

**EVERGREEN INTERNATIONAL STORAGE
AND TRANSPORT CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

JUNE 30, 2021 AND 2020

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.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Evergreen International Storage and Transport Corporation and its subsidiaries (the "Group") as at June 30, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month and six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investees accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using equity method) of NT\$1,020,626 thousand and NT\$937,918 thousand, constituting 2.54% and 2.77% of the consolidated total assets, and total liabilities of NT\$1,686 thousand and NT\$247 thousand, constituting 0.014% and 0.002% of the consolidated total liabilities as at June 30, 2021 and 2020, and total

comprehensive income (including share of profit of associates and joint ventures accounted for using equity method) of NT\$21,124 thousand, NT\$19,898 thousand, NT\$43,286 thousand and NT\$33,664 thousand, constituting 0.49%, 9.50%, 0.87% and (49.54%) of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investees accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month and six-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lee, Hsiu-Ling

Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 5, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditor’s review report 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 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 3,501,734	9	\$ 3,958,673	11	\$ 3,986,802	12
1110	Financial assets at fair value through profit or loss - current	6(2)	440,727	1	360,372	1	170,179	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	5,965,029	15	1,664,708	5	822,520	2
1136	Financial assets at amortised cost - current	6(4)	41,000	-	41,330	-	20,090	-
1150	Notes receivable, net	6(5)	18,347	-	17,425	-	18,806	-
1170	Accounts receivable, net	6(5)	220,992	-	221,246	1	187,867	1
1180	Accounts receivable, net - related parties	6(5) and 7	752,816	2	591,781	2	471,817	1
1197	Finance lease receivable, net	6(9)	5,282	-	7,791	-	7,739	-
1200	Other receivables	7	23,533	-	12,456	-	63,644	-
1220	Current income tax assets		3,386	-	-	-	-	-
130X	Inventories		49,532	-	46,280	-	46,906	-
1410	Prepayments		28,319	-	20,201	-	29,478	-
1470	Other current assets		414	-	5,048	-	576	-
11XX	Total Current Assets		<u>11,051,111</u>	<u>27</u>	<u>6,947,311</u>	<u>20</u>	<u>5,826,424</u>	<u>17</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,076,780	5	1,750,517	5	1,290,651	4
1535	Financial assets at amortised cost - non-current	6(4) and 8	113,890	-	113,879	-	122,865	-
1550	Investments accounted for using equity method	6(6)	1,046,003	3	1,019,089	3	1,000,238	3
1600	Property, plant and equipment, net	6(7), 7 and 8	23,407,988	58	22,677,070	65	23,007,484	68
1755	Right-of-use assets	6(8)	1,544,947	4	1,610,963	5	1,655,964	5
1760	Investment property, net	6(10)	705,761	2	707,346	2	708,931	2
1780	Intangible assets		4,840	-	7,222	-	6,183	-
1840	Deferred income tax assets		146,808	1	154,357	-	155,010	1
194D	Long-term finance lease receivable, net	6(9)	-	-	1,373	-	5,282	-
1990	Other non-current assets		104,570	-	82,647	-	32,530	-
15XX	Total Non-current Assets		<u>29,151,587</u>	<u>73</u>	<u>28,124,463</u>	<u>80</u>	<u>27,985,138</u>	<u>83</u>
1XXX	TOTAL ASSETS		<u>\$ 40,202,698</u>	<u>100</u>	<u>\$ 35,071,774</u>	<u>100</u>	<u>\$ 33,811,562</u>	<u>100</u>

(Continued)

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2021		December 31, 2020		June 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2130	Current contract liabilities	6(19)	\$ 8,976	-	\$ 9,747	-	\$ 10,072	-
2170	Accounts payable		294,724	1	281,410	1	255,661	1
2180	Accounts payable - related parties	7	22,691	-	28,539	-	23,146	-
2200	Other payables	6(11)	577,238	2	225,244	1	551,908	2
2220	Other payables - related parties	6(11) and 7	416,895	1	488,262	1	212,481	1
2230	Current income tax liabilities		132,156	-	35,589	-	39,506	-
2280	Current lease liabilities		135,630	-	137,070	-	133,929	-
2320	Long-term liabilities, current portion	6(12)	1,198,809	3	2,266,187	7	2,686,955	8
2399	Other current liabilities, others		48,420	-	45,428	-	73,414	-
21XX	Total Current Liabilities		<u>2,835,539</u>	<u>7</u>	<u>3,517,476</u>	<u>10</u>	<u>3,987,072</u>	<u>12</u>
	Non-current liabilities							
2540	Long-term borrowings	6(12)	4,628,978	11	3,206,294	9	2,525,086	7
2570	Deferred income tax liabilities		2,230,071	5	2,371,625	7	2,350,089	7
2580	Non-current lease liabilities		1,451,674	4	1,513,823	4	1,558,859	5
2600	Other non-current liabilities	6(13)(14)	1,079,864	3	1,112,939	3	1,105,536	3
25XX	Total Non-current Liabilities		<u>9,390,587</u>	<u>23</u>	<u>8,204,681</u>	<u>23</u>	<u>7,539,570</u>	<u>22</u>
2XXX	TOTAL LIABILITIES		<u>12,226,126</u>	<u>30</u>	<u>11,722,157</u>	<u>33</u>	<u>11,526,642</u>	<u>34</u>
	Equity attributable to owners of parent							
	Capital stock	6(15)						
3110	Common stock		10,671,411	27	10,671,411	31	10,671,411	31
	Capital surplus	6(16)						
3200	Capital surplus		4,268,059	11	4,267,947	12	4,267,246	13
	Retained earnings	6(17)						
3310	Legal reserve		2,352,848	6	2,286,736	7	2,286,736	7
3350	Unappropriated retained earnings		5,262,532	13	5,249,225	15	4,953,737	15
	Other equity interest	6(18)						
3400	Other equity interest		5,421,722	13	874,298	2	105,790	-
31XX	Equity attributable to owners of the parent		<u>27,976,572</u>	<u>70</u>	<u>23,349,617</u>	<u>67</u>	<u>22,284,920</u>	<u>66</u>
36XX	Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	Total equity		<u>27,976,572</u>	<u>70</u>	<u>23,349,617</u>	<u>67</u>	<u>22,284,920</u>	<u>66</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 40,202,698</u>	<u>100</u>	<u>\$ 35,071,774</u>	<u>100</u>	<u>\$ 33,811,562</u>	<u>100</u>

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

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

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 1,729,027	100	\$ 1,704,030	100	\$ 3,426,464	100	\$ 3,492,829	100
5000	Operating costs	6(24) and 7	(1,506,215)	(87)	(1,453,958)	(85)	(2,980,391)	(87)	(2,984,807)	(86)
5900	Gross profit		<u>222,812</u>	<u>13</u>	<u>250,072</u>	<u>15</u>	<u>446,073</u>	<u>13</u>	<u>508,022</u>	<u>14</u>
	Operating expenses	6(24) and 7								
6100	Selling expenses		(6,468)	(1)	(6,593)	(1)	(13,057)	-	(13,115)	-
6200	General and administrative expenses		(50,618)	(3)	(50,878)	(3)	(101,529)	(3)	(103,324)	(3)
6450	Expected credit (loss) gain		(705)	-	77	-	5,240	-	38	-
6000	Total operating expenses		(57,791)	(4)	(57,394)	(4)	(109,346)	(3)	(116,401)	(3)
6900	Operating profit		<u>165,021</u>	<u>9</u>	<u>192,678</u>	<u>11</u>	<u>336,727</u>	<u>10</u>	<u>391,621</u>	<u>11</u>
	Non-operating income and expenses									
7100	Interest income	6(20)	2,653	-	11,302	1	5,661	-	29,834	1
7010	Other income	6(21)	26,294	1	78,485	5	32,827	1	85,748	3
7020	Other gains and losses	6(22)	(4,598)	-	(13,094)	(1)	(1,746)	-	(10,849)	-
7050	Finance costs	6(23)	(21,420)	(1)	(40,100)	(2)	(47,252)	(2)	(92,015)	(3)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)								
			<u>26,803</u>	<u>2</u>	<u>25,822</u>	<u>1</u>	<u>57,517</u>	<u>2</u>	<u>45,273</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>29,732</u>	<u>2</u>	<u>62,415</u>	<u>4</u>	<u>47,007</u>	<u>1</u>	<u>57,991</u>	<u>2</u>
7900	Profit before income tax		194,753	11	255,093	15	383,734	11	449,612	13
7950	Income tax benefit (expense)	6(26)	29,810	2	(49,841)	(3)	3,742	-	(83,610)	(3)
8200	Profit for the period		<u>\$ 224,563</u>	<u>13</u>	<u>\$ 205,252</u>	<u>12</u>	<u>\$ 387,476</u>	<u>11</u>	<u>\$ 366,002</u>	<u>10</u>
	Other comprehensive income, net									
	Items that will not be reclassified to profit or loss									
8316	Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	6(3)(18)	\$ 4,318,000	250	\$ 289,453	17	\$ 4,630,035	135	(\$ 215,010)	(6)
8349	Income tax relating to the components of other comprehensive profit	6(26)	3,022	-	-	-	3,299	-	-	-
	Items that will be reclassified to profit or loss									
8361	Exchange differences arising on translation of foreign operations		(231,512)	(13)	(285,243)	(17)	(73,825)	(2)	(218,946)	(6)
8300	Total other comprehensive income (loss) for the period, net		<u>\$ 4,089,510</u>	<u>237</u>	<u>\$ 4,210</u>	<u>-</u>	<u>\$ 4,559,509</u>	<u>133</u>	<u>(\$ 433,956)</u>	<u>(12)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 4,314,073</u>	<u>250</u>	<u>\$ 209,462</u>	<u>12</u>	<u>\$ 4,946,985</u>	<u>144</u>	<u>(\$ 67,954)</u>	<u>(2)</u>
	Profit (loss) attributable to:									
8610	Owners of the parent		\$ 224,563	13	\$ 205,253	12	\$ 387,476	11	\$ 365,635	10
8620	Non-controlling interest		-	-	(1)	-	-	-	367	-
			<u>\$ 224,563</u>	<u>13</u>	<u>\$ 205,252</u>	<u>12</u>	<u>\$ 387,476</u>	<u>11</u>	<u>\$ 366,002</u>	<u>10</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 4,314,073	250	\$ 209,462	12	\$ 4,946,985	144	(\$ 69,164)	(2)
8720	Non-controlling interest		-	-	-	-	-	-	1,210	-
			<u>\$ 4,314,073</u>	<u>250</u>	<u>\$ 209,462</u>	<u>12</u>	<u>\$ 4,946,985</u>	<u>144</u>	<u>(\$ 67,954)</u>	<u>(2)</u>
	Earnings per share	6(27)								
9750	Basic earnings per share (in dollars)		<u>\$ 0.21</u>		<u>\$ 0.19</u>		<u>\$ 0.36</u>		<u>\$ 0.34</u>	
9850	Diluted earnings per share (in dollars)		<u>\$ 0.21</u>		<u>\$ 0.19</u>		<u>\$ 0.36</u>		<u>\$ 0.34</u>	

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent									
	Notes	Retained Earnings				Other equity interest			Non-controlling interest	Total equity
		Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences arising on translation of foreign operation	Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
2020										
Balance at January 1, 2020		\$ 10,671,411	\$ 4,266,977	\$ 2,207,622	\$ 4,987,358	(\$ 161,406)	\$ 701,995	\$ 22,673,957	\$ 148,819	\$ 22,822,776
Profit for the period		-	-	-	365,635	-	-	365,635	367	366,002
Other comprehensive income (loss) for the period	6(18)	-	-	-	-	(219,789)	(215,010)	(434,799)	843	(433,956)
Total comprehensive income (loss) for the period		-	-	-	365,635	(219,789)	(215,010)	(69,164)	1,210	(67,954)
Appropriation of 2019 earnings	6(17)									
Legal reserve		-	-	79,114	(79,114)	-	-	-	-	-
Cash dividends		-	-	-	(320,142)	-	-	(320,142)	-	(320,142)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	289	-	-	-	-	289	-	289
Other changes in capital surplus		-	(20)	-	-	-	-	(20)	-	(20)
Changes in non-controlling interests		-	-	-	-	-	-	-	(150,029)	(150,029)
Balance at June 30,2020		\$ 10,671,411	\$ 4,267,246	\$ 2,286,736	\$ 4,953,737	(\$ 381,195)	\$ 486,985	\$ 22,284,920	\$ -	\$ 22,284,920
2021										
Balance at January 1, 2021		\$ 10,671,411	\$ 4,267,947	\$ 2,286,736	\$ 5,249,225	(\$ 915,412)	\$ 1,789,710	\$ 23,349,617	\$ -	\$ 23,349,617
Profit for the period		-	-	-	387,476	-	-	387,476	-	387,476
Other comprehensive income (loss) for the period	6(18)	-	-	-	-	(73,825)	4,633,334	4,559,509	-	4,559,509
Total comprehensive income (loss) for the period		-	-	-	387,476	(73,825)	4,633,334	4,946,985	-	4,946,985
Appropriation of 2020 earnings	6(17)									
Legal reserve		-	-	66,112	(66,112)	-	-	-	-	-
Cash dividends		-	-	-	(320,142)	-	-	(320,142)	-	(320,142)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(118)	-	-	-	-	(118)	-	(118)
Other changes in capital surplus		-	230	-	-	-	-	230	-	230
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)(18)	-	-	-	12,085	-	(12,085)	-	-	-
Balance at June 30,2021		\$ 10,671,411	\$ 4,268,059	\$ 2,352,848	\$ 5,262,532	(\$ 989,237)	\$ 6,410,959	\$ 27,976,572	\$ -	\$ 27,976,572

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 383,734	\$ 449,612
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	1,082,616	1,114,464
Amortisation	6(24)	2,483	2,224
Expected credit gain		(5,240)	(38)
Gain on financial assets at fair value through profit or loss	6(2)	(355)	(132)
Interest expense	6(23)	47,172	91,913
Interest income	6(20)	(5,657)	(29,829)
Dividend income	6(21)	(24,267)	(53,329)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(57,517)	(45,273)
Gain (loss) on disposal of property, plant and equipment	6(22)	(1,277)	4,144
Gain on lease modification	6(8)(22)	(7)	(7)
Other income	6(8)	(49)	(767)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(80,000)	220,000
Notes receivable, net		(922)	3,672
Accounts receivable, net		55	11,671
Accounts receivable, net - related parties		(155,595)	274,357
Other receivables		4,757	(327)
Inventories		(3,252)	3,062
Prepayments		(8,118)	(6,171)
Other current assets		4,634	36,653
Changes in operating liabilities			
Current contract liabilities		(771)	121
Accounts payable		13,314	(58,786)
Accounts payable - related parties		(5,848)	(810)
Other payables		29,575	21,592
Other payables - related parties		(3,457)	(1,550)
Other current liabilities, others		2,992	(6,542)
Other non-current liabilities		(33,592)	(125,099)
Cash inflow generated from operations		1,185,408	1,904,825
Interest received		5,724	34,446
Interest paid		(46,068)	(91,807)
Income tax paid		(33,759)	(46,971)
Net cash flows from operating activities		<u>1,111,305</u>	<u>1,800,493</u>

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EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 25,034)	(\$ 2,975)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	28,253	-
Acquisition of financial assets at amortised cost	6(4)	(11)	-
Proceeds from disposal of financial assets at amortised cost	6(4)	330	257
Proceeds from disposal of investments accounted for using equity method	6(6) and 7	-	150,910
Acquisition of property, plant and equipment (including prepayments for equipment)	6(28)	(1,914,920)	(708,330)
Proceeds from disposal of property, plant and equipment		1,872	1,600
Acquisition of intangible assets		(101)	(126)
Cash received from finance lease receivable		3,882	3,766
Dividends received		45,031	7,224
Net cash flows used in investing activities		(1,860,698)	(547,674)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from long-term borrowings	6(29)	2,267,190	195,218
Repayment of long-term borrowings	6(29)	(1,887,610)	(801,707)
Increase in guarantee deposits received	6(29)	517	-
Decrease in guarantee deposits received	6(29)	-	(972)
Repayment of lease liabilities	6(29)	(67,261)	(64,154)
Change in non-controlling interests		-	(150,029)
Other financing activities		230	(20)
Net cash flows from (used in) financing activities		313,066	(821,664)
Effect of exchange rate changes		(20,612)	(68,595)
Net (decrease) increase in cash and cash equivalents		(456,939)	362,560
Cash and cash equivalents at beginning of period		3,958,673	3,624,242
Cash and cash equivalents at end of period		<u>\$ 3,501,734</u>	<u>\$ 3,986,802</u>

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

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(UNAUDITED)

1. HISTORY AND ORGANISATION

(1) 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) Gaining Enterprise S.A. (GESA) was incorporated in Panama on December 16, 1993 and is primarily engaged in ship trading, transportation and chartering, operation and investments of container yards, leases and investments of overseas container terminals and marine transportation related business.

(3) Shun An Enterprise Corporation (SAEC) was initially incorporated on November 10, 2008, and is primarily engaged in management consulting and employment agency.

(4) The Company and its subsidiaries are collectively referred herein as the “Group”.

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

These consolidated financial statements were authorised by the Board of Directors on August 5, 2021.

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 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'

The amendment extends the application period of the practical expedient by one year to cover COVID-19-related rent concessions that reduce only lease payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

(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
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs.

(2) Basis of preparation

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

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			June 30, 2021	December 31, 2020	
The Company	SAEC	Management consulting and employment agency	100.00	100.00	Note
The Company	GESA	Ship trading, transportation and chartering, operation and investments of container yards, leases and investments of overseas container terminals and marine transportation related business	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			June 30, 2020		
The Company	SAEC	Management consulting and employment agency	100.00		Note
The Company	GESA	Ship trading, transportation and chartering, operation and investments of container yards, leases and investments of overseas container terminals and marine transportation related business	100.00		

Note : The financial statements of the entity as of and for the six-month periods ended June 30, 2021 and 2020 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translations

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (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 the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.

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

(5) 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.

(6) 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

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

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

A. The contractual rights to receive 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 Group 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 Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) – finance leases/ operating leases

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

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the

finance lease.

- (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

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.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 % or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.
- C. 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 Group's ownership percentage of the associate, the Group recognises change in ownership interest in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new

shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful Life
Land improvements	3 - 25 years
Buildings	15 - 55 years
Machinery	3 - 15 years
Loading/unloading equipment	5 - 20 years
Transportation equipment	4 - 10 years
Ships	23 - 29 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.

(17) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the

amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3~55 years.

(19) Intangible assets

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

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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.

(21) Borrowings

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

(22) 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.

(23) 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.

(24) 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.

(25) 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 Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

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.

(26) 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 Group operates and generates taxable

income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- 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.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(27) 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.

(28) 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.

(29) Revenue recognition

A. Sales of goods

The Group sells oil. Revenue arising from the sales of goods is recognised when the Group 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 Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services

The Group 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 Group follows the guidance of IFRS 16 "Leases" to recognise revenue from the leasing of ships and containers. 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.

(30) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical

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

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

Lease term

The Group needs to consider all relevant facts and circumstances that create an economic incentive for the lessees to exercise an option or not when determining the lease term. This includes anticipated modifications in all facts and circumstances from the commencement date of the lease to the option exercise date. Key considerations include the terms and conditions of the contract for the period covered by the options, significant leasehold improvements during the term of the contract and the importance of the underlying assets to the operation of the lessees. Lessees are required to reassess the lease term when significant events or changes in circumstances occur that are within the control of the Group.

(2) Critical accounting estimates and assumptions

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

The fair value of unlisted stocks held by the Group 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 June 30, 2021, the carrying amount of unlisted stocks without active market was \$578,349.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and petty cash	\$ 2,646	\$ 2,581	\$ 2,486
Checking accounts and demand deposits	133,970	72,145	64,066
Time deposits	3,365,118	3,883,947	3,920,250
	<u>\$ 3,501,734</u>	<u>\$ 3,958,673</u>	<u>\$ 3,986,802</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

<u>Items</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 440,000	\$ 360,000	\$ 170,000
Valuation adjustment	<u>727</u>	<u>372</u>	<u>179</u>
	<u>\$ 440,727</u>	<u>\$ 360,372</u>	<u>\$ 170,179</u>

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

	<u>Three-month period ended June 30, 2021</u>	<u>Three-month period ended June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 200</u>	<u>\$ 158</u>
	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 450</u>	<u>\$ 493</u>

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

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

<u>Items</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Equity instruments			
Listed stocks	\$ 911,353	\$ 902,487	\$ 907,882
Valuation adjustment	<u>5,053,676</u>	<u>762,221</u>	<u>(85,362)</u>
Total	<u>\$ 5,965,029</u>	<u>\$ 1,664,708</u>	<u>\$ 822,520</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 513,610	\$ 513,610	\$ 513,610
Unlisted stocks	<u>204,253</u>	<u>204,306</u>	<u>204,694</u>
Subtotal	717,863	717,916	718,304
Valuation adjustment	<u>1,358,917</u>	<u>1,032,601</u>	<u>572,347</u>
Total	<u>\$ 2,076,780</u>	<u>\$ 1,750,517</u>	<u>\$ 1,290,651</u>

- A. The Group 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 \$8,041,809, \$3,415,225 and \$ 2,113,171 as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.
- B. 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:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 4,318,000	\$ 289,453
Income tax recognised in other comprehensive income	\$ 3,022	\$ -
Cumulative gains reclassified to retained earnings due to derecognition	\$ 12,085	\$ -
Dividend income recognised in profit or loss		
Held at end of period	\$ 24,267	\$ 50,678
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 4,630,035	(\$ 215,010)
Income tax recognised in other comprehensive income	\$ 3,299	\$ -
Cumulative gains reclassified to retained earnings due to derecognition	\$ 12,085	\$ -
Dividend income recognised in profit or loss		
Held at end of period	\$ 24,267	\$ 53,329

(4) Financial assets at amortised cost

Items	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Time deposits	\$ 41,000	\$ 41,330	\$ 20,090
Non-current items:			
Pledged time deposits	\$ 113,890	\$ 113,879	\$ 122,865

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Interest income	\$ 313	\$ 289
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Interest income	\$ 628	\$ 661

B. As at June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$154,890, \$155,209 and \$142,955, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 18,347	\$ 17,425	\$ 18,806
Accounts receivable - non-related parties	\$ 221,415	\$ 221,560	\$ 188,284
Accounts receivable - related parties	753,797	598,202	472,033
Less: Allowance for bad debts	(1,404)	(6,735)	(633)
	\$ 973,808	\$ 813,027	\$ 659,684

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

	June 30, 2021	
	Accounts receivable	Notes receivable
Without past due	\$ 928,904	\$ 18,347
Up to 3 months past due	46,308	-
Over 3 months past due	-	-
	<u>\$ 975,212</u>	<u>\$ 18,347</u>
	December 31, 2020	
	Accounts receivable	Notes receivable
Without past due	\$ 748,404	\$ 17,425
Up to 3 months past due	71,265	-
Over 3 months past due	93	-
	<u>\$ 819,762</u>	<u>\$ 17,425</u>
	June 30, 2020	
	Accounts receivable	Notes receivable
Without past due	\$ 625,983	\$ 18,806
Up to 3 months past due	34,207	-
Over 3 months past due	127	-
	<u>\$ 660,317</u>	<u>\$ 18,806</u>

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

- B. As of June 30, 2021, December 31, 2020, June 30, 2020, and January 1, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$462,699, \$467,919, \$407,287 and \$447,174, respectively.
- C. As at June 30, 2021, December 31, 2020 and June 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$18,347, \$17,425 and \$18,806; \$973,808, \$813,027 and \$659,684, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Investments accounted for using equity method

	<u>2021</u>		<u>2020</u>
At January 1	\$ 1,019,089	\$	1,115,099
Disposal of investments accounted for using equity method	-	(150,910)
Share of profit or loss of investments accounted for using equity method	57,517		45,273
Earnings distribution of investments accounted for using equity method	(31,257)	(7,269)
Changes in capital surplus	(142)		348
Changes in other equity items	796	(2,303)
At June 30	<u>\$ 1,046,003</u>	<u>\$</u>	<u>1,000,238</u>

	<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>
Associates :					
United Stevedoring Corp.	\$ 30,953	\$	32,718	\$	30,639
Ever Reward Logistics Corp.	18,637		19,945		19,823
Taipei Port Container Terminal Corp.	948,183		905,882		881,046
Qingdao Evergreen Container Storage and Transportation Corp.	48,230		60,544		68,730
	<u>\$ 1,046,003</u>	<u>\$</u>	<u>1,019,089</u>	<u>\$</u>	<u>1,000,238</u>

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$1,046,003, \$1,019,089 and \$1,000,238, respectively.

	<u>Three-month period ended June 30, 2021</u>		<u>Three-month period ended June 30, 2020</u>
Profit for the period from continuing operations	\$ 156,676	\$	151,900
Other comprehensive income (loss) - net of tax	-		-
Total comprehensive income	<u>\$ 156,676</u>	<u>\$</u>	<u>151,900</u>

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Profit for the period from continuing operations	\$ 345,436	\$ 261,002
Other comprehensive income (loss) - net of tax	-	-
Total comprehensive income	<u>\$ 345,436</u>	<u>\$ 261,002</u>

- B. Investment income (loss) accounted for using equity method was based on the financial statements of the investee companies for the corresponding periods which are not audited by independent auditors.
- C. The Company acquired 6.81% equity interests in Taipei Port Container Terminal Corporation (Taipei Port) for \$352,123, equivalent to 35,421 thousand shares at a price of \$9.9410 (in dollars) per share, from the third-tier subsidiary, Hazel Estate B.V. on February 25, 2020.
- D. The Company's original comprehensive shareholding ratio in Taipei Port was 20%. As a result of Taipei Port increasing its capital several times and reserving certain shares for employees, the Company's comprehensive shareholding ratio in Taipei Port decreased to 19.49%. To integrate the investment structures, the Board of Directors of the third-tier subsidiary, Hazel Estate B.V., resolved to dispose 9.73% of equity interests of Taipei Port in November 2019, which were not fully subscribed by the Company. Consequently, the Company's direct shareholding ratio in Taipei Port was increased from 9.76% to 16.57%. The Company's influence over the Taipei Port has no impact arising from the decrease of shareholding ratio based on the Company's assessment; therefore, Taipei Port is still assessed under equity method.
- E. The Group holds 15% shareholding ratio of Qingdao Evergreen Container Storage and Transportation Corp. (QECT) and uses the equity method despite having less than 20% shareholding ratio because the Group has a significant number of directors and significant influence over QECT.
- F. The Group is the single largest shareholder of United Stevedoring Corp. (USC) with shareholding ratio of 50%. Given that two other large shareholders (non-related parties) also operate transportation business and jointly hold 50% shares, and the seats held by the Group on the Board of USC were less than half, which indicates that the Group has no current ability to direct the relevant activities of USC, the Group has no control, but only has significant influence over the investee.

(7) Property, plant and equipment

2021

	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</u>												
Cost	\$ 8,532,166	\$ 74,641	\$ 991,369	\$ 19,792	\$ 2,172,998	\$ 17,962,148	\$ 10,908,203	\$ 15,413	\$ 68,850	\$ 621,322	\$ 548,953	\$ 41,915,855
Accumulated depreciation	-	(44,378)	(891,844)	(17,727)	(1,435,886)	(7,600,488)	(8,646,638)	(14,445)	(57,340)	(530,039)	-	(19,238,785)
	<u>\$ 8,532,166</u>	<u>\$ 30,263</u>	<u>\$ 99,525</u>	<u>\$ 2,065</u>	<u>\$ 737,112</u>	<u>\$ 10,361,660</u>	<u>\$ 2,261,565</u>	<u>\$ 968</u>	<u>\$ 11,510</u>	<u>\$ 91,283</u>	<u>\$ 548,953</u>	<u>\$ 22,677,070</u>
Opening net book amount	\$ 8,532,166	\$ 30,263	\$ 99,525	\$ 2,065	\$ 737,112	\$ 10,361,660	\$ 2,261,565	\$ 968	\$ 11,510	\$ 91,283	\$ 548,953	\$ 22,677,070
Additions	-	982	-	-	2,810	903,494	15,625	-	-	13,766	808,424	1,745,101
Disposals	-	-	-	-	-	(5,998)	-	-	-	(27)	-	(6,025)
Reclassifications	-	-	-	-	23,353	58,799	-	-	-	989	-	83,141
Depreciation charge	-	(3,195)	(4,845)	(351)	(41,678)	(715,603)	(227,054)	(194)	(1,735)	(16,633)	-	(1,011,288)
Effect of exchange rate changes	-	-	-	-	-	(66,269)	(13,742)	-	-	-	-	(80,011)
Closing net book amount	<u>\$ 8,532,166</u>	<u>\$ 28,050</u>	<u>\$ 94,680</u>	<u>\$ 1,714</u>	<u>\$ 721,597</u>	<u>\$ 10,536,083</u>	<u>\$ 2,036,394</u>	<u>\$ 774</u>	<u>\$ 9,775</u>	<u>\$ 89,378</u>	<u>\$ 1,357,377</u>	<u>\$ 23,407,988</u>
<u>At June 30</u>												
Cost	\$ 8,532,166	\$ 75,623	\$ 991,369	\$ 19,792	\$ 2,199,161	\$ 18,785,951	\$ 10,861,634	\$ 15,310	\$ 68,850	\$ 633,273	\$ 1,357,377	\$ 43,540,506
Accumulated depreciation	-	(47,573)	(896,689)	(18,078)	(1,477,564)	(8,249,868)	(8,825,240)	(14,536)	(59,075)	(543,895)	-	(20,132,518)
	<u>\$ 8,532,166</u>	<u>\$ 28,050</u>	<u>\$ 94,680</u>	<u>\$ 1,714</u>	<u>\$ 721,597</u>	<u>\$ 10,536,083</u>	<u>\$ 2,036,394</u>	<u>\$ 774</u>	<u>\$ 9,775</u>	<u>\$ 89,378</u>	<u>\$ 1,357,377</u>	<u>\$ 23,407,988</u>

1. The Group has provided a negative pledge to the loan granting banks for the credits used to purchase the above transportation equipment.

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

2020

	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</u>												
Cost	\$ 8,532,166	\$ 71,962	\$ 983,294	\$ 19,507	\$ 2,165,571	\$ 17,762,148	\$ 12,255,106	\$ 15,513	\$ 68,850	\$ 606,921	\$ 43,211	\$ 42,524,249
Accumulated depreciation	-	(36,661)	(880,913)	(17,037)	(1,350,593)	(6,638,029)	(9,350,617)	(14,343)	(51,140)	(501,942)	-	(18,841,275)
	<u>\$ 8,532,166</u>	<u>\$ 35,301</u>	<u>\$ 102,381</u>	<u>\$ 2,470</u>	<u>\$ 814,978</u>	<u>\$ 11,124,119</u>	<u>\$ 2,904,489</u>	<u>\$ 1,170</u>	<u>\$ 17,710</u>	<u>\$ 104,979</u>	<u>\$ 43,211</u>	<u>\$ 23,682,974</u>
Opening net book amount	\$ 8,532,166	\$ 35,301	\$ 102,381	\$ 2,470	\$ 814,978	\$ 11,124,119	\$ 2,904,489	\$ 1,170	\$ 17,710	\$ 104,979	\$ 43,211	\$ 23,682,974
Additions	-	1,355	1,185	104	4,886	493,686	17,161	125	-	3,871	85,441	607,814
Disposals	-	-	-	-	-	(5,744)	-	-	-	-	-	(5,744)
Reclassifications	-	794	-	-	-	1,831	-	-	-	1,575	-	4,200
Depreciation charge	-	(4,221)	(5,385)	(349)	(42,992)	(702,332)	(267,522)	(237)	(3,792)	(17,049)	-	(1,043,879)
Effect of exchange rate changes	-	-	-	-	-	(191,006)	(46,875)	-	-	-	-	(237,881)
Closing net book amount	<u>\$ 8,532,166</u>	<u>\$ 33,229</u>	<u>\$ 98,181</u>	<u>\$ 2,225</u>	<u>\$ 776,872</u>	<u>\$ 10,720,554</u>	<u>\$ 2,607,253</u>	<u>\$ 1,058</u>	<u>\$ 13,918</u>	<u>\$ 93,376</u>	<u>\$ 128,652</u>	<u>\$ 23,007,484</u>
<u>At June 30</u>												
Cost	\$ 8,532,166	\$ 74,111	\$ 984,479	\$ 19,611	\$ 2,170,457	\$ 17,939,716	\$ 12,074,669	\$ 15,409	\$ 68,850	\$ 608,169	\$ 128,652	\$ 42,616,289
Accumulated depreciation	-	(40,882)	(886,298)	(17,386)	(1,393,585)	(7,219,162)	(9,467,416)	(14,351)	(54,932)	(514,793)	-	(19,608,805)
	<u>\$ 8,532,166</u>	<u>\$ 33,229</u>	<u>\$ 98,181</u>	<u>\$ 2,225</u>	<u>\$ 776,872</u>	<u>\$ 10,720,554</u>	<u>\$ 2,607,253</u>	<u>\$ 1,058</u>	<u>\$ 13,918</u>	<u>\$ 93,376</u>	<u>\$ 128,652</u>	<u>\$ 23,007,484</u>

1. The Group has provided a negative pledge to the loan granting banks for the credits used to purchase the above transportation equipment.
2. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

Amount of borrowing costs capitalised as part of property, plant and equipment is as follows:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Amount capitalised	\$ 2,421	\$ 1
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Amount capitalised	\$ 3,855	\$ 1

(8) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Low-value assets comprise other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2021 Carrying amount	December 31, 2020 Carrying amount	June 30, 2020 Carrying amount
Land	\$ 1,269,361	\$ 1,323,191	\$ 1,360,315
Buildings	256,722	268,088	274,702
Other equipment	18,864	19,684	20,947
	<u>\$ 1,544,947</u>	<u>\$ 1,610,963</u>	<u>\$ 1,655,964</u>

	Three-month period ended June 30, 2021 Depreciation charge	Three-month period ended June 30, 2020 Depreciation charge
Land	\$ 28,767	\$ 28,382
Buildings	5,682	5,699
Other equipment	410	419
	<u>\$ 34,859</u>	<u>\$ 34,500</u>

	Six-month period ended June 30, 2021 Depreciation charge	Six-month period ended June 30, 2020 Depreciation charge
Land	\$ 57,558	\$ 56,765
Buildings	11,365	11,397
Other equipment	820	838
	<u>\$ 69,743</u>	<u>\$ 69,000</u>

D. For the three-month and six-month periods ended June 30, 2021 and 2020, the additions to right-of-use assets were \$0, \$0, \$5,824 and \$2,371, respectively.

E. The information on income and expense accounts relating to lease contracts is as follows:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,084	\$ 7,542
Expense on leases of low-value assets	-	39
Gain on sublease of right-of-use assets	20	46
Gain on lease modification	-	-
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 14,309	\$ 15,222
Expense on leases of low-value assets	38	79
Gain on sublease of right-of-use assets	48	99
Gain on lease modification	7	7

F. For the six-month periods ended June 30, 2021 and 2020, the Group's total cash outflow for leases were \$81,608 and \$79,455, respectively.

G. The Group's lease contracts that contain variable lease payment terms are for land, buildings and other equipment. Various lease payments are adjusted mainly based on the agreed prices.

H. In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

I. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$49 and \$767 by increasing other income for the six-month periods ended June 30, 2021 and 2020.

(9) Leasing arrangements – lessor

A. The Group leases various assets including land, buildings, ships and transportation equipment. Rental contracts are typically made for periods of 1 to 7.5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group subleases a portion of abovementioned land and buildings under a finance lease. Information on profit or loss in relation to lease contracts is as follows:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Finance income from the net investment in the finance lease	\$ <u>20</u>	\$ <u>46</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Finance income from the net investment in the finance lease	\$ <u>48</u>	\$ <u>99</u>

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	June 30, 2021
2021/7/1~12/31	\$ 3,931
2022	1,377
Total	\$ <u>5,308</u>
	December 31, 2020
2021	\$ 7,862
2022	1,377
Total	\$ <u>9,239</u>
	June 30, 2020
2020/7/1~12/31	\$ 3,931
2021	7,862
2022	1,377
Total	\$ <u>13,170</u>

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	June 30, 2021	
	Current	Non-current
Undiscounted lease payments	\$ 5,308	\$ -
Unearned finance income	(26)	-
Net investment in the lease	\$ <u>5,282</u>	\$ <u>-</u>
	December 31, 2020	
	Current	Non-current
Undiscounted lease payments	\$ 7,862	\$ 1,377
Unearned finance income	(71)	(4)
Net investment in the lease	\$ <u>7,791</u>	\$ <u>1,373</u>

	June 30, 2020	
	Current	Non-current
Undiscounted lease payments	\$ 7,862	\$ 5,308
Unearned finance income	(123)	(26)
Net investment in the lease	<u>\$ 7,739</u>	<u>\$ 5,282</u>

E. Gain arising from operating lease agreements for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
	Rental income arising from fixed lease payments	<u>\$ 691,141</u>
Rental income arising from variable lease payments	<u>\$ 1,113</u>	<u>\$ 1,109</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Rental income arising from fixed lease payments	<u>\$ 1,370,975</u>	<u>\$ 1,546,471</u>
Rental income arising from variable lease payments	<u>\$ 2,225</u>	<u>\$ 2,219</u>

F. The maturity analysis of the lease payments under the operating leases is as follows:

	June 30, 2021
2021/7/1~12/31	\$ 1,114,042
2022	776,563
2023	550,273
2024	329,013
2025	159,503
After 2026	115,170
Total	<u>\$ 3,044,564</u>
	December 31, 2020
2021	\$ 2,392,511
2022	1,030,221
2023	572,142
2024	445,964
2025	172,717
2026	247
Total	<u>\$ 4,613,802</u>

	<u>June 30, 2020</u>
2020/7/1~12/31	\$ 1,677,608
2021	2,257,177
2022	725,084
2023	234,983
2024	49,809
2025	247
Total	<u>\$ 4,944,908</u>

(10) Investment property

A. Changes in investment property:

	<u>2021</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(101,005)	(101,005)
	<u>\$ 639,583</u>	<u>\$ 67,763</u>	<u>\$ 707,346</u>
Opening net book amount	\$ 639,583	\$ 67,763	\$ 707,346
Depreciation charge	-	(1,585)	(1,585)
Closing net book amount	<u>\$ 639,583</u>	<u>\$ 66,178</u>	<u>\$ 705,761</u>
<u>At June 30</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(102,590)	(102,590)
	<u>\$ 639,583</u>	<u>\$ 66,178</u>	<u>\$ 705,761</u>

	2020		
	Land	Buildings	Total
<u>At January 1</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(97,835)	(97,835)
	<u>\$ 639,583</u>	<u>\$ 70,933</u>	<u>\$ 710,516</u>
Opening net book amount	\$ 639,583	\$ 70,933	\$ 710,516
Depreciation charge	-	(1,585)	(1,585)
Closing net book amount	<u>\$ 639,583</u>	<u>\$ 69,348</u>	<u>\$ 708,931</u>
<u>At June 30</u>			
Cost	\$ 639,583	\$ 168,768	\$ 808,351
Accumulated depreciation	-	(99,420)	(99,420)
	<u>\$ 639,583</u>	<u>\$ 69,348</u>	<u>\$ 708,931</u>

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
	Rental income from investment property	<u>\$ 13,935</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 1,628</u>	<u>\$ 1,702</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Rental income from investment property	<u>\$ 27,301</u>	<u>\$ 26,170</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 3,105</u>	<u>\$ 3,397</u>

C. The fair value of the investment property held by the Group as at June 30, 2021, December 31, 2020 and June 30, 2020 was \$3,034,002, \$2,905,949 and \$2,855,538, respectively, which was valued by the Group. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Gross margin	88.626%	88.556%	87.020%
Discount rate	1.595%	1.595%	1.595%

(11) Other payables (including related parties)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Payable on equipment	\$ 414,815	\$ 479,570	\$ 208,189
Dividends payable	320,142	-	320,142
Others	259,176	233,936	236,058
	<u>\$ 994,133</u>	<u>\$ 713,506</u>	<u>\$ 764,389</u>

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank borrowings	\$ 4,578,127	\$ 5,086,298	\$ 5,197,239
Secured bank borrowings	1,249,660	388,170	19,200
Less: Arrangement fees	-	(1,987)	(4,398)
	5,827,787	5,472,481	5,212,041
Less: Current portion	(1,198,809)	(2,266,187)	(2,686,955)
	<u>\$ 4,628,978</u>	<u>\$ 3,206,294</u>	<u>\$ 2,525,086</u>
Expiry year	2022~2037	2021~2037	2020~2037
Interest rate range	0.97978%~2.2699%	0.97856%~3.4500%	0.97856%~3.6995%

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

(13) Other non-current liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accrued pension obligations	\$ 1,057,324	\$ 1,090,916	\$ 1,085,010
Guarantee deposits received	22,540	22,023	20,526
	<u>\$ 1,079,864</u>	<u>\$ 1,112,939</u>	<u>\$ 1,105,536</u>

(14) 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. The foreign subsidiary paid the pension directly to the retired employees when they have their own defined benefit pension plan.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$11,842, \$14,471, \$23,684 and \$28,943 for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.
 - (c) Expected contributions and paid to the defined benefit pension plans of the Company amount to \$87,920 and will be made in 2022.
- 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 Group for the three-month and six-month periods ended June 30, 2021 and 2020 were \$20,521, \$23,431, \$40,133 and \$45,541, respectively.

(15) Capital stock

- A. As of June 30, 2021, 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 six-month periods ended June 30, 2021 and 2020.

(16) 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.

(17) Retained earnings

	2021	2020
At January 1	\$ 5,249,225	\$ 4,987,358
Profit for the period	387,476	365,635
Appropriation, release and distribution	(386,254)	(399,256)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	12,085	-
At June 30	\$ 5,262,532	\$ 4,953,737

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 2020 earnings had been resolved after meeting the statutory voting threshold on June 13, 2021 via the electronic voting platform for shareholders' meeting. The appropriation of 2019 earnings had been resolved at the stockholders' meeting on June 22, 2020. Details are summarised below:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 66,112		\$ 79,114	
Cash dividends	320,142	\$ 0.30	320,142	\$ 0.30
	<u>\$ 386,254</u>		<u>\$ 399,256</u>	

In accordance with Jing-Shang-Zi Letter No. 10802432410 of Ministry of Economic Affairs, R.O.C, dated January 9, 2020, the legal surplus of the earnings distribution is based on profit for the year plus the amount of unappropriated retained earnings other than profit for the year. The information about the appropriation of earnings resolved at the stockholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Other equity items

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 1,789,710	(\$ 915,412)	\$ 874,298
Revaluation-gross	4,630,035	-	4,630,035
Revaluation-tax	3,299	-	3,299
Revaluation transferred to retained earnings-gross	(12,085)	-	(12,085)
Currency translation:			
- Group	-	(73,825)	(73,825)
At June 30	<u>\$ 6,410,959</u>	<u>(\$ 989,237)</u>	<u>\$ 5,421,722</u>

	2020		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 701,995	(\$ 161,406)	\$ 540,589
Revaluation-gross	(215,010)	-	(215,010)
Currency translation:			
- Group	-	(219,789)	(219,789)
At June 30	<u>\$ 486,985</u>	<u>(\$ 381,195)</u>	<u>\$ 105,790</u>

(19) Operating revenue

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Revenue from contracts with customers	\$ 1,022,838	\$ 915,179
Rental income	706,189	788,851
	<u>\$ 1,729,027</u>	<u>\$ 1,704,030</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Revenue from contracts with customers	\$ 2,025,963	\$ 1,917,969
Rental income	1,400,501	1,574,860
	<u>\$ 3,426,464</u>	<u>\$ 3,492,829</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:

Three-month period ended June 30, 2021	Inland <u>Transportation</u>	Container <u>Terminals</u>	International Marine <u>Transportation</u>	Gasoline <u>Station</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with customers						
Taiwan						
At a point in time	\$ -	\$ -	\$ -	\$ 113,407	\$ -	\$ 113,407
Over time	378,337	150,308	379,831	-	-	908,476
Asia						
Over time	-	1	824	-	-	825
America						
Over time	130	-	-	-	-	130
	<u>378,467</u>	<u>150,309</u>	<u>380,655</u>	<u>113,407</u>	<u>-</u>	<u>1,022,838</u>
Rental income						
Taiwan	4,964	3,102	201,184	-	13,572	222,822
America	-	-	396,693	-	-	396,693
Europe	-	-	86,674	-	-	86,674
	<u>4,964</u>	<u>3,102</u>	<u>684,551</u>	<u>-</u>	<u>13,572</u>	<u>706,189</u>
	<u>\$ 383,431</u>	<u>\$ 153,411</u>	<u>\$ 1,065,206</u>	<u>\$ 113,407</u>	<u>\$ 13,572</u>	<u>\$ 1,729,027</u>

Three-month period ended				International		Total
	Inland	Container	Marine	Gasoline	Others	
June 30, 2020	Transportation	Terminals	Transportation	Station		
Revenue from contracts with customers						
Taiwan						
At a point in time	\$ -	\$ -	\$ -	\$ 78,205	\$ -	\$ 78,205
Over time	371,683	140,758	324,386	-	-	836,827
Asia						
Over time	-	2	145	-	-	147
	<u>371,683</u>	<u>140,760</u>	<u>324,531</u>	<u>78,205</u>	<u>-</u>	<u>915,179</u>
Rental income						
Taiwan	4,498	2,286	293,696	-	13,579	314,059
America	-	-	401,336	-	-	401,336
Europe	-	-	73,456	-	-	73,456
	<u>4,498</u>	<u>2,286</u>	<u>768,488</u>	<u>-</u>	<u>13,579</u>	<u>788,851</u>
	<u>\$ 376,181</u>	<u>\$ 143,046</u>	<u>\$ 1,093,019</u>	<u>\$ 78,205</u>	<u>\$ 13,579</u>	<u>\$ 1,704,030</u>
Six-month period ended				International		Total
June 30, 2021	Inland	Container	Marine	Gasoline	Others	
	Transportation	Terminals	Transportation	Station		
Revenue from contracts with customers						
Taiwan						
At a point in time	\$ -	\$ -	\$ -	\$ 224,510	\$ -	\$ 224,510
Over time	750,181	286,239	763,074	-	-	1,799,494
Asia						
Over time	-	2	1,732	-	-	1,734
America						
Over time	225	-	-	-	-	225
	<u>750,406</u>	<u>286,241</u>	<u>764,806</u>	<u>224,510</u>	<u>-</u>	<u>2,025,963</u>
Rental income						
Taiwan	9,420	6,209	404,596	-	27,132	447,357
America	-	-	781,808	-	-	781,808
Europe	-	-	171,336	-	-	171,336
	<u>9,420</u>	<u>6,209</u>	<u>1,357,740</u>	<u>-</u>	<u>27,132</u>	<u>1,400,501</u>
	<u>\$ 759,826</u>	<u>\$ 292,450</u>	<u>\$ 2,122,546</u>	<u>\$ 224,510</u>	<u>\$ 27,132</u>	<u>\$ 3,426,464</u>

Six-month period ended	Inland	Container	International Marine	Gasoline	Others	Total
June 30, 2020	Transportation	Terminals	Transportation	Station		
Revenue from contracts with customers						
Taiwan						
At a point in time	\$ -	\$ -	\$ -	\$ 184,298	\$ -	\$ 184,298
Over time	808,029	278,616	646,158	-	-	1,732,803
Asia						
Over time	-	7	861	-	-	868
	<u>808,029</u>	<u>278,623</u>	<u>647,019</u>	<u>184,298</u>	<u>-</u>	<u>1,917,969</u>
Rental income						
Taiwan	9,156	4,805	587,515	-	27,198	628,674
America	-	-	798,762	-	-	798,762
Europe	-	-	147,424	-	-	147,424
	<u>9,156</u>	<u>4,805</u>	<u>1,533,701</u>	<u>-</u>	<u>27,198</u>	<u>1,574,860</u>
	<u>\$ 817,185</u>	<u>\$ 283,428</u>	<u>\$ 2,180,720</u>	<u>\$ 184,298</u>	<u>\$ 27,198</u>	<u>\$ 3,492,829</u>

B. Contract liabilities

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	<u>January 1, 2020</u>
Contract liabilities –				
Deferred revenue from passenger transportation, oil sales, and inland container transportation	<u>\$ 8,976</u>	<u>\$ 9,747</u>	<u>\$ 10,072</u>	<u>\$ 9,951</u>

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

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Revenue from passenger transportation, oil sales, and inland container transportation	\$ 737	\$ 218
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Revenue from passenger transportation, oil sales, and inland container transportation	\$ 1,203	\$ 963

(20) Interest income

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Interest income from bank deposits	\$ 2,318	\$ 10,965
Interest income from financial assets at amortised cost	313	289
Imputed rate of interest for deposits	2	2
Interest income from finance lease receivable	20	46
Other interest income	-	-
	<u>\$ 2,653</u>	<u>\$ 11,302</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Interest income from bank deposits	\$ 4,981	\$ 29,067
Interest income from financial assets at amortised cost	628	661
Imputed rate of interest for deposits	4	5
Interest income from finance lease receivable	48	99
Other interest income	-	2
	<u>\$ 5,661</u>	<u>\$ 29,834</u>

(21) Other income

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Dividend income	\$ 24,267	\$ 50,678
Other income - others	2,027	27,807
	<u>\$ 26,294</u>	<u>\$ 78,485</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Dividend income	\$ 24,267	\$ 53,329
Other income - others	8,560	32,419
	<u>\$ 32,827</u>	<u>\$ 85,748</u>

(22) Other gains and losses

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Gains (Losses) on disposal of property, plant and equipment	\$ 4,000	(\$ 2,733)
Gains on lease modifications	-	-
Net currency exchange losses	(8,043)	(10,365)
Gains on financial assets at fair value through profit or loss	200	158
Other losses	(755)	(154)
	<u>(\$ 4,598)</u>	<u>(\$ 13,094)</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Gains (Losses) on disposal of property, plant and equipment	\$ 1,277	(\$ 4,144)
Gains on lease modifications	7	7
Net currency exchange losses	(2,725)	(7,051)
Gains on financial assets at fair value through profit or loss	450	493
Other losses	(755)	(154)
	<u>(\$ 1,746)</u>	<u>(\$ 10,849)</u>

(23) Finance costs

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Interest expense:		
Interest expense on bank borrowings	\$ 16,716	\$ 32,508
Imputed rate of interest for deposits	41	51
Interest expense on lease liabilities	<u>7,084</u>	<u>7,542</u>
	23,841	40,101
Less: Capitalized borrowing costs	(<u>2,421</u>)	(<u>1</u>)
	<u>\$ 21,420</u>	<u>\$ 40,100</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Interest expense:		
Interest expense on bank borrowings	\$ 36,718	\$ 76,692
Imputed rate of interest for deposits	80	102
Interest expense on lease liabilities	<u>14,309</u>	<u>15,222</u>
	51,107	92,016
Less: Capitalized borrowing costs	(<u>3,855</u>)	(<u>1</u>)
	<u>\$ 47,252</u>	<u>\$ 92,015</u>

(24) Expenses by nature

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Cost of sales and related fees	\$ 408,453	\$ 339,989
Employee benefit expense	358,352	365,700
Depreciation	544,546	556,201
Amortisation	1,171	1,116
Transportation expense	156,558	149,139
Vessels operation expense	76,287	80,305
Other expenses	<u>18,639</u>	<u>18,902</u>
Operating costs and operating expenses	<u>\$ 1,564,006</u>	<u>\$ 1,511,352</u>

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Cost of sales and related fees	\$ 800,736	\$ 726,512
Employee benefit expense	719,555	735,478
Depreciation	1,082,616	1,114,464
Amortisation	2,483	2,224
Transportation expense	309,011	325,158
Vessels operation expense	145,044	158,238
Other expenses	30,292	39,134
Operating costs and operating expenses	<u>\$ 3,089,737</u>	<u>\$ 3,101,208</u>

(25) Employee benefit expense

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Wages and salaries	\$ 285,179	\$ 292,803
Labor and health insurance fees	21,692	20,846
Pension cost	20,521	23,431
Directors' remuneration	1,711	1,703
Other personnel expenses	29,249	26,917
	<u>\$ 358,352</u>	<u>\$ 365,700</u>

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Wages and salaries	\$ 574,989	\$ 590,639
Labor and health insurance fees	43,135	41,402
Pension cost	40,133	45,541
Directors' remuneration	3,405	3,421
Other personnel expenses	57,893	54,475
	<u>\$ 719,555</u>	<u>\$ 735,478</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 three-month and six-month periods ended June 30, 2021 and 2020, employees' compensation was accrued at \$3,750, \$3,750, \$7,500 and \$7,500, 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 period for the six-month period ended June 30, 2021.

Employees' compensation and directors' remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

Information about employees' compensation and directors' 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 100,622	\$ 15,144
Tax on unappropriated earnings	13,941	19,744
Prior year income tax underestimation (overestimation)	677 ((118)
Deferred tax:		
Origination and reversal of temporary differences	(145,050)	15,071
Income tax expense	<u>(\$ 29,810)</u>	<u>\$ 49,841</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Current tax:		
Current tax on profits for the period	\$ 118,219	\$ 19,801
Tax on unappropriated earnings	13,941	19,744
Prior year income tax overestimation	(5,219) ((118)
Deferred tax:		
Origination and reversal of temporary differences	(130,683)	44,183
Income tax expense	<u>(\$ 3,742)</u>	<u>\$ 83,610</u>

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

	<u>Three-month period ended June 30, 2021</u>	<u>Three-month period ended June 30, 2020</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>3,022</u>)	\$ <u>-</u>
	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>3,299</u>)	\$ <u>-</u>

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

	<u>Three-month period ended June 30, 2021</u>	<u>Three-month period ended June 30, 2020</u>
Changes in equity of associates and joint ventures accounted for using equity method	\$ <u>4</u>	\$ <u>29</u>
	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
Changes in equity of associates and joint ventures accounted for using equity method	(\$ <u>24</u>)	\$ <u>59</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

Six-month period ended June 30, 2021			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 387,476	1,067,141	\$ 0.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	387,476	1,067,141	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	504	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 387,476	1,067,645	\$ 0.36
Six-month period ended June 30, 2020			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 365,635	1,067,141	\$ 0.34
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	365,635	1,067,141	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,128	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 365,635	1,068,269	\$ 0.34

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Acquisition of property, plant and equipment (including prepayments for equipment)	\$ 1,850,165	\$ 642,084
Add : Opening balance of payable on equipment	479,570	274,435
Less : Ending balance of payable on equipment	(414,815)	(208,189)
Cash paid during the period	<u>\$ 1,914,920</u>	<u>\$ 708,330</u>

(29) Changes in liabilities from financing activities

	2021			
	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 5,472,481	\$ 1,650,893	\$ 22,023	\$ 7,145,397
Changes in cash flow from financing activities	379,580	(67,261)	517	312,836
Interest paid	-	(14,309)	-	(14,309)
Impact of changes in foreign exchange rate	(26,256)	-	-	(26,256)
Changes in other non-cash items	1,982	17,981	-	19,963
At June 30	<u>\$ 5,827,787</u>	<u>\$ 1,587,304</u>	<u>\$ 22,540</u>	<u>\$ 7,437,631</u>

	2020			
	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 5,906,164	\$ 1,756,332	\$ 21,498	\$ 7,683,994
Changes in cash flow from financing activities	(606,489)	(64,154)	(972)	(671,615)
Interest paid	-	(15,222)	-	(15,222)
Impact of changes in foreign exchange rate	(89,991)	-	-	(89,991)
Changes in other non-cash items	2,357	15,832	-	18,189
At June 30	<u>\$ 5,212,041</u>	<u>\$ 1,692,788</u>	<u>\$ 20,526</u>	<u>\$ 6,925,355</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Evergreen Marine Corp. (Taiwan) Ltd.	The entities which have significant influence to the Group
Ever Reward Logistics Corp.	Associate
Taipei Port Container Terminal Corp.	Associate
United Stevedoring Corp.	Associate
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Associate
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
Ever Ecove Corp.	Other related parties
Evergreen Logistics Corp.	Other related parties
Chang Yung-Fa Foundation	Other related parties
Chang Yung-Fa Charity Foundation	Other related parties
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Other related parties
Evergreen Insurance Co., Ltd.	Other related parties
Evergreen International S.A.	Other related parties
Evergreen Marine (Hong Kong) Ltd.	Other related parties
Evergreen Marine (Singapore) Pte. Ltd.	Other related parties
Evergreen Marine (UK) Ltd.	Other related parties
Greencompass Marine S.A.	Other related parties
Italia Marittima S.p.A.	Other related parties
All directors, general manager and vice presidents	Key management of the Group

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Three-month period ended</u> <u>June 30, 2021</u>	<u>Three-month period ended</u> <u>June 30, 2020</u>
The entities which have significant influence to the Group		
Evergreen Marine Corp. (Taiwan) Ltd.	\$ 333,809	\$ 444,353
Associates	67,683	49,739
Other related parties		
Evergreen International S.A.	396,693	401,336
Others	440,812	308,872
	<u>\$ 1,238,997</u>	<u>\$ 1,204,300</u>
	<u>Six-month period ended</u> <u>June 30, 2021</u>	<u>Six-month period ended</u> <u>June 30, 2020</u>
The entities which have significant influence to the Group		
Evergreen Marine Corp. (Taiwan) Ltd.	\$ 679,770	\$ 898,754
Associates	128,767	100,542
Other related parties		
Evergreen International S.A.	781,808	798,762
Others	861,311	687,691
	<u>\$ 2,451,656</u>	<u>\$ 2,485,749</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

	<u>Three-month period ended</u> <u>June 30, 2021</u>	<u>Three-month period ended</u> <u>June 30, 2020</u>
The entities which have significant influence to the Group	\$ 24,081	\$ 26,330
Associates	1,158	762
Other related parties	24,318	20,379
	<u>\$ 49,557</u>	<u>\$ 47,471</u>

	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
The entities which have significant influence to the Group	\$ 49,389	\$ 53,478
Associates	2,119	1,455
Other related parties	<u>44,501</u>	<u>38,571</u>
	<u>\$ 96,009</u>	<u>\$ 93,504</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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable:			
The entities which have significant influence to the Group	\$ 21,193	\$ 18,083	\$ 17,913
Associates	23,226	19,901	18,698
Other related parties			
Evergreen International Corp.	161,543	168,497	149,378
Evergreen International S.A.	530,122	368,060	270,044
Others	<u>16,732</u>	<u>17,240</u>	<u>15,784</u>
Subtotal	<u>752,816</u>	<u>591,781</u>	<u>471,817</u>
Other receivables:			
Associates	2,162	-	3,880
Other related parties			
Ever Accord Construction Corp.	3,665	-	-
Evergreen International S.A.	5,408	2,537	5,078
Others	<u>1,949</u>	<u>1,422</u>	<u>745</u>
Subtotal	<u>13,184</u>	<u>3,959</u>	<u>9,703</u>
Total	<u>\$ 766,000</u>	<u>\$ 595,740</u>	<u>\$ 481,520</u>

D. Payables to related parties

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable:			
The entities which have significant influence to the Group	\$ 22,397	\$ 28,101	\$ 22,888
Associates	287	424	229
Other related parties	<u>7</u>	<u>14</u>	<u>29</u>
Subtotal	<u>22,691</u>	<u>28,539</u>	<u>23,146</u>
Other payables:			
The entities which have significant influence to the Group	1,076	263	42
Associates	-	23	-
Other related parties			
Ever Accord Construction Corp.	115,730	138,875	-
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	290,705	337,362	175,576
Others	<u>9,384</u>	<u>11,739</u>	<u>36,863</u>
Subtotal	<u>416,895</u>	<u>488,262</u>	<u>212,481</u>
Total	<u>\$ 439,586</u>	<u>\$ 516,801</u>	<u>\$ 235,627</u>

E. Property transactions

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

	<u>Three-month period ended June 30, 2021</u>	<u>Three-month period ended June 30, 2020</u>
The entities which have significant influence to the Group	\$ -	\$ -
Other related parties		
Ever Accord Construction Corp.	445,773	-
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	431,216	283,789
Others	<u>-</u>	<u>68,580</u>
	<u>\$ 876,989</u>	<u>\$ 352,369</u>

	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
The entities which have significant influence to the Group	\$ -	\$ 114
Other related parties		
Ever Accord Construction Corp.	798,472	-
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	903,494	493,686
Others	-	68,580
	<u>\$ 1,701,966</u>	<u>\$ 562,380</u>

(b) Disposal of property, plant and equipment

	<u>Three-month period ended June 30, 2021</u>	
	<u>Proceeds</u>	<u>Gain/(loss)</u>
Other related parties		
Evergreen International S.A.	<u>\$ 6,967</u>	<u>\$ 1,144</u>
	<u>Six-month period ended June 30, 2021</u>	
	<u>Proceeds</u>	<u>Gain/(loss)</u>
Other related parties		
Evergreen International S.A.	<u>\$ 6,967</u>	<u>\$ 1,144</u>

(c) Disposal of financial assets

The Group did not dispose financial assets for the three-month and six-month periods ended June 30, 2021.

				<u>Three-month period ended June 30, 2020</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
Other related parties					
Evergreen International S.A.	Investments accounted for using equity method		Taipei Port Container Terminal Corp.	<u>\$ -</u>	<u>\$ -</u>

	Accounts	No. of shares	Objects	Six-month period ended June 30, 2020	
				Proceeds	Gain/(loss)
Other related parties					
Evergreen International S.A.	Investments accounted for using equity method	15,180,582	Taipei Port Container Terminal Corp.	\$ 150,910	\$ -

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

F. Lease transactions — lessee

(a) The Group leases land and buildings from the entities which have significant influence to the Group, associates and other related parties. Rental contracts are typically made for periods of 3 to 5 years. Rents are paid according to the contract.

(b) Acquisition of right-of-use assets

The Group did not acquire right-of-use assets for the six-month periods ended June 30, 2021 and 2020.

(c) Lease liabilities

(i) Outstanding balance:

	June 30, 2021	December 31, 2020	June 30, 2020
The entities which have significant influence to the Group	\$ 2,559	\$ 5,100	\$ 7,626
Associates	5,672	7,128	8,574
Other related parties	16,858	17,286	17,710
	<u>\$ 25,089</u>	<u>\$ 29,514</u>	<u>\$ 33,910</u>

(ii) Interest expense:

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
The entities which have significant influence to the Group	\$ 12	\$ 28
Associates	20	29
Other related parties	75	80
	<u>\$ 107</u>	<u>\$ 137</u>

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
The entities which have significant influence to the Group	\$ 27	\$ 60
Associates	42	61
Other related parties	152	160
	<u>\$ 221</u>	<u>\$ 281</u>

G. Due to contributions to society for charity activities, the Group donated \$110, \$110, \$221 and \$221 to Chang Yung-Fa Foundation and Chang Yung-Fa Charity Foundation for the three-month and six-month periods ended June 30, 2021 and 2020, respectively.

H. Starting from 2021, the Group changed counterparties which were disclosed as related party transaction under operating revenue from the shipping agent in Taiwan area to the ship owners who were actually commissioned to provide service. The related information disclosed in the financial statements of 2020 were reclassified to be compared with the financial statements of 2021.

(3) Key management compensation

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020
Short-term employee benefits	\$ 3,943	\$ 4,012
Post-employment benefits	106	113
	<u>\$ 4,049</u>	<u>\$ 4,125</u>
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Short-term employee benefits	\$ 7,877	\$ 8,008
Post-employment benefits	212	226
	<u>\$ 8,089</u>	<u>\$ 8,234</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	June 30, 2021	December 31, 2020	June 30, 2020	
Financial assets at amortised cost - non-current	\$ 113,890	\$ 113,879	\$ 122,865	To purchase supplies and materials and execute contracts etc.
Property, plant and equipment - Land	827,915	827,915	827,915	Long-term borrowings
	<u>\$ 941,805</u>	<u>\$ 941,794</u>	<u>\$ 950,780</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

(a) To meet operational needs, the Group signed a construction contract amounting to \$2,449,300 with the contractor on March 27, 2020 to build the Dayuan Logistics Industrial Park. Capital expenditure contracted for as of June 30, 2021 but not yet incurred amounted to \$1,278,535.

(b) To meet operational needs, the Group signed a container building contract amounting to USD 15,624 thousand with a container manufacturer on May 31, 2021. Capital expenditure contracted for as of June 30, 2021 but not yet incurred amounted to USD10,416 thousand.

(c) To meet operational needs, the Group signed a container building contract amounting to USD 61,069 thousand with a container manufacturer on May 7, 2021. Capital expenditure contracted for as of June 30, 2021 but not yet incurred amounted to USD61,069 thousand.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</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	<u>\$ 440,727</u>	<u>\$ 360,372</u>	<u>\$ 170,179</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 8,041,809</u>	<u>\$ 3,415,225</u>	<u>\$ 2,113,171</u>
<u>Financial assets at amortised cost</u>			
Cash and cash equivalents	\$ 3,501,734	\$ 3,958,673	\$ 3,986,802
Financial assets at amortised cost	154,890	155,209	142,955
Notes receivable	18,347	17,425	18,806
Accounts receivable	973,808	813,027	659,684
Finance lease receivable	5,282	9,164	13,021
Other receivables	23,533	12,456	63,644
Refundable deposits	<u>1,380</u>	<u>1,380</u>	<u>1,380</u>
	<u>\$ 4,678,974</u>	<u>\$ 4,967,334</u>	<u>\$ 4,886,292</u>
<u>Financial liabilities</u>			
<u>Financial liabilities at amortised cost</u>			
Contract liabilities	\$ 8,976	\$ 9,747	\$ 10,072
Accounts payable	317,415	309,949	278,807
Other payables	994,133	713,506	764,389
Long-term borrowings (including current portion)	5,827,787	5,472,481	5,212,041
Guarantee deposits received	<u>22,540</u>	<u>22,023</u>	<u>20,526</u>
	<u>\$ 7,170,851</u>	<u>\$ 6,527,706</u>	<u>\$ 6,285,835</u>
Lease liabilities	<u>\$ 1,587,304</u>	<u>\$ 1,650,893</u>	<u>\$ 1,692,788</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by the Group under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries 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 group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2021			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	27.9095	\$ 616
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY:NTD	\$ 7,866	0.2526	\$ 1,987

December 31, 2020			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 24	28.0960	\$ 678
<u>Financial liabilities</u>			
None			

June 30, 2020			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,746	29.4600	\$ 51,435
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 720	29.4600	\$ 21,211
JPY:NTD	7,685	0.2734	2,101

- iv. Total exchange gain or loss including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2021 and 2020, amounted to (\$8,043), (\$10,365), (\$2,725) and (\$7,051), respectively.

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

		<u>Six-month period ended June 30, 2021</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 6	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	JPY:NTD	1%	\$ 20	\$ -
		<u>Six-month period ended June 30, 2020</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 514	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 212	\$ -
	JPY:NTD	1%	21	-

Price risk

- i. The Group'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 and financial assets at fair value through other comprehensive income. To manage the price risk of its investments in equity securities, the Group diversifies its investment portfolio.
- ii. The Group 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 six-month periods ended June 30, 2021 and 2020 would have increased/decreased by

\$44,073 and \$17,018, respectively, 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 \$804,181 and \$211,317, respectively, as a result of gains/losses on equity securities measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the six-month periods ended June 30, 2021 and 2020, the Group's borrowings at variable rates were denominated in NTD and USD.
- ii. The Group's borrowings are measured at amortised cost. The interest rates on the borrowings are periodically adjusted, which expose the Group 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 six-month periods ended June 30, 2021 and 2020 would have increased/decreased by \$26,577 and \$28,205, respectively. This is primarily because of changes in interest rate expenses from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients of counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages its credit risk from a consolidated 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. Only banks and financial institutions with optimal credit ratings are accepted by the Group.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The basis that the Group used in determining whether the credit risk of financial instruments has significantly increased since initial recognition was that if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The following indicators are used to determine whether the credit impairment of debt

instruments has occurred:

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments; and
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. 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.
- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group has no written-off financial assets that are still under recourse procedures.
- ix. The Group used the forecastability of overall economic information to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2021, December 31, 2020 and June 30, 2020, the provision matrix is as follows:

	Without past due	Up to 3 months past due	Over 3 months past due	Total
<u>At June 30, 2021</u>				
Expected loss rate	0.03%~0.06%	0.03%~55.50%	100%	
Total book value	\$ 928,904	\$ 46,308	\$ -	\$ 975,212
Loss allowance	\$ 339	\$ 1,065	\$ -	\$ 1,404
	Without past due	Up to 3 months past due	Over 3 months past due	Total
<u>At December 31, 2020</u>				
Expected loss rate	0.03%~0.06%	0.03%~63.55%	100%	
Total book value	\$ 748,404	\$ 71,265	\$ 93	\$ 819,762
Loss allowance	\$ 275	\$ 6,367	\$ 93	\$ 6,735

	Without past due	Up to 3 months past due	Over 3 months past due	Total
<u>At June 30, 2020</u>				
Expected loss rate	0.03%~0.09%	0.03%~76.73%	100%	
Total book value	\$ 625,983	\$ 34,207	\$ 127	\$ 660,317
Loss allowance	\$ 283	\$ 223	\$ 127	\$ 633

- x. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>
	<u>Accounts receivable</u>
At January 1	(\$ 6,735)
Reversal of impairment loss	5,240
Write-offs	90
Effect of exchange rate changes	1
At June 30	(\$ 1,404)
	<u>2020</u>
	<u>Accounts receivable</u>
At January 1	(\$ 671)
Reversal of impairment loss	38
At June 30	(\$ 633)

(c)Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's treasury department. The Group's treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The Group 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 Group has no significant liquidity risk because the Group's holding capital at the balance sheet date is higher than accrued liability for the coming year.
- iii. The Group has the following undrawn borrowing facilities:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Floating rate	<u>\$ 1,943,773</u>	<u>\$ 2,808,080</u>	<u>\$ 2,552,800</u>

iv. The table below analyses the Group'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 June 30, 2021, December 31, 2020 and June 30, 2020, accounts payable and other payables would expire within one year. As of June 30, 2021, December 31, 2020 and June 30, 2020, lease liabilities and 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 :

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
June 30, 2021					
Lease liabilities	\$ 162,494	\$ 154,168	\$ 453,868	\$ 982,632	\$ 1,753,162
Long-term borrowings (including current portion)	\$ 1,258,525	\$ 1,032,519	\$ 2,650,371	\$ 1,114,667	\$ 6,056,082

Non-derivative financial liabilities :

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
December 31, 2020					
Lease liabilities	\$ 165,063	\$ 156,171	\$ 451,916	\$ 1,057,743	\$ 1,830,893
Long-term borrowings (including current portion)	\$ 2,347,277	\$ 891,004	\$ 1,808,521	\$ 637,221	\$ 5,684,023

Non-derivative financial liabilities :

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
June 30, 2020					
Lease liabilities	\$ 162,665	\$ 159,807	\$ 446,554	\$ 1,115,706	\$ 1,884,732
Long-term borrowings (including current portion)	\$ 2,804,920	\$ 874,900	\$ 1,530,102	\$ 243,066	\$ 5,452,988

(3) Fair value information

- A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).
- 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 Group'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 Group's investment in equity investment without active market is included in Level 3.

C. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, finance lease receivable, other receivables, refundable deposits, contract liabilities, accounts payable, other payables, lease liabilities, 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:

June 30, 2021	<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	\$ 440,727	\$ -	\$ -	\$ 440,727
Financial asset measured at fair value through other comprehensive income				
Equity securities	<u>7,463,460</u>	<u>-</u>	<u>578,349</u>	<u>8,041,809</u>
	<u>\$ 7,904,187</u>	<u>\$ -</u>	<u>\$ 578,349</u>	<u>\$ 8,482,536</u>

December 31, 2020	<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	\$ 360,372	\$ -	\$ -	\$ 360,372
Financial asset measured at fair value through other comprehensive income				
Equity securities	<u>2,827,593</u>	<u>-</u>	<u>587,632</u>	<u>3,415,225</u>
	<u>\$ 3,187,965</u>	<u>\$ -</u>	<u>\$ 587,632</u>	<u>\$ 3,775,597</u>
June 30, 2020	<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	\$ 170,179	\$ -	\$ -	\$ 170,179
Financial asset measured at fair value through other comprehensive income				
Equity securities	<u>1,777,930</u>	<u>-</u>	<u>335,241</u>	<u>2,113,171</u>
	<u>\$ 1,948,109</u>	<u>\$ -</u>	<u>\$ 335,241</u>	<u>\$ 2,283,350</u>

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

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

	<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 Group 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 Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

E. For the six-month periods ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2021 and 2020:

	Equity securities	
	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Opening net book amount	\$ 587,632	\$ 322,169
Gains and losses recognised in other comprehensive income	(9,051)	13,229
Effect of exchange rate changes	(232)	(157)
Closing net book amount	<u>\$ 578,349</u>	<u>\$ 335,241</u>

G. For the six-month periods ended June 30, 2021 and 2020, 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 Group'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:

	<u>Fair value at June 30, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non - derivative equity instrument:					
Unlisted shares	\$ 578,349	Market comparable companies	Price to earnings ratio multiple	9.15	The higher the multiple, the higher the fair value.
			Price to book ratio multiple	0.895~2.785	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non - derivative equity instrument: Unlisted shares	\$ 587,632	Market comparable companies	Price to earnings ratio multiple	7.96	The higher the multiple, the higher the fair value.
			Price to book ratio multiple	0.96~2.605	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.
	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non - derivative equity instrument: Unlisted shares	\$ 335,241	Market comparable companies	Price to book ratio multiple	0.42~1.42	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in 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:

		June 30, 2021				
		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%	\$ -	\$ -	\$ 5,783	\$ 5,783
		December 31, 2020				
		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%	\$ -	\$ -	\$ 5,876	\$ 5,876

		June 30, 2020				
		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 book ratio multiple, discount for lack of marketability	±1%	\$ -	\$ -	\$ 3,352	\$ 3,352

(4) In response to the impact of Covid-19, the Group implemented several measures to prevent the epidemic in accordance with the governments' prevention measures, including work shifts, redundancy and enhancing employees' health management. At the same time, the Group assessed that Covid-19 did not have a significant impact on the Group's operations and ability to continue as a going concern.

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 Group 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.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The Group has included several operating segments with similar economic characteristics and meeting the requirements as reportable segments and have included other operating segments that do not meet the quantitative thresholds as other segments. Products for sale and types of services of every reportable segment are summarised as follows:

- (a) Inland transportation is the business of carrying cargo and passengers.
- (b) Container terminals are the business of container and cargo loading.
- (c) International marine transportation is the business of container terminals and leased ships and containers.
- (d) Gasoline station is the business of different kinds of petroleum products sold.
- (e) Other businesses are those not classified from (a) to (d).

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Six-month period ended June 30, 2021						
	Inland Transportation	Container Terminals	International Marine Transportation	Gasoline Station	Others	Adjustments and Write-off	Total
Revenue from outside the Group	\$ 759,826	\$ 292,450	\$ 2,122,546	\$ 224,510	\$ 27,132	\$ -	\$ 3,426,464
Operating profit	(\$ 6,436)	\$ 31,316	\$ 282,500	\$ 6,359	\$ 22,988	\$ -	\$ 336,727
Identifiable assets	\$ 1,391,668	\$ 9,267,416	\$ 14,483,331	\$ 51,733	\$ 572,578	\$ -	\$ 25,766,726

	Six-month period ended June 30, 2020						
	Inland Transportation	Container Terminals	International Marine Transportation	Gasoline Station	Others	Adjustments and Write-off	Total
Revenue from outside the Group	\$ 817,185	\$ 283,428	\$ 2,180,720	\$ 184,298	\$ 27,198	\$ -	\$ 3,492,829
Operating profit	\$ 14,637	\$ 18,875	\$ 330,278	\$ 5,238	\$ 22,593	\$ -	\$ 391,621
Identifiable assets	\$ 1,441,022	\$ 8,101,234	\$ 15,252,078	\$ 40,716	\$ 574,662	\$ -	\$ 25,409,712

(3) Reconciliation for segment income (loss)

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the six-month periods ended June 30, 2021 and 2020 is provided as follows:

	<u>Six-month period ended June 30, 2021</u>	<u>Six-month period ended June 30, 2020</u>
Reportable segments operating profit and loss	\$ 313,739	\$ 369,028
Other segments operating profit and loss	<u>22,988</u>	<u>22,593</u>
Total segments	336,727	391,621
Total non-operating income and expenses	<u>47,007</u>	<u>57,991</u>
Profit before tax	<u>\$ 383,734</u>	<u>\$ 449,612</u>

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six-month period ended June 30, 2021

(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 six-month period ended June 30, 2021	Outstanding endorsement/ guarantee amount at June 30, 2021	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	\$ 41,964,858	\$ 6,381,758	\$ 4,969,538	\$ 3,840,626	\$ -	17.76	\$ 41,964,858	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Group 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 27,976,572 thousand dollars \times 150% = 41,964,858 thousand dollars

The net assets based on latest financial report 27,976,572 thousand dollars \times 30% = 8,392,972 thousand dollars

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2021

(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 June 30, 2021				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	10,954,260.70	\$ 180,256	-	\$ 180,256	
	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	13,618,484.50	210,465	-	210,465	
	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,948,043.74	50,006	-	50,006	
	Equity securities							
	Evergreen Marine Corp. (Taiwan) Ltd.	Major institutional stockholder of the Company	Financial assets at fair value through other comprehensive income - current	25,254,111	4,975,060	0.48	4,975,060	
	EVA Airways Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - current	48,957,013	986,484	0.97	986,484	
	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	1,498,431	8.68	1,498,431	
	Ever Accord Construction Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	9,163,277	91,210	15.27	91,210	
	UNI Airways Corp.	Investee of the Company's major institutional stockholder	Financial assets at fair value through other comprehensive income - non-current	15,693,273	431,755	4.17	431,755	
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	24,794	12.00	24,794		
Universal Venture Fund Inc.	None	Financial assets at fair value through other comprehensive income - non-current	348,909	2,963	2.98	2,963		
Shun An Enterprise Corporation	Winbond Electronics Corp.	None	Financial assets at fair value through other comprehensive income - current	100,000	3,485	0.00	3,485	
Gaining Enterprise S.A.	Greenpen Properties Sdn. Bhd.	None	Financial assets at fair value through other comprehensive income - non-current	950,000	27,627	19.00	27,627	

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

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

Six-month period ended June 30, 2021

(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 Marine Corp. (Taiwan) Ltd.	Major institutional stockholder of the Company	Operating revenues	\$ 353,398	16.46	30~60 Days	\$ -	-	Accounts Receivable \$ 21,193	4.59	
	Evergreen Marine (Hong Kong) Ltd.	Investee of the Company's major institutional stockholder	Operating revenues	128,705	5.99	30~60 Days	-	-	-	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Company's major institutional stockholder	Operating revenues	109,505	5.10	30~60 Days	-	-	-	-	
	Greencompass Marine S.A.	Investee of the Company's major institutional stockholder	Operating revenues	258,419	12.04	30~60 Days	-	-	-	-	
	United Stevedoring Corp.	Investee of the Company's subsidiary accounted for using equity method	Operating revenues	126,759	5.90	15~60 Days	-	-	Accounts Receivable 22,271	4.82	
Gaining Enterprise S.A.	Evergreen Marine Corp. (Taiwan) Ltd.	Major institutional stockholder of the Company	Operating revenues	326,372	25.51	30 Days	-	-	-	-	
	Evergreen International S.A.	The main stockholder of the major institutional stockholder of the Company	Operating revenues	781,808	61.10	120 Days	-	-	Accounts Receivable 530,122	100.00	
	Italia Marittima S.p.A.	Investee of the Company's major institutional stockholder	Operating revenues	171,336	13.39	30 Days	-	-	-	-	

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

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

June 30, 2021

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

Table 4

Creditor	Counterparty	Relationship with the Company	Balance as at June 30, 2021	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	\$ 161,543	-	\$ -	-	\$ 130,713	\$ 803
Gaining Enterprise S.A.	Evergreen International S.A.	The main stockholder of the major institutional stockholder of the Company	530,122	3.48	-	-	130,414	154

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

Six-month period ended June 30, 2021

(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 June 30, 2021			Net income (loss) of the investee during the six-month period ended June 30, 2021	Investment income (loss) recognised by the Company during the six-month period ended June 30, 2021	Footnote
				Balance as at June 30, 2021	Balance as at December 31, 2020	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	\$ 11,220,552	\$ 131,289	\$ 131,289	Subsidiary of the Company (Note)
"	Shun An Enterprise Corp.	Taiwan	Management consulting and employment agency	30,000	30,000	2,500,000	100.00	52,120	57	57	Subsidiary of the Company (Note)
"	Ever Reward Logistics Corp.	Taiwan	International trading, packing, forwarding agency, storage and warehousing, information administration	22,777	22,777	740,000	30.00	18,637	2,846	854	Investee of the Company accounted for using equity method
"	Taipei Port Container Terminal Corp.	Taiwan	Container distribution and cargo stevedoring	859,742	859,742	86,183,263	16.57	948,183	255,233	42,301	Investee of the Company 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	30,953	3,402	1,701	Investee of the Company's subsidiary accounted for using equity method

Note : The investment is a consolidated entity. The transaction was eliminated when the consolidated financial statements were prepared.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China- basic information

Six-month period ended June 30, 2021

(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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan during the six-month period ended June 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	Net income (loss) of the investee during the six-month period ended June 30, 2021	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company during the six-month period ended June 30, 2021 (Note 2)	Book value of investments in Mainland China as of June 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
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.	\$ 183,507	2	\$ -	\$ -	\$ -	\$ -	\$ 83,955	15.00	\$ 12,661	\$ 48,230	\$ -	Investment Income (loss) Note 2 (2) B

Name of the company	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2021	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	\$ -	\$ 97,683	\$ 16,785,943

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 six-month period ended June 30, 2021' 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 reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

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

C. Others.

EVERGREEN INTERNATIONAL STORAGE AND TRANSPORT CORPORATION AND SUBSIDIARIES

Major shareholders information

June 30, 2021

Table 7

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Evergreen Marine Corp. (Taiwan) Ltd.	430,692,189	40.36
Evergreen International Corp.	90,220,968	8.45

Note 1: Information on the above table is based on the calculation provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of ordinary shares and special shares who have completed the process of registration and book-entry delivery issued in dematerialised form (including treasury shares) on the last business day of the current quarter. There may be a discrepancy between the number of shares recorded on the Company's consolidated financial statements and its dematerialised securities due to the difference in basis of preparation and calculation.

Note 2: According the above information, the delivery of shares to the trust by shareholders is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, shareholders who acquire more than 10% of shareholding have to disclose their insider ownerships, including their own shares held, delivery to the trust and shares that have the right to make decisions on trust property, etc. Information on insider ownership declaration is available at the Market Observation Post System website of the Taiwan Stock Exchange.