage of ownership to decrease from 20% to 19.49%. After the assessment of the decrease in the percentage of ownership, the Company and its subsidiaries still have significant influence over Taipei Port.

- C. The abovementioned investments accounted for using equity method are recognised as gain on investment in the investees' audited financial statements.

(6) Property, plant and equipment

	Land	Land improvements	Buildings	Machinery	Loading/ unloading equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
<u>At January 1, 2018</u>												
Cost	\$ 8,525,807	\$ 67,919	\$973,664	\$ 18,321	\$ 1,694,801	\$ 1,602,356	\$1,521,426	\$ 15,899	\$ 68,850	\$556,364	\$ -	\$ 15,045,407
Accumulated depreciation	-	(18,117)	(855,593)	(16,014)	(1,297,723)	(1,059,685)	(1,222,973)	(14,712)	(35,814)	(445,325)	-	(4,965,956)
	<u>\$ 8,525,807</u>	<u>\$ 49,802</u>	<u>\$118,071</u>	<u>\$ 2,307</u>	<u>\$ 397,078</u>	<u>\$ 542,671</u>	<u>\$ 298,453</u>	<u>\$ 1,187</u>	<u>\$ 33,036</u>	<u>\$111,039</u>	<u>\$ -</u>	<u>\$ 10,079,451</u>
<u>2018</u>												
Opening net book amount	\$ 8,525,807	\$ 49,802	\$118,071	\$ 2,307	\$ 397,078	\$ 542,671	\$ 298,453	\$ 1,187	\$ 33,036	\$111,039	\$ -	\$ 10,079,451
Additions	6,359	1,823	6,325	93	2,678	-	24,872	680	-	24,191	34,265	101,286
Disposals	-	-	-	-	(17)	-	-	(1)	-	(18)	-	(36)
Reclassifications	-	491	-	-	43,162	81,726	1,358	-	-	2,297	-	129,034
Depreciation charge	-	(10,420)	(13,812)	(539)	(52,959)	(110,186)	(89,122)	(372)	(7,663)	(33,221)	-	(318,294)
Closing net book amount	<u>\$ 8,532,166</u>	<u>\$ 41,696</u>	<u>\$110,584</u>	<u>\$ 1,861</u>	<u>\$ 389,942</u>	<u>\$ 514,211</u>	<u>\$ 235,561</u>	<u>\$ 1,494</u>	<u>\$ 25,373</u>	<u>\$104,288</u>	<u>\$ 34,265</u>	<u>\$ 9,991,441</u>
<u>At December 31, 2018</u>												
Cost	\$ 8,532,166	\$ 69,784	\$979,989	\$ 18,327	\$ 1,686,804	\$ 1,661,266	\$1,547,657	\$ 15,769	\$ 68,850	\$579,032	\$ 34,265	\$ 15,193,909
Accumulated depreciation	-	(28,088)	(869,405)	(16,466)	(1,296,862)	(1,147,055)	(1,312,096)	(14,275)	(43,477)	(474,744)	-	(5,202,468)
	<u>\$ 8,532,166</u>	<u>\$ 41,696</u>	<u>\$110,584</u>	<u>\$ 1,861</u>	<u>\$ 389,942</u>	<u>\$ 514,211</u>	<u>\$ 235,561</u>	<u>\$ 1,494</u>	<u>\$ 25,373</u>	<u>\$104,288</u>	<u>\$ 34,265</u>	<u>\$ 9,991,441</u>

		Land			Loading/ unloading	Transportation		Office	Leasehold	Other	Construction	
	Land (Note)	improvements	Buildings	Machinery	equipment	equipment	Ships	equipment	improvements	equipment	in progress	Total
<u>At January 1, 2017</u>												
Cost	\$ 8,525,807	\$ 26,427	\$ 966,663	\$ 17,923	\$ 1,464,740	\$ 1,597,165	\$ 1,519,999	\$ 16,585	\$ 68,374	\$ 496,912	\$ -	\$ 14,700,595
Accumulated depreciation	-	(9,060)	(842,268)	(16,592)	(1,291,783)	(971,246)	(1,143,771)	(15,043)	(28,190)	(421,597)	-	(4,739,550)
	<u>\$ 8,525,807</u>	<u>\$ 17,367</u>	<u>\$ 124,395</u>	<u>\$ 1,331</u>	<u>\$ 172,957</u>	<u>\$ 625,919</u>	<u>\$ 376,228</u>	<u>\$ 1,542</u>	<u>\$ 40,184</u>	<u>\$ 75,315</u>	<u>\$ -</u>	<u>\$ 9,961,045</u>
<u>2017</u>												
Opening net book amount	\$ 8,525,807	\$ 17,367	\$ 124,395	\$ 1,331	\$ 172,957	\$ 625,919	\$ 376,228	\$ 1,542	\$ 40,184	\$ 75,315	\$ -	\$ 9,961,045
Additions	-	4,347	7,000	1,366	11,524	2,731	323	-	476	25,761	-	53,528
Disposals	-	-	-	-	-	-	-	-	-	(198)	-	(198)
Reclassifications	-	37,145	-	-	260,604	22,905	1,104	-	-	39,735	-	361,493
Depreciation charge	-	(9,057)	(13,324)	(390)	(48,007)	(108,884)	(79,202)	(355)	(7,624)	(29,574)	-	(296,417)
Closing net book amount	<u>\$ 8,525,807</u>	<u>\$ 49,802</u>	<u>\$ 118,071</u>	<u>\$ 2,307</u>	<u>\$ 397,078</u>	<u>\$ 542,671</u>	<u>\$ 298,453</u>	<u>\$ 1,187</u>	<u>\$ 33,036</u>	<u>\$ 111,039</u>	<u>\$ -</u>	<u>\$ 10,079,451</u>
<u>At December 31, 2017</u>												
Cost	\$ 8,525,807	\$ 67,919	\$ 973,664	\$ 18,321	\$ 1,694,801	\$ 1,602,356	\$ 1,521,426	\$ 15,899	\$ 68,850	\$ 556,364	\$ -	\$ 15,045,407
Accumulated depreciation	-	(18,117)	(855,593)	(16,014)	(1,297,723)	(1,059,685)	(1,222,973)	(14,712)	(35,814)	(445,325)	-	(4,965,956)
	<u>\$ 8,525,807</u>	<u>\$ 49,802</u>	<u>\$ 118,071</u>	<u>\$ 2,307</u>	<u>\$ 397,078</u>	<u>\$ 542,671</u>	<u>\$ 298,453</u>	<u>\$ 1,187</u>	<u>\$ 33,036</u>	<u>\$ 111,039</u>	<u>\$ -</u>	<u>\$ 10,079,451</u>

Note: As the land with book value of \$20,009 in Jhuwei area in Dayuan District, Taoyuan City is farming and pasturable land, the ownership is registered to a natural person. The Company has set the pledge of land ownership to itself in order to protect its rights.

(7) Investment property

A. Changes in investment property:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(91,482)	(91,482)
	<u>\$ 639,583</u>	<u>\$ 77,286</u>	<u>\$ 716,869</u>
<u>2018</u>			
Opening net book amount	\$ 639,583	\$ 77,286	\$ 716,869
Depreciation charge	-	(3,180)	(3,180)
Closing net book amount	<u>\$ 639,583</u>	<u>\$ 74,106</u>	<u>\$ 713,689</u>
<u>At December 31, 2018</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(94,662)	(94,662)
	<u>\$ 639,583</u>	<u>\$ 74,106</u>	<u>\$ 713,689</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(88,303)	(88,303)
	<u>\$ 639,583</u>	<u>\$ 80,465</u>	<u>\$ 720,048</u>
<u>2017</u>			
Opening net book amount	\$ 639,583	\$ 80,465	\$ 720,048
Depreciation charge	-	(3,179)	(3,179)
Closing net book amount	<u>\$ 639,583</u>	<u>\$ 77,286</u>	<u>\$ 716,869</u>
<u>At December 31, 2017</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(91,482)	(91,482)
	<u>\$ 639,583</u>	<u>\$ 77,286</u>	<u>\$ 716,869</u>

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

	Year ended December 31, 2018	Year ended December 31, 2017
Rental income from investment property	\$ 51,398	\$ 52,072
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 6,961	\$ 7,039

C. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 was \$2,465,645 and \$2,461,583, respectively, which was valued by the Company. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	December 31, 2018	December 31, 2017
Gross margin	87.217%	86.938%
Discount rate	1.845%	1.845%

(8) Other payables (including related parties)

	December 31, 2018	December 31, 2017
Payable on equipment	\$ 51,295	\$ 18,055
Others	198,732	263,814
	\$ 250,027	\$ 281,869

(9) Long-term borrowings

Type of borrowings	Interest rate range	Expiry year	December 31, 2018
Unsecured bank borrowings	1.1709%~1.1751%	2020	\$ 240,000
Less: Current portion			(120,000)
			\$ 120,000
Type of borrowings	Interest rate range	Expiry year	December 31, 2017
Unsecured bank borrowings	1.1710%~1.2767%	2020	\$ 300,000
Less: Current portion			(60,000)
			\$ 240,000

(10) Other non-current liabilities

	December 31, 2018	December 31, 2017
Accrued pension obligations	\$ 803,833	\$ 882,281
Guarantee deposits received	20,906	19,231
	\$ 824,739	\$ 901,512

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 9% 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	\$ 1,881,093	\$ 1,941,763
Fair value of plan assets	(1,077,260)	(1,059,482)
Net defined benefit liabilities	<u>\$ 803,833</u>	<u>\$ 882,281</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2018			
Balance at January 1	\$ 1,941,763	(\$ 1,059,482)	\$ 882,281
Current service cost	40,622	-	40,622
Interest expense (income)	20,777	(11,336)	9,441
	<u>2,003,162</u>	<u>(1,070,818)</u>	<u>932,344</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(31,399)	(31,399)
Change in demographic assumptions	(2,042)	-	(2,042)
Change in financial assumptions	10,298	-	10,298
Experience adjustments	11,868	-	11,868
	<u>20,124</u>	<u>(31,399)</u>	<u>(11,275)</u>
Pension fund contribution	-	(117,236)	(117,236)
Paid pension	(142,193)	142,193	-
Balance at December 31	<u>\$ 1,881,093</u>	<u>(\$ 1,077,260)</u>	<u>\$ 803,833</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2017			
Balance at January 1	\$ 2,050,743	(\$ 1,040,082)	\$ 1,010,661
Current service cost	46,082	-	46,082
Interest expense (income)	24,609	(12,481)	12,128
	<u>2,121,434</u>	<u>(1,052,563)</u>	<u>1,068,871</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,700	1,700
Change in demographic assumptions	(218)	-	(218)
Change in financial assumptions	(20,622)	-	(20,622)
Experience adjustments	(46,580)	-	(46,580)
	<u>(67,420)</u>	<u>1,700</u>	<u>(65,720)</u>
Pension fund contribution	-	(120,870)	(120,870)
Paid pension	(112,251)	112,251	-
Balance at December 31	<u>\$ 1,941,763</u>	<u>(\$ 1,059,482)</u>	<u>\$ 882,281</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 securitisation 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 authorised 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:

	2018	2017
Discount rate	1.00%	1.07%
Future salary increase rate	1.50%	1.50%

The assumption of future death rate depends on the the Taiwan Standard Ordinary Experience Mortality Table for 2018 and 2017.

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

	Discount rate		Future salary increase rate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligations	(\$ 65,193)	\$ 96,700	\$ 95,689	(\$ 65,193)
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligations	(\$ 70,246)	\$ 101,864	\$ 100,849	(\$ 70,292)

The sensitivity analysis above is based on one assumption which changed while the other conditions remains 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.

- (f) Expected contributions and paid to the defined benefit pension plans of the Company for the year ending December 31, 2019 amount to \$66,322.
- (g) As of December 31, 2018, the weighted average duration of the retirement plan is 9 years.
- B. 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 not less than 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.
- C. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were \$83,283 and \$84,035, respectively.

(12) Capital stock

- A. As of December 31, 2018, the Company’s authorised capital was \$11,000,000, consisting of 1,100,000 thousand shares of ordinary stock, and the paid-in capital was \$10,671,411 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Company has the same weighted average number of ordinary shares outstanding at the beginning and ending of the years 2018 and 2017.

(13) 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.

(14) Retained earnings

	2018	2017
At January 1	\$ 4,175,059	\$ 3,703,763
Effects of retrospective application	37,122	-
Balance at January 1 after retrospective adjustment	\$ 4,212,181	\$ 3,703,763
Profit for the period	863,837	883,121
Appropriation, release and distribution	(461,811)	(454,588)
Remeasurement on post employment benefit obligations, net of tax	14,743	42,763
Impact of change in tax rate	11,780	-
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	60	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(3,509)	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	18,817	-
At December 31	\$ 4,656,098	\$ 4,175,059

A. Under the Company's Articles of Incorporation, any profit made by the Company for each fiscal year shall, after deduction of tax, be applied first towards making up any losses incurred by the Company in previous years, then 10% of the balance thereof shall be retained as the legal reserve, and set aside the special reserve in compliance with regulations, together with the accumulated unallocated profit of the previous period, shall be allocated pursuant to the proposal made by the Board of Directors and adopted by the shareholders at their meeting.

B. The Company's dividend policy is summarised below:

Stockholders' dividends shall be distributed in cash dividends and stock dividends, with the cash dividend comprising at least 10% of the total amount of distribution.

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

- D. (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Sheng-Fa-Si Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The appropriation of earnings and distribution of capital reserve of years 2017 and 2016 had been resolved at the stockholders' meeting on June 26, 2018 and June 28, 2017, respectively. Details are summarized below:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 88,312		\$ 81,089	
Cash dividends	373,499	\$ 0.35	373,499	\$ 0.35
	<u>\$ 461,811</u>		<u>\$ 454,588</u>	

The information about the appropriation of earnings resolved by the stockholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- F. The Company declared the earnings distribution for 2018 at the Board of Directors' meeting on March 21, 2019. The information is summarized below:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 86,384	
Cash dividends	373,499	\$ 0.35
	<u>\$ 459,883</u>	

The information about the earnings distribution in 2018 presented above has not been resolved at the stockholders' meeting up until March 21, 2019.

- G. For information relating to employees' compensation and directors' remuneration, please refer to Note 6(21).

(15) Other equity items

	2018		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 653,987	(\$ 249,278)	\$ 404,709
Retrospective transfer to retained earnings	(233)	-	(233)
Retrospective transfer from retained earnings	(36,910)	-	(36,910)
Retrospective valuation adjustment	527	-	527
Balance at January 1 after retrospective adjustment	\$ 617,371	(\$ 249,278)	\$ 368,093
Revaluation-gross	(43,199)	-	(43,199)
Revaluation transferred to retained earnings-gross	(18,817)	-	(18,817)
Revaluation-Subsidiaries and associates	73	-	73
Revaluation-Subsidiaries and associates-tax	(13)	-	(13)
Revaluation transferred to retained earnings-subsubsidiaries and associates	(73)	-	(73)
Revaluation transferred to retained earnings-subsubsidiaries and associates-tax	13	-	13
Currency translation:			
- Parent	-	368,403	368,403
- Subsidiaries and associates	-	(195)	(195)
At December 31	<u>\$ 555,355</u>	<u>\$ 118,930</u>	<u>\$ 674,285</u>

	2017		
	Available-for-sale investments	Currency translation	Total
At January 1	\$ 496,633	\$ 597,957	\$ 1,094,590
Available-for-sale investments:			
- Revaluation-gross	310,294	-	310,294
- Revaluation-tax	7,353	-	7,353
- Revaluation-transfer	(92,992)	- (	92,992)
- Revaluation-Subsidiaries and associates	(81,086)	- (	81,086)
- Revaluation-Subsidiaries and associates- tax	13,785	-	13,785
Currency translation:			
- Parent	- (	845,163) (	845,163)
- Subsidiaries and associates	- (	2,072) (	2,072)
At December 31	<u>\$ 653,987</u>	<u>(\$ 249,278)</u>	<u>\$ 404,709</u>

(16) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	\$ 4,319,356
Rental income	284,920
	<u>\$ 4,604,276</u>

A. Revenue can be disaggregated by the following major product lines, geographical regions and transfer of goods and services over time and at a point in time.

Year ended December 31, 2018	Inland Transportation	Container Terminals	International Marine Transportation	Gasoline Station	Others	Total
Revenue from contracts with customers Taiwan						
At a point in time	\$ -	\$ -	\$ -	\$ 574,706	\$ -	\$ 574,706
Over time	1,876,317	584,846	1,281,328	-	-	3,742,491
Asia						
Over time	66	18	2,075	-	-	2,159
	<u>1,876,383</u>	<u>584,864</u>	<u>1,283,403</u>	<u>574,706</u>	<u>-</u>	<u>4,319,356</u>
Rental income Taiwan	21,432	13,276	197,525	-	52,687	284,920
	<u>\$ 1,897,815</u>	<u>\$ 598,140</u>	<u>\$ 1,480,928</u>	<u>\$ 574,706</u>	<u>\$ 52,687</u>	<u>\$ 4,604,276</u>

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2018</u>
Contract liabilities – Deferred revenue from passenger transportation, oil sales, and inland container transportation	\$ <u>9,779</u>

(b) The contract liability balance at the beginning of the period was eliminated during the period

	<u>Year ended December 31, 2018</u>
Revenue from passenger transportation, oil sales, and inland container transportation	\$ <u>2,828</u>

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

(17) Other income

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>
Interest income:		
Interest income from bank deposits	\$ 6,815	\$ 4,196
Imputed rate of interest for deposits	<u>11</u>	<u>11</u>
Total interest income	6,826	4,207
Dividend income	68,533	38,965
Other income - others	<u>70,564</u>	<u>11,513</u>
	\$ <u>145,923</u>	\$ <u>54,685</u>

(18) Other gains and losses

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>
Gain on disposal of property, plant and equipment	\$ 1,482	\$ 3,188
Gains on disposal of investments	-	92,992
Net currency exchange gains (losses)	632	(3,122)
Gains on financial assets at fair value through profit or loss	346	-
Other losses	(6,066)	(302)
	(\$ <u>3,606</u>)	\$ <u>92,756</u>

(19) Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense:		
Interest expense on bank borrowings	\$ 4,551	\$ 1,602
Imputed rate of interest for deposits	194	192
	<u>\$ 4,745</u>	<u>\$ 1,794</u>

(20) Expenses by nature

	Year ended December 31, 2018	Year ended December 31, 2017
Cost of sales and related fees	\$ 1,924,995	\$ 1,900,231
Employee benefit expense	1,095,260	1,084,573
Depreciation	321,474	299,596
Amortisation	2,412	1,837
Transportation expense	687,078	719,701
Vessels operation expense	87,100	86,950
Other expenses	54,702	55,575
Operating costs and operating expenses	<u>\$ 4,173,021</u>	<u>\$ 4,148,463</u>

(21) Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	\$ 838,573	\$ 828,270
Labor and health insurance fees	78,489	78,308
Pension cost	83,283	84,026
Directors' remuneration	11,376	11,543
Other personnel expenses	83,539	82,606
	<u>\$ 1,095,260</u>	<u>\$ 1,084,753</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 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2018 and 2017, employees' compensation was both accrued at \$15,000; while directors' and supervisors' remuneration was accrued at \$4,500 and \$5,183, respectively.

The employees' compensation was estimated on the basis of the Company's Articles of Incorporation and consideration of legal reserve with distributable profit of current year for the

year ended December 31, 2018.

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

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Current tax:		
Current tax on profits for the period	\$ 84,413	\$ 93,407
Tax on unappropriated earnings	46,407	41,256
Separate taxation	396	-
Tax credit of investment	- (	19,524)
Deferred tax:		
Origination and reversal of temporary differences	(89,932)	82,648
Impact of change in tax rate	178,887	-
Income tax expense	<u>\$ 220,171</u>	<u>\$ 197,787</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
Fair value gains/losses on available-for-sale financial assets	\$ - (\$	7,353)
Share of other comprehensive income of associates	2,730 (	16,192)
Remeasurement of defined benefit obligations	2,255	11,173
Impact of change in tax rate	(13,337)	-
	<u>(\$ 8,352)</u>	<u>(\$ 12,372)</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
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	\$ 36	\$ 78
Impact of change in tax rate	69	-
	<u>\$ 105</u>	<u>\$ 78</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	\$ 216,802	\$ 183,754
Expense disallowed by tax regulation	1,621	1,175
Tax exempt income by tax regulation	(20,205)	(8,874)
Temporary differences not recognised as deferred tax liabilities	(203,737)	-
Effect from investment tax credits	-	(19,524)
Effect from changes in tax regulation	178,887	-
Tax on unappropriated earnings	46,407	41,256
Separate taxation	396	-
Income tax expense	<u>\$ 220,171</u>	<u>\$ 197,787</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:					
Unrealised exchange loss	\$ 458	(\$ 458)	\$ -	\$ -	\$ -
Unrealised compensation loss	151	(151)	-	-	-
Unrealised impairment loss	476	84	-	-	560
Unrealised land value tax	10,561	(10,561)	-	-	-
Net defined benefit liabilities	148,951	1,931	9,524	-	160,406
Unpaid annual leave	7,998	1,093	-	-	9,091
Others	-	1,172	-	-	1,172
Subtotal	<u>168,595</u>	<u>(6,890)</u>	<u>9,524</u>	<u>-</u>	<u>171,229</u>
Deferred tax liabilities:					
Unrealised exchange gain	-	(108)	-	-	(108)
Unrealised compensation gain	-	(34)	-	-	(34)
Investments income (overseas)	(1,063,924)	(82,147)	(1,172)	(105)	(1,147,348)
Difference between depreciation for financial reporting and tax purposes	(43,179)	224	-	-	(42,955)
Reserve for land revaluation increment tax	(1,063,191)	-	-	-	(1,063,191)
Subtotal	<u>(2,170,294)</u>	<u>(82,065)</u>	<u>(1,172)</u>	<u>(105)</u>	<u>(2,253,636)</u>
Total	<u>(\$ 2,001,699)</u>	<u>(\$ 88,955)</u>	<u>\$ 8,352</u>	<u>(\$ 105)</u>	<u>(\$ 2,082,407)</u>

2017					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Unrealised exchange loss	\$ -	\$ 458	\$ -	\$ -	\$ 458
Unrealised compensation loss	489	(338)	-	-	151
Unrealised impairment loss	476	-	-	-	476
Unrealised land value tax	-	10,561	-	-	10,561
Net defined benefit liabilities	170,733	(10,609)	(11,173)	-	148,951
Unpaid annual leave	8,144	(146)	-	-	7,998
Subtotal	<u>179,842</u>	<u>(74)</u>	<u>(11,173)</u>	<u>-</u>	<u>168,595</u>
Deferred tax liabilities:					
Unrealised exchange gain	(195)	195	-	-	-
Investments income (overseas)	(990,601)	(89,437)	16,192	(78)	(1,063,924)
Difference between depreciation for financial reporting and tax purposes	(49,847)	6,668	-	-	(43,179)
Unrealised gain or loss on available-for-sale financial assets (overseas)	(7,353)	-	7,353	-	-
Reserve for land revaluation increment tax	(1,063,191)	-	-	-	(1,063,191)
Subtotal	<u>(2,111,187)</u>	<u>(82,574)</u>	<u>23,545</u>	<u>(78)</u>	<u>(2,170,294)</u>
Total	<u>(\$ 1,931,345)</u>	<u>(\$ 82,648)</u>	<u>\$ 12,372</u>	<u>(\$ 78)</u>	<u>(\$ 2,001,699)</u>

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

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has recognised the impact of the change in income tax rate.

(23) Earnings per share

Year ended December 31, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 863,837	1,067,141	\$ 0.81
<u>Diluted earnings per share</u>			
Profit for the year	863,837	1,067,141	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,358	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 863,837	1,068,499	\$ 0.81
Year ended December 31, 2017			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 883,121	1,067,141	\$ 0.83
<u>Diluted earnings per share</u>			
Profit for the year	883,121	1,067,141	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,302	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 883,121	1,068,443	\$ 0.83

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31, 2018	Year ended December 31, 2017
Acquisition of property, plant and equipment (including prepayments for equipment)	\$ 381,210	\$ 211,971
Add : Opening balance of payable on equipment	18,055	24,191
Less : Ending balance of payable on equipment	(51,295)	(18,055)
Cash paid during the period	<u>\$ 347,970</u>	<u>\$ 218,107</u>

(25) Changes in liabilities from financing activities

	Long-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2018	\$ 300,000	\$ 19,231	\$ 319,231
Changes in cash flow from financing activities	(60,000)	1,675	(58,325)
At December 31, 2018	<u>\$ 240,000</u>	<u>\$ 20,906</u>	<u>\$ 260,906</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Evergreen Marine Corp.	The entities which have significant influence to the Company
Ever Reward Logistics Corp.	Associate
Taipei Port Container Terminal Corp.	Associate
United Stevedoring Corp.	Other related parties
Evergreen International Corp.	Other related parties
Taiwan Terminal Services Co., Ltd.	Other related parties
EVA Airways Corp.	Other related parties
Evergreen Security Corp.	Other related parties
Evergreen Steel Corp.	Other related parties
UNI Airways Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Evergreen Airline Service Corp.	Other related parties
Evergreen Aviation Technologies Corp.	Other related parties
Evergreen Sky Catering Corp.	Other related parties
Evergreen Air Cargo Services Corp.	Other related parties
Evergreen Aviation Precision Corp.	Other related parties
Chang Yung-Fa Foundation	Other related parties
Chang Yung-Fa Charity Foundation	Other related parties
All directors, general manager and vice presidents	Key management of the Company

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31, 2018	Year ended December 31, 2017
The entities which have significant influence to the Company		
Evergreen Marine Corp.	\$ 435,314	\$ 454,535
Subsidiary	7	-
Associates	4,138	3,321
Other related parties		
Evergreen International Corp.	1,559,925	1,564,493
Others	563,856	542,363
	<u>\$ 2,563,240</u>	<u>\$ 2,564,712</u>

The terms on the above transactions with the related parties are not materially different from those with non-related parties.

B. Purchases of goods

	Year ended December 31, 2018	Year ended December 31, 2017
The entities which have significant influence to the Company	\$ 92,503	\$ 92,481
Associates	6,712	6,978
Other related parties	80,576	79,656
	<u>\$ 179,791</u>	<u>\$ 179,115</u>

The terms on the above transactions with the related parties are not materially different from those with non-related parties.

C. Receivables from related parties

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Accounts receivable:		
The entities which have significant influence to the Company	\$ 30,163	\$ 31,173
Associates	574	573
Other related parties		
Evergreen International Corp.	262,042	165,686
Others	46,615	67,035
	<u>\$ 339,394</u>	<u>\$ 264,467</u>

D. Payables to related parties

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Accounts payable:		
The entities which have significant influence to the Company	\$ 23,267	\$ 22,489
Associates	293	308
Other related parties	108	112
Subtotal	<u>23,668</u>	<u>22,909</u>
Other payables:		
The entities which have significant influence to the Company	4	1,409
Associates	25	34
Other related parties	18,557	10,810
Subtotal	<u>18,586</u>	<u>12,253</u>
Total	<u>\$ 42,254</u>	<u>\$ 35,162</u>

E. Property transactions

Acquisition of property, plant and equipment (including prepayments for equipment)

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2017</u>
The entities which have significant influence to the Company	\$ 48	\$ 860
Other related parties		
Ever Accord Construction Corp.	7,090	10,497
	<u>\$ 7,138</u>	<u>\$ 11,357</u>

The price on the above transactions are in accordance with market prices and the results of agreements.

F. Due to contributions to society for charity activities, the Company donated \$442, to Chang Yung-Fa Foundation and Chang Yung-Fa Charity Foundation both in 2018 and 2017.

(3) Key management compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Short-term employee benefits	\$ 21,253	\$ 23,586
Post-employment benefits	530	1,174
	<u>\$ 21,783</u>	<u>\$ 24,760</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 non-current assets - pledged time deposits	<u>\$ 122,822</u>	<u>\$ 121,209</u>	To purchase supplies and materials and execute contracts etc.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- (a) To meet operational needs, the Company signed loading/unloading equipment contracts amounting to USD 14,400 thousand on February 5, 2018. Capital expenditure contracted for as of December 31, 2018 but not yet incurred amounted to USD 10,080 thousand.
- (b) To meet operational needs, the Company signed engineering design and supervision contracts amounting to \$32,000 on June 14, 2018. Capital expenditure contracted for as of December 31, 2018 but not yet incurred amounted to \$28,800.
- (c) To meet operational needs, the Company signed the long-term operating lease agreements. The future aggregate minimum lease payments are as follows:

	December 31, 2018
Within 1 year	\$ 158,055
1~5 years	469,287
Over 5 years	-
	<u>\$ 627,342</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company declared the earnings distribution for 2018 at the Board of Directors' meeting on March 21, 2019. The details of earnings distribution is referred to Note 6 (14).

12. OTHERS

(1) Capital 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 profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 100,054	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	2,076,710	-
Available-for-sale financial assets	-	2,275,546
Financial assets at cost	-	3,299
Financial assets at amortised cost		
Cash and cash equivalents	505,041	664,389
Notes receivable	15,523	15,005
Accounts receivable	552,831	486,211
Other receivables	11,195	6,645
Refundable deposits	1,380	1,480
Other financial assets	122,822	121,209
	<u>\$ 3,385,556</u>	<u>\$ 3,573,784</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ -	\$ 5,750
Accounts payable	267,407	275,584
Other payables	250,027	281,869
Long-term borrowings (including current portion)	240,000	300,000
Guarantee deposits received	20,906	19,231
	<u>\$ 778,340</u>	<u>\$ 882,434</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.
- (b) Risk management is carried out by the Company under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-

operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require each unit to manage their foreign exchange risk against their 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	\$ 2,706	30.7535	\$ 83,207
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	12	30.7535	383
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	\$ 7,003	29.7005	\$ 207,980
<u>Financial liabilities</u>			
None			

- iv. Total exchange gain or loss including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company in 2018 and 2017, amounted to \$632 and (\$3,122), 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%	\$ 832	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4	-

	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%	\$ 2,080	\$ -
<u>Financial liabilities</u>			
None			

Price risk

- i. The Company's equity securities and open-end funds, which are exposed to price risk, are included in financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage the price risk of its investments in equity securities, the Company diversifies its investment portfolio.
- ii. The Company primarily invests in equity securities issued by domestic and foreign companies and open-end funds. The prices of these equity securities are affected by the uncertainty of the future value of the investment targets. If the prices of these equity

securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the year ended December 31, 2018 would have increased/decreased by \$10,005, as a result of gains/losses on equity securities measured at fair value through profit or loss. Other comprehensive income would have increased/decreased by \$207,671, as a result of gains/losses on equity securities measured at fair value through other comprehensive income. For the year ended December 31, 2017, other comprehensive would have increased/decreased by \$227,555 as a result of gains or losses from available-for-sale equity securities.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2018 and 2017, the Company's borrowings at variable rates were denominated in NTD.
- ii. The Company's borrowings are measured at amortised cost. The interest rates on the borrowings are periodically adjusted, which expose the Company to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, after-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by \$2,257 and \$750, respectively. This is primarily because of changes in interest rate expenses from floating rate borrowings.

(b) Credit risk

- i. Credit risk is the risk of financial loss resulting from customers or counterparties of financial instruments not fulfilling contract obligations, which usually occurs when the counterparty does not pay the amounts owed to the Company according to specified payment terms.
- ii. The Company manages its credit risk from a parent company only perspective. Each entity assesses the credit quality of the customers, taking into account their financial position, past experience and other factors before setting terms and conditions for payment and delivery of goods and services.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- 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 accounts receivable of the customers are segmented according to the characteristics of the operating unit, and expected credit losses are estimated based on provision matrices and default rates, using a simplified approach.
- 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 estimates of the loss allowance for accounts receivable are based on loss rates calculated from historical and current information, and incorporating forecastability of overall boom information. For the year ended December 31, 2018, no loss allowance for accounts receivable was recognised since the amount calculated using the simplified approach was immaterial.
- viii. 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 the Company's treasury department. The Company's treasury department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The Company invested in interest bearing deposits, time deposits and securities with residual capital. Those instruments have appropriate maturity dates and sufficient liquidity to provide sufficient capital movement. The Company has no significant liquidity risk because the Company's holding capital at the balance sheet date is higher than accrued liability for the coming year.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. As of December 31, 2018 and 2017, notes payable, accounts payable and other payables would expire within one year. As of December 31, 2018 and 2017, long-term borrowings are analysed based on the remaining period. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities :

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
December 31, 2018					
Long-term borrowings (including current portion)	\$ 122,078	\$ 120,675	\$ -	\$ -	\$ 242,753

Non-derivative financial liabilities :

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
December 31, 2017					
Long-term borrowings (including current portion)	\$ 63,472	\$ 122,169	\$ 120,704	\$ -	\$ 306,345

(3) Fair value information

A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(7).

B. 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 and beneficiary certificates are included in Level 1.

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. The fair value of the Company's investment in equity investment without active market is included in Level 3.

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, other financial assets, notes payable, accounts payable, other payables, loan and guarantee deposits received) are approximate to their fair values.

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>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Beneficiary certificates	\$ 100,054	\$ -	\$ -	\$ 100,054
Financial asset measured at fair value through other comprehensive income				
Equity securities	<u>1,808,693</u>	<u>-</u>	<u>268,017</u>	<u>2,076,710</u>
	<u>\$ 1,908,747</u>	<u>\$ -</u>	<u>\$ 268,017</u>	<u>\$ 2,176,764</u>
December 31, 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Available-for-sale financial assets				
Equity securities	\$ 1,878,022	\$ -	\$ 272,291	\$ 2,150,313
Beneficiary certificates	<u>125,233</u>	<u>-</u>	<u>-</u>	<u>125,233</u>
	<u>\$ 2,003,255</u>	<u>\$ -</u>	<u>\$ 272,291</u>	<u>\$ 2,275,546</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>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)9.

iii. 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.

iv. 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:

	Equity securities	
	Year ended December 31, 2018	Year ended December 31, 2017
Opening net book amount	\$ 272,291	\$ 385,127
Effect of retrospective application	3,826	-
Disposed in the period	- (	39,973)
Capital stock reduction of financial assets at fair value through other comprehensive income	(303)	-
Gain or loss recognised in net income	- (	92,782)
Gains and losses recognised in other comprehensive income	(7,797)	19,919
Closing net book amount	<u>\$ 268,017</u>	<u>\$ 272,291</u>

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

H. Financial segment 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. Investment property is valued regularly by the Company's financial segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

- 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	\$ 268,017	Market comparable companies	Price to earnings ratio multiple Price to book ratio multiple Discount for lack of marketability	6.36 0.97~1.18 30%	The higher the multiple, the higher the fair value. The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower 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	\$ 272,291	Market comparable companies	Price to earnings ratio multiple Price to book ratio multiple Discount for lack of marketability	9.77 1.23~1.36 30%	The higher the multiple, the higher the fair value. The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower 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 different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2018			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instrument					
Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability	±1%	\$ -	\$ -	\$ 2,680	\$ 2,680

		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 multiple, price to book ratio multiple, discount for lack of marketability	±1%	\$ -	\$ -	\$ 2,723
					\$ 2,723

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

A. Summaries of adopting significant accounting policies in 2017 are as follows:

(a) 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, if available-for-sale financial assets belong to equity instrument that are recognised and derecognised using trade date accounting, or using settlement date accounting for investments belonged to beneficiary certificates.
- iii. Available-for-sale financial assets 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. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(b) 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.

(c) 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;
 - (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 amortised cost

The amount of the impairment loss is measured as the difference between the asset's

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

(ii) Financial assets 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 current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an accumulated impairment account.

(iii) 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, then 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 accumulated impairment account.

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

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Available-for- sale financial assets	Financial assets carried at cost	Total	Effects	
						Retained earnings	Other equity interest
IAS 39	\$ -	\$ -	\$ 2,275,546	\$ 3,299	\$ 2,278,845	\$ -	\$ -
Transferred into financial assets at fair value through profit or loss - beneficiary certificates	125,233	-	(125,233)	-	-	233	(233)
Transferred into financial assets at fair value through other comprehensive income - equity instruments	-	2,154,119	(2,150,313)	(3,806)	-	-	-
Fair value adjustment	-	(36,383)	-	-	(36,383)	-	(36,383)
Impairment loss adjustment	-	36,403	-	507	36,910	36,910	-
IFRS 9	<u>\$ 125,233</u>	<u>\$ 2,154,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,279,372</u>	<u>\$ 37,143</u>	<u>(\$ 36,616)</u>

(a) Under IAS 39, because the equity instruments, which were classified as: available-for-sale financial assets and financial assets carried at cost, amounting to \$2,150,313 and \$3,299, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to \$2,154,139, increased retained earnings and decreased other equity interest in the amounts of \$36,910 and \$36,383 on initial application of IFRS 9.

(b) Under IAS 39, the beneficiary certificates, which were classified as: available-for-sale financial assets amounting to \$125,233, were reclassified as "financial assets at fair value through profit or loss (equity instruments)" amounting to \$125,233, increased retained earnings and decreased other equity interest in the amounts of \$233 and \$233, respectively, under IFRS 9.

C. The reconciliation of allowance for impairment from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

	Investments accounted for using equity method	Effects Retained earnings
IAS39	\$ 11,004,892	\$ -
Impairment loss adjustment	(21)	(21)
IFRS9	<u>\$ 11,004,871</u>	<u>(\$ 21)</u>

In line with the regulations under IFRS 9 on provision for impairment, investments accounted for using equity method and retained earnings were both reduced by \$21, for the Company's investees accounted for using equity method.

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

(a) Available-for-sale financial assets

	December 31, 2017
Current items:	
Listed stocks	\$ 824,257
Beneficiary certificates	125,000
Subtotal	949,257
Adjustments	200,191
Total	<u>\$ 1,149,448</u>
Non-current items:	
Listed stocks	\$ 513,610
Unlisted stocks	195,095
Subtotal	708,705
Adjustments	453,796
Accumulated impairment	(36,403)
Total	<u>\$ 1,126,098</u>

The Company recognised \$157,354 in other comprehensive profit or loss for fair value change and reclassified (\$92,992) from equity to profit or loss for the year ended December 31, 2017.

(b) Financial assets carried at cost

	<u>December 31, 2017</u>
Non-current items:	
Universal Venture Fund Inc.	\$ 3,806
Accumulated impairment	(507)
	<u>\$ 3,299</u>

i. Based on the Company's intention, its investment should be classified as available-for-sale financial assets. However, as they are not traded in an active market, and no sufficient industry information of companies similar to the investee companies can be obtained, the fair value of the investment cannot be measured reliably. The Company classified those stocks as 'financial assets carried at cost'.

ii. As of December 31, 2017, no financial assets carried at cost held by the Company were pledged to others.

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

(a) The Company's transactions are conducted only with counterparties with good credit conditions. The Company's strategy also requires that before completing transactions, the Company should perform credit confirmation procedures, consider the nature of transactions in requesting the counterparties to provide the pledged notes or guarantees, and regularly assess the collectability of notes and accounts receivable. Therefore, the Company expects no significant bad debts.

The credit risk of other financial assets (including cash and cash equivalents) mainly results from the risk of failing to meet the contract requirements by the counterparty. The maximum credit risk is equal to the book value.

(b) The banks and financial institutions that the Company has bank deposits and other financial instrument contracts have solid reputation and low non-performance risk. Hence, the Company has no significant credit risk.

(c) The Company's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

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

	<u>December 31, 2017</u>
Up to 3 months	\$ 88,345
Over 3 months	159
	<u>\$ 88,504</u>

The above ageing analysis was based on past due date.

(e) Movement of the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	\$ -	\$ 546	\$ 546
Provision for impairment	-	-	-
Write-offs during the period	-	-	-
At December 31	<u>\$ -</u>	<u>\$ 546</u>	<u>\$ 546</u>

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

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

(a) Sales of goods

The Company sells oil. 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

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

(c) Leases service

The Company follows the guidance of IAS 17 "Leases" to recognise revenue from the leasing of ships and equipment. Leases are required to be classified as either finance lease or operating lease according to the extent of transition of risks and rewards of ownership. Revenue is

recognised through the period of leases.

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

	Year ended December 31, 2017
Sales revenue	\$ 552,164
Service revenue	
Inland container transportation revenue	1,446,060
Container yard revenue	1,361,947
Other service revenue	898,587
Lease revenue	287,571
	4,546,329
Less: Sales returns and allowances	(1,009)
	<u>\$ 4,545,320</u>

C. In line with IFRS 15 requirements, liabilities recognised in contract liabilities, which were recognised in unearned revenue (shown as other current liabilities-others) in the balance sheet in previous reporting period, the effects and description of current balance sheets if the Company continues adopting above accounting policies are as follows:

	December 31, 2018		
	Balance by using	Balance by using	Effects of changes
Balance sheet	IFRS 15	previous accounting policies	in accounting policies
Contract liabilities	\$ 9,779	\$ -	\$ 9,779
Unearned revenue	-	9,779	(9,779)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
- E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital or more: None.

- F. Disposal of real estate reaching \$300 million or 20% of the Company's paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of the Company's paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital or more: Please refer to table 4.
- I. Derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: The Company has no significant inter-company transaction.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas. : None.

14. SEGMENT INFORMATION

None.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018

Expressed in thousands of NTD

Items	Summary	Amount
Cash on hand and petty cash		\$ 2,443
Cash in banks		
Checking accounts deposits		20,913
Demand deposits		43,940
	USD 52 thousand, exchange rate 30.7535	1,602
Time deposits		354,600
	USD 2,651 thousand, exchange rate 30.7535	81,543
		<u>\$ 505,041</u>

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2018

Expressed in thousands of NTD

Name	Summary	Units	Par value (in NTD)	Total amount	Interest rate	Cost	Fair value		Changes in the fair value	Footnote
							Price (in NTD)	Total amount	attributable to the credit risk	
Beneficiary certificates										
Yuanta De-Li Money Market Fund		3,686,748.40	\$ -	\$ -	-	\$ 60,000	\$ 16.2808	\$ 60,023	\$ -	
FSITC Taiwan Money Market Fund		2,620,403.80	-	-	-	40,000	15.2765	40,031	-	
						<u>\$ 100,000</u>		<u>\$ 100,054</u>	<u>\$ -</u>	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2018

Expressed in thousands of NTD

Name	Summary	Number of shares	Par value (in NTD)	Total amount	Interest rate	Cost	Fair value		Footnote
							Price (in NTD)	Total amount	
Equity securities									
Evergreen Marine Corp.		25,254,111	\$ 10	\$ 252,541	-	\$ 415,972	\$ 11.90	\$ 300,524	
EVA Airways Corp.		40,172,453	10	401,725	-	<u>393,175</u>	15.80	<u>634,725</u>	
						809,147		<u><u>\$ 935,249</u></u>	
Valuation adjustment						<u>126,102</u>			
Net						<u>\$ 935,249</u>			

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
ACCOUNTS RECEIVABLE(RELATED PARTIES INCLUDED)
DECEMBER 31, 2018

Expressed in thousands of NTD

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties:			
			The balance of each customer has not exceeded 5% of the accounts receivable.
Others		\$ 213,983	
Related parties:			
Evergreen International Corp.		262,042	
Evergreen Marine Corp.		30,163	
			The balance of each customer has not exceeded 5% of the accounts receivable.
Others		47,189	
		<u>339,394</u>	
Subtotal		553,377	
Less: Allowance for bad debts		(546)	
		<u>\$ 552,831</u>	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
INVENTORIES
DECEMBER 31, 2018

Expressed in thousands of NTD

Items	Summary	Amount		Footnote
		Cost	Net realisable value	
Materials		\$ 1,584	\$ 1,584	
Supplies				
Container supplies		23,446	23,446	
Tires and wheel rims		6,842	6,842	
Spare parts		7,931	7,931	
Fuels		5,368	5,368	
By-products		23	34	
		43,610	43,621	
		\$ 45,194	\$ 45,205	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
MOVEMENT SUMMARY OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

Name	As of January 1, 2018		Additions		Reductions		As of December 31, 2018		Pledged as collateral	Note
	Number of Shares	Fair value	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Fair value		
Equity securities										
Central Reinsurance Corp.	48,788,966	\$ 853,807	2,439,448	\$ 19,637	-	\$ -	51,228,414	\$ 873,444	None	Note 2
Evergreen International Engineering Corp.	715,713	-	-	-	-	-	715,713	-	"	Note 1
Ever Accord Construction Corp.	8,130,882	91,183	-	-	-	10,402	8,130,882	80,781	"	Note 3
UNI Airways Corp.	13,819,673	176,551	690,983	-	-	7,086	14,510,656	169,465	"	Note 1.4
Taiwan Terminal Service Co, Ltd.	1,200,000	4,557	-	10,122	-	-	1,200,000	14,679	"	Note 3
Universal Venture Fund Inc.	379,252	3,826	-	-	30,343	734	348,909	3,092	"	Note 1.5
		<u>\$ 1,129,924</u>		<u>\$ 29,759</u>		<u>\$ 18,222</u>		<u>\$ 1,141,461</u>		

Note 1: Increasing or decreasing of January 1, 2018 is because of the retroactive adjustment of IFRS9.

Note 2: Addition of shares of the current period is because of transfer of retained earnings to capital; increasing amount of the current period is because of valuation adjustment.

Note 3: Increasing or decreasing amount of the current period is because of valuation adjustment.

Note 4: Addition of shares of the current period is because of transfer of retained earnings to capital; decreasing amount of the current period is because of valuation adjustment.

Note 5: Reduction of shares of the current period is because of capital stock reduction; decreasing amount of the current period is because of capital reduction in cash and valuation adjustment.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

Name	As of January 1, 2018		Additions		Reductions		As of December 31, 2018			Market value price or net value per share		Pledged as collateral	Footnote
	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Amounts	Number of Shares	Ownership (%)	Amounts	Price	Total price		
Gaining Enterprise S.A.	1,570,000	\$ 10,503,106	-	\$ 858,943	-	\$ -	1,570,000	100.00	\$ 11,362,049	-	\$ 11,362,049	None	Note 2
Shun An Enterprise Corp.	2,000,000	25,388	500,000	10,328	-	3,515	2,500,000	100.00	32,201	-	32,201	"	Note 1.3
Ever Reward Logistics Corp.	740,000	23,662	-	5,297	-	7,073	740,000	30.00	21,886	-	21,886	"	Note 4
Taipei Port Container Terminal Corp.	50,761,905	452,715	-	22,886	-	-	50,761,905	9.76	475,601	-	475,601	"	Note 1.5
		<u>\$ 11,004,871</u>		<u>\$ 897,454</u>		<u>\$ 10,588</u>			<u>\$ 11,891,737</u>		<u>\$ 11,891,737</u>		

Note 1: Decreasing of January 1, 2018 is because of the retroactive adjustment of IFRS9.

Note 2: Movement of the current period includes investment income using equity method, exchange differences arising on translation of foreign operations, remeasurement of defined benefit plan and capital surplus-changes in equity of subsidiaries, associates and joint ventures accounted for using equity method.

Note 3: Movement of the current period includes investment income using equity method, acquisition of shareholding of subsidiaries and cash dividends received.

Note 4: Movement of the current period includes investment income using equity method, cash dividends received and remeasurement of defined benefit plan.

Note 5: Movement of the current period is because of the investment income using equity method.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
ACCOUNTS PAYABLE(RELATED PARTIES INCLUDED)
DECEMBER 31, 2018

Expressed in thousands of NTD

Customer name	Summary	Amount	Footnote
Non-related parties:			
CPC Corporation, Taiwan		\$ 29,773	The balance of each customer has not exceeded 5% of the accounts payable.
Others		213,966	
		243,739	
Related parties:			
Evergreen Marine Corp.		23,267	The balance of each customer has not exceeded 5% of the accounts payable.
Others		401	
		23,668	
		\$ 267,407	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Footnote</u>
Inland container transportation revenue		\$ 1,421,817	
Container yard revenue		1,413,202	
Oil sales revenue		573,845	
Passenger transportation revenue		421,131	
Warehousing revenue		353,645	
			The balance of each
			revenue account has
			not exceeded 5% of
Others		423,347	the operating revenue.
		4,606,987	
Less: Sales returns		2,711	
		<u>\$ 4,604,276</u>	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

Items	Summary	Amount	Footnote
Wages and salaries		\$ 724,779	
Transportation expense		687,078	
Cost of goods sold		529,994	
Depreciation		312,796	
Contractor's labor		269,220	
Stevedorage expense		267,131	
Bunker oil		205,072	
			The balances of each
			cost account has
			not exceeded 5%
Others	Rent and repair expense etc.	957,173	of the operating costs.
		\$ 3,953,243	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

SELLING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries		\$ 19,548	
Insurance expense		1,673	
Pension costs		1,630	
Entertainment expense		1,583	
			The balances of
			each expense
			account has not
			exceeded 5% of
Others		4,545	the selling expenses.
		<u>\$ 28,979</u>	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Expressed in thousands of NTD

Items	Summary	Amount	Footnote
Wages and salaries		\$ 101,122	
Professional Service expense		18,874	
Pension Costs		14,092	
			The balances of each expense account has not exceeded 5% of the general and
Others		56,711	administrative expenses.
		<u>\$ 190,799</u>	

(Remainder of page intentionally left blank)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017

Expressed in thousands of NTD

	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense (Note)						
Wages and salaries	\$ 724,779	\$ 113,794	\$ 838,573	\$ 721,662	\$ 106,608	\$ 828,270
Labor and health insurance fees	69,237	9,252	78,489	69,541	8,767	78,308
Pension cost	67,561	15,722	83,283	74,566	9,460	84,026
Directors' remuneration	-	11,376	11,376	-	11,543	11,543
Other personnel expenses	79,469	4,070	83,539	77,618	4,988	82,606
Total	<u>\$ 941,046</u>	<u>\$ 154,214</u>	<u>\$ 1,095,260</u>	<u>\$ 943,387</u>	<u>\$ 141,366</u>	<u>\$ 1,084,753</u>
Depreciation	<u>\$ 312,796</u>	<u>\$ 8,678</u>	<u>\$ 321,474</u>	<u>\$ 290,581</u>	<u>\$ 9,015</u>	<u>\$ 299,596</u>
Amortisation	<u>\$ 228</u>	<u>\$ 2,184</u>	<u>\$ 2,412</u>	<u>\$ 139</u>	<u>\$ 1,698</u>	<u>\$ 1,837</u>

Note: As of December 31, 2018 and 2017, the Company had 1,059 and 1,061 employees, respectively. There were 8 and 7 non-employee directors for the year 2018 and 2017, respectively.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 1

Number (Note 1)	Endorser / guarantor	Party being endorsed / guaranteed		Ceiling on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount during the year ended December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	Actual amount drawn down	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	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Evergreen International Storage and Transport Corporation	Gaining Enterprise S.A.	2	\$ 33,583,461	\$ 7,783,803	\$ 6,539,886	\$ 6,201,597	\$ -	29.21	\$ 33,583,461	Y	N	N	

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 seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

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

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

(4) The endorser/guarantor company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

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

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Under the Company's "Procedures for Provision of Endorsements and Guarantees" No.13, the Company's total guarantees and endorsements to others should not exceed 150% of the Company's net asset value, and total guarantees and endorsements provided for a single party should not exceed 30% of the Company's net asset value. The Company's endorsements and guarantees provided toward its subsidiaries are not restricted by the above, but should not exceed 150% of the Company's net asset value. The calculation is shown below:

The net assets based on latest financial report 22,388,974 thousand dollars $\times$ 150% = 33,583,461 thousand dollars

The net assets based on latest financial report 22,388,974 thousand dollars $\times$ 30% = 6,716,692 thousand dollars

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

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

December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 2

Securities held by	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018				Footnote
				Number of shares or units	Book value	Ownership (%)	Fair value	
Evergreen International Storage and Transport Corporation	Beneficiary certificate							
	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,686,748.40	\$ 60,023	-	\$ 60,023	
	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,620,403.80	40,031	-	40,031	
	Equity securities							
	Evergreen Marine Corp.	Major institutional stockholder of the Company	Financial assets at fair value through other comprehensive income - current	25,254,111	300,524	0.56	300,524	
	EVA Airways Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - current	40,172,453	634,725	0.92	634,725	
	Central Reinsurance Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	51,228,414	873,444	8.68	873,444	
	Evergreen International Engineering Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	715,713	-	11.93	-	
	Ever Accord Construction Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	8,130,882	80,781	15.27	80,781	
	UNI Airways Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	14,510,656	169,465	4.17	169,465	
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	1,200,000	14,679	12.00	14,679	
	Universal Venture Fund Inc.	None	Financial assets at fair value through other comprehensive income - non-current	348,909	3,092	2.98	3,092	

Table 2

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

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

Year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 3

Purchaser / seller	Counterparty	Relationship with the Counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases/ Sales	Amount	Percentage of total purchases / sales (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)(%)	
Evergreen International Storage and Transport Corporation	Evergreen International Corp.	Major institutional stockholder of the Company	Operating revenues	\$ 1,559,925	33.88	30~60 Days	\$ -	-	Accounts Receivable \$ 262,042	46.11	
	Evergreen Marine Corp.	Major institutional stockholder of the Company	Operating revenues	435,314	9.45	30~60 Days	-	-	Accounts Receivable 30,163	5.31	
	United Stevedoring Corp.	Investee of the Company's subsidiary accounted for using equity method	Operating revenues	212,029	4.61	15~60 Days	-	-	Accounts Receivable 18,497	3.25	
	EVA Airways Corp.	Investee of the Company's major institutional stockholder	Operating revenues	199,698	4.34	20~60 Days	-	-	Accounts Receivable 16,994	2.99	

Table 3

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

Receivables from related parties reaching NT\$100 million or 20% of the Company's paid-in capital or more

December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 4

Creditor	Counterparty	Relationship with the Company	Balance as at December 31, 2018	Turnover rate (times)	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Evergreen International Storage and Transport Corporation	Evergreen International Corp.	Major institutional stockholder of the Company	\$ 262,042	7.29	\$ -	-	\$ 262,041	\$ -

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

Information on investees (not including investees in Mainland China)

Year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net income (loss) of the investee during the year ended December 31, 2018	Investment income (loss) recognised by the Company during the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number. of shares	Ownership (%)	Book value			
Evergreen International Storage and Transport Corporation	Gaining Enterprise S.A.	Republic of Panama	1.Ship trading, transportation and chartering 2.Operation and investments of container yards 3.Leases and investments of overseas container terminals 4.Marine transportation related business	\$ 4,977,435	\$ 4,977,435	1,570,000	100.00	\$ 11,362,049	\$ 483,222	\$ 483,222	Subsidiary of the Company
"	Shun An Enterprise Corp.	Taiwan	Management consulting and employment agency	30,000	20,000	2,500,000	100.00	32,201	3,980	3,837	Subsidiary of the Company
"	Ever Reward Logistics Corp.	Taiwan	International trading, packing, forwarding agency, storage and warehousing, information administration	22,777	22,777	740,000	30.00	21,886	17,456	5,236	Investee of the Company accounted for using equity method
"	Taipei Port Container Terminal Corp.	Taiwan	Container distribution and cargo stevedoring	507,619	507,619	50,761,905	9.76	475,601	234,439	22,886	Investee of the Company accounted for using equity method
Gaining Enterprise S.A.	Hazel Investment (Netherlands) N.V.	Curacao	Investments	360,509	360,509	4,200	70.00	330,639	20,892	14,625	Indirect subsidiary of the Company (Note 1)
Hazel Investment (Netherlands) N.V.	Hazel Estate B.V.	Netherlands	Investments	508,956	508,956	40	100.00	473,013	21,436	21,436	Indirect subsidiary of the Company (Note 1)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

Information on investees (not including investees in Mainland China)

Year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2018			Net income (loss) of the investee during the year ended December 31, 2018	Investment income (loss) recognised by the Company during the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number. of shares	Ownership (%)	Book value			
Hazel Estate B.V.	Taipei Port Container Terminal Corp.	Taiwan	Container distribution and cargo stevedoring	\$ 506,019	\$ 506,019	50,601,940	9.73	\$ 474,047	\$ 234,439	\$ 22,788	Investee of the Company's indirect subsidiary accounted for using equity method
Shun An Enterprise Corporation	United Stevedoring Corp.	Taiwan	Cargo and labor service stevedoring	25,000	25,000	2,500,000	50.00	32,167	8,198	4,099	Investee of the Company's subsidiary accounted for using equity method

Note 1 : Initial investments amount was denominated in foreign currency, and converted to NTD based on spot rate on balance sheet date.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION

Information on investments in Mainland China- basic information

Year ended December 31, 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

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 during 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 during the year ended December 31, 2018	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company during the year ended December 31, 2018 (Note 2)	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 (Note 3)							
Qingdao Evergreen Container Storage & Transportation Co.,Ltd.	1. Main businesses: Inland container transportation, storage, loading, discharging, repair, cleaning and related activities. 2. Impact on operations of the Company: Increase investment income.	\$ 190,353	2	\$ -	\$ -	\$ -	\$ -	\$ 219,626	15.00	\$ 32,888	\$ 71,631	\$ -	Investment Income (loss) Note 2 (2) B

Name of the company	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 International Storage and Transport Corporation	\$ -	\$ 107,637	\$ 13,518,406

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. : Gaining Enterprise S.A.
- (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.