



長榮海運股份有限公司  
EVERGREEN MARINE CORP. (TAIWAN) LTD.

# 2013

## Annual Report



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## **EMC GDRs**

SYMBOL: EGMD

EMC global depositary receipts(GDRs) are listed on

LONDON STOCK EXCHANGE.

Related information can be found at:

<http://www.londonstockexchange.com>

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## Dear Shareholders,

2013 was a very difficult year for all shipping lines. Amid depressed and jeopardized global political and economic situations from which industrial oversupply diffused, oil price remained at relevantly high level and spot rate level was shaky throughout the whole year, the financial results was not to our expectation. However, our company timely adjusted paces with numerous measures against losses in pursuit of profits. Finally, we have managed to minimize the loss to the very best we can. Respectfully we present you the following:

## I. Our Performance in 2013

### 1. Market & Business Review

#### Cargo Demand

According to the forecast by International Monetary Fund (IMF), the global GDP growth in 2013 is 3.0%. This performance is just better than 2008 and 2009 in a decade. Resulting from the slow growth of economy, cargo volume growth was consequently sluggish. The global container throughput only grew 3.6% last year; the growing ratio is even 1% less than that of in 2012. Meanwhile, FE-Europe westbound volume has grew 3.7%



and Transpacific eastbound was just having a merely 2.7% of increase.

### **Capacity Supply**

The deletion (including scrapping, converting to non-container use and lost at sea) of ships amounted to 450,000 TEU, which is a new annual record. Nevertheless, the global capacity growth is still at 5.7% with a total tonnage of 17.27 Mteu. To cope with prolonged stagnation, carriers were forced to take actions including adopting slow-steaming measures and increasing the total idle fleet of containerships to manage the growth of capacity under the cost concerns.

Slow-steaming has been taken by carriers for years and is still the key factor managing the excess growth of capacity. It is reported that some 1,270,000 TEU has been absorbed into various strings of services. At the same time, slow-steaming also curbs the increase of total tonnage by the idle of containership. To the end of 2013, an estimated fleet of 780,000 TEU has been isolated, which is 3.6% less as the figure is 808,000 TEU a year ago.

On the other hand, in order to reach economies of scale, the VLCS (vessels with 7,500 TEU or above) vessels have been delivered to the market with an all-time high speed. The deliveries of VLCS vessels have been taken 67% of the new total delivery and the total



tonnage of VLCS vessels have reached to 34% of total fleet in 2013.

### **Carriers' Performances**

As the rate level and cargo growth ratio have been kept in a very low level, the carriers have been realized that the cut of cost will be the long-termed corporate policy, not just a trick to handle short-termed crisis. Consequently, container shipping lines adjusted their own paces in 2013 by prioritizing “cost-down” & “profit-up” measures, such as the deletion of ships, redelivery of expired chartered vessels, sale of older fleet, deferral of new delivery, slow-steaming of vessel speed, rationalization of services, restoration of freight rates and skipping of voyages, etc.

A series of rate recovery programs had hiked 2013 as the same volatile year of 2012 in terms of rate fluctuations on China Containerized Freight Index (CCFI) record. The only difference is the rate level of 2013 is even lower than that of 2012. The CCFI index of 2013 Q3 showed 13% lower than the same period of 2012. The major carriers' average operating margin up from -3.5% in Q1 to just 0.3% in Q3 of 2013.



## Our Strategy

It was a very difficult year for all container shipping lines in 2013. Despite of severe conditions like low cargo growth & rate level, over-supply capacity and harsh competition, Evergreen has successfully tried the very best to take all necessary actions with stability and flexibility to pass through all kinds of challenge. Hereby we brief our operating strategies in the following:

- (1) Proactive Cost Reduction – The main target is to reduce the cost generated by terminal handling, fuel consumption, equipment turnaround and feeder transit & inland intermodal. We request our service providers to improve the efficiency in the terminal. We also adopt slow-steaming & cancel sailings to save the fuel consumption, speed up the equipment turnaround and reduce the waiting time at transit ports to cut the cost.
- (2) Fleet Renewal – In order to increase the economies of scale, enhance competition and reduce cost per unit, Evergreen has placed the order to new shipbuilding when the price for steel is reasonable for carriers. It is expected that between 2012 and 2015, 20



new vessels will be delivered to Evergreen. As a matter of fact, 5 new vessels had been delivered in 2012 and another 5 in 2013. These new green ships are not just low cost, but also with efficient fuel consumption and eco-friendly & environmental protection design. On the other hand, we will be able to redeliver chartered vessels back to his owner when expired. This will definitely save the expense for chartering vessels.

- (3) Exploring New Market – The traditional east-west market has set in low cargo growth. Evergreen has not just continuously worked on niche market like intra-Asia, but also opened new services or deployed vessels into north-south trade lanes like ECSA, WCSA, Australia and frontline market like Africa.
- (4) Joint Venture Maximization – To strengthen the cooperation with excellent partners will help to optimize the efficiency of fleet deployment, enhance the quality of the service network, ensure the high load factor of VLCS vessels, lessen the transship cost and shorten the transit times. The competitiveness will be upgraded; while, cost saving can be achieved. Last year, Evergreen has various kinds of cooperation and joint venture with more than 30 shipping liners in more than 90 services all over the world.



## 2. Fulfillment Ratio of Financial Target

Estimated operating income of the Group for 2013 was NT\$ 137.93 billion, actual operating income of the Group was NT\$ 139.22 billion. Therefore, the fulfill rate was 100.93%.

## 3. Annual Accounts & Profitability Analysis

The actual operating revenue of the Group for 2013 totaled NT\$139.22 billion, compared with year 2012's NT\$141.03 billion, decreased NT\$1.81 billion. The actual operating costs of the Group for 2013 was NT\$138.83 billion, compared with year 2012's NT\$136.86 billion, increased NT\$1.97 billion.

## 4. Research & Development

### Green Fleet

Eco-friendliness and emission reduction remain our fundamental principles. Along with the deliveries of our group's 20 all-new L-type green ships since July 2012 (and totally 10 of them received up to the end of last year), the "optimized ship hull" concept, which emphasizes on material, configuration, and equipment, etc., is embodied in our fleet designing and shipbuilding to achieve best efficient and eco-friendly purposes. These



design concepts will address ballast water treatment plant, minimum ballast and electronic controlled fuel injection engine with function under low-load condition. Equipped with all the environmental features, the L-type ships will reduce the drag and cut CO2 emissions by up to 15 percent compared to their S-type predecessors.

Besides, we continuously maintain the “Environmental Guardians” page on our company website so as to proactively share our management of emissions and treatment of ballast and sludge, 19 state-of-the-art designs on L-type and other green instruments for the easy reference of our customers.

### **Maritime Certification**

- (1) In February 2013, the Maritime and Coastguard Agency, UK has confirmed the courses provided by Evergreen Seafarer Training Center (ESTC) have met the requirements of IMO STCW (Standards of Safety, Training, Certification and Watchkeeping) 2010 Amendments.
- (2) ESTC has further received certification in January 2013 from the Japanese leading class society, Class NK.



- (3) ESTC has provided 29 items of professional courses and training for 1,963 seafarers from our company.

### **E-Commerce Enhancement**

- (1) Evergreen's versatile e-commerce website, "ShipmentLink.com", is being constantly upgraded and innovated for customers' cargo arrangements more timely, conveniently, and eco-friendly, ever since its debut in 2008. In 2013, from the perspective of "Think globally, serve locally", Evergreen keeps enhancing our localized service by providing remittance advice in China, the inquiry for inland delivery quotation in the UK and advanced filing status inquiry in Germany. Under the framework of globalization, we manage to root in localized service to our customers by local languages in different nations.
- (2) In order to allow all the exporters and importers to easily understand the filing status of their shipments, we also provide "Customs Information" on the website. Including USA, Canada and Europe, our customers can surf on our "ShipmentLink" to gain the access to this information. That will speed up their Customs Clearance and pickup of



container. This has earned credit from our customers.

### **Awards & Recognition**

By devotions to enhancing service quality, Evergreen keeps earning reliance and recognitions from customers, media and organizations worldwide:

- In May 2013, Evergreen Line has been awarded “Best Ocean Carrier-Transpacific” by Cargonews Asia in the 27th Annual Asian Freight & Supply Chain Awards (AFSCA) sponsored by the publication. This winning of AFSCA awards is surely an honor to Evergreen line for the consistency and innovation in service quality. It also signifies a vote of confidence to Evergreen Line by the customers.
- At the 2013 Lloyd’s List Global Awards Ceremony on October 1, 2013, Evergreen Line was presented with the Environmental Award. This award recognizes Evergreen Line’s outstanding performance and service innovation environmentally while preserving the global ecosystem.
- In October 2013, Evergreen was presented the “Most Admired companies in Taiwan” in the shipping industry by Common Wealth. As a leading brand in the global maritime



industry, Evergreen has set a model for the industry by providing customers with quality transportation services and taking environmental protection into account.

## II. Our Business Plans for 2014

### 1. Our Strategy

As a result of improving economies of scale, shipping companies will still continue to invest in VLCS vessels this year. This will make the capacity supply keep growing, which consequently become a great challenge to any rate increases. But upon the deliveries of these new vessels owned and chartered by Evergreen, the fleet size of each service will be enlarged and optimized. Not only having the benefit of economies of scale, and the energy-saving effect is also in line with expectations. This will further reduce unit costs. Meanwhile, we will phase out older, leased vessels currently in service. Thus, we will take a cautiously optimistic attitude for the financial results this year. Related programs are summarized as follows:

(1) Enlarge Market Coverage – 8 new vessels will be delivered this year. Although 9



chartered vessels will be expired at the same time, the total capacity will be increased considerably. Thus, we have to timely prepare our plan to allow us to explore more in the niche market, increase our account base and be advised of the timing and volume that our customers are going to ship with us.

- (2) Enhance Joint Venture – In order to increase the port coverage, reduce cost, optimize fleet deployment, strengthen competitiveness and provide more and more value-added service, Evergreen will continuously bridge any sorts of cooperation with our partners this year. No matter it is by vessel sharing agreement, slot exchange or slot purchase, as long as it will serve our customers better, we are destined to offer much more service product with better composition of routes.
- (3) Reduce Cost – To cut cost and reduce expense has become the key issues for all carriers recently. Evergreen will also spend much more time and spare no efforts to reduce the fuel consumption, request our terminal vendors to improve the efficiency and shorten port stay. We are aiming to reserve more lead time to allow our vessels can sail on the sea with economical speed, lower the equipment supply factor, speed up the cargo



transship times to avoid any unnecessary idle at main hubs.

- (4) Innovative Thinking – The only constant thing in the container shipping industry is change. No matter it is about the size of fleet, the type of joint venture and the short-termed versatility of rate, there is always some change to some certain extent. From time to time, we always educate and remind our employees of not being stubbornly responsible to their own affairs. Whether the cost or business departments, it must be done through innovative thinking to ensure competitiveness is not lost.
- (5) Performance Review – We have to review whether we have chance to levy some inapplicable charges in the past. We have to see if there is any room of improvement for cargo solicits by business department. Is there anything that we can do to optimize the ports of calling on any services? We have to simulate a combination of different number and size of vessels to see if it could possibly create better results on other services.

## 2. Industry Outlook

### Cargo Demand

According to IMF, the global GDP growth is forecasted at 3.7%; while, it is 1% for



Euro zone and 2.8% for the US. These figures are all better than that of 2013. IMF also expects that the world trade volume will increase by 4.5%, which is also better than 2.7% in 2013. It is reported that global economy is gradually getting out of the shadow resulting from debt crisis in the Euro zone. North America and Europe are on the way of recovery to lead a positive cargo growth for all over the world.

Per Alphaliner's estimates in January 2014, global container volume may increase 4.6%, slightly higher than 3.6% of last year. Drewry also predicts the FE-Europe westbound volume may grow 3.2%, which is slightly lower than last year's 3.7%, and Transpacific eastbound volume may increase 4.2%.

### **Capacity Supply**

Since the global containership fleet will pass through another phase of renewal which could help lower operating cost per unit and protect maritime environment; at the same time, the depressed chartering and shipbuilding markets shall offer more favorable options for shipping lines. Therefore, the trend of keeping ordering VLCS has become the main stream for the industry. It is estimated that the new delivery of VLCS could reach nearly



70% for the total new delivery in 2014.

According to the estimates by Alphaliner, the global capacity growth is still as high as 6.6%. The capacity increase on FE-Europe trade could reach 6.5%. And if the alliance of P3 has been approved by concerned authorities, the capacity growth will be 5% for Transpacific eastbound to USWC and 8% for USEC.

### **Carriers' Performances**

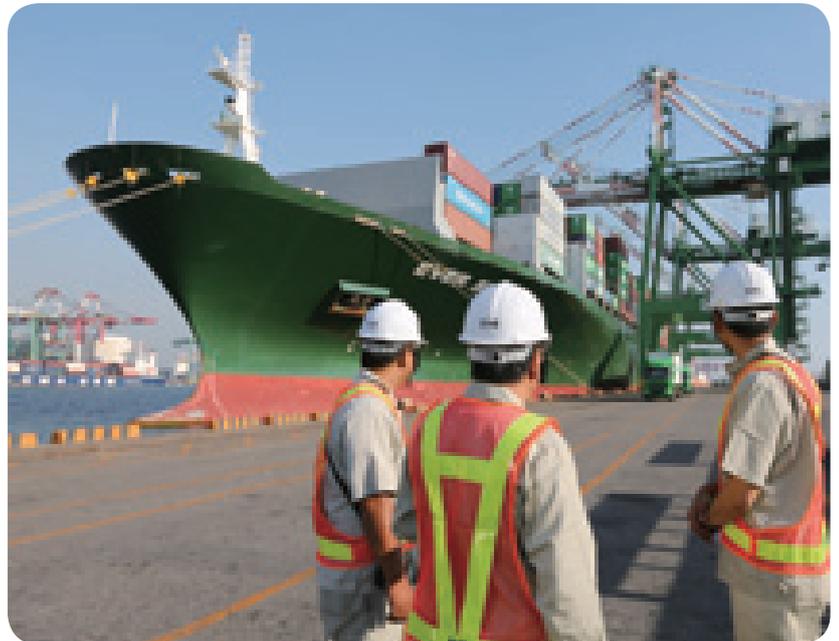
In our opinion, though supply-demand in 2014 keeps imbalanced, it is not as bad as last year. Especially, Evergreen, due to the fleet renewal, will improve our competitiveness in a great extent. It is our belief that the financial results of 2014 should be better than we earned in 2013.

## **3. Competitive, Regulatory, and Economic Influences on Our Business**

### **External Competitions**

(1) Under the cost down concept, VLCS in the pipeline will still be delivered as scheduled.

It is evidently that carriers will seek cooperation through alliance to strengthen the service network so as to deal with the much more competitive market. The room for individual carrier to grow in the liner shipping industry will be kept limitedly.



- (2) In order to maintain the benefits of investment in large vessels among such fierce competitions, carriers will try their best by all means to keep a relatively high load factor for VLCS. That will also defend the volume and market share of each carrier.

### **Regulatory Impact**

- (1) There are two bills will become effective in USA. The first is “California Ocean-Going Vessels Fuel Regulation”, which stipulates the Maximum fuel sulfur (S) limit for both marine gas oil (DMA) and marine diesel oil (DMB) will be 0.1%. Secondly, “SOLAS III On-load Release Gear” requests carriers to comply with MSC.320(89) regarding the release mechanism for on-load release and retrieval systems of lifeboats and all ships are to carry onboard a means of recharging breathing apparatus cylinders used during drills or a suitable number of spare cylinders to replace used cylinders. It goes without saying that carriers have to increase expense to comply with these new regulations.
- (2) The concerned maritime authorities in China, Europe Union and the US are currently reviewing the setup of P3 alliance. It is estimated that the capacity by this ongoing P3 alliance will take 42% for the trade from FE to Europe, 24% in the Transpacific and 40% in the Transatlantic. Especially in the trades of FE-Europe and Transatlantic, the capacity of P3 has exceeded the threshold of 30% set by the EU. If the alliance of P3 has been approved, that will generate a huge impact to liner shipping industry.
- (3) If the sanctions to Iran cannot be alleviated, only food, agricultural and medical products are not in the prohibited list. This will keep affecting Evergreen’s activity of cargo solicitation in the region of Middle East.
- (4) If the Cross-Straits Economic Cooperation Framework Agreement on Trade in Services and Goods can be negotiated and signed, the procedures of possible cooperation between Shanghai Pilot Free Trade Zone and Free Economic Pilot Zone in Taiwan can be published and the capacity specification of container shipping services between Taiwan Straits under ECFA can be further reviewed, all of these actions can help increase the volume of container shipping between the Taiwan Straits.

### **Macro Economy**

- (1) Global economy in 2014 is likely in sight of a bounceback. IMF slightly increases 2014 world economy growth up to 3.7% (of which US to 2.8%, Eurozone to 1.0% and developing countries overall to 5.1%) in its recent outlook report, it is cautiously optimistic than 3.0% of world economy growth in 2013 (of which US to 1.9%, Eurozone to -0.4% and developing countries overall to 4.7%). The most important thing is that this forecasted increase has finally stopped the downturn trends of economy in the last three years. The world economy has possibly found its track back to recovery.
- (2) However, the Federal Reserve in the U.S. has gradually shrunk the scale of so-called “quantitative easing” monetary policy. We need to pay attention if the withdraw of cash will build hurdles for the economy of developing countries. We have to observe that the Eurozone countries will actually improve the financial crisis by debts. Also, the path of growth control for macro-economy in China cannot be too radical to hurt the economy

of countries in the Third World. And, the initial success of “Abenomics” in Japan will keep sustaining, etc. All of these economic developments will most likely dictate the volume of world trade and global container shipping.

- (3) Of course, no matter what the demand-supply status will be, we have to live up with severe market competitions. We are very confident that right after the delivery of 20 new vessels with excellent efficiency & environmental protection features and effectively implementing all corporate policy, we will be able to overcome another year of plight.

#### 4. Our Future

Currently Evergreen Group is receiving L-type green ships serially which will team up with chartered mid-large sized new ships to be delivered this year. These new buildings will enable us to meet our medium and long term plans by completing our fleet in service, efficiency enhancement and green saving. Internally, we will keep letting the face-to-face communication being held between line managers and cost control team, so as to focus on the cost control and management review. Externally, we will keep enlarging the joint venture with other carriers to improve the quality of our service product, crop new market and build up better cargo structure. We are obligated to enhance the competitiveness of Evergreen Line in the market and maintain the brand of global leading carrier in the shipping industry.

Along with the business cycle, the container shipping industry has a so-called “big cycle” between 5 to 7 years and “small cycle” between 3 to 5 years. However, it has been changed dramatically since the economy breakdown in the end of 2008. The rate negotiation for FE-EUR trade is almost under quarterly review and transpacific eastbound is under yearly review routinely. But right after the end of 2008, the rate agreement may have to be negotiated again and again constantly throughout the year. The market is changing so frequently with the rate swinging up and down rapidly. Resulting from the imbalance of demand and supply, the market fundamentals seems not to be the main factor to drive the rate successfully.

Nevertheless, “Challenge, Innovation, Teamwork” is the corporate culture that Evergreen is so proud of for a very long time. Our employees can always implement corporate policy innovatively and successfully. Evergreen has been working toward the stewardship of a corporation with sustainability.

### 1. Brief Introduction

(1) Registration Date of the Company:  
September 25, 1968

(2) A Chronology of Evergreen Marine Corporation (Taiwan) Ltd.

#### 1968

- Established with a capital of NT\$2 million.

#### 1969

- Launched a Far East/Arabian-Persian Gulf regular liner service.

#### 1972

- Launched a Far East/Caribbean Sea regular liner service.

#### 1975

- Launched a Far East/US East Coast regular full container service.

#### 1976

- Launched a Far East/US West Coast regular full container service.

#### 1979

- Launched a Far East/Persian Gulf regular full container service.
- Launched a Far East/Europe regular full container service.
- Provided free training for maritime navigation and engineering students from the maritime school in Taiwan on board its own, and also the country's first, training vessel.

#### 1984

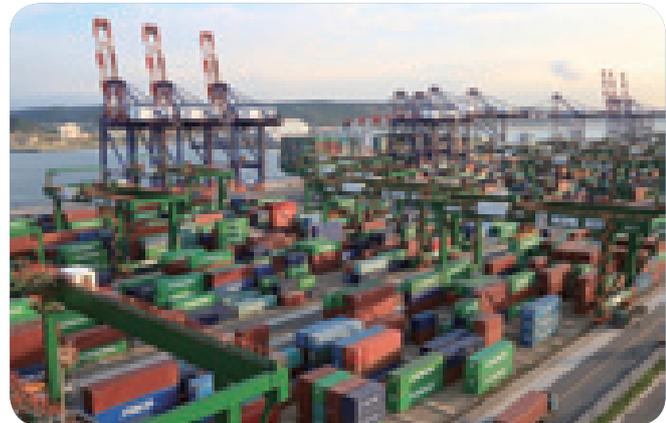
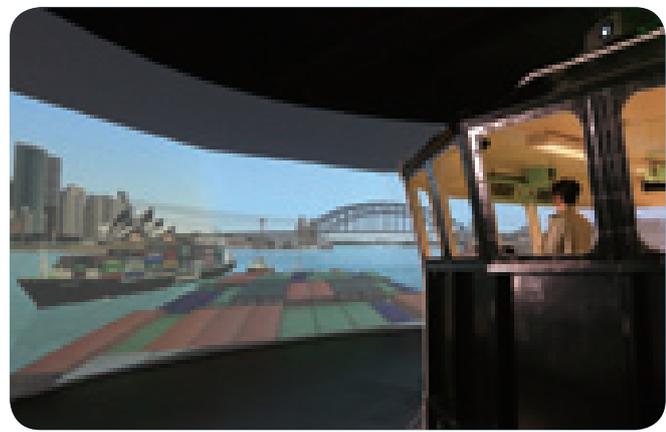
- Launched the unprecedented Round-the-World service eastbound and westbound regular full container service.

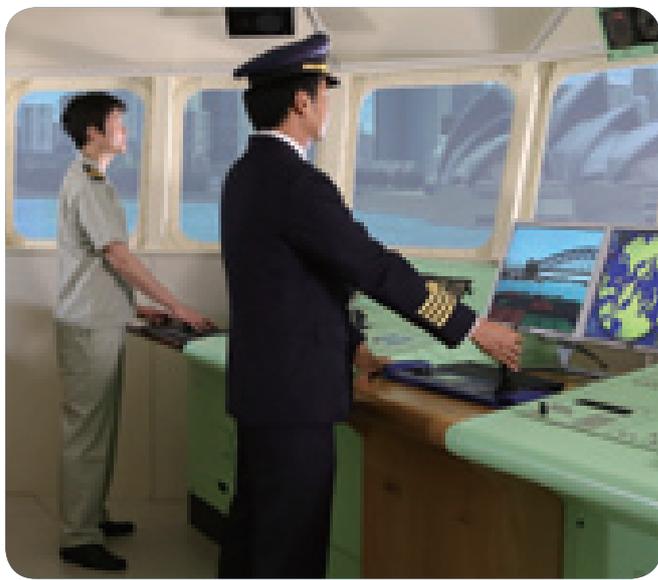
#### 1985

- Launched a Western Mediterranean and US East Coast regular full container service.

#### 1987

- Listed on the Taiwan Stock Exchange with capital totaling NT\$10 billion.





### 1989

- Introduced a Far East/US West Coast refrigerated container service.

### 1993

- Evergreen's capital further increased to NT\$11 billion.
- Established Peony Investment S.A. and Greencompass Marine S.A.

### 1994

- Evergreen's capital was further increased to NT\$12.6 billion.

### 1995

- Evergreen's capital further increased to NT\$13.9 billion.

### 1996

- Introduced a Far East/Mediterranean/Europe joint service with Lloyd Triestino.
- Issued Global Depository Receipts to the amount of US\$115 million on the London Stock Exchange.
- Evergreen's capital further increased to NT\$15.6 billion.

### 1997

- Introduced a Far East/Mauritius/South Africa/East Coast South America full container liner service, formerly introduced and operated by Uniglory Marine in 1993.
- Awarded ISM CODE (International Safety Management Code) by NK, Japan.
- Introduced a Far East/Australia full container joint service with Lloyd Triestino.
- Evergreen's capital further increased to NT\$16.7 billion.
- Colon Container Terminal S.A. in Panama became fully operational as a common user facility.

### 1998

- Launched a South America Coast /North America liner service.
- Evergreen's capital further increased to NT\$17.2 billion.



## 2 General Condition of the Corporation

- Named “Company of the Year 1998” by Containerisation International.

### 1999

- Evergreen’s capital further increased to NT\$18.6 billion.

### 2000

- Introduced a Far East/Australia full container joint service with COSCO.
- Evergreen Container Terminal No 5, Berth 79, 80 and 81 in Kaohsiung Port became fully operational and Taiwan’s customs authorities approved the operation of an “overall self-management” system to improve and upgrade Evergreen’s service to shippers.
- Evergreen’s capital further increased to NT\$20.1 billion.

### 2001

- Introduced a Southwestern Asia (Sri Lanka and India)/Europe joint service.
- Taranto Container Terminal in the south of Italy, invested in by Evergreen Group, opened for business with comprehensive feeder network serving other Italian ports, the West and East Mediterranean, the Adriatic Sea and the Black Sea.
- The Evergreen Seafarer Training Center was awarded ISO-9001:2000 by DNV. The training center, an Evergreen Group investment opened in 1999, aims to polish the professional skills of the Group’s crew members, to reduce the risk of accidents or environmental pollution at sea and to conform to international regulations.
- Jointly established Charng Yang Development Co., Ltd. with Tesco Taiwan to invest in the Tesco Chingkuo Store in Taoyuan City.
- Named by the Far Eastern Economic Review as one of the top 10 Taiwan enterprises for nine years consecutively for its high quality services, innovative, long-term vision and financial security.

### 2002

- Introduced two pendulum services, the US West Coast/Asia/Europe (WAE) and the North





Asia/US East Coast/Europe (NUE), to replace two longstanding Round-the-World Eastbound and Westbound services.

- Launched West Coast of South America service linking the Caribbean hub port in Coco Solo, Panama with five ports in Colombia, Ecuador, Peru and Chile.
- Awarded the first ever recognition for “Environmental Excellence” by Port of Los Angeles.
- Certificated for “Safety, Quality & Environmental Management” by American Bureau of Shipping.
- Awarded ISO-9001:2000 by DNV.
- Named by the Far Eastern Economic Review as one of the top 10 Taiwan enterprises for ten years consecutively.

### **2003**

- Named “Excellence in Commitment to Training” by Lloyd’s List.
- Awarded the first annual award for “E-commerce Excellence” by LOG-NET.
- Launched a Straits Red Sea express joint service with COSCO, Wan Hai and Hapag-Lloyd.
- Launched a joint service with Simatech to link Asia, India and the Gulf.
- Evergreen Group Orders Ten S-series container vessels from Mitsubishi Heavy Industries Ltd.

### **2004**

- Awarded the second annual award for “E-commerce Excellence” by LOG-NET.
- Launched a Far East/Australia full container joint service with Hanjin and Hapag Lloyd.
- Launched a North China/Singapore/Malaysia/Hong Kong full container joint service with Wan Hai and Yang Ming.

### **2005**

- Opened the new state-of-the-art Pierce County Container Terminal at the Port of Tacoma, invested in by Evergreen Goup.
- Evergreen, Lloyd Trestino and COSCO upgraded the Far East/South Africa/South America joint service, extend the port coverage to Shanghai, Ningbo and Yantian in China.

## 2 General Condition of the Corporation

- Awarded the 19th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargoneews Asia.
- Launched a Japan/Taiwan/Ho Chi Minh Express Service (JHX) with Yang Ming Line.
- Merge the Far East/Red Sea (FRS) service and the Strait/Red Sea Express (SRX) service into a single new FRS service with Hapag-Lloyd and Cosco Container Line.

### 2006

- Awarded the “Corporate Social Responsibility” by Containerisation International.
- Awarded the 20th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargoneews Asia.
- Upgraded a Far East/Red Sea service (FRS) with Cosco Container Lines.
- Launched a China/India Express service (CIX) with Hapag-Lloyd Container Line and Wan Hai Lines.
- Launched a Taiwan/Hong Kong/Ho Chi Minh Express Service (THX) with OOCL and Yang Ming Line.
- Launched a China/Panama/US East Coast (CUE) with Cosco Container Lines.
- Launched a China/Straits/India Service (CSI) with Yang Ming Line.
- Entered a slot-charter agreement with Hanjin Shipping Company on the trade lane between the East Coasts of North and South America (ECAS) and another encompassing Asia, South Africa and South America (ESA).
- Awarded the 2007 China Freight Industry Awards for General Service-China/America Route Best Shipping Company (silver prize); China/Mediterranean Route Best Shipping Company (bronze prize); and China/Japan Route, China/Korea Route and China/Southeast Asia Route Best Shipping Company (award of excellence) by China Shipping Gazette.
- Awarded the “Benchmark Enterprise in Taiwan 2006” by Commonwealth Magazine.

### 2007

- Split the Asia/South Africa/South America (ESA) service into Asia/ South





America (ESA) service and Far East/South Africa service(FAX) with Cosco Container Lines.

- Awarded the 21th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargonews Asia.
- Launched a Straits/Red Sea Shuttle Service (SRS) with Cosco Container Lines.
- Launched a Japan/Thailand Express Service (NSE/NS6) with Wan Hai Lines.
- Awarded the “Benchmark Enterprise in Taiwan 2007” by Commonwealth Magazine.
- Launched an Asia/East Mediterranean Service (AEM).
- Launched a South East Asia / Australia Service (AU3) with Maersk Line.



## 2008

- Launched a China/Europe/Mediterranean Service (CEM) with Maersk Line.
- Launched a Kaohsiung/Haiphong Shuttle Service (KHP).
- Launched a Tyrrhenian Feeder Service (TFS).
- Launched a Japan/America Shuttle Service (JAS) with MOL.
- Awarded the 22th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargonews Asia.
- Launched a Taiwan/China/Australia Express Service (TCA).
- Launched a Far East Panama Service (FPS).
- Awarded the International Ocean Carrier of the Year for 2007-2008 by Wal-Mart Stores Inc.
- Launched an Adriatic Feeder Service (AFS).
- Launched a Japan/Taiwan/Philippine Service (JTP).
- Launched an Asia/Australia Service(AAN. AAS) with Hamburg Sud, Hapag-Lloyd and Hyundai Merchant Marine.
- Awarded the “Benchmark Enterprise in Taiwan 2008” by Commonwealth Magazine.
- Launched a US West Coast/Asia/Europe Service (UAE).
- Launched a China/South US West Coast/China Service (CPS).
- Launched a Taiwan/North China Service (HBT), the first direct shipping service across



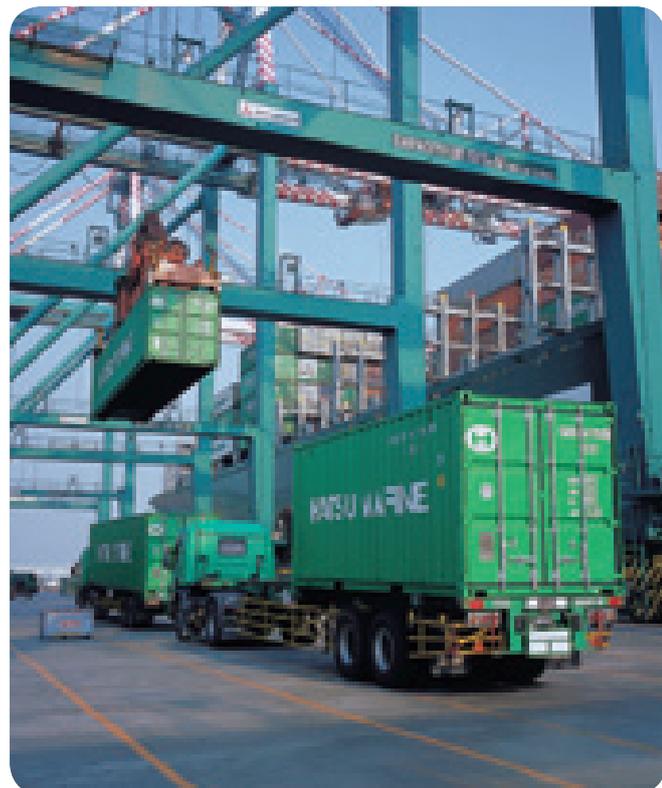
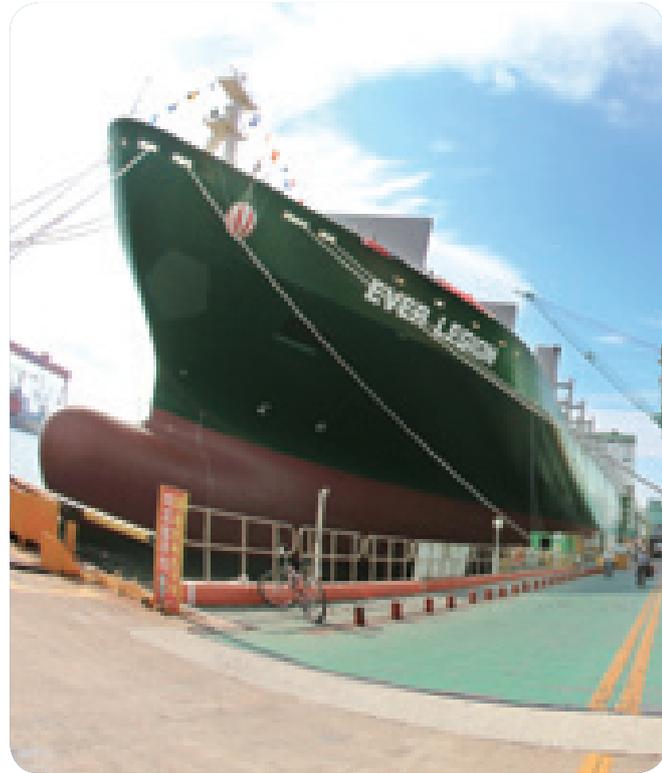
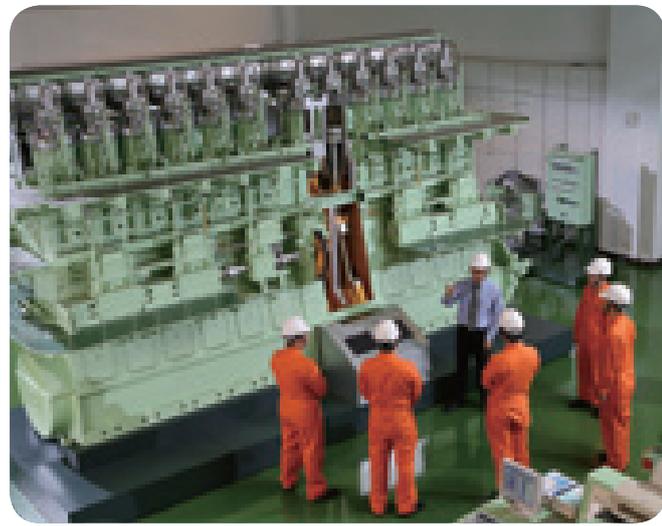
the Taiwan Straits.

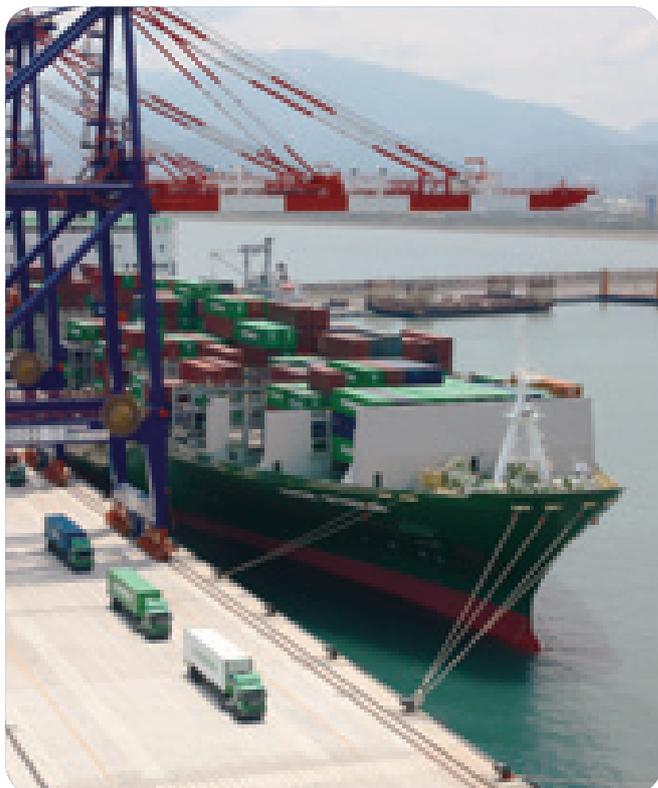
### 2009

- Launched an Arabian Express Service (ASX) with Sea Consortium Pte Ltd.
- Launched a Piraeus Shuttle Service (GF1).
- Launched a Thessaloniki Shuttle Service(GF2).
- Launched a North East Asia-South East Asia Service-A (NSA) , Korea-North East Asia-South East Asia Service-B (NSB) with Wan Hai Lines.
- Launched a China North Europe (CEM), Asia Mexico US East Coast (AUE2), and Hong Kong, Taiwan-US West Coast (HTW) Services with China Shipping Container Lines.
- Launched a Far East/South America Service (ESA) with Cosco Container Lines.
- Launched a China/South East Asia Express Service (CSE) with Cosco Container Lines.
- Launched a new Trans Atlantic Express Service (TAE) with CKYH Alliance.
- Awarded “ The Corporate Social Responsibility Award ” by Lloyd’s List.
- Launched a Far East-Mediterranean Service (FEM) with Norasia Container Lines Ltd.
- Launched an Asia and Pacific North West Coast Service (PNW) with China Shipping Container Lines.
- Awarded the “Benchmark Enterprise in Taiwan 2009” by Commonwealth Magazine.

### 2010

- Launched an East Africa Service (EAF) with Wan Hai Lines Ltd. and Simatech Shipping.
- Launched the China/South US West Coast Service 2 (CPS2) with China Shipping.
- Launched the Hwa-Bei Strait Service (HBS) with Wan Hai Lines Ltd.
- Launched the Asia/Europe service (AEX7) with China Shipping and CMA CGM.
- Evergreen Group ordered twenty L-series container vessels from Samsung Heavy Industries.
- Launched the ASEAN/Gulf/ISC Service (AGI) with OOCL and Simatech Shipping.
- Launched the Japan/Vietnam/Thailand Service (JVT).





- Awarded the 24th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargo news Asia.
- Evergreen's Dr. Chang Yung-Fa Awarded “Newsmaker of The Year” by Lloyd List Asia.
- Launched the Malaysia/Bangladesh Service (MBS) with MCC Transport.
- Launched the China/India Express Service (CIX2) with Simatech.

### 2011

- Launched the Hwa-Bei (North China)-Hong Kong-Indonesia (HBI) service.
- Launched the Japan-Taiwan-South China Sea (JTS) service.
- Extended the Indonesia-Malaysia (IS1) service to Thailand-Malaysia-Indonesia (TMI) service.
- Evergreen Group Chairman Dr. Y. F. Chang donates 1 billion Japanese yen (\$12.35 million) to Japan Red Cross for the post-disaster reconstruction after the massive earthquake on 11 March 2011.
- Launched the second China-Europe (CES2) service with CSCL and ZIM.
- Launched the Asia-East Africa (AEF) service with Wan Hai Lines, MOL and Seacon.
- Launched the Asia-South America West Coast (WSA) service with COSCO, PIL and Wan Hai Lines.
- Launched the Taiwan-Madras Trunk (TMT) service with Wan Hai Lines and Interasia Lines.
- Ordered ten 8,000 TEU ships from China Shipbuilding Corporation (CSBC) of Taiwan.
- Launched the Kaohsiung-Cebu (KCS) service.
- Launched the Mozambique Zuid Africa Express (MZX) service by taking slot from MOL.
- Received 2011 Clean Air Action Plan Air Quality Awards from the ports of Los Angeles and Long Beach.
- Evergreen Group Chairman Dr. Y. F. Chang was honored with the Dutch Commander in the Order of Orange-Nassau.
- Reorganized the Hua Bei-Hong Kong-Indonesia (HBI) service into the Hua Bei-Hong Kong (HBH) service and the Tanjung Pelepas-Indonesia (PIS) service.
- Joined Cheng Lie to launch China-Philippines-

Indonesia (CN1) service.

- Evergreen Group Chairman Dr. Y. F. Chang received Lifetime Achievement Award from Containerisation International.
- Evergreen Marine Corp. named Benchmark Enterprise by Commonwealth Magazine.
- Reorganized the Japan-Taiwan-South China Sea (JTS) service into the South China Sea-Hong Kong (SCH) service.
- Joined Wan Hai Lines to launch the Taiwan-China-Indonesia (TCI) service.

### 2012

- Launched “ShipmentLink Mobile”, an application of its e-commerce system to handheld devices.
- Launched the U.S. East Coast and South America (ANS) service with NYK Line (NYK), Hanjin Shipping (Hanjin) and Hyundai Merchant Marine (HMM).
- Evergreen Line and CKYH entered into Individual Cooperation Agreements.
- Launched the Belawan-Malaysia (BMS) service.
- Received the Liner Owner/Operator Award at the Seatrade Asia Awards.
- Joined MOL to launch the Asia-U.S. East Coast Service 3 (AUE3).
- Launched the West Africa (WAF) service with Hanjin and UASC.
- Evergreen Group Chairman Dr. Yung-Fa Chang honored in Japan with Order of the Rising Sun, Gold and Silver Star.
- Launched the South India-Persian Gulf Express (SGE) service.
- Launched the Straits-Yangon (Myanmar) (SYS) service.
- Launched West Coast of Central America (WCA) service with X-Press.

### 2013

- Launched Greece-Turkey-Malta (GTM) Feeder Service.
- Evergreen Seafarer Training Center achieved ClassNK Certification.
- Launched ISC-Persian Gulf-East Africa (IDEA) Service.



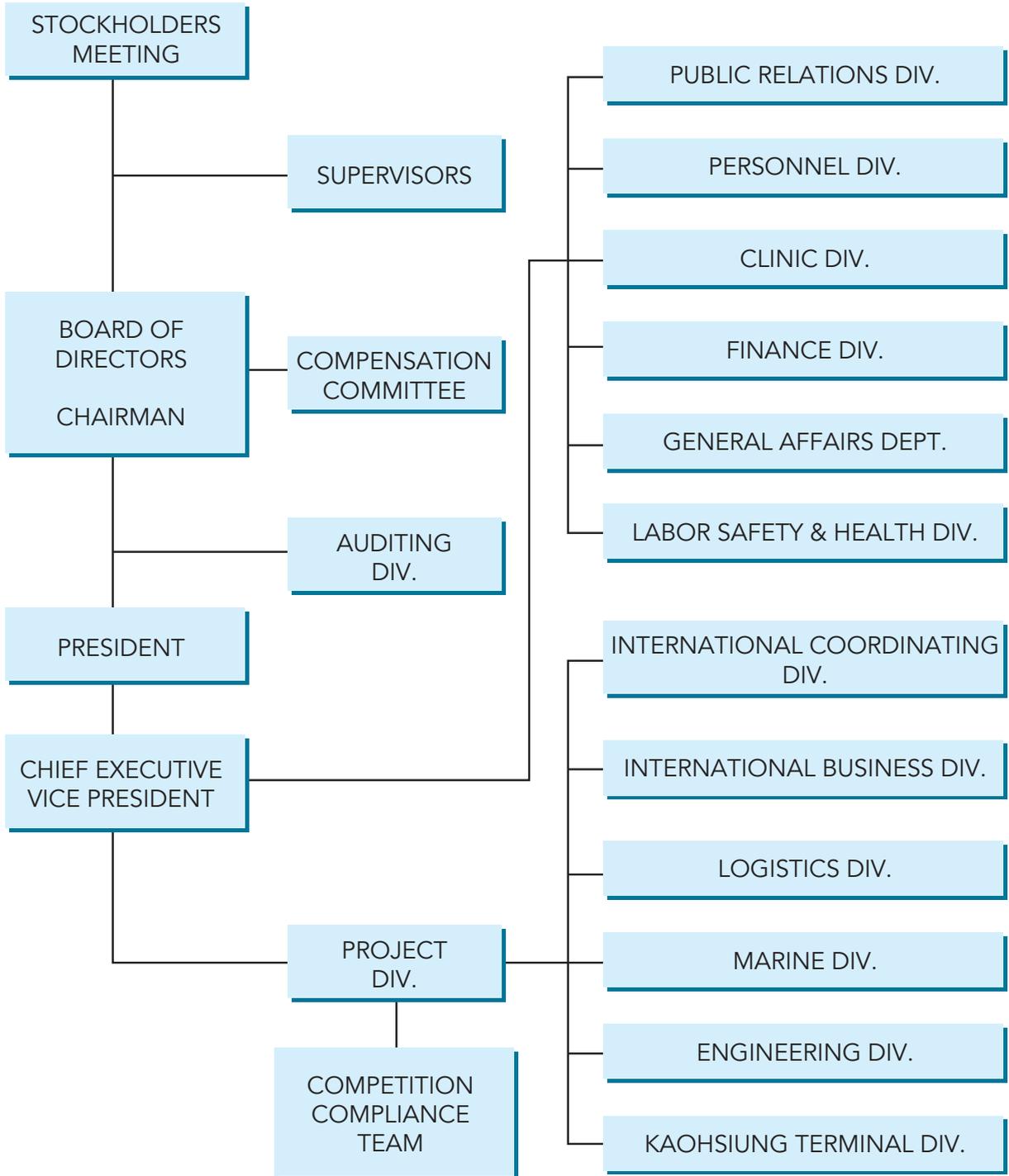


- Launched South China–Philippines–East Malaysia (CPM) Service.
- Launched ISC–Mauritius–Mozambique–Africa (IMMA) Service.
- Launched South Red Sea Service (SRS2) with CMA CGM.
- Upgraded Far East–South America (ESA) Service with COSCO and ZIM.
- Launched Asia–West Coast of South America (WSA2) Service with Wan Hai Line, PIL and COSCO.
- Launched China–Pacific South West (CPS2) Service.
- Received “Best Ocean Carrier–Transpacific” Award from Cargonews Asia.
- Launched China–Australia–Taiwan (CAT) Service.
- Launched ISC–Bangladesh (IBS) and Intra–Gulf (IGS) Feeder Services.
- Enhanced North East Asia–Australia (NEAX) Service with NYK, MOL, K Line and OOCL.
- Joined Sino Australia (SAS) Service with COSCO.
- Launched the Second West Africa (WAF2) Service with Hanjin and UASC.
- Received “Environment Award” from Lloyd’s List.
- Evergreen Marine Corp. named Benchmark Enterprise by Commonwealth Magazine.
- Launched New Ho Chi Minh (NHS) Service.

## 2014

- Signed agreements with Costamare and Shoeni Kisen Kaisha to each provide, on charter, five 14,000 TEU containerships to be delivered during 2016 and 2017 respectively.

2. Organization



### 3. Director & Supervisor

Date: 2014/4/20

Title	Name	Elected Date
Chairman	Mr. Chang, Cheng-Yung (Representative of Evergreen Airline Services Corp.)	2013.10.01
Director	Mr. Chang, Yung-Fa (Representative of Chang Yung-Fa Charity Foundation)	2011.06.24
Director	Mr. Lin, Sun-San (Representative of Evergreen Airline Services Corp.)	2011.06.24
Director	Mr. Hsieh, Chih-Chien (Representative of Evergreen International S.A.)	2011.06.24
Director	Mr. Lin, Long-Hwa (Representative of Evergreen International S.A.)	2011.06.24
Director	Mr. Chang, Shin-Yie (Representative of Evergreen International S.A.)	2013.10.01
Director	Mr. Tai, Jiin-Chyuan (Representative of Evergreen Airline Services Corp.)	2011.06.24
Supervisor	Ms. Ko, Lee-Ching (Representative of Ultra International Investments Ltd.)	2011.06.24
Supervisor	Ms. Ku Lai, Mei-Hsueh (Representative of Ultra International Investments Ltd.)	2011.06.24

4. Corporate Governance

(1) The Composition and Operations of the Board of Directors

- A. The Board of Directors consists of seven directors who were re-elected by the Shareholders' Meeting in 2011.
- B. Mr. Wang, Chung-Jinn was discharged on September 20, 2013, and Mr. Chang, Cheng-Yung (Representative of Evergreen International S.A.) was discharged on October 1, 2013. Mr. Chang, Cheng-Yung was appointed by Evergreen Airline Services Corp. on October 1, 2013, and Mr. Chang, Shin-Yie was re-appointed by Evergreen International S.A. on October 1, 2013.
- C. The Board Meetings were convened seven (7) times in 2013. The directors' attendance status are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)
Chairman	Mr. Chang, Cheng-Yung (Representative of Evergreen Airline Services Corp.)	3	0	100%
Director	Mr. Chang, Yung-Fa (Representative of Chang Yung-Fa Charity Foundation)	0	7	0%
Director	Mr. Lin, Sun-San (Representative of Evergreen Airline Services Corp.)	7	0	100%
Director	Mr. Hsieh, Chih-Chien (Representative of Evergreen International S.A.)	6	1	85.71%
Director	Mr. Lin, Long-Hwa (Representative of Evergreen International S.A.)	7	0	100%
Director	Mr. Chang, Shin-Yie (Representative of Evergreen International S.A.)	3	0	100%
Director	Mr. Tai, Jiin-Chyuan (Representative of Evergreen Airline Services Corp.)	7	0	100%
Discharged Directors				
Chairman	Mr. Wang, Chung-Jinn (Representative of Evergreen Airline Services Corp.)	2	1	66.67%
Director	Mr. Chang, Cheng-Yung (Representative of Evergreen International S.A.)	4	0	100%

## (2) The Composition and Operations of the Supervisors

- A. The Company's two supervisors were re-elected by the Shareholders' Meeting in 2011.
- B. According to Article 218-2 of the Company Law, the supervisors of the Company may attend the meeting of the board of directors to express their opinions. The supervisors' attendance status in 2013 are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)
Supervisor	Ms. Ko, Lee-Ching (Representative of Ultra International Investments Ltd.)	7	0	100%
Supervisor	Ms. Ku Lai, Mei-Hsueh (Representative of Ultra International Investments Ltd.)	6	1	85.71%

- C. The supervisors understand the finance and business status of the Company by communicating with the internal auditors and the independent accountants. The internal auditors have submitted the audit reports to the supervisors periodically, and the Company's independent accountants have presented the financial report and audit status to the supervisors periodically.

## (3) The Composition and Operations of the Remuneration Committee

- A. The Remuneration Committee was established in 2011 and consists of three (3) members.
- B. The duties of the Remuneration Committee are as follows:
- (a) Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
  - (b) Periodically evaluate and establish the remuneration of directors, supervisors, and managerial officers.

C. The Meeting of the Remuneration Committee was convened four (4)times in 2013. The members’ attendance status are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)
Convener	Mr. Hsu, Shui-Teh	4	0	100%
Member	Mr. Eugene Chien	4	0	100%
Member	Mr. Tai, Jiin-Chyuan	4	0	100%

**(4) Internal Control System Execution Status**

**Evergreen Marine Corp.(Taiwan) LTD.  
Internal Control Statement**

Date: Mar. 25, 2014

The Company states the following with regard to its internal control system during the period from 01,Jan,2013 to 31,Dec,2013, based on the findings of a self-evaluation:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies promulgated by the Securities and Futures Commission, Ministry of Finance (hereinbelow, the “Regulations”). The internal

control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.

4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that during the stated time period its internal control system (including its supervision of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors Meeting of the Company held on 25,Mar,2014, where zero of the 7 attending directors (include commissioned to attend)expressed dissenting opinions, and all affirmed the content of this Statement.

Evergreen Marine Corp. (Taiwan) LTD.

Chairman: 

President: 

### (5) Risk management systems in relation to the financial reporting process

#### **A. The affections and future protections of company's profit and loss which caused from the fluctuation of interest rate, exchange rate, and inflation:**

As the freight income is mainly in USD, therefore we pay attention to the exchange rate fluctuation all the time and do the following actions:

- (a) Use professional financial information system and keep close contact with financial institution to get the most update exchange rate information and act proactively.
- (b) Use the same currency of revenue to pay the expense if possible in order to do the natural hedge to prevent the exchange rate risk.
- (c) Open foreign currency accounts to buy or sell the foreign currencies.

#### **B. Guidelines for entering in to high risk, high leverage investment, lending to other parties, providing guarantees, and doing derivative transactions:**

Currently there is no outstanding for providing loan to other parties. All endorsements and guarantees are provided to the subsidiaries and affiliates. All related transactions are arranged according to our guidelines of providing loan, endorsements and guarantees to other parties.

All derivatives trades are dealt for hedging purposes. Interest rate and fuel swaps agreements are to hedge risk derived from market volatilities and fluctuations.



## I. Business Highlights

### 1. Our Services & Significant Adjustments

We are international container shipping company, and our group fleet capacity is ranked 4th largest by end of 2013. Our main business is container shipping liner services, and we also cover logistics services, such as terminal operations and inland transportations. Our customer base is ranging from sectors of manufacturing, trading, retailing, and logistics, etc. and our customers are located worldwide. Therefore, the rise and fall of global economy and trades are closely linked to our business development.

The operating environment of maritime shipping in 2013 was basically a continuous slack following the previous year so shipping lines cannot manage without cautions. Evergreen Marine Corp. always adopts stable and flexible strategies wisely; while keeps optimizing service network. Concerned adjustments of our service strings are summarized as below:

#### **Transpacific strings**

1. Asia-US West Coast Service (CEN) : CEN is COSCO Container Line individual service and slot swap total 1,500 TEU weekly with Evergreen on HTW/CPS2 services and agreement effect from May of 2013.
2. China-America Express Service (CAX) : Evergreen has reached agreement with Hanjin Shipping to slot swap 100 TEU on CAX to exchange Evergreen HTW/CPS2 services effect from May of 2013.
3. Pacific South Express Service (PSX) : Evergreen also swaps total 300 TEU on PSX by exchange HTW/CPS2 services effect from May of 2013.
4. Japan-America Shuttle (JAS) : Originally swapping slots with Mitsui OSK Lines (MOL) for weekly 400 TEU, we modified the slot to weekly 450 TEU to exchange Evergreen UAM service from June of 2013.
5. Transpacific Service 5 (TP5) : Originally swapping our TPS service slots with Maersk Line for weekly 200 TEU; we modified the exchange to weekly 250 TEU from May of 2013.

#### **Far East-Europe/Mediterranean strings**

1. Strengthened cooperation with CKYH-Green Alliance (COSCO, K Line, Yang Ming and Hanjin) : From August 2013, we cooperated in six Asia-Europe strings (CEM /CES/NE7/NE2/NE3/NE6) and three Asia-Mediterranean strings (UAM/MD1/MD2) to provide more intensive services and more expanded direct calling port coverage.
2. China-Europe-Mediterranean Service (CEM) : From August 2012 on, started the joint operation service with Hanjin Shipping.
3. Intra-Europe Feeder Services (IES1/IES2/BAL1/BAL2/BAL3/ NDS1/NDS2) : To correspond with capacity recovery of Asia-Europe main strings, in May 2012 we

also increased slots for regional feeder services to Spain & Portugal (IES1/IES2) and services to Russia and Finland (BAL1/BAL2/BAL3), followed by extra slots and discharging port added to services of Denmark and Norway (NDS1/NDS2) in June, to cope with market demands.

4. Mediterranean Feeder Services (LYS3/EBS/PAL/GCY/AMS, new services launched in 2013) :

To keep strengthening feeder services to emerging markets in North Africa and Black Sea area, we launched 3rd Libyan loop service (LYS 3) in November 2013 calling at Tripoli; in July 2013 we opened a new Joint Feeder Service (EBS) with UFS extending our scope to Poti in Georgia.

In May we became operator in the Algerian market changing from previous swap service with EMES (SAL) to current independent service (PAL).

April 2013 we launched a new service (GCY) to better connect the Thessaloniki and Cyprus markets to Piraeus; on the same service we swapped slots with X-Press to re-open the Malta market (AMS), June 2013.

#### **Far East-Latin America/Africa strings**

1. Far East-South America West Coast Service (WSA) : From June 2012, PIL had been withdrawn from the service; we and COSCO deploy one vessel each as to increase our weekly allocation to 2,040 TEU.
2. Far East-South America West Coast Service (WSA2) : To enhance our competition on this trade lane, we join the WSA2 service with one vessel which BSA is 422 TEU.
3. Far East-South America East Coast Service (ESA) : From May 2012, to enlarge market share, we deploy 8,000 TEU capacity vessel to cooperate with COSCO and ZIM with weekly allocation 3,750 TEU.
4. West Coast Central America Service (WCA) : To further reinforce EMC service network of Central America market, we cooperated with CMA/CSAV to slot exchange 300 TEU on their WCA2 service (Mexico-Guatemala Express) and extend our integrated shipping service from Far East to Central America.
5. West Africa Service (WAFII) : We cooperated with Hanjin Shipping and United Arab Shipping Company (UASC) from August 2013 to run the service transporting cargos between West Africa, Far East, and Europe, transhipped at Algeciras of Spain.
6. Asia-East Africa Service (AEF) : A joint venture service we run with X-Press and COSCO. From the end of September 2012, we enlarged size of our three deployed ships thus increased weekly allocation up to 1,050 TEU in order to meet business demands.

### **Intra-Asia/Middle East & Red Sea/Indian Sub-continent strings**

1. Taiwan-Madras-Trunk Service (TMT) : Originally co-operated with Wan Hai Lines (WHL) and Interasia Lines (IAL) with weekly capacity allocated at 325 TEU, we terminated TMT service upon joint venture agreement expiry at the end of April 2013.
2. South Red Sea Service 2 (SRS2) : To meet the demand of Ethiopia and Djibouti new market's development, we co-operated with CMA CGM to run SRS2 which strength the network of Red Sea area.
3. China-Australia-Taiwan Service (CAT) : We co-operated with Yang Ming Lines (YML), Sinotrans (SNL), and Pacific International Lines (PIL) to run CAT which uplift the competitive advantage from China to Australia market.
4. Far East-Arabian Gulf Service (APG) : After re-adjust the pro forma of APG (Far East-Arabian Persian Gulf Service) to add call Dammam, the slot exchange with Hyundai Merchant Marine Co., Ltd. increase to 200 TEU/per week effected from the mid-May and enlarge the slot swap cooperation as 300 TEU/per week from the mid-August.
5. North East Asia Australia Express (NEAX) : Re-adjust the pro forma to add call Qingdao/Ningbo but omit Hong Kong/Yantian/Kaohsiung. To have the space from Hong Kong to Australia, we have slot exchange 150 TEU with COSCO's SAS (Sino Australia service).
6. New Ho Chi Minh Service (NHS) : To uplift the market competitiveness from Korea/China to Ho Chi Minh, we co-operated with Hanjin Shipping to operate NHS from the mid-November.

## **2. General Conditions of the Container Shipping Industry**

### **Industry Status and Development**

#### **(1) Stagnant Cargo Growth**

According to recent IMF report, global economy in 2013 only grew 3.0%. This performance was just better than 2008 and 2009 in the last decade. Both of the average growth of advanced economies, 1.3%, and emerging market & developing economies, 4.7%, are no better than 2012. Thus, cargo growths of East-West main service strings all went sluggish.

Per *Alphaliner* statistics in January 2014, global container throughput only grew 3.6% last year; the growth ratio was even 1% less than 2012. As a matter of fact, the cargo growth ratio in 2013 was just better than 2009's -8.4%. Since 2000, there are even 50% of the years recorded with double-digit increase.

#### **(2) Severe Operating Environment**

In order to increase the economies of scale and reduce the average cost per unit, the

strong growth of capacity supply still dominates the market. Per *Alphaliner* statistics this January, though global net capacity increase in 2013 was moderated to 5.7% compared to 6% in 2012, the net capacity increase of 1.38 million TEU in 2013 is still surpassing than 1.26 million TEU in 2012. Especially, 67% of the total capacity of new delivery is from VLCS vessels. The market competitions will still be severe as the carriers have to maintain high load factor to reach the expected efficiency for deploying VLCS vessels. At the same time, the remained comparatively high level of bunker, shaky freight rates and basic daily hire costs are still pressing the shoulders of carriers.

#### **(3) Reducing cost by the Shipping Lines**

Due to the chronically sluggish cargo growth and subdued rates, the carriers have awakened that reducing cost is a long-termed corporate policy, not just an unusual measure to handle short-termed crisis. Therefore, under the cost concerns, shipping lines targeted profitability as priority by disposing of aged ships, redelivering chartered vessels, selling of second-hand ships, deferring of new deliveries, applying slow-steaming, reshuffling service strings, blanking out voyages and requesting rates recovery, etc.

Per *Alphaliner* statistics, the constant rate recovery programs raised by shipping lines had pushed 2013 to the same most-volatile year as 2012 in terms of rate fluctuations on China Containerized Freight Index (CCFI) record. The only different thing is that the average rate level in Q3 2013 has further plunged 13% than the same period of 2012. The carriers' average operating margin is up from -3.5% in Q1 to merely 0.3% in Q3 of 2013.

#### **Relation of Industry Segments**

Sea transportation delivers most international trade cargos in which container shipping takes increasing weight of ship tonnages and freight tonnages year by year and serves most consuming finished products. Therefore, container shipping industry segments, though narrowly concentrated, is much related to widespread livelihood. Basic segments are listed below:

##### (1) Upstream Segment

- Shipbuilding companies;
- Transporting machinery & equipment manufacturers;
- Vessel or transporting machinery & equipment leasing companies.

##### (2) Midstream Segment

- Marine fuel suppliers;
- Vessel or transporting machinery & equipment M&R providers;
- Terminal operators;
- Land/rail transport logistics providers;
- Joint venture or slot purchase/exchange partner liners.

## (3) Downstream Segment

- Direct cargo owners (manufacturers, traders, retailers, etc.);
- Freight forwarders & logistics providers.

### 3. Our Technological Developments

#### **Expenditures and Results of R&D during the Reporting Year**

We have spent around NTD\$100 million of related labor expenditures on below R&D accomplishments in 2013:

##### **(1) Green Fleet**

Eco-friendliness and emission reduction remain our fundamental principles. Along with the deliveries of our group's 20 all-new L-type green ships since July 2012 (and totally 10 of them received last year), the "optimized ship hull" concept, which emphasizes on material, configuration, and equipment, etc., is embodied in our fleet designing and shipbuilding to achieve best efficient and eco-friendly purposes. These design concepts will address ballast water treatment plant, minimum ballast and electronic controlled fuel injection engine with function under low-load condition. Equipped with all the environmental features, the L-type ships will reduce the drag and cut CO2 emissions by up to 15 percent compared to their S-type predecessors.

Besides, we continuously maintain the "Environmental Guardians" page on our company website so as to proactively share our management of emissions and treatment of ballast and sludge, 19 state-of-the-art designs on L-type and other green instruments for the easy reference of our customers.

##### **(2) Maritime Training**

- In February 2013, the Maritime and Coastguard Agency, UK has confirmed the courses provided by Evergreen Seafarer Training Center (ESTC) have met the requirements of IMO STCW (Standards of Safety, Training, Certification and Watchkeeping) 2010 Amendments.
- Evergreen Seafarer Training Center (ESTC) has further received certification in January 2013 from the Japanese leading class society, Class NK.
- ESTC has provided 29 items of professional courses and training for 1,963 seafarers from our company.

##### **(3) E-Commerce**

Evergreen's versatile e-commerce website, "ShipmentLink.com", is being constantly upgraded and innovated for customers' cargo arrangements more timely, conveniently, and eco-friendly, ever since its debut in 2008. In 2013, from the perspective of "Thinking globally, serving locally", Evergreen keep enhancing our localized service by providing remittance advice in China, the inquiry for inland delivery quotation in the UK and advanced filing status inquiry in Germany. Under the

framework of globalization, we manage to root in localized service to our customers by local languages in different nations.

Our R&D accomplishments in 2013 are listed below:

R&D Accomplishments	Summary
Added function to query date of remittance payment hits shipping agency's account.	Providing the query function for Hong Kong and 6 Chinese offices (Shen Zhen, Guang-Zhou, Zhong Shan, Shan Tou, Fu Zhou, Lian Yung Gang).
Function to query inland haulage tariff of U.K. and German import cargo details.	1. To query inland haulage tariff on line is more efficiency and less time consumption. 2. Instead of using Cargo Tracking, to access ATB & Cargo Details and cargo details directly from our "Regional Information" with "Germany Deutschland" for quicker response.
Popularization of global system (ShipmentOnLine).	Finish shipmentonline system for the following agents: Qatar, Mauritius, Madagascar, Djibouti, Benin and Togo.
Project Management Information Platform.	To collect and centralize information including new market, niche market and case study.
Israeli manifest advance filing	Built up advance filing 24 hours before vessel's arrival through EDI to obey Israeli customs regulation.
Systematize the incentive program of Taiwanese costal transit arrangement (Blueway).	Systematize the incentive program of Taiwanese costal transit arrangement (Blueway) generated by TIPC.
Programs of vessels management for Engineering Department.	Specialized programs for management on vessels' spare parts and maintenance.
Setting up Webmail for Evergreen Shipping Agency (Korea) Corp.	Aiming at global mail system unification and management.
Terminal agreement platform	Systematize terminal agreement negotiation process and tariff set up.
Bunker consumption management for Intra and Long-Haul service lines.	For in charge department to monitor KPI vs. actual Bunker consumption.
Updating on database of hazardous items (once every 2 years).	In accordance with IMDG Code 36-12 revision.

### **Future R&D Plans**

(1) We are budgeting below future R&D projects with NTD\$110 million of related labor expenditures:

<b>R&amp;D Projects</b>	<b>Summary</b>	<b>ETC</b>	<b>Description of Progress up to 2014/4/20</b>
Japanese manifest advance filing	Built up advance filing 24 hours before vessels' arrival through EDI to obey Japanese customs regulation.	2014/03	2014/03 Put on production and smoothly working.
Taiwanese port manifest clearance new EDI format	In accordance with Taiwanese customs to develop new manifest clearance EDI format.	2014/06	Taiwanese customs announce new estimated schedule ETC 2015/05.
Set up Webmail for Evergreen Shipping Agencies in Europe.	Aiming at global mail system unification and management.	2014/09-12	Evergreen UK office and agent will be the 1st implement target.
Set up e-mail auditing/filter program.	Using e-mail auditing/filter programs to make sure all mails are fit in with internal and international rules.	2014/09-12	Find out Taiwan base software supporting vendor, doing Requirements Analysis and functional Discussion.
Set up DRM (Digital Rights Management) Server and system.	Building up confidential documentation security and management system.	2014/01-03	DRM Server Management system has been completed and doing internal application promotion.
Firewall set up to defend hacker's attack.	Internal server security system to prevent hacker's attack.	2014/05	Server has been implementation completed and smoothly working.

R&D Projects	Summary	ETC	Description of Progress up to 2014/4/20
Installing video telecommunication system.	Installing video telecommunication system and upgrade the service and quality which allow two or more locations to communicate by simultaneous two-way video and audio transmissions, thereby helping to reduce cost and time.	2014/09	Requirements & Feasibility Analysis
Developing new system for vessels' berthing and stevedoring budget calculation.	To calculate vessels' berthing and stevedoring cost simulate by system.	2014/12	Requirements & Feasibility Analysis
Developing fleet integrated control monitor system.	Fleet remote condition monitoring on the follows: 1. Engine log 2. Fuel Tank consumption 3. Remote diagnosis 4. Fleet analysis	2014/12	Mostly L-Type vessel has been gradually implemented with Noon Report comparison.

(2) Factors to Success in Future R&D Projects

- A. Support from Top Management;
- B. Knowledge of Tendencies;
- C. Deliberation for Planning;
- D. Coordination in Execution.

#### 4. Our Business Plans in the Short & Long Terms

**Short-Term: Enhance Competitiveness and maintain growth momentum**

- (1) Maintain high load factor : In order to reach economies of scale and efficiency, we have to improve cargo structure and maintain high load factor on all services.
- (2) Enlarge excellent joint venture partnership : To commence joint study with partners to develop new service so as to offer different kinds of excellent product and improve service quality to our customers.

- (3) Performance review of each service : To conduct periodical performance review of each service and provide solutions for any individual service with lackluster financial results.
- (4) Timely review of rate adjustments : To be fully advised of market intelligence and strengthen the communication with customers as a bid to maintain the pricing competitiveness.

### **Long-Term: Reduce Operating Cost and Pursue Sustainable Profitability**

- (1) Effectively reduce operating cost : Reducing cost and lowering expense have become regular review under liner operation.
- (2) Embrace the upgrade of group fleet : Investing the delivery of new building and redelivering of chartered vessels, the operating efficiency will be gradually improved in a certain extent.
- (3) Encourage employee for innovation : We have been introducing a lot of great idea like the setup of line manager, 8-week advanced cargo forecast, charter base review and unclaimed cargo reduction, etc. Keep infusing innovation will help optimize the efficiency of corporate operation.
- (4) Employee training courses : Evergreen believes that employee is the best asset of the company. We train our employee to display their expertise, just like creating their own careers. Every excellent employee always gets promoted without any hurdles.

## **II. Trade Environment**

### **1. Market Analysis**

#### **(1) Key Performance Indicators (KPI) of Main Service Scopes**

Unit: Thousand NTD

<b>Service routes \ Item</b>	<b>Revenue of the Group for 2012</b>	<b>Revenue of the Group for 2013</b>
America	53,844,321	55,220,754
Europe	34,145,179	28,252,479
Asia	24,952,246	24,399,868
Others	18,385,866	20,547,257

**(2) Major National Competitors & Global Market (Fleet Capacity) Shares**

Year/Item Taiwan-based Shipping lines	January, 2013		January, 2014	
	Capacity (TEU)	Market Share (%)	Capacity (TEU)	Market Share (%)
Evergreen(Group)	728,797	4.3	838,291	4.8
Yang Ming Lines	358,132	2.1	370,327	2.1
Wan Hai Lines	154,986	0.9	165,791	0.9
TS Lines	75,946	0.5	52,677	0.3

Data Source: Evergreen Group & Alphaliner

**(3) Market Outlook on Supply-Demand**

**Far East to North America Trade**

Transpacific eastbound cargo volume slightly increased 2.5% in 2013. However, there is barely any growth for the first half of 2013 compared to the same period of 2012, the rate level has been in the downturn. Although the demand has been surged moderately for the second half of 2013, the increase of capacity dwarfed the growth of demand. Thus, the load factor cannot be kept constantly at satisfactory level which devastated a stable rate level to the carriers. As a result, the operating margin did not have any significant improvement on this trade lane for the industry.

Looking ahead to 2014, various positive signs and factors are revealing the mild recovery of US economy, such as 2.8% growth of GDP, the improving housing, the soaring of consumer confidence and the improved unemployment rate, etc. These are all very encouraging for us to expect a breakthrough to current stagnancy. Drewry reported that, at least, a 4.2% ~ 5% cargo growth can be expected on transpacific eastbound strings; meanwhile, a surge of demand for space breaking out before the Lunar New Year has given carriers some confidence for a better outlook in 2014. However, on the other hand, uncertainties still lie in the ways of recovery including the phase in of VLCS vessels, developments of mega-alliance and keeping surging costs from service providers in the terminal, railroad and trucking companies. The shipping lines' competitions on this trade lane still as fierce as it can be.

**North America to Far East Trade**

The yearly transpacific westbound cargo volume has only grown 1% in 2013. Although the export has been moved by the depreciation of US dollar and beneficial policy of the federal government, the extremely abnormal weather condition has stymied

the quality and harvest of agricultural goods. What is worse, China, the biggest nation for US export, has been trying to stimulate domestic sourcing and implementing the so-called “Green Fence” policy from February 2013. This has caused the decline of import for waste and recycled goods and curbed the momentum of cargo growth from USA to China.

For 2014, the industry generally forecasts cargo volume will grow moderately at 3%. The key factors for carriers to watch are mainly focusing on climate change, Sino-American trade policy, the currency appreciation/depreciation and the supply of capacity.

### **Far East to Europe/Mediterranean Trades**

The average load factor of Evergreen Line is roughly at 94%, which is higher than 90% in the market. According to the estimates of IMF, Germany, France, Poland, Egypt and Turkey will have a better performance in economy this year. The recovery of economy in Europe is very predictable. Although the forecasted capacity growth is as high as 7.4% and cargo growth is only at 5.4%, we will keep optimizing our fleet, reducing the fuel consumption, improving cargo structure and trimming expense to forge a positive growth of revenues.

### **Europe/Mediterranean to Far East Trades**

According to CTS (Container Trades Statistics), Europe/Med to FE eastbound cargo volume decreased around 5% in 2013. The main reason was the new environmental policy adopted by China, the implementation of so-called “Green Fence” has affected the export volume of mass commodities from Europe. However, due to the timely response by developing other replacement, the “Green Fence” has only slightly decreased the volume to Evergreen.

As the forecast of economy this year will be recovered and the need of China for raw material will be on the increase, the outlook for this trade lane is still hopeful. We will continue to discover new cargo sources so as to enhance slot utilization by 4 ~ 5%, and push the rates up timely for better revenues.

### **Europe to North America Trade**

According to CTS’s estimates, the average load factor in the market is around 81% in 2013, which is about the same as 2012. The average of Evergreen line is roughly at 92%, which is better than the market average. Recently, the market has shown the recovery of economy in USA and a stable balance between supply and demand. Thus, the forecast in 2014 is fairly steady.

### **North America to Europe Trade**

Since the all-time high ratio of unemployment in the Eurozone, the weakening spending and the tightness of loan to private sectors, the cargo demand has been weak. By taking the recovery of economy in the US and a better balance of demand & supply, we will proactively improve the cargo structure and reduce the cost as a bid to strengthen

the efficiency of service and uplift the profitability in 2014.

#### **Far East-Caribbean Trades**

The unrest of political economy in Venezuela has a huge impact of cargo flow to the Caribbean region. In addition to Venezuela, the import volume to the Colon Free Zone has also seriously affected. The volume and rates have been falling in this region for the year of 2013.

In 2014, the volume to Venezuela will be expected on the rise from the valley. The whole economy in the Caribbean area is hopefully climbing alongside with the recovery of US economy. We have taken a cautiously optimistic outlook for the whole picture of the Caribbean.

#### **Far East-Central/South America West Coast Trades**

As the carriers keep expanding the capacity, the growth of supply has outpaced the increase of cargo. This development has put the freight rates under pressure. Carriers could not stand the loss and finally took actions to withdraw the capacity on a large scale in the end of 2013. The supply-demand imbalance has been improved which also helped push the return of rate level.

Looking ahead to 2014, the growth in this region will be steady. But the path of expansion by the carriers will be nonstop as well. The competitiveness is still fierce in this market.

#### **Far East-South America East Coast Trades**

Argentina and Brazil are the main engines to boost the economy in the East Coast of South America region. Although the GDP growth can be maintained at 2.5%, the debt crisis in the Euro Zone, the debt ceiling issue in the US, the slowdown of economy growth in China and the value of local currency are also very important factors to the developments of the South America.

Entering 2014, Since Brazil is the host of FIFA World Cup and the Olympic Games; we still can expect an optimistic outlook of economy. Evergreen has also strengthened the re-deployment of fleet in this trade lane. The optimizing of fleet and reduction of unit costs will help maintain the competitiveness of Evergreen and offer stable and fast transportation solution for our customers.

#### **Far East-Africa Trades**

In the market from the FE to Africa of 2013, only South Africa was having a less than 2% increases resulting from the poor economy and depreciation of currency. The rest of Africa all can main a high ratio of 5% or above growth. Evergreen keeps working on the developments of African market and has increased the volume by 40%. In addition to current East and South African market, the visibility and market share has been uplifted to some certain extent for the Evergreen Group in the main market of West Africa like Ghana, Nigeria, Cote d'Ivoire, Togo and Benin.

Per IMF, GDP growth of Sub-Saharan Africa area may reach more than 6% in 2014, except no-more-than 3% in South Africa. This forecast signals out a great momentum of remaining a better-than-average growth in this region. We will keep studying any new service product to Africa and expanding new establishment of offices as a bid to provide a much more sophisticated service network to our customers.

### **Far East-Australia Trades**

Although the cargo growth (mainly from furniture and electric goods) has been quite steady of this trade lane in 2013, the overall supply of capacity is very abundant. The liner companies are all chasing cargo by dumping rates and unable to seek any rates upswing effectively.

Per IMF forecasts, economic growths of Australia will stay above 3% in 2014. If the supply of capacity can be rationalized, the volume and rates will both be more promising than those of 2013.

### **Far East-Middle East/Red Sea/Indian Subcontinent Trades**

Due to the UN sanctions to Iran, major carriers have stopped receiving any cargo in and out of Iran from June 2013. The whole region of Middle East was just having a cargo growth of merely 2 ~ 3%. However, the capacity growth is at 6 ~ 7%. The imbalance of supply and demand has put Middle East service a difficult area for carriers.

As to the Red Sea market, the performance is under the pressure by the Euro Debt crisis and economy decline. The cargo growth is roughly at 3 ~ 5%. The over-supply has become a harsh test for the liner companies in this trade lane. In order to search for new cargo source and extend service scope, Evergreen has successfully developed new market, Djibouti.

The Sub-continental market is sluggish due to the oversupply of capacity and the deep depreciation of Indian Rupee. The demand for import to India is relatively low. It is a hard market for the carriers to run as well.

The US has temporarily announced a six-month release of the sanctions to Iran from January 20, 2014. It is expected the cargo to the Middle East will be lifted. However, the capacity supply will be on the rise as well since Evergreen will upgrade the fleet deployment to L type vessels from Q1 2014 and other carriers have similar plan to enlarge the capacity as well. The competitions in the Middle East market are still very fierce.

Evergreen Line will also upgrade the fleet deployment to S type in the Red Sea market from Q1 2014 as a result of expected economy growth and the surging need for space. The upgrade of fleet will enhance the competitiveness of Evergreen with lower cost per unit.

For Sub-continental market, the oversupply of capacity will be remained. Evergreen Line will seek new cargo source with the increase of tonnage by slot exchange to boost

the market to Pakistan.

### **Intra-Asia Trades**

The world was still shaded by sentiment crisis of Europe and US economies in 2013, which brought about a chain-reacting impact on East Asia economies. Meanwhile, the med-small size fleet has been cascading from traditional east-west trade lanes to the intra-Asia trades. The jump-in of additional fleet has caused intensive competitions in this area. According to Intra-Asia Discussion Agreement (IADA), which has 60% of Intra-Asia market share, its members have a 4.3% growth last year. With the expectation of cargo growth, the intra-Asia will still be the crucial area for carriers to rush in.

For 2014, according to “World Economic Situation and Prospects 2014” published by the UN on December 18, 2013, the economic growth for the Asia-pacific region will be increased from 5.5% in 2013 to 5.6% in 2014. So the overall market volumes will be expected to be further expanded. It is predictable that rate fluctuations will be more severe with the increase of tonnage and the infusion of new services will intensify the intra-Asia market competitions in this coming year.

### **Reefer Cargo & Out-of-gauge Cargo**

The cargo volume and rates of reefer business are both on the rise since the beginning of 2013 by the demand of the market. However, when the market is entering its slack season in May, along with the economic slowdown in the Europe and global climate abnormality, the volume and rates dropped immediately. The overall condition for reefer volume in 2013 is evidently slowing. With the increasing national incomes and flourishing infrastructural projects among emerging countries, cargo demands for reefer in the north-south trade lanes and intra-regional markets are vivid. Evergreen Line has also proactively worked on this development and achieved some progress remarkably. For 2014, we will keep preceding the renewal of reefer equipment, sparing no efforts to increase matchload cargo, decreasing the empty reposition and speeding up the number of equipment turnaround so as to trim the operational cost. Recently, the bulk tonnage for reefer has been on the decline and some reefer has been diverted to containerized transportation gradually.

As for the out-of-gauge cargo, the global need for this type of equipment is still growing. To cope with the rush order for VLCS and market demand, Evergreen Line has ironed out a plan to build a number of new 40-foot HQ flat rack and open top containers as a bid to dig out more cargo source and strengthen the corporate competitiveness.

## **(4) Competitiveness**

### **Corporate Innovation**

Innovation is one of the corporate cultures that Evergreen has been focusing on. We decided not to follow the rush for ordering new delivery when the price of steel was unreasonably high years ago. Therefore, we are flexible to plan the deployment of our

fleet when the market is sluggish. Right now, this series of ordered and chartered vessels by Evergreen Line, the cost is not just economical, it is also equipped with efficient economies of scale. The eco-system is also to our expectation, which will further decrease the operating cost. Meanwhile, the situation of international container shipping is changing constantly and frequently. We cannot run our business simply by the book. We keep introducing innovative idea to improve the turnovers for the company. A few great ideas have been implemented like the setup of Line manager, 1+8 week cargo prospect, charter base review and tightening the handle of long overdue containers in the terminals etc. At the same time, we effectively reduce the cost from fuel consumption, terminal handling, transshipment arrangements and container usage. We have to make the best use of the corporate assets and equipment.

### **Renowned Quality**

By devotions to enhancing service quality, Evergreen keeps earning reliance and recognitions from customers, media and organizations worldwide:

- (1) In May 2013, Evergreen Line has been awarded Best Ocean Carrier-Transpacific by Cargonews Asia in the 27th Annual Asian Freight & Supply Chain Awards (AFSCA) sponsored by the publication. This winning of AFSCA awards is surely an honor to Evergreen line for the consistency and innovation in service quality. It also signifies a vote of confidence to Evergreen Line by the customers.
- (2) At the 2013 Lloyd's List Global Awards Ceremony on October 1, 2013, Evergreen Line was presented with the Environmental Award. This award recognizes Evergreen Line's outstanding performance and service innovation environmentally while preserving the global ecosystem.
- (3) In October 2013, Evergreen was presented the "Most Admired companies in Taiwan" in the shipping industry by Common Wealth. As a leading brand in the global maritime industry, Evergreen has set a model for the industry by providing customers with quality transportation services and taking environmental protection into account.

### **E-Commerce**

- (1) Evergreen's versatile e-commerce website, "ShipmentLink.com", is being constantly upgraded and innovated for customers' cargo arrangements more timely, conveniently, and eco-friendly, ever since its debut in 2008. In 2013, from the perspective of "Thinking globally, serving locally", Evergreen keep enhancing our localized service by providing remittance advice in China, the inquiry for inland delivery quotation in the UK and advanced filing status inquiry in Germany. Under the framework of globalization, we manage to root in localized service to our customers by local languages in different nations.
- (2) In order to allow all the exporters and importers to easily understand the filing status

of their shipments, we also provide “Customs Information” on the website. Including USA, Canada and Europe, our customers can surf on our “ShipmentLink” to gain the access to this information. That will speed up their Customs Clearance and pickup of container. This has earned credit from our customers.

#### **Eco-Friendliness**

Eco-friendliness and emission reduction remain our fundamental principles. Along with the deliveries of our group’s 20 all-new L-type green ships since July 2012 (and totally 10 of them received last year), the “optimized ship hull” concept, which emphasizes on material, configuration, and equipment, etc., is embodied in our fleet designing and shipbuilding to achieve best efficient and eco-friendly purposes. These design concepts will address ballast water treatment plant, minimum ballast and electronic controlled fuel injection engine with function under low-load condition. Equipped with all the environmental features, the L-type ships will reduce the drag and cut CO2 emissions by up to 15 percent compared to their S-type predecessors.

Besides, we continuously maintain the “Environmental Guardians” page on our company website so as to proactively share our management of emissions and treatment of ballast and sludge, 19 state-of-the-art designs on L-type and other green instruments for the easy reference of our customers.

#### **(5) Advantages, Disadvantages and Managing Strategies for Future Developments**

##### **Advantages**

- (1) According to IMF, the global GDP growth is forecasted at 3.7%; while, it is 1% for Euro zone and 2.8% for the US. These figures are all better than that of 2013. IMF also expects that the world trade volume will increase by 4.5%, which is also better than 2.7% in 2013. It is reported that global economy is gradually getting out of the shadow resulting from debt crisis in the Euro zone. North America and Europe are on the way of recovery to lead a positive cargo growth for all over the world.
- (2) We keep introducing innovative idea to improve the turnovers for the company. A few great ideas have been implemented like the setup of Line manager, 1+8 week cargo prospect, structural improvement of costs in the terminals, fuel consumption, transshipment arrangement & equipment turnaround, charter base review and tightening the handle of long overdue containers in the terminals, etc.
- (3) Currently Evergreen Group is receiving L-type green ships serially which will team up with chartered mid-large sized new ships to be delivered this year. These new buildings will enable us to meet our medium and long term plans by completing our fleet in service, efficiency enhancement and green saving. Internally, we will keep letting the face-to-face communication being held between line managers and cost control team, so as to focus on the cost control and management review. Externally,

we will keep enlarging the joint venture with other carriers to improve the quality of our service product, develop new market and build up better cargo structure. We are obligated to enhance the competitions of Evergreen Line in the market.

### **Disadvantages**

- (1) Under the cost down concept, VLCS in the pipeline will still be delivered as scheduled. It is evidently clear that carriers have to deal with a much more competitive market.
- (2) Per Alphaliner statistics in January 2014, global container throughput will grow 4.6% this year. Although the growth ratio will be 1% higher than 2013, it is barely impossible to return to the good old days when carriers can have 50 % of the years were recorded with double-digital increase since 2000.
- (3) Along with the business cycle, the container shipping industry has a so-called “big cycle” between 5 to 7 years and “small cycle” between 3 to 5 years. But, it has been changed dramatically since the economy breakdown in the end of 2008. In the years before 2008, the rate negotiation for FE-EUR trade is almost under quarterly review and transpacific eastbound is under yearly review routinely. Right after 2008, the rate agreement may have to be negotiated again and again constantly throughout the year. The market is changing so frequently that sometimes customers are asking carriers to match the competitions and, shortly, searching for carriers’ assistance because of space constraints.

### **Managing Strategies**

- (1) In order to increase the port coverage, reduce cost, optimize fleet deployment, strengthen competitiveness and provide more and more value-added service, Evergreen will continuously bridge any sorts of cooperation with our partners this year. No matter it is by vessel sharing agreement, slot exchange or slot purchase, as long as it will serve our customers better, we are destined to offer much more service product with better composition of routes.
- (2) Right upon the deliveries of these new vessels owned and chartered by Evergreen, the fleet size of each service will be enlarged and optimized. Not only having the benefit of economies of scale, and the eco-system is also in line with expectations. This will further reduce unit costs. Meanwhile, we will phase out older, leased vessels currently in service. All of these will increase the turnovers for the company.
- (3) The carry out of Key Performance Index efficiently is the corporate culture that Evergreen is so proud of for a very long time. Our employees can always implement corporate policy successfully to pass through each crisis time and time again. Evergreen has become a corporation with sustainability.

**2. Functions and Manufacturing Process of Main Products**

**(1) Functions of Main Products**

Main Product	Functions
Container Shipping	Global transportation services of standard and special containerized cargos.

**(2) Manufacturing Process of Main Products**

Being a container shipping transportation service provider, our disclosed service strings and their adjustments are the detail process of our main products.

**3. Supply of Main Materials**

Being a container shipping transportation service provider, we do not have raw materials as manufacturers do, however we do have to use substantial fuels for transport equipment’s consumption which can be deemed as main materials. Currently fuel cost takes more than 38% of our total operating costs while the percentage fluctuates with fuel price. Except being stably supplied by renowned vendors at major ports, we also tactically adjust fueling port rotations upon favorable fuel price in addition to strategic slow steaming measures for cost saving.

**4. Main Customers Who Purchased over 10% of Total Sales in Recent 2 Years and their individual Purchase Amount and Share:** None.

**5. Company’s total expense for environmental protection in 2013**

In 2013, no major environmental pollution incident had occurred in group fleet vessels, and there was no loss and penalty fine happened. During year 2013, the Group simply spent on the routine maintenance of equipment, and additional costs for using low pollutant fuel and retrofitting the grey water tank. The details of expenses are listed below:

- (1) The cost of maintenance for equipment on board concerning environmental protection and purchase of spare parts amounted to USD 438,838.
- (2) The additional cost for vessels using low-sulfur fuel while sailing in Emission Control Area to comply with IMO regulation amounted to USD 59,235,032.07.
- (3) The additional cost for vessels using Marine Gas Oil when berthing in EU port to comply with EU regulation amounted to USD 42,590,251.95.
- (4) The additional costs for vessels using Marine Gas Oil for M/E, Generator Engine and Aux. Boiler prior to entering 24 nautical miles of US west coast to comply with the CARB requirements amounted to USD 8,596,929.38.

## 6. Company's environmental protection policies and measures

The Company has established environmental protection policy based on caring for ocean, continuously upgrades shipboard equipment to reduce air pollution emission and manages its own fleets with requirements exceeding international regulation. The Company is currently undertaking the following measures for environmental protection:

- (1) In compliance with the California Air Resources Board (CARB) regulation, fleet vessels sailing through the West Coast of U.S., within 24 nautical miles of the California baseline should use Marine Gas Oil for M/E, Generator Engines and Aux. Boiler from July 1, 2009.
- (2) Conduct strict audit and corrective action for fleet and make preparation beforehand in order to prevent deficiency and pollution occurring.
- (3) All seafarers are given thoroughly environmental educations and training courses to acquire correct environmental awareness and knowledge.
- (4) Keep all environmental equipment on board in good condition for crew to operate smoothly.
- (5) Continuously monitor the operating condition of vessel's main engine and auxiliary machineries. Take necessary actions immediately for efficiently using the fuel to reach the goal of energy conservation and carbon emission reduction.
- (6) Maintain the validity of the statutory certificates, such as IOPP, IAPP and ISPP for all vessels.
- (7) Continuously join the GARD Protection and Indemnity (GARD P&I) insurance.
- (8) Provide the Vessel Certificate of Financial Responsibility (COFR) for all vessels trading to United States to undertake the responsibilities and obligations if oil pollution occurs in US water.
- (9) Join the voluntary "Fair Winds Charter Program" to use 0.1% m/m low sulfur fuel oil at berth for ocean-going vessels calling at Hong Kong.
- (10) Join the voluntary "PANYNJ Ocean-Going Vessel Low-Sulfur Fuel Program" to use 0.2% m/m low sulfur fuel oil at berth in New York/New Jersey, and reduce ship's speed to 10 knots or less in participation zone.
- (11) Carry out M/E turbocharger cut-out operation to cooperate with vessel's slow steaming in order to reduce fuel oil consumption and GHG emission.
- (12) Pay close attention to the development of international regulations for environmental protection. Complying with and following the new regulations allow the fleet to meet the requirements for environmental protection in ports and around the world.
- (13) All ships sailing in Turkish waters must use Low Sulfur (Max 0.1% S) Marine Gas Oil (MGO) & Marine Diesel Oil (MDO) as from January 1, 2012.
- (14) The North American Emission Control Area (ECA) entered into force on August 1, 2012. Upon that date, ships entering the ECA (200 miles offshore) will be required

to use fuel with maximum sulfur content of 1.0% or use alternative compliance technology such as exhaust gas cleaning system.

(15) Commission AMP system and use shore power for all S-Type vessels berthing in port of USLAX & USKOKL as from December 2013.

(16) North Atlantic Right Whale Seasonal Speed Restrictions are in effect. Restrictions imposed by the NOAA require vessels to proceed at 10 knots or less in restricted areas during specific times of the year (from November to April) in the Mid-Atlantic and Southeast U.S. Seasonal Management Areas (SMAs) of the U.S. East Coast.

Vessels are allowed to operate at speeds greater than 10 knots, if necessary to maintain a safe maneuvering speed in areas where conditions are severely restricting ship's maneuverability. Any deviation from the speed restriction should be entered in the logbook.

## 7. New international environmental protection regulations

(1) As part of the International Maritime Organization's (IMO) program to reduce the global sulfur content of marine fuels (Regulation 14 of MARPOL Annex VI), the global limit of sulfur content in marine fuels shall not exceed 3.5% as from January 1, 2012. This aims to reduce the sulfur oxides emitted by ships.

(2) Amendment of the Regulation on Fuel Sulfur and Other Operational Requirements for Ocean-Going Vessels within California Waters and 24 Nautical Miles of the California Baseline by California's ARB take effect from January 1, 2014:

- a. Marine gas oil (DMA) at or below 1.5% sulfur is effective from July 1, 2009.
- b. Marine gas oil (DMA) at or below 1.0% sulfur is effective from August 1, 2012.
- c. Marine gas oil (DMA) or marine diesel oil (DMB) at or below 0.1% sulfur is effective from January 1, 2014.

The regulatory boundary is expanded in Southern California to be consistent with the Contiguous Zone. This new boundary includes the region 24 nautical miles from the California shoreline, including 24 nautical miles from the shoreline of the Channel Islands.

(3) According to the U.S. EPA 2013 VGP for vessels greater than 400 gross tons that have the capacity to store gray water, gray water must be discharged greater than 1 nm from shore while the vessel is underway as from December 19, 2013.

- IMO – International Maritime Organization
- MEPC – Maritime Environment Protection Committee
- IOPP – International Oil Pollution Prevention
- IAPP – International Air Pollution Prevention
- ISPP – International Sewage Pollution Prevention

## 8. Code of Conduct / Courtesy

As a leading container carrier, the Company consistently uphold the attitude of integrity, transparency and responsible to engage in business activities. For the implementation of the Company's philosophy and core values, all employees are required to :

- (1) Observe the Company's regulations and working manual as well as act loyally, responsibly and under the supervisors' orders, directions and supervision.
- (2) Conduct themselves in an impartial, prudent and self-disciplined manner, protect the Company's reputation, disregard bad habits, and respect fellow members.
- (3) Perform their duties and responsibilities; cooperate and coordinate with interrelated departments to achieve the goals the Company set.
- (4) Commit to providing all its services strictly without any practices that could be construed as bribery and/or corruption.
- (5) Strictly prohibited from discriminating against any employee, contractor or customer.
- (6) Comply with any and all competition law regimes that are relevant to its countries of operation.

## 9. Protection Measures for Safe Work Environment and Labors Safety

The Company set up Labor Safety and Health Division in accordance with LABOR SAFETY AND HEALTH LAW for the purpose of enhancing a complete occupational training mechanism and providing labors with a safe and healthy place of environment. Continuous promotion of safety and health education is adopted to reduce the possibility of occupational accidents. The main job functions of Labor Safety and Health Division are described as below:

- (1) Employees are required to observe Safety and Health Regulations, as the Law is effective from its date of promulgation.
- (2) Labor Safety and Health Division is obliged to perform its duty and follow LABOR SAFETY AND HEALTH LAW, arranging safety and health education and training for new and current employees.
- (3) Fire Act obliges employers to hold fire and safety education or fire drills for employees.
- (4) Clinic Division is established to provide periodic health examination, health care and medical assistance.
- (5) Security guards are deployed day and night to protect the company's properties and labors' safety against occupational hazards.
- (6) Sexual harassment is a violation of law. The company emphasizes its importance and set up designated telephone and e-mail address to handle the complaints concerning sexual harassment.

## 10. Social Responsibility

Evergreen Line is dedicated to social and charitable causes such as medical aid, emergency relief and promotion of education and cultural activities. This company has also worked closely with maritime schools in Taiwan to support marine education.

### **Environmental Protection**

As a leading global container carrier, Evergreen Line has adopted the most advanced shipbuilding technologies to protect the environment. For example, Evergreen Line's ongoing fleet renewal program includes the ordering of thirty L-series containerships to replace old vessels. The L-class containerships are designed to minimize their impact on the environment. The eco-friendly new buildings are fitted with alternative marine power, ballast water treatment system, electronic-controlled fuel-injection engine that enables energy-efficient navigation and supports slow steaming.

The line has introduced many measures aimed at reducing carbon emissions. In March 2010, the Evergreen Line launched its environmental website "Environmental Guardians" to present its dedication to safeguard the earth and the ocean. The ports of Los Angeles and Long Beach presented Evergreen Line with a 2011 Clean Air Action Plan Air Quality Awards, an honor given to those taking extraordinary measures to cut greenhouse gas emissions, modernize facilities and implement innovative operations to reduce air pollution. Evergreen Line was the sole maritime recipient of the Air Quality Improvement Leadership at the Corporate Level recognition.

At the 2013 Lloyd's List Global Awards Ceremony held in London, Evergreen Line was presented with the Environment Award. This Award recognizes our commitment to bring the highest quality of service to our customers while preserving the global ecosystem.

### **Public Welfare**

In 1985 Evergreen Group Chairman, Dr. Y.F. Chang founded the Chang Yung-Fa Foundation, which provides charitable aid and emergency relief. Financial sources of the charitable fund solely come from Dr. Chang himself and subsidiary companies of Evergreen Group, including Evergreen Marine Corp. The foundation also supports the promotion of culture and education by setting up Evergreen Symphony Orchestra, Evergreen Maritime Museum and offering free subscription of "Morals", a monthly digest issued to advocate good deeds and moral principles.

In 2009 Evergreen received the "Corporate Social Responsibility Award" from Lloyd's List, a leading daily newspaper for the maritime industry. The award recognized the leadership demonstrated by the Evergreen Group for the bold vision and the great efforts aimed at environmental protection and social welfare.

Continuing the efforts in charity, Chang Yung-Fa Foundation offered disaster relief to help the people who were struck by natural disasters, including the powerful earthquake hitting northeast coast of Japan in 2011 and another mega earthquake striking the Sichuan province of China in 2013.

## 11. Important Agreement

### (1) Short-haul Agreements

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Exchange Agreement	YANG MING MARINE TRANSPORT CORP.	From : 2009.09.04 Till : Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with YML. (Pan Asia Services)	Slot guaranteed.
Slot Charter Agreement	FUJIAN FOREIGN TRADE CENTRE SHIPPING CO.	From: 2008.03.01 Till : 2009.02.28 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC slot charter from Fujian Foreign Trade Centre Shipping Co. (Fuzhou- Kaohsiung Shuttle Service)	Slot guaranteed.
Slot Exchange Agreement	OOCL(ASIA PACIFIC) LTD.	From: 2011.09.26 Till : Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with OOCL. (North East Asia/ South East Asia-Taiwan/ Hong Kong /Vietnam Service)	Slot guaranteed.
Vessel Sharing Agreement	NINGBO OCEAN SHIPPING CO., LTD.	From: 2010.05.13 Till: 2011.05.12 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC is as slot charterer on Qingdao/Ningbo sector.	Slot guaranteed.
Slot Charter Agreement	CHINA UNITED LINES LTD.	From: 2010.09.27 Till: 2011.09.26 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC is as slot charterer on Shanghai, Ningbo/ Taiwan sector.	Slot guaranteed.
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: 2002.09.01 Till : Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and WHL jointly. (Japan-Taiwan/Hong Kong Service)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing Agreement	WAN HAI LINES LTD.	From : 2008.09.12 Till : 2009.09.11 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and WHL jointly. (Japan/Taiwan/Philippines Service)	Slot guaranteed.
Vessel Sharing Agreement	1. OOCL (ASIA PACIFIC) LTD. 2. YANGMING (UK) LTD.	From: 2006.04.30 Till : Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, OOCL, YM (UK) Ltd. jointly. (Taiwan/Hong Kong/Vietnam Service)	Slot guaranteed.
Vessel Sharing Agreement	1. WAN HAI LINES LTD. 2. HAPAG LLOYD CONTAINER LINE	From : 2006.04.30 Till : 2007.04.29 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, WHL and HLCL jointly. (Taiwan/Mainland/Singapore/Malaysia/India Service)	Slot guaranteed.
Slot Exchange Agreement	WAN HAI LINES LTD.	From: 2009.02.22 Till : 2009.08.23 Can be extended. It is subject to 45 days pre-notice prior to termination.	EMC slot exchanges with WHL. (North East Asia/South East Asia/Korea/South East Asia Service)	Slot guaranteed.
Slot Exchange Agreement	CNC LINE (CMA CGM GROUP)	From : 2012.09.18 Till : 2013.03.17 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with CNC. (Taiwan-Indonesia, China-Indonesia Service)	Slot guaranteed.
Vessel Sharing Agreement	1. COSCO CONTAINER LINES SOUTH EAST ASIA PTE. LTD. 2. SIMATECH SHIPPING	From : 2012.11.29 Till : 2013.05.28 Can be extended. It is subject to 60 days pre-notice prior to termination.	Operated by EMC, COSCONSEA and SSF jointly. (ASEAN-Persian Gulf-ISC Service)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Exchange Agreement	SIMATECH SHIPPING & FORWARDING L.L.C.	From : 2009.10.17 Till : 2010.10.16 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchanges with SSF. (Intra Persian Gulf Service)	Slot guaranteed.
Slot Exchange Agreement	MCC TRANSPORT SINGAPORE PTE LTD.	From : 2002.10.15 Till : 2004.04.14 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with MCC. (Indonesia/Singapore/Malaysia/Thailand Service)	Slot guaranteed.
Slot Exchange Agreement	MCC TRANSPORT SINGAPORE PTE LTD.	From: 2010.10.31 Till: 2011.01.30 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with MCC. (Vietnam/Malaysia/Singapore)	Slot guaranteed.
Slot Charter Agreement	MCC TRANSPORT SINGAPORE PTE LTD.	From: 2010.10.31 Till: 2011.01.30 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot charter out to MCC. (Vietnam/Malaysia/Singapore)	Slot guaranteed.
Vessel Sharing Agreement	MCC TRANSPORT SINGAPORE PTE LTD	From: 2011.10.13 Till: 2012.04.12 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and MCC jointly. (Malaysia/Bangladesh Service)	Slot guaranteed. Termination is effective from 2013.07.09.
Vessel Sharing Agreement	CNC LINE (CMA CGM GROUP)	From: 2011.10.13 Till : 2012.04.12 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and CNC jointly. (China-Hong Kong-Manila-Indonesia Service)	Slot guaranteed. Terminated on 2012.09.21.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Charter Agreement	KAWASAKI KISEN KAISHA, LTD.	From: 2011.11.02 Till : 2012.05.01 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with K Line. (China/South East Asia, Japan-Philippines-Thailand Service)	Slot guaranteed. Terminated on 2012.09.21
Vessel Sharing Agreement	1. SIMATECH SHIPPING PTE LTD. 2. K LINE 3. YANG MING LINES 4. HAPAG LLOYD	From: 2012.08.01 Till: 2013.07.31 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, SSF, K Line, Yang Ming Lines and Hapag Lloyd (North China-India)	Slot guaranteed. 2013.10.13 New partner.
Vessel Sharing Agreement	COSCO CONTAINER LINES COMPANY LIMITED	From: 2011.09.09 Till: 2012.03.08 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and COSCON. (China-Red Sea)	Slot guaranteed.
Vessel Sharing Agreement	1. NYK 2. HANJIN SHIP-PING 3. X-PRESS	From: 2011.10.29 Till: 2012.04.12 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, NYK and HJS. (Korea-Central China-India)	Slot guaranteed. 2012.04.28 New partner.
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: 2011.11.04 Till: 2012.05.03 Can be extended. It is subject to 60 days pre-notice prior to termination.	Operated by EMC and WHL. (Taiwan-South China-Indonesia)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: 2013.09.07 Till: 2014.03.06 Can be extended. It is subject to 60 days pre-notice prior to termination.	Operated by EMC and WHL. (Japan-South China-Thailand)	Slot guaranteed. Terminated on 2012.05.07.
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: 2012.03.08 Till: 2012.09.07 Can be extended. It is subject to 60 days pre-notice prior to termination.	Operated by EMC and WHL. (Korea - South East Asia)	Slot guaranteed.
Slot Exchange Agreement	MITSUI O.S.K. LINE	From: 2012.04.03 Till: 2012.11.27	EMC slot exchanges with MOSK. (Japan-Thailand)	Slot guaranteed.
Slot Exchange Agreement	NYK	From: 2012.04.23 Till: 2013.04.22 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with NYK. (Thailand-Vietnam-Japan)	Slot guaranteed.
Slot Exchange Agreement	HYUNDAI MERCHANT MARINE CO., LTD.	From: 2012.05.08 Till: 2013.05.07 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchanges with HMM. (Asia - Middle East)	Slot guaranteed.
Slot Exchange Agreement	ACL	From: 2012.08.06 Till: 2013.02.05 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchanges with ACL. (Singapore/Malaysia/ Myanmar, Indonesia Service)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing Agreement	<ol style="list-style-type: none"> <li>1. KAWASAKI KISAN KAISHA LTD.</li> <li>2. NIPPON YU-SEN KAISHA</li> <li>3. MITSUI O.S.K. LINES LTD.</li> <li>4. OOCL</li> </ol>	<p>From: 2011.09.01 Till: Subsequently extended. It is subject to 180 days pre-notice prior to termination.</p>	<p>Operated by EMC, K Line, NYK &amp; OOCL jointly. (Asia/Australia service)</p>	Slot guaranteed.
Vessel Sharing Agreement	<ol style="list-style-type: none"> <li>1. YANG MING LINES</li> <li>2. SINOTRANS</li> <li>3. PIL</li> </ol>	<p>From: 2013.06.07 Till: 2014.06.07 Can be extended. It is subject to 90 days pre-notice prior to termination.</p>	<p>Operated by EMC, YML, SINOTRANS &amp; PIL jointly.</p>	Slot guaranteed.
Slot charter Agreement	MAERSK	<p>From: 2007.12.01 Till: 2008.11.30 Can be extended and subject to 90 days pre-notice prior to termination.</p>	<p>EMC slot charter from Maersk. (South East Asia/Australia service)</p>	Slot guaranteed.
Vessel Sharing Agreement	CMA CGM	<p>From: 2013.05.02 Till: 2013.12.31 Can be extended. It is subject to 180 days pre-notice prior to termination.</p>	<p>Operated by EMC, CMACGM.</p>	Slot guaranteed.
Vessel Sharing Agreement	HANJIN SHIP-PING	<p>From: 2013.11.22 Till: 2014.06.22 Can be extended. It is subject to 60 days pre-notice prior to termination.</p>	<p>Operated by EMC and Hanjin Shipping.</p>	Slot guaranteed.

**(2) Long-haul Agreements**

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Exchange Agreement	CMA-CGM S.A.	From: 2002.03.15 Till: 2003.03.31 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchange with CMA-CGM. (Far East / Europe service)	Slot guaranteed.
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. ZIM LINE	From: 1999.05.13 Till: Open but is subject to 90 days pre-notice prior to termination.	Operated by EMC, COSCON & ZIM jointly (Far East/ S. America service)	Slot guaranteed.
Vessel Sharing Agreement	COSCO CONTAINER LINE	From : 2004.04.22 Till: It is subject to 90 days pre-notice prior to termination.	Operated by EMC & COSCON jointly. (Far East/ S. Africa)	Slot guaranteed.
Vessel Sharing & Slot Exchange Agreement	CHINA SHIPPING CONTAINER LINES	From : 2010.01.01 Till: 2012.01.01 Subsequently extended. It is subject to a 6-month pre-notice prior to termination, not to be given earlier than 18 months after commencement, terminated on August 2013.	Operated by ELJSA & CSL jointly. (Far East/Europe Service)	Slot guaranteed.
Vessel Sharing Agreement	CKYH	From:2009.09.21 Till : 2011.09.20 Subsequently extended. It is subject to a 6-month pre-notice and such notice of termination may not be given prior to the end of the 6th month after deployment of the first vessel to the service, in principle on March 21, 2010.	Operated by ELJSA & CKYH JV. (Europe/East cost of America)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Exchange Agreement	MITSUI O.S.K. LINES LTD.	From : 2010.04.10 Till: 2011.04.09 Subsequently extended. It is subject to a 3-month pre-notice prior to termination, not to be given earlier than 9 months after commencement.	ELJSA slot exchange with MOL. (Far East/USWC)	Slot guaranteed.
Vessel Sharing Agreement	MITSUI O.S.K. LINES LTD.	From : 2012.06.01 Till: 2013.05.31 Subsequently extended. It is subject to a 3-month pre-notice prior to termination, not to be given earlier than 9 months after commencement.	Operated by ELJSA & MOL. (Far East/USEC)	Slot guaranteed.
Slot Exchange Agreement	CHINA SHIPPING CONTAINER LINES	From : 2009.06.15 Till: 2011.06.14 Subsequently extended. It is subject to a 6-month pre-notice prior to termination, not to be given earlier than 18 months after commencement.	ELJSA slot exchange with CSCL. (Far East/USWC Service)	Slot guaranteed.
Slot Exchange Agreement	MAERSK	From : 2011.05.08 Till : 2012.05.07 Subsequently extended. It is subject to a 3-month pre-notice prior to termination, not to be given earlier than 9 months after commencement.	ELJSA slot exchange with Maersk. (Far East/USWC)	Slot guaranteed.

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing Agreement	1. HANJIN SHIPPING 2. YANG MING LINE 3. NIPPON YUSEN KAISHA	From : 2012.05.22 Till : 2013.04.21 Subsequently extended. It is subject to a 6-month pre-notice.	Operated by ELJSA, HJS, YML & NYK jointly. (North/South America)	Slot guaranteed.
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. WAN HAI LINES 3. PACIFIC INTERNATIONAL LINES	From : 2013.05.03 Till : 2014.05.02 It is subject to a 3-month pre-notice prior to termination, not to be given earlier than 3 months after commencement.	Operated by ELJSA & COSCON& WHL & PIL.	Slot guaranteed.
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. WAN HAI LINES 3. PACIFIC INTERNATIONAL LINES	From : 2011.04.30 Till : 2012.04.30 It is subject to a 3-month pre-notice prior to termination, not to be given earlier than 3 months after commencement.	Operated by ELJSA & COSCON& WHL & PIL.	Slot guaranteed. WHL withdrawn on 2012.04.21. PIL withdrawn on 2013.06.15.
Slot Exchange Agreement	KAWASAKI KISAN KAISHA LTD.	From : 2011.12.11 Till : 2012.03.31 Subsequently extended. It is subject to 45 days pre-notice.	ELJSA slot exchange with K Line. (Far East/Europe & Mediterranean)	Slot guaranteed.
Slot Exchange Agreement	YANG MING (UK) LTD.	From : 2012.04.05 Till : 2013.04.05 Subsequently extended. It is subject to 45 days pre-notice.	ELJSA slot exchange with Yang Ming. (Far East/Mediterranean)	Slot guaranteed.

### 3 Business Development Outline

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing & Slot Exchange Agreement	HANJIN SHIPPING CO., LTD.	From: 2012.03.01 Till : 2013.03.01 Subsequently extended. It is subject to a 6-month pre-notice.	Operated by ELJSA, HJS jointly, and ELJSA slot exchange with Hanjin. (Far East/Europe & Mediterranean)	Slot guaranteed.
Slot Exchange Agreement	COSCO CONTAINER LINES	From : 2012.04.01 Till : 2013.04.01 Subsequently extended. It is subject to a 6-month pre-notice.	ELJSA slot exchange with COSCON. (Far East/Europe)	Slot guaranteed.
Vessel Sharing Agreement	1. HANJIN SHIPPING CO., LTD. 2. UASC	From: 2013.08.09 Till : 2014.08.09 Subsequently extended. It is subject to a 6-month pre-notice.	Operated by ELJSA, HJS, and UASC jointly. ( Europe / West Africa)	Slot guaranteed.

## 1. The Brief Financial Statements For Recent Five Years - IFRSs

### (1) Brief Consolidated Balance Sheets

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013					The year ended March 31, 2014		
		2009	2010	2011	2012	2013			
Current assets		The Group adopted R.O.C. GAAP for the preparation of consolidated financial statements for years 2009 ~ 2011.					55,558,966	56,084,254	58,067,916
Property, plant and equipment							57,895,081	76,169,083	87,291,686
Intangible assets							6,214	9,658	10,419
Other assets							41,739,461	42,089,458	38,952,242
Total assets							155,199,722	174,352,453	184,322,263
Current liabilities	Before distribution						30,233,250	33,619,548	38,582,930
	After distribution						-	-	-
Non-current liabilities							64,207,223	80,563,316	86,693,928
Total liabilities	Before distribution						94,440,473	114,182,864	125,276,858
	After distribution						-	-	-
Equity attributable to owners of the parent							57,492,204	57,242,048	56,475,025
Common stock							34,749,407	34,749,523	34,749,523
Capital surplus							7,271,879	7,271,957	7,271,957
Retained earnings	Before distribution						17,817,994	16,049,508	14,355,416
	After distribution						-	-	-
Other equity interest		(2,347,076)	(828,940)	98,129					
Treasury shares		-	-	-					
Non-controlling interest		3,267,045	2,927,541	2,570,380					
Total equity	Before distribution	60,759,249	60,169,589	59,045,405					
	After distribution	-	-	-					

**(2) Brief Consolidated Statements of Comprehensive Income**

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013					The year ended March 31, 2014
		2009	2010	2011	2012	2013	
Operating revenue					141,026,391	139,216,384	34,320,714
Gross Profit					4,162,373	388,745	(175,483)
Operating income (loss)					(1,116,030)	(5,107,783)	(1,381,427)
Non-operating income and expenses					1,161,030	3,518,636	(525,321)
Profit (loss) before income tax					45,000	(1,589,147)	(1,906,748)
Profit (loss) from continuing operations					(211,671)	(2,046,804)	(1,926,508)
Profit (loss) from discontinued operation					-	-	-
Profit (loss) for the period					(211,671)	(2,046,804)	(1,926,508)
Other comprehensive income (loss), net of income tax		The Group adopted R.O.C. GAAP for the preparation of consolidated financial statements for years 2009 ~ 2011.			(2,829,994)	1,457,237	802,324
Total comprehensive income (loss)					(3,041,665)	(589,567)	(1,124,184)
Profit (loss), attributable to owners of the parent					312,544	(1,497,304)	(1,694,092)
Profit (loss), attributable to non-controlling interest					(524,215)	(549,500)	(232,416)
Comprehensive income (loss), attributable to owners of the parent					(1,942,231)	(250,135)	(767,023)
Comprehensive income (loss), attributable to non-controlling interest					(1,099,434)	(339,432)	(357,161)
Earnings per share (in dollars)					0.09	(0.43)	(0.49)

## (3) Brief Parent Company Only Balance Sheets

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Current assets					16,938,622	19,271,637
Property, plant and equipment					9,686,753	14,006,137
Intangible assets					3,571	7,118
Other assets					67,997,143	65,551,503
Total assets					94,626,089	98,836,395
Current liabilities	Before distribution				7,102,223	9,192,585
	After distribution				-	-
Non-current liabilities					30,031,662	32,401,762
Total liabilities	Before distribution				37,133,885	41,594,347
	After distribution				-	-
Common stock					34,749,407	34,749,523
Capital surplus					7,271,879	7,271,957
Retained earnings	Before distribution				17,817,994	16,049,508
	After distribution				-	-
Other equity interest					(2,347,076)	(828,940)
Treasury shares					-	-
Total equity	Before distribution				57,492,204	57,242,048
	After distribution				-	-

The Company adopted R.O.C. GAAP for the preparation of financial statements for years 2009 ~ 2011.

**(4) Brief Parent Company Only Statements of Comprehensive Income**

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Operating revenue					16,220,232	19,508,830
Gross Profit					1,165,800	1,224,693
Operating income (loss)					(254,522)	(222,418)
Non-operating income and expenses					471,597	(1,229,184)
Profit (loss) before income tax					217,075	(1,451,602)
Profit (loss) from continuing operations					312,544	(1,497,304)
Profit (loss) from discontinued operation					-	-
Profit (loss) for the year					312,544	(1,497,304)
Other comprehensive income					(2,254,775)	1,247,169
Total comprehensive income					(1,942,231)	(250,135)
Earnings per share (in dollars)					0.09	(0.43)

The Company adopted R.O.C. GAAP for the preparation of financial statements for years 2009 ~ 2011.

## 2. The Brief Financial Statements For Recent Five Years - R.O.C. GAAP

### (1) Brief Consolidated Balance Sheets

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Current assets		30,599,637	44,000,391	46,094,690	55,769,066	The Group adopted IFRSs for the preparation of consolidated financial statements for the year 2013.
Funds and investments		32,209,265	36,061,272	26,471,311	26,612,918	
Fixed assets		50,883,911	49,088,835	64,762,841	71,944,088	
Intangible assets		70,689	59,300	61,058	458,670	
Other assets		465,175	355,685	395,559	513,096	
Total assets		114,228,677	129,565,483	137,785,459	155,297,838	
Current liabilities	Before distribution	19,102,877	29,399,653	28,455,150	30,044,382	
	After distribution	-	-	-	-	
Long-term liabilities		34,964,193	26,358,127	39,816,885	58,742,282	
Other liabilities		3,143,234	3,586,138	3,911,889	4,082,333	
Total liabilities	Before distribution	57,210,304	59,343,918	72,183,924	92,868,997	
	After distribution	-	-	-	-	
Common stock		30,625,992	31,248,395	34,734,581	34,749,407	
Capital surplus		6,675,194	7,202,990	7,480,392	7,489,891	
Retained earnings	Before distribution	16,786,007	31,951,458	22,544,132	22,672,661	
	After distribution	-	-	-	-	
Unrealized gain (loss) on financial instruments		207,729	1,184,125	292,733	347,247	
Cumulative translation adjustments		640,363	(5,055,677)	(2,656,053)	(4,877,940)	
Unrecognized pension cost		(483,688)	(707,771)	(1,229,959)	(1,284,299)	
Minority interest		2,566,776	4,398,045	4,435,709	3,331,874	
Total stockholders' equity	Before distribution	57,018,373	70,221,565	65,601,535	62,428,841	
	After distribution	-	-	-	-	

**(2) Brief Consolidated Statements of Income**

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Operating income		81,936,315	109,353,176	108,156,058	141,028,128	The Group adopted IFRSs for the preparation of consolidated financial statements for the year 2013.
Gross profit (loss)		(6,921,027)	17,830,972	(168,977)	4,079,204	
Operating income (loss)		(12,272,399)	12,718,697	(5,117,703)	(1,271,373)	
Non-operating income and gains		4,873,195	6,699,048	4,179,753	2,515,331	
Non-operating expenses and losses		5,474,443	662,168	2,481,205	1,399,136	
Income (loss) from continuing operations before income tax		(12,873,647)	18,755,577	(3,419,155)	(155,178)	
Income (loss) from continuing operations		(12,207,273)	17,772,567	(3,679,802)	(418,637)	
Income (loss) from discontinued operation		-	-	-	-	
Net income (loss)		(12,207,273)	17,772,567	(3,679,802)	(418,637)	
Earnings per share (in dollars)		(3.22)	4.94	(0.89)	0.04	

## (3) Brief Balance Sheets (non-consolidated)

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Current assets		11,639,249	9,968,985	13,194,442	17,223,561	The Company adopted IFRSs for the preparation of financial statements for the year 2013.
Funds and investments		57,746,286	68,104,188	64,053,206	60,961,730	
Fixed assets		10,838,750	11,360,775	15,007,157	17,566,708	
Intangible assets		37,756	16,072	14,465	12,858	
Other assets		264,520	206,384	191,923	173,250	
Total assets		80,526,561	89,656,404	92,461,193	95,938,107	
Current liabilities	Before distribution	6,927,545	10,636,628	7,152,186	7,074,119	
	After distribution	-	13,794,172	-	-	
Long-term liabilities		16,940,692	10,457,355	21,209,534	27,232,594	
Other Liabilities		2,206,727	2,738,901	2,933,647	2,534,428	
Total liabilities	Before distribution	26,074,964	23,832,884	31,295,367	36,841,141	
	After distribution	-	26,990,428	-	-	
Common stock		30,625,992	31,248,395	34,734,581	34,749,407	
Capital surplus		6,675,194	7,202,990	7,480,392	7,489,891	
Retained earnings	Before distribution	16,786,007	31,951,458	22,544,132	22,672,660	
	After distribution	-	28,793,914	-	-	
Unrealized gain (loss) on financial instruments		207,729	1,184,125	292,733	347,247	
Cumulative translation adjustments		640,363	(5,055,677)	(2,656,053)	(4,877,940)	
Unrecognized pension cost		(483,688)	(707,771)	(1,229,959)	(1,284,299)	
Total stockholders' equity	Before distribution	54,451,597	65,823,520	61,165,826	59,096,966	
	After distribution	-	62,665,976	-	-	

**(4) Brief Statements of Income (non-consolidated)**

Unit: Thousand NTD

Account Code	Year	Financial Date From 2009 To 2013				
		2009	2010	2011	2012	2013
Operating income		15,062,947	17,026,011	15,361,235	16,220,232	The Company adopted IFRSs for the preparation of financial statements for the year 2013.
Gross profit		1,987,591	1,773,310	730,144	1,143,262	
Operating income (loss)		472,541	84,967	(775,318)	(332,834)	
Non-operating income and gains		3,301,851	16,395,786	1,630,140	1,147,943	
Non-operating expenses and losses		14,506,852	615,871	4,001,530	774,643	
Income (loss) from continuing operations before income tax		(10,732,460)	15,864,882	(3,146,708)	40,466	
Income (loss) from continuing operations		(9,855,353)	15,165,451	(3,092,361)	128,531	
Income (loss) from discontinued operation		-	-	-	-	
Net income (loss)		(9,855,353)	15,165,451	(3,092,361)	128,531	
Earnings per share (in dollars)		(3.22)	4.94	(0.89)	0.04	

### 3. The Financial Analysis For Recent Five Years

#### (1) Consolidated Financial Analysis - IFRSs

Item	2009	2010	2011	2012	2013	The year ended March 31, 2014
Capital structure analysis (%)						
Debt ratio				60.85	65.49	67.97
Long-term funds to property, plant and equipment				208.33	179.16	162.18
Liquidity analysis (%)						
Current ratio				183.77	166.82	150.50
Quick ratio				163.88	148.66	133.85
Times interest earned (times)				1.10	(2.86)	(13.89)
Operating performance analysis						
Receivable turnover (times)				13.20	10.46	2.51
Average collection days				28	35	36
Accounts payable turnover (times)				10.16	10.20	2.59
Property, plant and equipment turnover (times)				2.66	2.08	0.42
Total assets turnover (times)				0.96	0.84	0.19
Profitability analysis (%)						
Return ratio on total assets				0.11	(1.03)	(1.01)
Return ratio on stockholders' equity				(0.34)	(3.39)	(3.23)
Income before tax to capital stock				0.13	(4.57)	(5.49)
Profit after tax to net sales				(0.15)	(1.47)	(5.61)
Earnings per share (NT\$)				0.09	(0.43)	(0.49)
Cash flow (%)						
Cash flow ratio				24.95	6.57	0.44
Cash flow adequacy ratio				34.33	32.97	54.24
Cash flow reinvestment ratio				4.35	1.16	0.09
Leverage						
Operating leverage				(8.63)	(1.43)	(1.28)
Financial leverage				0.71	0.93	0.92

**(2) Parent Company Only Financial Analysis - IFRSs**

Item	2009	2010	2011	2012	2013
Capital structure analysis (%)					
Debt ratio				39.24	42.08
Long-term funds to property, plant and equipment				874.65	621.35
Liquidity analysis (%)					
Current ratio				238.50	209.64
Quick ratio				229.55	201.42
Times interest earned (times)				151.71	(280.05)
Operating performance analysis					
Receivable turnover (times)				18.35	15.02
Average collection days				20	24
Accounts payable turnover (times)				7.64	9.64
Property, plant and equipment turnover (times)				1.81	1.65
Total assets turnover (times)				0.18	0.20
Profitability analysis (%)					
Return ratio on total assets				0.71	(1.22)
Return ratio on stockholders' equity				0.53	(2.61)
Income before tax to capital stock				0.62	(4.18)
Profit after tax to net sales				1.93	(7.68)
Earnings per share (NT\$)				0.09	(0.43)
Cash flow (%)					
Cash flow ratio				53.04	32.96
Cash flow adequacy ratio				24.09	97.03
Cash flow reinvestment ratio				3.79	3.03
Leverage					
Operating leverage				(10.64)	(13.39)
Financial leverage				0.38	0.37

The Company adopted R.O.C. GAAP for the preparation of financial statements for years 2009 ~ 2011.

**(3) Consolidated Financial Analysis – R.O.C. GAAP**

Item	2009	2010	2011	2012	2013
Capital structure analysis (%)					The Group adopted IFRSs for the preparation of consolidated financial statements for the year 2013.
Debt ratio	50.08	45.80	52.47	59.80	
Long-term funds to fixed assets	180.28	196.74	162.78	168.42	
Liquidity analysis (%)					
Current ratio	160.18	149.66	161.50	185.62	
Quick ratio	144.29	135.23	142.21	165.54	
Times interest earned (times)	(31.21)	39.73	(7.22)	0.66	
Operating performance analysis					
Receivable turnover (times)	10.35	12.32	12.09	13.20	
Average collection days	35	30	30	27	
Accounts payable turnover (times)	25.83	23.07	21.98	28.35	
Fixed assets turnover (times)	1.54	2.19	1.84	2.06	
Total assets turnover (times)	0.66	0.90	0.81	0.96	
Profitability analysis (%)					
Return ratio on total assets	(9.62)	14.91	(2.49)	(0.03)	
Return ratio on stockholders' equity	(19.57)	27.94	(5.42)	(0.65)	
Income before tax to capital stock	(42.04)	60.02	(9.84)	(0.45)	
Profit after tax to net sales	(14.90)	16.25	(3.40)	(0.30)	
Earnings per share (NT\$)	(3.99)	5.26	(1.06)	(0.12)	
Cash flow (%)					
Cash flow ratio	(72.57)	76.82	(2.18)	26.26	
Cash flow adequacy ratio	93.05	80.83	56.88	46.69	
Cash flow reinvestment ratio	(10.03)	15.95	(2.44)	4.57	
Leverage					
Operating leverage	0.33	1.61	(0.48)	(5.50)	
Financial leverage	0.97	1.04	0.92	0.74	

**(4) Non-Consolidated Financial Analysis – R.O.C. GAAP**

Item	2009	2010	2011	2012	2013	
Capital structure analysis (%)						
Debt ratio	32.38	26.58	33.85	38.40	The Company adopted IFRSs for the preparation of financial statements for the year 2013.	
Long-term funds to fixed assets	658.68	671.44	548.91	491.43		
Liquidity analysis (%)						
Current ratio	168.01	93.72	184.48	243.47		
Quick ratio	159.83	89.36	177.42	234.66		
Times interest earned (times)	(39.32)	49.85	(8.22)	1.10		
Operating performance analysis						
Receivable turnover (times)	23.52	21.75	18.27	18.34		
Average collection days	16	17	19	19		
Accounts payable turnover (times)	9.55	11.68	9.65	11.17		
Fixed assets turnover (times)	1.28	1.53	1.17	0.99		
Total assets turnover (times)	0.17	0.20	0.17	0.17		
Profitability analysis (%)						
Return ratio on total assets	(11.05)	18.14	(3.08)	0.50		
Return ratio on stockholders' equity	(16.75)	25.22	(4.87)	0.21		
Income before tax to capital stock	(35.04)	50.77	(9.06)	0.11		
Profit after tax to net sales	(65.43)	89.07	(20.13)	0.79		
Earnings per share (NT\$)	(3.22)	4.49	(0.89)	0.04		
Cash flow (%)						
Cash flow ratio	(13.86)	45.28	27.67	56.89		
Cash flow adequacy ratio	97.96	49.82	35.54	20.92		
Cash flow reinvestment ratio	(1.09)	5.24	(1.19)	3.90		
Leverage						
Operating leverage	7.84	37.47	(2.79)	(8.13)		
Financial leverage	2.29	(0.35)	0.69	0.44		

#### 4. Consolidated Financial Statements and Report of Independent Accountants

##### REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of other independent accountants. The statements reflect total assets of NT\$63,629,147, NT\$55,990,911 and NT\$50,920,753, constituting 36.49%, 36.08% and 36.85% of the total consolidated assets as of December 31, 2013, December 31, 2012 and January 1, 2012, and net operating revenues of NT\$46,627,813 and NT\$42,861,459, constituting 33.49% and 30.39% of the total consolidated operating revenues for the years ended December 31, 2013 and 2012, respectively. In addition, we did not audit the financial statements of all the investee companies accounted for using the equity method. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of other independent accountants. Long-term investments in these investee companies amounted to NT\$14,323,875, NT\$14,111,679 and NT\$13,768,555, constituting 8.22%, 9.09% and 9.96% of total consolidated assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT\$1,416,777 and NT\$1,290,994 for the the years ended December 31, 2013 and 2012, respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Evergreen Marine Corporation (Taiwan) Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the “Regulations Governing Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Evergreen Marine Corporation (Taiwan) Ltd. as of and for the years ended December 31, 2013 and 2012, on which we have issued an unqualified opinion with explanatory paragraph thereon.

PricewaterhouseCoopers, Taiwan  
March 31, 2014  
Taipei, Taiwan  
Republic of China

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

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

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

	Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 33,502,442	19	\$ 31,984,708	21	\$ 23,006,258	17
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		5,172	-	1,407,989	1	2,232,678	2
1130	Held-to-maturity financial	6(4)						
	assets - current		-	-	-	-	951,382	1
1150	Notes receivable, net		102,378	-	131,332	-	93,263	-
1170	Accounts receivable, net	6(5)	12,873,750	7	12,984,094	8	7,835,603	6
1180	Accounts receivable, net -	7						
	related parties		351,973	-	172,326	-	151,270	-
1200	Other receivables		366,713	-	590,067	1	1,588,235	1
1210	Other receivables - related	7						
	parties		344,493	-	224,033	-	520,638	-
1220	Current income tax assets		9,225	-	28,905	-	13,526	-
130X	Inventories	6(6)	5,181,840	3	5,233,026	3	4,814,786	3
1410	Prepayments		924,452	1	779,608	1	718,695	-
1470	Other current assets	6(7), 7 and 8	2,421,816	2	2,022,878	1	4,023,580	3
11XX	<b>Current assets</b>		<u>56,084,254</u>	<u>32</u>	<u>55,558,966</u>	<u>36</u>	<u>45,949,914</u>	<u>33</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value	6(2)						
	through profit or loss -							
	non-current		-	-	76,648	-	62,959	-
1523	Available-for-sale financial	6(3)						
	assets - non-current		1,933,369	1	1,538,132	1	1,498,098	1
1527	Held-to-maturity financial	6(4)						
	assets - non-current		370,000	-	370,000	-	370,000	-
1543	Financial assets carried at cost -							
	non-current		-	-	-	-	3,421	-
1550	Investments accounted for	6(8) and 8						
	using equity method		23,900,852	14	23,240,755	15	23,029,882	17
1600	Property, plant and equipment	6(9) and 8	76,169,083	44	57,895,081	37	48,023,637	35
1760	Investment property - net	6(10) and 8	2,012,006	1	2,040,255	1	2,022,584	2
1780	Intangible assets		9,658	-	6,214	-	3,380	-
1840	Deferred income tax assets	6(29)	487,294	-	620,383	1	568,435	-
1900	Other non-current assets	6(11) and 8	13,385,937	8	13,853,288	9	16,662,045	12
15XX	<b>Non-current assets</b>		<u>118,268,199</u>	<u>68</u>	<u>99,640,756</u>	<u>64</u>	<u>92,244,441</u>	<u>67</u>
1XXX	<b>Total assets</b>		<u>\$ 174,352,453</u>	<u>100</u>	<u>\$ 155,199,722</u>	<u>100</u>	<u>\$ 138,194,355</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(12)	\$ 596,860	-	\$ 1,452,400	1	\$ 3,910,312	3
2120	Financial liabilities at fair value through profit or loss - current		-	-	-	-	255,246	-
2170	Accounts payable		12,246,167	7	13,539,719	9	12,635,674	9
2180	Accounts payable - related parties	7	747,356	1	687,299	1	77,701	-
2200	Other payables		1,870,280	1	1,834,924	1	1,668,415	2
2220	Other payables - related parties	7	81,125	-	113,223	-	148,623	-
2230	Current income tax liabilities		192,053	-	84,948	-	184,138	-
2300	Other current liabilities	6(13) and 7	17,885,707	10	12,520,737	8	9,542,277	7
21XX	<b>Current liabilities</b>		<u>33,619,548</u>	<u>19</u>	<u>30,233,250</u>	<u>20</u>	<u>28,422,386</u>	<u>21</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(14)	3,000,000	2	3,548,791	2	-	-
2540	Long-term loans	6(15)	56,930,059	32	41,534,538	27	37,863,525	27
2570	Deferred income tax liabilities	6(29)	1,248,772	1	1,392,139	1	1,407,704	1
2600	Other non-current liabilities	6(16)(17)(18)	19,384,485	11	17,731,755	11	6,724,149	5
25XX	<b>Non-current liabilities</b>		<u>80,563,316</u>	<u>46</u>	<u>64,207,223</u>	<u>41</u>	<u>45,995,378</u>	<u>33</u>
2XXX	<b>Total liabilities</b>		<u>114,182,864</u>	<u>65</u>	<u>94,440,473</u>	<u>61</u>	<u>74,417,764</u>	<u>54</u>
<b>Equity attributable to owners of the parent</b>								
<b>Capital</b>								
3110	Common stock	6(19)	34,749,523	20	34,749,407	22	34,734,581	25
<b>Capital surplus</b>								
3200	Capital surplus	6(20)	7,271,957	4	7,271,879	5	7,262,380	5
<b>Retained earnings</b>								
3310	Legal reserve	6(21)	9,115,638	5	9,102,785	6	9,102,785	7
3320	Special reserve		5,814,993	3	3,593,280	2	4,579,324	3
3350	Unappropriated retained earnings		1,118,877	1	5,121,929	3	4,074,031	3
<b>Other equity interest</b>								
3400	Other equity interest	6(22)	( 828,940)	-	( 2,347,076)	( 1)	( 342,989)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>57,242,048</u>	<u>33</u>	<u>57,492,204</u>	<u>37</u>	<u>59,410,112</u>	<u>43</u>
36XX	<b>Non-controlling interest</b>		<u>2,927,541</u>	<u>2</u>	<u>3,267,045</u>	<u>2</u>	<u>4,366,479</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>60,169,589</u>	<u>35</u>	<u>60,759,249</u>	<u>39</u>	<u>63,776,591</u>	<u>46</u>
<b>Significant Contingent Liabilities And Unrecognized Contract Commitments</b>								
<b>Significant Events After The Balance Sheet Date</b>								
<b>Total liabilities and equity</b>								
			<u>\$ 174,352,453</u>	<u>100</u>	<u>\$ 155,199,722</u>	<u>100</u>	<u>\$ 138,194,355</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.  
 See report of independent accountants dated March 31, 2014.

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

		For the years ended December 31			
		2013		2012	
	Notes	AMOUNT	%	AMOUNT	%
4000	<b>Operating revenue</b>	\$ 139,216,384	100	\$ 141,026,391	100
5000	<b>Operating costs</b>	( 138,827,639)	( 100)	( 136,864,018)	( 97)
5900	<b>Gross profit</b>	388,745	-	4,162,373	3
6200	General and administrative expenses	( 5,496,528)	( 4)	( 5,278,403)	( 4)
6000	<b>Operating expenses</b>	( 5,496,528)	( 4)	( 5,278,403)	( 4)
6900	<b>Operating loss</b>	( 5,107,783)	( 4)	( 1,116,030)	( 1)
	<b>Non-operating income and expenses</b>				
7010	Other income	640,324	1	857,552	1
7020	Other gains and losses	4,396,930	3	1,496,952	1
7050	Finance costs	( 412,086)	-	( 457,770)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for using equity method	( 1,106,532)	( 1)	( 735,704)	( 1)
7000	<b>Total non-operating income and expenses</b>	3,518,636	3	1,161,030	1
7900	<b>(Loss) profit before income tax</b>	( 1,589,147)	( 1)	45,000	-
7950	Income tax expense	( 457,657)	-	( 256,671)	-
8200	<b>Loss for the year</b>	( \$ 2,046,804)	( 1)	( \$ 211,671)	-
	<b>Other comprehensive income (loss)</b>				
8310	Exchange differences on translating the financial statements of foreign operations	\$ 1,197,486	1	( \$ 2,254,867)	( 2)
8325	Unrealized gain on valuation of available-for-sale financial assets	392,306	-	47,989	-
8360	Actuarial loss on defined benefit plans	( 126,233)	-	( 110,563)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	( 10,124)	-	( 510,167)	-
8399	Income tax relating to the components of other comprehensive income	3,802	-	( 2,386)	-
8300	<b>Other comprehensive income (loss) for the year, net of income tax</b>	\$ 1,457,237	1	( \$ 2,829,994)	( 2)
8500	<b>Total comprehensive loss for the year</b>	( \$ 589,567)	-	( \$ 3,041,665)	( 2)
	<b>Profit (loss), attributable to:</b>				
8610	Owners of the parent	( \$ 1,497,304)	( 1)	\$ 312,544	-
8620	Non-controlling interest	( \$ 549,500)	-	( \$ 524,215)	-
	<b>Comprehensive loss attributable to:</b>				
8710	Owners of the parent	( \$ 250,135)	-	( \$ 1,942,231)	( 1)
8720	Non-controlling interest	( \$ 339,432)	-	( \$ 1,099,434)	( 1)
	<b>(Loss) earnings per share (in dollars)</b>				
9750	<b>Basic (loss) earnings per share</b>	( \$ 0.43)		\$ 0.09	
9850	<b>Diluted (loss) earnings per share</b>	( \$ 0.43)		\$ 0.09	

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 31, 2014.

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

Notes	Equity attributable to owners of the parent										Total equity
	Retained Earnings				Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow	Total	Non-controlling interest	
<b>Year 2012</b>											
	Balance at January 1, 2012	\$ 7,262,380	\$ 9,102,785	\$ 4,579,324	\$ 4,074,031	\$ -	(\$ 362,353)	\$ 19,364	\$ 59,410,112	\$ 4,366,479	\$ 63,776,591
6(21)	Appropriations of 2011 earnings	-	-	-	986,044	-	-	-	-	-	-
	Special reserve	-	-	-	(2)	-	-	-	72	-	72
	Donated assets	74	-	-	-	-	-	-	-	-	-
6(19)	Conversion of convertible bonds into common stock	14,826	12,038	-	-	-	-	-	26,864	-	26,864
	Stock warrants of convertible bonds	(2,613)	(2,613)	-	-	-	-	-	(2,613)	-	(2,613)
	Loss for the year	-	-	-	312,544	-	-	-	312,544	(524,215)	(211,671)
6(22)	Other comprehensive loss for the year	-	-	-	(250,688)	(1,867,363)	(127,649)	(9,075)	(2,254,775)	(575,219)	(2,829,994)
	Balance at December 31, 2012	\$ 34,749,407	\$ 7,271,879	\$ 9,102,785	\$ 3,593,280	\$ 5,121,929	(\$ 490,002)	\$ 10,289	\$ 57,492,204	\$ 3,267,045	\$ 60,759,249
<b>Year 2013</b>											
	Balance at January 1, 2013	\$ 34,749,407	\$ 7,271,879	\$ 9,102,785	\$ 3,593,280	\$ 5,121,929	(\$ 490,002)	\$ 10,289	\$ 57,492,204	\$ 3,267,045	\$ 60,759,249
6(21)	Appropriations of 2012 earnings	-	-	12,853	-	(12,853)	-	-	-	-	-
	Legal reserve	-	-	-	2,221,713	(2,221,713)	-	-	-	-	-
	Special reserve	-	-	-	-	-	-	-	-	-	-
6(19)	Conversion of convertible bonds into common stock	116	99	-	-	-	-	-	215	-	215
	Stock warrants of convertible bonds	(21)	(21)	-	-	-	-	-	(21)	-	(21)
	Adjustments to share of changes in equity of associates and joint ventures	-	-	-	-	(215)	-	-	(215)	(72)	(287)
	Loss for the year	-	-	-	-	(1,497,304)	-	-	(1,497,304)	(549,500)	(2,046,804)
6(22)	Other comprehensive income (loss) for the year	-	-	-	(270,967)	(1,062,548)	453,546	2,042	(1,247,169)	210,068	(1,457,237)
	Balance at December 31, 2013	\$ 34,749,523	\$ 7,271,957	\$ 9,115,638	\$ 5,814,993	\$ 1,118,877	(\$ 36,456)	\$ 12,331	\$ 57,242,048	\$ 2,927,541	\$ 60,169,589

The accompanying notes are an integral part of these consolidated financial statements.  
 See report of independent accountants dated March 31, 2014.

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

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated (loss) profit before tax for the year		(\$ 1,589,147)	\$ 45,000
Adjustments			
Income and expenses having no effect on cash flows			
Financial assets and liabilities at fair value through profit or loss	6(25)	( 18,963 )	39,440
Depreciation	6(9)(10)	6,782,004	5,768,484
Amortization	6(27)	11,431	5,966
Amortization of bond discounts		12,426	114,134
Interest income	6(24)	( 249,529 )	( 233,050 )
Interest expense	6(26)	412,086	457,770
Dividend income	6(24)	( 122,975 )	( 148,093 )
Gain on disposal of available-for-sale financial assets		( 574 )	( 20,889 )
Realized loss from capital reduction of available-for-sale financial assets	6(3)	-	1,844
Loss on disposal of investments accounted for using equity method		-	1,356
Share of loss of associates and joint ventures accounted for using equity method		1,106,532	735,704
Net gain on disposal of property, plant and equipment		( 4,342,038 )	( 1,388,377 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		1,498,428	767,818
Notes receivable, net		32,366	( 41,799 )
Accounts receivable, net		443,602	( 5,438,560 )
Accounts receivable, net - related parties		( 178,243 )	( 21,915 )
Other receivables		239,844	951,279
Other receivables - related parties		( 116,075 )	278,548
Inventories		181,659	( 599,696 )
Prepayments		( 127,821 )	( 83,490 )
Other current assets		( 355,380 )	1,873,517
Other non-current assets		15,710	7,065
Net changes in liabilities relating to operating activities			
Accounts payable		( 1,382,228 )	1,027,662
Accounts payable - related parties		42,043	612,252
Other payables		( 266,573 )	306,387
Other current liabilities		777,589	3,708,255
Other non-current liabilities		62,343	( 442,004 )
Cash provided by generated from operations		2,868,517	8,284,608
Interest received		249,529	233,050
Interest paid		( 565,812 )	( 544,749 )
Income tax paid		( 343,972 )	( 430,544 )
Net cash provided by operating activities		<u>2,208,262</u>	<u>7,542,365</u>

(Continued)

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

	Notes	2013	2012
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Financial assets and liabilities at fair value through profit or loss		\$ -	(\$ 238,185 )
Acquisition of available-for-sale financial assets		-	( 2,927 )
Proceeds from disposal of available-for-sale financial assets		586	22,412
Proceeds from capital reduction of available-for-sale financial assets	6(3)	-	884
Proceeds from sale of held-to-maturity financial assets		-	945,240
Proceeds from capital reduction of investments accounted for using equity method		-	364,550
Acquisition of investments accounted for using equity method	6(8)	( 1,832,052 )	( 2,024,986 )
Proceeds from disposal of investments accounted for using equity method		-	92,436
Acquisition of property, plant and equipment	6(31)	( 9,997,442 )	( 14,978,256 )
Proceeds from disposal of property, plant and equipment		6,309,585	14,521,491
Acquisition of intangible assets		( 14,088 )	( 8,872 )
Other non-current assets	6(31)	( 14,907,723 )	( 12,825,701 )
Dividend received		436,503	436,791
Net cash used in investing activities		<u>( 20,004,631 )</u>	<u>( 13,695,123 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		3,861,978	2,414,817
Decrease in short-term loans		( 4,757,268 )	( 4,714,064 )
(Decrease) increase in other payables	7	( 29,326 )	55,798
Increase in long-term loans		42,331,999	19,581,254
Decrease in long-term loans		( 23,622,220 )	( 12,734,247 )
Increase in corporate bonds payable		-	3,000,000
Decrease in corporate bonds payable		-	( 2,500,000 )
Increase in other non-current liabilities		1,179,565	11,573,136
Proceeds from disposal of donated treasury stock		-	72
Net change in non-controlling interest		( 72 )	-
Net cash provided by financing activities		<u>18,964,656</u>	<u>16,676,766</u>
Effect of exchange rate changes		<u>349,447</u>	<u>( 1,545,558 )</u>
Increase in cash and cash equivalents		1,517,734	8,978,450
Cash and cash equivalents at beginning of year		31,984,708	23,006,258
Cash and cash equivalents at end of year		<u>\$ 33,502,442</u>	<u>\$ 31,984,708</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See report of independent accountants dated March 31, 2014.

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

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized by the Board of Directors on March 25, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, ‘Financial Instruments’: Classification and measurement of financial assets

A. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as ‘available-for-sale financial assets’ held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be

reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Group recognized gain on equity instruments amounting to \$381,273 in other comprehensive income for the year ended December 31, 2013.

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

The following are the assessment of new standards, interpretations and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Group (application of the new standards, interpretations and amendments should follow the regulations of the FSC):

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognizing the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognized and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalization date, the entity may elect to measure all assets and liabilities held before the functional currency normalization date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognize related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognized immediately in other comprehensive income. Past service costs will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognized in other comprehensive income.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognized as the ‘stripping activity asset’. To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity ‘currently has a legally enforceable right to set off the recognised amounts’ and ‘gross settlement mechanisms are effectively equivalent to net settlement’; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit or loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognized in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendment to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendment to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	<p>1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity.</p> <p>2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.</p>	November 19, 2013 (Not mandatory)

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Services related contributions from employees or third parties (amendment to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

#### 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

- A. These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).
- B. In the preparation of the balance sheet of January 1, 2012 (the Group’s date of transition to IFRSs) (“the opening IFRS balance sheet”), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Group’s financial position, financial performance and cash flows.

**(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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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 special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- (b) Inter-company transactions, balances and unrealized 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 recognized 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. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized 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 recognized 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
			December 31, 2013	December 31, 2012	
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
"	Peony	Investments in transport-related business	100.00	100.00	
"	ETS	Terminal Services	100.00	100.00	
Peony	GMS	Container Shipping	100.00	100.00	
"	Clove	Investments in container yards and port terminals	100.00	100.00	
"	Vigor	Investments in container manufacturing	100.00	100.00	
"	EMU	Container shipping	51.00	51.00	
"	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	84.44	
"	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	
"	KTIL	Loading, discharging, storage, repairs and cleaning	20.00	20.00	(a)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2013	December 31, 2012	
Peony	MBPI	Containers storage and inspections of containers at the customs house	95.03	95.03	
"	MBT	Inland transportation, repairs and cleaning of containers	17.39	17.39	
"	EGS	Agency services dealing with port formalities	51.00	51.00	
"	EGK	"	100.00	100.00	
"	EMI	"	51.00	51.00	
"	EGT	"	51.00	51.00	
"	EGI	"	99.99	99.99	
"	EMA	"	67.50	67.50	
"	EIT	"	55.00	55.00	
"	EES	"	55.00	55.00	
"	ERU	"	51.00	51.00	
"	EGD	"	100.00	100.00	
"	EGUD	"	100.00	100.00	
"	EGD-WWX	"	100.00	100.00	
"	EGF	"	100.00	100.00	
"	EGN	"	100.00	100.00	
"	EGV	"	51.00	51.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2013	December 31, 2012	
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	
"	EGB	Real estate leasing	95.00	95.00	
EMU	Island	Investments in operating machinery and equipment of port terminals	15.00	15.00	
"	KTIL	Loading, discharging, storage, repairs and cleaning	20.00	20.00	(a)
"	EGU	Agency services dealing with port formalities	100.00	100.00	
EGD	EGDL	"	100.00	100.00	
	EGDV	"	100.00	100.00	
Clove	Island	Investments in operating machinery and equipment of port terminals	36.00	36.00	
Armand N.V.	Armand B.V.	Investments in container yards and port terminals	100.00	100.00	
Island	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	100.00	
"	Hemlock	"	100.00	100.00	
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	72.95	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)	Description
			January 1, 2012	
The Company	TTSC	Cargo loading and discharging	55.00	
"	Peony	Investments in transport-related business	100.00	
"	ETS	Terminal Services	100.00	
Peony	GMS	Container Shipping	100.00	
"	Clove	Investments in container yards and port terminals	100.00	
"	Vigor	Investments in container manufacturing	100.00	
"	EMU	Container shipping	51.00	
"	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	
"	Armand N.V.	Investments in container yards and port terminals	70.00	
"	SGTC	Loading, discharging, storage, repairs, cleaning and inland transportation of containers	55.00	(b)
"	KTIL	Loading, discharging, storage, repairs and cleaning	20.00	
"	MBPI	Containers storage and inspections of containers at the customs house	95.03	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)	Description
			January 1, 2012	
Peony	MBT	Inland transportation, repairs and cleaning of containers	17.39	
"	EGS	Agency services dealing with port formalities	51.00	
"	EGK	"	100.00	
"	EMI	"	51.00	
"	EGT	"	51.00	
"	EGI	"	99.99	
"	EMA	"	67.50	
"	EIT	"	55.00	
"	EES	"	55.00	
"	ERU	"	51.00	
"	EGD	"	100.00	
"	EGUD	"	100.00	
"	EGD-WWX	"	100.00	
"	EGF	"	100.00	
"	EGN	"	100.00	
"	EGV	"	51.00	
"	ESA	"	55.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)	Description
			January 1, 2012	
Peony	EGB	Real estate leasing	95.00	
EMU	Island	Investments in operating machinery and equipment of port terminals	15.00	
"	KTIL	Loading, discharging, storage, repairs and cleaning	20.00	(a)
"	EGU	Agency services dealing with port formalities	100.00	
EGD	EGDL	"	100.00	
	EGDV	"	100.00	
Clove	Island	Investments in operating machinery and equipment of port terminals	36.00	
"	Ample	Investments in container yards and port terminals	90.00	(c)
Armand N.V.	Armand B.V.	"	100.00	
Island	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	
"	Hemlock	"	100.00	
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	

(a)The Group shall present consolidated financial statements in which it consolidates its investments in KTIL since control is presumed to exist when the Group merely owns 40% interests of the entity and when there is power to cast the majority of votes at meetings of the Board of Directors.

(b)The indirect subsidiary, SGTC, initiated the liquidation procedures on October 30, 2009, as resolved by the Board of Directors, and completed the procedures on May 31, 2012.

(c)The indirect subsidiary, Ample, initiated the liquidation procedures on December 28, 2012, as resolved by the Board of Directors, and completed the procedures on December 31, 2012.

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

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

E.Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

#### (4) Foreign currency translation

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

##### A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized 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 recognized in profit or loss as part of the fair value gain 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, 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 still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, 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 still 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 realized, 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 realized 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 pay off 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 paid off within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be paid off 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 with original maturities of one year or less that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are presented in 'financial assets carried at cost'.

(9) Held-to-maturity financial assets

- A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.
- B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognized and derecognized using trade date accounting.
- C. Held-to-maturity financial assets are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

(10) Notes, accounts and other receivables

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

(11) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
- (a) Significant financial difficulty of the issuer or debtor;
  - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - (e) The disappearance of an active market for that financial asset because of financial difficulties;

- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
  - (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
  - (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- (a) Financial assets measured at cost
 

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.
  - (b) Available-for-sale financial assets
 

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

(12) Derecognition of financial assets

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

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leases (lessor)

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

(14) Inventories

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

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

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains and loss on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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 recognized 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 recognized in profit or loss.
- G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized 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 still retains significant influence over this associate, then the amounts previously recognized 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, if it loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized 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 capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. 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 balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 55 years
Loading and unloading equipment	2 ~ 20 years
Ships	18 ~ 25 years
Transportation equipment	6 ~ 10 years
Lease assets	3 ~ 90 years
Other equipment	2 ~ 15 years

(17) Leased assets/ leases (lessee)

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.
  - (a) A finance lease is recognized as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
  - (b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

(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 50 ~ 55 years.

(19) Intangible assets

Computer software is stated at cost and amortized 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(21) Loans

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 recognized 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 capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(22) Accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

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

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

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss. Derivative liabilities that are linked to equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and that must be settled by delivery of such unquoted equity instruments are presented in 'financial liabilities measured at cost'.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Financial liabilities and equity instruments

A. Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

B. Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument. Convertible corporate bonds are accounted for as follows:

- (a) Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (b) Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- (c) Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognized in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock warrants.

(27) Derivative financial instruments and hedging activities

- A. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.
- B. The Group designates certain derivatives as Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

E. Cash flow hedge

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

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

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

(28) 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 recognized as expenses in that period when the employees render service.

## B. Pensions

### (a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses 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 recognized 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, together with adjustments for unrecognised past service costs. The defined benefit net 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. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and adjust to undistributed earnings.
- iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

## C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognized as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(30) 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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. Sales of goods

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

B. Sales of services

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

(32) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

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

#### Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would transfer the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss. For the year ended December 31, 2013, the Group did not recognize any impairment loss on financial assets-equity investment.

### (2) Critical accounting estimates and assumptions

#### A. Revenue recognition

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

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

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

#### C. Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for using equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

#### D. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of December 31, 2013, the Group recognized deferred income tax assets amounting to \$487,294.

#### E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2013, the carrying amount of accrued pension obligations was \$2,883,965.

#### F. 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 those companies' recent funding raising activities, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2013, the carrying amount of unlisted stocks was \$560,047.

**6. DETAILS OF SIGNIFICANT ACCOUNTS**
**(1) Cash and cash equivalents**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cash on hand and petty cash	\$ 19,343	\$ 20,914
Checking accounts and demand deposits	6,123,427	5,120,416
Time deposits	27,269,759	26,044,441
Cash equivalents	89,913	798,937
	<u>\$ 33,502,442</u>	<u>\$ 31,984,708</u>
		<u>January 1, 2012</u>
Cash on hand and petty cash		\$ 23,024
Checking accounts and demand deposits		5,307,615
Time deposits		17,375,955
Cash equivalents		299,664
		<u>\$ 23,006,258</u>

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

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

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

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Current items:		
Financial assets held for trading		
Listed (TSE and OTC) stocks	\$ -	\$ 290
Beneficiary certificates	-	1,398,138
Embedded derivatives	5,172	3,923
	<u>5,172</u>	<u>1,402,351</u>
Valuation adjustment	-	5,638
	<u>\$ 5,172</u>	<u>\$ 1,407,989</u>
<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Non-current items:		
Financial assets designated as at fair value through profit or loss on initial recognition		
Corporate bonds	\$ -	\$ 100,000
Valuation adjustment	-	(23,352)
	<u>\$ -</u>	<u>\$ 76,648</u>

Items	January 1, 2012
Current items:	
Financial assets held for trading	
Listed (TSE and OTC) stocks	\$ 10,292
Beneficiary certificates	2,366,704
Cross currency swap	1,824
	<u>2,378,820</u>
Valuation adjustment	( 146,142)
	<u>\$ 2,232,678</u>
Non-current items:	
Financial assets designated as at fair value through profit or loss on initial recognition	
Corporate bonds	\$ 100,000
Valuation adjustment	( 37,041)
	<u>\$ 62,959</u>

A. The Group recognized net loss of \$4,389, net gain of \$2,651 on financial assets held for trading for the years ended December 31, 2013 and 2012, respectively, and recognised net gain of \$23,352 and \$13,689 on financial assets designated as at fair value through profit or loss on initial recognition for the years ended December 31, 2013 and 2012, respectively.

B. The counterparties of the Group's debt instrument investments have good credit quality. The maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets at fair value through profit or loss—debt instruments.

C. Hedge accounting for these derivative instruments held for hedging activities was not adopted.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	December 31, 2013	December 31, 2012
Non-current items:		
Listed (TSE and OTC) stocks	\$ 490,801	\$ 490,801
Emerging stocks	1,250,000	1,250,000
Unlisted stocks	258,845	257,022
	<u>1,999,646</u>	<u>1,997,823</u>
Valuation adjustment	( 64,433)	( 457,847)
Accumulated impairment	( 1,844)	( 1,844)
	<u>\$ 1,933,369</u>	<u>\$ 1,538,132</u>

Items	January 1, 2012
Non-current items:	
Listed (TSE and OTC) stocks	\$ 492,324
Emerging stocks	1,250,000
Unlisted stocks	261,970
	<u>2,004,294</u>
Valuation adjustment	( 506,196)
Accumulated impairment	-
	<u>\$ 1,498,098</u>

A. In July 2012, Power World Fund Inc., an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 6.856%, and the amount returned to the stockholders was \$10 (in dollars) (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Power World Fund Inc. amounted to \$884 and the carrying amount of the Company's investment was reduced by \$884.

B. The Group recognised \$393,414 and \$48,349 in other comprehensive income for fair value change for the years ended December 31, 2013 and 2012, respectively.

C. The Group recognized impairment loss of \$1,844 for the year ended December 31, 2012.

(4) Held-to-maturity financial assets

Items	December 31, 2013	December 31, 2012
Non-current items:		
Financial bonds	<u>\$ 370,000</u>	<u>\$ 370,000</u>

Items	January 1, 2012
Current items:	
Financial bonds	<u>\$ 951,382</u>
Non-current items:	
Financial bonds	<u>\$ 370,000</u>

A. The Group recognized interest income of \$10,272 and \$15,742 for amortised cost in profit or loss for the years ended December 31, 2013 and 2012, respectively.

B. The counterparties of the Group's investments have good credit quality. The maximum exposure to credit risk at balance sheet date is the carrying amount of held-to-maturity financial assets.

C. As of December 31, 2013, December 31, 2012 and January 1, 2012, no held-to-maturity financial assets held by the Group were pledged to others.

(5) Accounts receivable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Accounts receivable	\$ 12,908,034	\$ 13,019,807
Less: allowance for bad debts	( 34,284)	( 35,713)
	<u>\$ 12,873,750</u>	<u>\$ 12,984,094</u>
		<u>January 1, 2012</u>
Accounts receivable		\$ 7,854,490
Less: allowance for bad debts		( 18,887)
		<u>\$ 7,835,603</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Group 1	\$ 871,232	\$ 655,447
Group 2	9,179,953	9,544,669
	<u>\$ 10,051,185</u>	<u>\$ 10,200,116</u>
		<u>January 1, 2012</u>
Group 1		\$ 509,311
Group 2		5,910,740
		<u>\$ 6,420,051</u>

Note:

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

Group 2: General risk: The Group has higher significant concentrations of credit risk than Group 1.

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Up to 30 days	\$ 2,426,023	\$ 2,503,902
31 to 180 days	396,542	280,076
	<u>\$ 2,822,565</u>	<u>\$ 2,783,978</u>
		<u>January 1, 2012</u>
Up to 30 days		\$ 1,306,365
31 to 180 days		109,187
		<u>\$ 1,415,552</u>

C.Movement analysis of financial assets that were impaired is as follows:

(a)As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group's accounts receivable that were impaired amounted to \$34,284, \$35,713 and \$18,887, respectively.

(b)Movements on the Group provision for impairment of accounts receivable are as follows:

	2013		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	(\$ 35,713)	\$ -	(\$ 35,713)
Reversal of impairment	24,042	-	24,042
Provision for impairment	( 25,442)	-	( 25,442)
Write-offs during the period	2,061	-	2,061
Net exchange differences	768	-	768
At December 31	<u>(\$ 34,284)</u>	<u>\$ -</u>	<u>(\$ 34,284)</u>
	2012		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	(\$ 18,887)	\$ -	(\$ 18,887)
Reversal of impairment	24,293	-	24,293
Provision for impairment	( 48,554)	-	( 48,554)
Write-offs during the period	6,849	-	6,849
Net exchange differences	586	-	586
At December 31	<u>(\$ 35,713)</u>	<u>\$ -</u>	<u>(\$ 35,713)</u>

D.The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

E.The Group does not hold any collateral as security.

(6) Inventories

	December 31, 2013		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Ship fuel	\$ 4,573,991	\$ -	\$ 4,573,991
Steel and others	607,849	-	607,849
	<u>\$ 5,181,840</u>	<u>\$ -</u>	<u>\$ 5,181,840</u>

	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 4,614,510	\$ -	\$ 4,614,510
Steel and others	618,516	-	618,516
	<u>\$ 5,233,026</u>	<u>\$ -</u>	<u>\$ 5,233,026</u>
	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 3,688,168	\$ -	\$ 3,688,168
Steel and others	1,126,618	-	1,126,618
	<u>\$ 4,814,786</u>	<u>\$ -</u>	<u>\$ 4,814,786</u>

(7) Other current assets

	December 31, 2013	December 31, 2012
Shipowner's accounts	\$ 1,300,821	\$ 595,071
Agent accounts	210,509	451,962
Other financial assets	498,664	550,214
Temporary debits	411,822	425,631
	<u>\$ 2,421,816</u>	<u>\$ 2,022,878</u>
	January 1, 2012	
Shipowner's accounts	\$ 1,437,158	
Agent accounts	928,886	
Other financial assets	520,132	
Temporary debits	1,137,404	
	<u>\$ 4,023,580</u>	

(8) Investments accounted for using equity method

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

	December 31, 2013	December 31, 2012
Charng Yang Development Co., Ltd.	\$ 448,138	\$ 412,447
Evergreen International Storage and Transport Corporation	7,775,737	7,631,328
EVA Airways Corporation	6,922,314	6,831,509
Taipei Port Container Terminal Corporation	1,461,922	1,195,822
Luanta Investment (Netherlands) N.V.	2,464,517	2,483,511
Balsam Investment (Netherlands) N.V.	1,663,148	1,791,291
Colon Container Terminal S.A.	2,424,893	2,201,621
Others	740,183	693,226
	<u>\$ 23,900,852</u>	<u>\$ 23,240,755</u>

	<u>January 1, 2012</u>
Chang Yang Development Co., Ltd.	\$ 376,328
Evergreen International Storage and Transport Corporation	7,744,091
EVA Airways Corporation	6,991,081
Taipei Port Container Terminal Corporation	1,217,063
Luanta Investment (Netherlands) N.V.	2,522,258
Balsam Investment (Netherlands) N.V.	1,434,079
Colon Container Terminal S.A.	2,104,653
Others	640,329
	<u>\$ 23,029,882</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Evergreen International Storage and Transport Corporation	\$ 8,820,496	\$ 8,544,856
EVA Airways Corporation	10,449,422	10,701,215
	<u>\$ 19,269,918</u>	<u>\$ 19,246,071</u>
		<u>January 1, 2012</u>
Evergreen International Storage and Transport Corporation		\$ 6,000,482
EVA Airways Corporation		12,086,078
		<u>\$ 18,086,560</u>

C. Investment income (loss) accounted for using equity method was based on the financial statements of the investee companies for the corresponding periods which are audited by independent accountants.

D. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds based on the resolution by the Board of Directors. Pursuant to the terms of issuance, the bondholders may exchange the exchangeable bonds into the common stocks of Evergreen International Storage and Transport Corporation (EITC) during the period from one month after the exchangeable bonds are issued to 10 days before the maturity of the exchangeable bonds. The Company has already appropriated 86,595 thousand shares of common stock of Evergreen International Storage and Transport Corporation to the account in Taiwan Depository and Clearing Corporation, for the use of exchange from exchangeable bonds to common stock of EITC. (For details of the issuance terms of the exchangeable bonds, please refer to Note 6(14)).

- E. As resolved by the Board of Directors, the Company's subsidiary, Peony Investment S.A. participated in the cash capital increase of Balsam Investment (Netherlands) N.V. according to its original ownership stake as an original shareholder. The capital increase amounts to EUR 1,470 and EUR68,600 for the years ended December 31, 2013 and 2012, respectively.
- F. As resolved by the Board of Directors, the Company's subsidiary, Peony Investment S.A. participated in the cash capital increase of Luanta Investment (Netherlands) N.V. according to its original ownership stake as an original shareholder. The capital increase amounts to USD 3,187 and USD 6,560 for the years ended December 31, 2013 and 2012, respectively.
- G. As the Group considered the great potential for development in the market of Latin America in the future and for the requirement of business expansion in this market, the Board of Directors at their meeting on November 9, 2012 resolved to invest in a new company— Evergreen Marine (Latin America), S. A.. Evergreen Marine (Latin America), S. A. was incorporated with 600 thousand shares (par value of USD 1 per share). The Group collectively holds 25.915% ownership in Evergreen Marine (Latin America), S. A. and accounts for this investee using equity method.
- H. The Company and its indirect subsidiary Armand Estate B.V. (The Company's percentage of ownership was 70%) planned to participate directly in the issuance of new shares by TPCT for cash at the meeting of Board of Directors on March 26, 2013 and May 10, 2013, with the additional cash of NT\$ 210,342 and USD 3,222, respectively. The Company's percentage of ownership in TPCT was 21.03% and 9.73%, respectively, after the capital increase, and the percentage of combined holding was 27.85%.

E. The financial information of the Group's principal associates is summarized below:

	December 31, 2013		December 31, 2012		
	Assets	Liabilities	Revenue	Profit/(Loss)	% Interest held
December 31, 2013					
Charng Yang Development Co., Ltd.	\$ 1,920,841	\$ 216,830	\$ 250,456	\$ 160,227	40.00%
Evergreen International Storage and Transport Corporation	23,254,491	3,628,722	4,498,773	580,653	39.74%
EVA Airways Corporation	139,394,778	103,556,745	110,747,462	747,450	19.32%
Taipei Port Container Terminal Corporation	13,323,400	8,576,415	1,186,358	(131,256)	27.85%
Luantia Investment (Netherlands) N.V.	5,498,152	569,119	-	(362,518)	50.00%
Balsam Investment (Netherlands) N.V.	3,394,180	-	-	(3,424,827)	49.00%
Colon Container Terminal S.A.	8,249,729	1,960,440	1,703,424	399,205	40.00%
Others	2,998,878	938,860	3,070,346	513,527	-
	<u>\$ 198,034,449</u>	<u>\$ 119,447,131</u>	<u>\$ 121,456,819</u>	<u>(\$ 1,517,539)</u>	
December 31, 2012					
Charng Yang Development Co., Ltd.	\$ 1,937,215	\$ 322,431	\$ 247,930	\$ 157,648	40.00%
Evergreen International Storage and Transport Corporation	22,589,791	3,330,259	4,392,631	590,803	39.74%
EVA Airways Corporation	142,293,950	106,926,028	107,147,807	655,200	19.32%
Taipei Port Container Terminal Corporation	13,968,307	10,090,066	129,334	(68,977)	27.87%
Luantia Investment (Netherlands) N.V.	5,295,562	327,657	-	(275,772)	50.00%
Balsam Investment (Netherlands) N.V.	3,655,696	-	-	(2,842,314)	49.00%
Colon Container Terminal S.A.	7,840,932	2,109,824	1,802,102	563,005	40.00%
Others	2,831,067	870,675	2,591,426	443,979	-
	<u>\$ 200,412,520</u>	<u>\$ 123,976,940</u>	<u>\$ 116,311,230</u>	<u>(\$ 776,428)</u>	

January 1, 2012

Chang Yang Development Co., Ltd.

Evergreen International Storage and

Transport Corporation

EVA Airways Corporation

Taipei Port Container Terminal Corporation

Luanta Investment (Netherlands) N.V.

Balsam Investment (Netherlands) N.V.

Colon Container Terminal S.A.

Others

	Assets	Liabilities	% Interest held
\$	1,951,396	\$ 426,910	40.00%
	22,717,818	3,166,917	39.74%
	143,059,766	106,865,713	19.32%
	13,906,542	9,959,325	27.87%
	5,059,494	14,058	50.00%
	2,926,694	-	49.00%
	7,947,902	2,459,218	36.00%
	2,541,456	746,728	-
\$	<u>200,111,068</u>	<u>\$ 123,638,869</u>	

(9) Property, plant and equipment

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Total
At January 1, 2013	\$ 749,419	\$ 1,840,389	\$ 706,861	\$ 6,408,130	\$ 333,742	\$ 22,581,661	\$ 55,425,994	\$ 551,708	\$ 17,253,977	\$ 304,995	\$ 106,156,876
Accumulated depreciation	-	( 936,919)	( 578,148)	( 4,788,983)	( 272,993)	( 14,062,342)	( 25,986,103)	( 441,122)	( 1,088,739)	( 106,446)	( 48,261,795)
2013	\$ 749,419	\$ 903,470	\$ 128,713	\$ 1,619,147	\$ 60,749	\$ 8,519,319	\$ 29,439,891	\$ 110,586	\$ 16,165,238	\$ 198,549	\$ 57,895,081
Opening net book amount	\$ 749,419	\$ 903,470	\$ 128,713	\$ 1,619,147	\$ 60,749	\$ 8,519,319	\$ 29,439,891	\$ 110,586	\$ 16,165,238	\$ 198,549	\$ 57,895,081
Additions	-	3,443	126,138	125,534	15,435	5,624,158	212,073	18,375	3,859,063	12,592	9,996,811
Disposals	-	( 312)	( 2,630)	( 9,972)	( 1,527)	( 1,919,929)	-	( 266)	( 28,931)	-	( 1,963,567)
Reclassifications	-	-	-	9,476	( 617)	-	15,747,670	623	57,079	( 67,257)	15,746,974
Depreciation charge	-	( 62,338)	( 20,654)	( 268,482)	( 24,492)	( 2,271,597)	( 2,684,881)	( 36,668)	( 1,367,007)	( 25,817)	( 6,761,936)
Net exchange differences	( 16,798)	( 2,603)	( 9,218)	33,064	( 191)	139,187	652,057	220	463,563	( 3,561)	1,255,720
Closing net book amount	\$ 732,621	\$ 841,660	\$ 222,349	\$ 1,508,767	\$ 49,357	\$ 10,091,138	\$ 43,366,810	\$ 92,870	\$ 19,149,005	\$ 114,506	\$ 76,169,083
At December 31, 2013	\$ 732,621	\$ 1,860,505	\$ 767,850	\$ 6,496,491	\$ 313,365	\$ 19,892,061	\$ 72,704,920	\$ 542,631	\$ 21,665,751	\$ 215,363	\$ 125,191,558
Accumulated depreciation	-	( 1,018,845)	( 545,501)	( 4,987,724)	( 264,008)	( 9,800,923)	( 29,338,110)	( 449,761)	( 2,516,746)	( 100,857)	( 49,022,475)
2013	\$ 732,621	\$ 841,660	\$ 222,349	\$ 1,508,767	\$ 49,357	\$ 10,091,138	\$ 43,366,810	\$ 92,870	\$ 19,149,005	\$ 114,506	\$ 76,169,083

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Total
At January 1, 2012											
Cost	\$ 763,389	\$ 1,938,569	\$ 724,076	\$ 6,420,851	\$ 319,673	\$ 25,093,249	\$ 53,534,978	\$ 544,571	\$ 4,522,104	\$ 336,496	\$ 94,197,956
Accumulated depreciation	-	( 906,808)	( 572,786)	( 4,535,733)	( 262,468)	( 13,815,039)	( 25,046,462)	( 413,170)	( 494,921)	( 126,932)	( 46,174,319)
2012	\$ 763,389	\$ 1,031,761	\$ 151,290	\$ 1,885,118	\$ 57,205	\$ 11,278,210	\$ 28,488,516	\$ 131,401	\$ 4,027,183	\$ 209,564	\$ 48,023,637
Opening net book amount	\$ 763,389	\$ 1,031,761	\$ 151,290	\$ 1,885,118	\$ 57,205	\$ 11,278,210	\$ 28,488,516	\$ 131,401	\$ 4,027,183	\$ 209,564	\$ 48,023,637
Additions	-	653	324	50,429	29,762	420,702	13,661,676	23,872	769,254	19,038	14,975,710
Disposals	-	-	( 557)	( 3,798)	333	( 626,937)	( 12,482,037)	( 2,117)	( 3,827)	-	( 13,119,606)
Reclassifications	-	( 37,832)	( 973)	65,727	-	1,648	3,168,368	3,748	12,141,091	-	15,341,777
Depreciation charge	-	( 63,829)	( 20,325)	( 321,410)	( 24,787)	( 2,324,254)	( 2,314,863)	( 43,455)	( 605,853)	( 29,448)	( 5,748,224)
Net exchange differences	( 13,970)	( 27,283)	( 1,046)	( 56,919)	( 1,098)	( 230,050)	( 1,081,769)	( 2,863)	( 162,610)	( 605)	( 1,578,213)
Closing net book amount	\$ 749,419	\$ 903,470	\$ 128,713	\$ 1,619,147	\$ 60,749	\$ 8,519,319	\$ 29,439,891	\$ 110,586	\$ 16,165,238	\$ 198,549	\$ 57,895,081
At December 31, 2012											
Cost	\$ 749,419	\$ 1,840,389	\$ 706,861	\$ 6,408,130	\$ 333,742	\$ 22,581,661	\$ 55,425,994	\$ 551,708	\$ 17,253,977	\$ 304,995	\$ 106,156,876
Accumulated depreciation	-	( 936,919)	( 578,148)	( 4,788,983)	( 272,993)	( 14,062,342)	( 25,986,103)	( 441,122)	( 1,088,739)	( 106,446)	( 48,261,795)
	\$ 749,419	\$ 903,470	\$ 128,713	\$ 1,619,147	\$ 60,749	\$ 8,519,319	\$ 29,439,891	\$ 110,586	\$ 16,165,238	\$ 198,549	\$ 57,895,081

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

**(10) Investment property**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2013			
Cost	\$ 1,414,008	\$ 1,023,648	\$ 2,437,656
Accumulated depreciation	-	( 397,401)	( 397,401)
	<u>\$ 1,414,008</u>	<u>\$ 626,247</u>	<u>\$ 2,040,255</u>
<u>2013</u>			
Opening net book amount	\$ 1,414,008	\$ 626,247	\$ 2,040,255
Depreciation charge	-	( 20,068)	( 20,068)
Net exchange differences	-	( 8,181)	( 8,181)
Closing net book amount	<u>\$ 1,414,008</u>	<u>\$ 597,998</u>	<u>\$ 2,012,006</u>
At December 31, 2013			
Cost	\$ 1,414,008	\$ 1,012,695	\$ 2,426,703
Accumulated depreciation	-	( 414,697)	( 414,697)
	<u>\$ 1,414,008</u>	<u>\$ 597,998</u>	<u>\$ 2,012,006</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2012			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 366,611)	( 366,611)
	<u>\$ 1,414,008</u>	<u>\$ 608,576</u>	<u>\$ 2,022,584</u>
<u>2012</u>			
Opening net book amount	\$ 1,414,008	\$ 608,576	\$ 2,022,584
Additions	-	68	68
Reclassifications	-	37,769	37,769
Depreciation charge	-	( 20,260)	( 20,260)
Net exchange differences	-	94	94
Closing net book amount	<u>\$ 1,414,008</u>	<u>\$ 626,247</u>	<u>\$ 2,040,255</u>
At December 31, 2012			
Cost	\$ 1,414,008	\$ 1,023,648	\$ 2,437,656
Accumulated depreciation	-	( 397,401)	( 397,401)
	<u>\$ 1,414,008</u>	<u>\$ 626,247</u>	<u>\$ 2,040,255</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Rental income from the lease of the investment property	\$ <u>104,511</u>	\$ <u>105,755</u>
Direct operating expenses arising from the investment property that generated rental income in the period	\$ <u>21,898</u>	\$ <u>22,985</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ <u>1,234</u>	\$ <u>1,747</u>

B. The fair value of the investment property held by the Group as at December 31, 2013, December 31, 2012 and January 1, 2012 was \$3,293,534, \$3,305,726 and \$2,494,785, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

(11) Other non-current assets

	December 31, 2013	December 31, 2012
Prepayments for equipment	\$ 13,267,118	\$ 13,725,228
Refundable deposits	109,727	117,260
Others	9,092	10,800
	\$ <u>13,385,937</u>	\$ <u>13,853,288</u>
		January 1, 2012
Prepayments for equipment		\$ 16,523,249
Refundable deposits		118,412
Others		20,384
		\$ <u>16,662,045</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Amount capitalised	\$ <u>174,473</u>	\$ <u>223,429</u>
Interest rate	1.09%~2.35%	1.18%~2.54%

**(12) Short-term loans**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Secured loans	\$ 596,860	\$ 1,452,400
Interest rate	1.63%~2.35%	1.31%~2.31%
		<u>January 1, 2012</u>
Secured loans		\$ 3,632,932
Unsecured loans		277,380
		\$ 3,910,312
Interest rate		1.29%~2.50%

**(13) Other current liabilities**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Receipt in advance	\$ 200,564	\$ 39,720
Long-term liabilities - current portion	10,963,222	6,540,126
Shipowner's accounts	1,580,331	1,287,478
Agency accounts	2,909,828	3,597,875
Long-term leases payable - current	2,208,331	1,028,194
Others	23,431	27,344
	<u>\$ 17,885,707</u>	<u>\$ 12,520,737</u>
		<u>January 1, 2012</u>
Receipt in advance		\$ 29,461
Long-term liabilities - current portion		7,102,812
Shipowner's accounts		328,195
Agency accounts		1,635,738
Long-term leases payable - current		418,790
Others		27,281
		<u>\$ 9,542,277</u>

**(14) Corporate bonds payable**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Domestic unsecured convertible bonds	\$ 568,400	\$ 568,600
Domestic secured corporate bonds	3,000,000	3,000,000
Less: discount on corporate bonds	( 7,377)	( 19,809)
	3,561,023	3,548,791
Less: current portion or exercise of put options	( 561,023)	-
	<u>\$ 3,000,000</u>	<u>\$ 3,548,791</u>

	<u>January 1, 2012</u>
Domestic unsecured convertible bonds	\$ 594,100
Domestic secured exchangeable bonds	2,500,000
Less: discount on corporate bonds	( 138,439)
	<u>2,955,661</u>
Less: current portion or exercise of put options	( 2,955,661)
	<u>\$ -</u>

A. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds (referred herein as the “Exchangeable Bonds”) at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

- a) Period: 3 years (July 23, 2009 to July 23, 2012)
- b) Coupon rate: 0% per annum
- c) Principal repayment and interest payment

Unless the Exchangeable Bonds are redeemed, exchanged or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Exchangeable Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

(a) The redemption of the Exchangeable Bonds are guaranteed by Bank Sinopac and Credit Agricole Corporate and Investment Bank, referred herein as the “Guarantors”. The guaranty period is from the issuance date of the Exchangeable Bonds to the date all the debts are paid off. Additionally, the portion the Guarantors insure includes principal plus accrued interest and debt ancillary to the main liability.

(b) If the bondholders files a claim with the Guarantors to redeem the Exchangeable Bonds, the Guarantors should pay within 14 days after being informed of the claim.

(c) During the guarantee period, if the Company is unable to repay the principal and interest on the bonds on schedule, violates the consignment contract with consigned bank or guaranty contract with the Guarantors, or violates events approved by official authority, to a certain extent that trespass on the bondholders’ rights and interests happens, all the Exchangeable Bonds are deemed to be at maturity effective immediately.

e) Object exchanged

Common stock of Evergreen International Storage and Transport Corporation (EITC) which belongs to the Company ( Related information is stated in Note 6 (8)).

## f) Redemption at the Company's option

- (a) During the period from one month after the issuance of the Exchangeable Bonds to 40 days before the maturity of the Exchangeable Bonds, if the closing price of common stock of EITC at the block trade market is equal to or more than 30% of the exchange price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Exchangeable Bonds within 30 trading days after the abovementioned 30 consecutive trading days.
- (b) During the period from one month after the Exchangeable Bonds are issued to 40 days before the maturity of the Exchangeable Bonds, if the total amount of the Exchangeable Bonds outstanding is less than 10% of the total issued amount, the Company may redeem the outstanding bonds in cash at their face value any time during the 40 days before the maturity of the Exchangeable Bonds.
- (c) When the Company issues its redemption notice, and the bondholders do not reply in written form before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the exchange price in effect at the expiration of the notice period.

## g) Terms of exchange

## (a) Exchange period

The bondholders may exchange the Exchangeable Bonds into the common stock of EITC during the period from one month after the Exchangeable Bonds are issued to 10 days before the maturity of the Exchangeable Bonds.

The bondholders are prohibited from exercising their exchange right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

## (b) Exchange price

The base day for setting exchange price is July 15, 2009. The exchange price can be any of the three average closing prices of the common stock of EITC during the 1, 3 and 5 trading days before the base day multiplied by the number ranging from 101.00% to 110.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the exchange price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the exchange price is set to the date on which the Exchangeable Bonds are issued, the exchange price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The exchange price at the issuance of the Exchangeable Bonds was set at \$30.31 (in dollars).

h) Entitlement to cash dividends or stock dividends

The bondholders who request to exchange the Exchangeable Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Exchange of the Exchangeable Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date. The bondholders who request to exchange the Exchangeable Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

B. On August 7, 2009, the Company issued its third domestic unsecured convertible bonds (referred herein as the “Third Bonds”) at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

a) Period: 5 years (August 7, 2009 to August 7, 2014)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

Unless the Third Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Third Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

The Third Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Third Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.

e) Redemption at the Company’s option

(a) During the period from one month after the issuance of the Third Bonds to 40 days before the maturity of the Third Bonds, if the closing price of the Company’s common stock at the Taiwan Stock Exchange is equal to or more than 30% of the conversion price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Third Bonds within 30 trading days after the abovementioned 30 consecutive trading days.

(b) During the period from one month after the Third Bonds are issued to 40 days before the maturity of the Third Bonds, if the total amount of the Third Bonds outstanding after the conversion by the bondholders is less than \$250,000 (10% of the total issued amount), the Company may redeem the outstanding bonds at their face value any time during the 40 days before the maturity of the Third Bond.

(c) When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

f) Redemption at the bondholders' option

During the period from 30 days before the 2-year maturity of the Third Bonds to the date of maturity, or from 30 days before the 3-year maturity of the Third Bonds to the date of maturity, the bondholders may require the Company to redeem their bonds in cash at the face value plus interest compensation. The redemption price for the former is 101.00% of the face value with a yield rate of 0.50% per annum, and 101.51% of the face value with a yield rate of 0.50% for the latter.

g) Terms of conversion

(a) Conversion period

The bondholders may convert the Third Bonds into the Company's common stock during the period from one month after the Third Bonds are issued to 10 days before the maturity of the Third Bonds.

The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Conversion price

The base day for setting conversion price is July 30, 2009. The conversion price can be any of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before the base day multiplied by 101.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Third Bonds are issued, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Third Bonds was set at \$20.04 (in dollars). Until the report release date, the conversion price of the Convertible Bonds was set at \$17.20 (in dollars).

h) Entitlement to cash dividends or stock dividends

The bondholders who request to convert the Third Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Third Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date. The bondholders who request to convert the Third Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not

entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

- i) As of December 31, 2013, the Third Bond holders to request convertible bonds of the Company common stock, total convertible bonds face value was \$1,931,600. Convertible for the Third Bonds to increase conversion transaction capital surplus - paid-in capital in excess of par value of common stock \$1,017,095, and reduce the capital reserves from stock warrants \$197,954.

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

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

b) Coupon rate: 1.28% fixed per annum

c) Principal repayment and interest payment

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

d) Collaterals

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

D. The conversion rights and debt component of the Third Bonds are recognized separately in accordance with IAS 39. The issuance cost of the Third Bonds is allocated to debt and equity components by the amount initially recognized. Accordingly, the account of “capital reserve from stock warrants” amounted to \$256,205.

The net value of the rights of repurchase and resold embedded in bonds payable was separated from bonds payable, and was recognized in “financial liabilities at fair value through profit or loss” in accordance with IAS 39.

(15) Long-term loans

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Secured bank loans	\$ 48,650,416	\$ 25,969,135
Unsecured bank loans	18,641,071	22,231,284
Add (Less): unrealized foreign exchange loss (gain)	72,021 (	113,228)
Less: deferred expenses - hosting fee credit	( 31,250)	( 12,527)
	67,332,258	48,074,664
Less: current portion	( 10,402,199)	( 6,540,126)
	<u>\$ 56,930,059</u>	<u>\$ 41,534,538</u>
Interest rate	0.82%~5.22%	0.95%~6.72%

	<u>January 1, 2012</u>
Secured bank loans	\$ 21,587,369
Unsecured bank loans	20,387,613
Add: unrealized foreign exchange loss	41,890
Less: deferred expenses - hosting fee credit	( 6,196)
	<u>42,010,676</u>
Less: current portion	( 4,147,151)
	<u>\$ 37,863,525</u>
Interest rate	0.95%~9.38%

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

(16) Other non-current liabilities

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Long-term leases payable - non-current	\$ 16,362,553	\$ 14,772,436
Accrued pension liabilities	2,883,965	2,768,533
Guarantee deposits received	34,545	39,712
Unrealized gain on sale and leaseback	103,422	149,028
Other liabilities - other	-	2,046
	<u>\$ 19,384,485</u>	<u>\$ 17,731,755</u>

	<u>January 1, 2012</u>
Long-term leases payable - non-current	\$ 3,279,671
Accrued pension liabilities	2,726,719
Guarantee deposits received	40,231
Unrealized gain on sale and leaseback	209,156
Other liabilities - other	468,372
	<u>\$ 6,724,149</u>

(17) Finance lease liabilities

The Group leases in loading and unloading equipment, ships and transportation equipment under finance lease, based on the terms of the lease contracts. Future minimum lease payments and their present values as at December 31, 2013, December 31, 2012 and January 1, 2012 are as follows:

	<u>December 31, 2013</u>		
	<u>Total finance lease liabilities</u>	<u>Future finance charges</u>	<u>Present value of finance lease liabilities</u>
<u>Current</u>			
Not later than one year	\$ 2,830,137	(\$ 621,806)	\$ 2,208,331
<u>Non-current</u>			
Later than one year but not later than five years	8,315,472	( 1,821,809)	6,493,663
Over five years	10,880,266	( 1,011,376)	9,868,890
	<u>19,195,738</u>	<u>( 2,833,185)</u>	<u>16,362,553</u>
	<u>\$ 22,025,875</u>	<u>(\$ 3,454,991)</u>	<u>\$ 18,570,884</u>

	December 31, 2012		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
<u>Current</u>			
Not later than one year	\$ 1,625,405	(\$ 597,211)	\$ 1,028,194
<u>Non-current</u>			
Later than one year but not later than five years	6,943,767	( 2,011,670)	4,932,097
Over five years	11,200,229	( 1,359,890)	9,840,339
	<u>18,143,996</u>	<u>( 3,371,560)</u>	<u>14,772,436</u>
	<u>\$ 19,769,401</u>	<u>(\$ 3,968,771)</u>	<u>\$ 15,800,630</u>
	January 1, 2012		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
<u>Current</u>			
Not later than one year	\$ 576,587	(\$ 157,797)	\$ 418,790
<u>Non-current</u>			
Later than one year but not later than five years	2,823,466	( 448,613)	2,374,853
Over five years	964,008	( 59,190)	904,818
	<u>3,787,474</u>	<u>( 507,803)</u>	<u>3,279,671</u>
	<u>\$ 4,364,061</u>	<u>(\$ 665,600)</u>	<u>\$ 3,698,461</u>

(18) Pension

A.(a) In accordance with the Labor Pension Act (“the Act”), effective July 1, 2005, which adopted a defined contribution scheme, employees of the Company and its subsidiary-TTSC may choose to be subject to either the Act, maintaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standard 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 and its subsidiary-TTSC contribute monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with the department of Trust of Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee.

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

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Present value of funded obligations	(\$ 3,821,938)	(\$ 3,602,002)
Fair value of plan assets	<u>926,722</u>	<u>820,611</u>
	( 2,895,216)	( 2,781,391)
Unrecognised past service cost	<u>11,251</u>	<u>12,858</u>
Net liability in the balance sheet	<u>(\$ 2,883,965)</u>	<u>(\$ 2,768,533)</u>
		<u>January 1, 2012</u>
Present value of funded obligations		(\$ 3,480,832)
Fair value of plan assets		<u>739,648</u>
		( 2,741,184)
Unrecognised past service cost		<u>14,465</u>
Net liability in the balance sheet		<u>(\$ 2,726,719)</u>

(d)Changes in present value of funded obligations are as follows:

	<u>2013</u>	<u>2012</u>
Present value of funded obligations		
At January 1	(\$ 3,602,002)	(\$ 3,480,832)
Current service cost	( 109,786)	( 105,009)
Interest expense	( 66,613)	( 74,431)
Employee contribution	( 947)	-
Actuarial profit and loss	( 154,282)	( 104,998)
Foreign exchange difference	( 23,039)	40,679
Benefits paid	134,952	119,922
Past service cost	-	( 178)
Settlement	<u>( 221)</u>	<u>2,845</u>
At December 31	<u>(\$ 3,821,938)</u>	<u>(\$ 3,602,002)</u>

(e) Changes in fair value of plan assets are as follows:

	2013	2012
Fair value of plan assets		
At January 1	\$ 820,611	\$ 739,648
Expected return on plan assets	15,678	13,199
Actuarial profit and loss	28,047 (	5,565)
Foreign exchange difference	25,994 (	5,122)
Employer contributions	122,320	163,635
Employee contributions	947	882
Benefits paid	( 86,875)	( 86,066)
At December 31	<u>\$ 926,722</u>	<u>\$ 820,611</u>

(f) Amounts of expenses recognised in comprehensive income statements are as follows:

	2013	2012
Current service cost	\$ 109,334	\$ 104,305
Interest cost	56,549	73,917
Expected return on plan assets	( 5,921)	( 13,200)
Past service cost	1,607	2,020
Curtailed or settlement profit and loss	510 (	990)
Current pension costs	<u>\$ 162,079</u>	<u>\$ 166,052</u>

Details of cost and expenses recognised in comprehensive income statements are as follows:

	2013	2012
Operating costs	\$ 87,056	\$ 85,062
Operating expenses	75,023	80,990
	<u>\$ 162,079</u>	<u>\$ 166,052</u>

(g) Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	(\$ 126,233)	(\$ 110,563)
Accumulated amount	(\$ 236,796)	(\$ 110,563)

(h) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiary-TTSC's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund

Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund’s minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2013 and 2012 were \$6,954 and \$5,282, respectively.

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

	2013	2012	2011
Discount rate	<u>1.75%~9.00%</u>	<u>1.50%~10.00%</u>	<u>1.75%~6.70%</u>
Future salary increases	<u>1.46%~11.00%</u>	<u>2.00%~11.00%</u>	<u>2.00%~9.00%</u>
Expected return on plan assets	<u>0.00%~3.90%</u>	<u>0.00%~4.50%</u>	<u>0.00%~4.76%</u>

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

(j)Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	(\$ 3,821,938)	(\$ 3,602,002)
Fair value of plan assets	<u>926,722</u>	<u>820,611</u>
Deficit in the plan	<u>(\$ 2,895,216)</u>	<u>(\$ 2,781,391)</u>
Experience adjustments on plan liabilities	<u>(\$ 154,282)</u>	<u>(\$ 104,998)</u>
Experience adjustments on plan assets	<u>\$ 28,047</u>	<u>(\$ 5,565)</u>

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

(b)The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2013 and 2012 were \$202,870 and \$191,499, respectively.

(19) Capital stock

A. As of December 31, 2013, the Company's authorized capital was \$36,000,000, and the paid-in capital was \$34,749,523, divided into 3,474,952 thousand shares of common stocks with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Details of the common stock converted from the unsecured domestic convertible bonds issued by the Company for the years ended December 31, 2013 and 2012 are set forth below:

	For the years ended December 31,			
	2013		2012	
	No. of Shares (in 000's)	Amount	No. of Shares (in 000's)	Amount
Third unsecured convertible bonds	<u>12</u>	<u>\$ 116</u>	<u>1,483</u>	<u>\$ 14,826</u>

(20) Capital surplus

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

	2013				
	Share premium	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Stock warrants of convertible bonds	Others
At January 1, 2013	\$ 5,817,899	\$ 1,388,550	\$ 446	\$ 58,271	\$ 6,713
Conversion of convertible bonds into common stock	<u>99</u>	<u>-</u>	<u>-</u>	<u>( 21)</u>	<u>-</u>
At December 31, 2013	<u>\$ 5,817,998</u>	<u>\$ 1,388,550</u>	<u>\$ 446</u>	<u>\$ 58,250</u>	<u>\$ 6,713</u>

	2012				
	Share premium	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Stock warrants of convertible bonds	Others
At January 1, 2012	\$ 5,805,861	\$ 1,388,550	\$ 372	\$ 60,884	\$ 6,713
Conversion of convertible bonds into common stock	12,038	-	-	( 2,613)	-
Donated assets	-	-	74	-	-
At December 31, 2012	<u>\$ 5,817,899</u>	<u>\$ 1,388,550</u>	<u>\$ 446</u>	<u>\$ 58,271</u>	<u>\$ 6,713</u>

B.Information related to “capital reserve from stock warrants” is stated in Note 6(14).

(21) Retained earnings

	2013	2012
At January 1	\$ 5,121,929	\$ 4,074,031
Profit for the period	( 1,497,304)	312,544
Appropriation of earnings	( 2,234,566)	986,044
Disposal of treasury shares	-	( 2)
Actuarial gain/loss on post employment benefit obligations net of tax	( 270,967)	( 250,688)
Recognized the deduction to retained earnings attributed to investee company non-subscribed proportionately	( 215)	-
At December 31	<u>\$ 1,118,877</u>	<u>\$ 5,121,929</u>

A.According to the Company’s Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for income tax and cover prior years’ losses, then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees shall be at least 0.5% of the total distributed amount and the remuneration paid to the directors and supervisors shall not exceed 5% of the total distributed amount.

B.Dividend policy

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

C.Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D.(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-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. As of December 31, 2013 and 2012, the Company distributed no dividends to shareholders, bonus to employees, or remuneration to the directors and supervisors in order to facilitate future expansion plans.

For more information on the bonus allocation to employees and remuneration to the directors and supervisors of the Company as resolved by the Board of Directors and approved by the stockholders, please visit the "Market Observation Post System" website of the Taiwan Stock Exchange.

The above-mentioned 2013 earnings appropriation had not been resolved by the stockholders.

(22) Other equity items

	Hedging reserve	Available-for- sale investment	Currency translation	Total
At January 1, 2013	\$ 10,289	(\$ 490,002)	(\$ 1,867,363)	(\$ 2,347,076)
Revaluation – gross	-	392,299	-	392,299
Revaluation – tax	-	( 11,032)	-	( 11,032)
Revaluation – associates	-	80,401	-	80,401
Revaluation – associates – tax	-	( 8,122)	-	( 8,122)
Cash flow hedges:				
– Fair value gains in the period	2,460	-	-	2,460
– associates	-	-	-	-
– associates-tax	( 418)	-	-	( 418)
Currency translation differences:				
–Group	-	-	966,519	966,519
–Group – tax	-	-	( 10)	( 10)
–Associates	-	-	96,039	96,039
At December 31, 2013	<u>\$ 12,331</u>	<u>(\$ 36,456)</u>	<u>(\$ 804,815)</u>	<u>(\$ 828,940)</u>

	Hedging reserve	Available-for- sale investment	Currency translation	Total
At January 1, 2012	\$ 19,364	(\$ 362,353)	\$ -	(\$ 342,989)
Revaluation – gross	-	48,077	-	48,077
Revaluation – tax	-	-	-	-
Revaluation – associates	-	( 175,327)	-	( 175,327)
Revaluation – associates – tax	-	( 399)	-	( 399)
Cash flow hedges:				
– Fair value gains in the period	( 10,933)	-	-	( 10,933)
– associates	-	-	-	-
– associates – tax	1,858	-	-	1,858
Currency translation differences:				
–Group	-	-	( 1,716,505)	( 1,716,505)
–Associates	-	-	( 150,858)	( 150,858)
At December 31, 2012	<u>\$ 10,289</u>	<u>(\$ 490,002)</u>	<u>(\$ 1,867,363)</u>	<u>(\$ 2,347,076)</u>

**(23) Operating revenue**

	For the year ended December 31, 2013	For the year ended December 31, 2012
Marine freight income	\$ 128,420,358	\$ 131,327,612
Ship rental income and slottage income	1,905,065	2,431,139
Commission income and agency service income	1,728,660	1,660,834
Container manufacturing income	2,654,488	2,281,567
Container income and others	4,507,813	3,325,239
	<u>\$ 139,216,384</u>	<u>\$ 141,026,391</u>

**(24) Other income**

	For the year ended December 31, 2013	For the year ended December 31, 2012
Rental income	\$ 115,200	\$ 111,774
Dividend income	122,975	148,093
Interest income:		
Interest income from bank deposits	239,257	213,308
Interest income from financial assets other than financial assets at fair value through profit or loss	10,272	15,742
Other interest income	-	4,000
Other income - other	152,620	364,635
	<u>\$ 640,324</u>	<u>\$ 857,552</u>

(25) Other gains and losses

	For the year ended December 31, 2013	For the year ended December 31, 2012
Net gains on financial assets at fair value through profit or loss	\$ 18,963	\$ 16,340
Net losses on financial liabilities at fair value through profit or loss	-	( 55,780)
Net currency exchange gains	74,973	171,820
Gains on disposal of property, plant and equipment	4,334,622	1,297,230
Gains on disposal of investments	51,552	154,154
Other non-operating expenses	( 83,180)	( 86,812)
	<u>\$ 4,396,930</u>	<u>\$ 1,496,952</u>

(26) Finance costs

	For the year ended December 31, 2013	For the year ended December 31, 2012
Interest expense:		
Bank loans	\$ 535,628	\$ 540,869
Corporate bonds	50,931	140,330
	<u>586,559</u>	<u>681,199</u>
Less: capitalisation of qualifying assets	( 174,473)	( 223,429)
Finance costs	<u>\$ 412,086</u>	<u>\$ 457,770</u>

(27) Expenses by nature

	For the year ended December 31, 2013	For the year ended December 31, 2012
Employee benefit expense	\$ 5,754,240	\$ 5,226,708
Depreciation charges on property, plant and equipment	6,762,855	5,749,331
Amortisation charges on intangible assets	11,431	5,966
Other operating costs and expenses	<u>131,795,641</u>	<u>131,160,416</u>
	<u>\$ 144,324,167</u>	<u>\$ 142,142,421</u>

(28) Employee benefit expense

	For the year ended December 31, 2013	For the year ended December 31, 2012
Wages and salaries	\$ 4,775,152	\$ 4,306,065
Labor and health insurance fees	315,607	293,962
Pension costs	364,949	357,551
Other personnel expenses	298,532	269,130
	<u>\$ 5,754,240</u>	<u>\$ 5,226,708</u>

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Current tax:		
Current tax on profits for the period	\$ 468,853	\$ 344,285
Adjustments in respect of prior years	( 4,727)	( 17,715)
Total current tax	<u>464,126</u>	<u>326,570</u>
Deferred tax:		
Origination and reversal of temporary differences	( 6,469)	( 69,899)
Total deferred tax	<u>( 6,469)</u>	<u>( 69,899)</u>
Income tax expense	<u>\$ 457,657</u>	<u>\$ 256,671</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Fair value gains/losses on available-for-sale financial assets	(\$ 11,034)	\$ -
Exchange differences on translating the financial statements of foreign operations	( 10)	-
Actuarial gains/losses on defined benefit obligations	14,846	( 2,386)
	<u>\$ 3,802</u>	<u>(\$ 2,386)</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Recognized the deduction to retained earnings attributed to investee company non-subscribed proportionately	\$ 7	\$ -

**B.Reconciliation between income tax expense and accounting profit**

	For the year ended December 31, 2013	For the year ended December 31, 2012
Tax calculated based on profit before tax and statutory tax rate	\$ 163,645	\$ 392,949
Effects from items disallowed by tax regulation	336,159	( 29,084)
Effect from investment tax credit	( 36,742)	( 93,297)
Effect from net operating loss carryforward	( 2,403)	( 2,238)
Prior year income tax (over) underestimation	( 4,727)	( 17,715)
Effect from Alternative Minimum Tax	1,171	5,486
Additional 10% tax on undistributed earnings	554	570
Tax expense	<u>\$ 457,657</u>	<u>\$ 256,671</u>

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

	For the year ended December 31, 2013				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
— Deferred tax assets:					
Bad debts expense	\$ 404	\$ -	\$ -	\$ -	\$ 404
Loss on valuation of financial assets	22,378	-	967	-	23,345
Deferred profit from disposal of property, plant and equipment	15,568	( 2,423)	-	-	13,145
Unrealized loss	23,267	7,538	-	-	30,805
Unrealized foreign exchange loss	603	2,630	-	-	3,233
Accrued pension liabilities	298,068	( 4,271)	( 238)	-	293,559
Net operating loss carryforward	145,534	( 145,534)	-	-	-
Investment tax credit	<u>114,561</u>	<u>8,242</u>	<u>-</u>	<u>-</u>	<u>122,803</u>
Subtotal	<u>\$ 620,383</u>	<u>(\$ 133,818)</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 487,294</u>
— Deferred tax liabilities:					
Unrealized foreign exchange gain	(\$ 16,453)	\$ 12,173	\$ -	\$ -	(\$ 4,280)
Unrealized gain	( 878)	876	-	-	( 2)
Actuarial pension profit or loss	( 10,047)	-	7,201	-	( 2,846)
Equity-accounted investment income	( 1,300,491)	135,714	( 4,128)	7	( 1,168,898)
Property, plant and equipment and others	( 64,270)	( 8,476)	-	-	( 72,746)
Subtotal	<u>(\$ 1,392,139)</u>	<u>\$ 140,287</u>	<u>\$ 3,073</u>	<u>\$ 7</u>	<u>(\$ 1,248,772)</u>
Total	<u><u>(\$ 771,756)</u></u>	<u><u>\$ 6,469</u></u>	<u><u>\$ 3,802</u></u>	<u><u>\$ 7</u></u>	<u><u>(\$ 761,478)</u></u>

	For the year ended December 31, 2012				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Recognized in equity</u>	<u>December 31</u>
Temporary differences:					
— Deferred tax assets:					
Bad debts expense	\$ 329	\$ 75	\$ -	\$ -	\$ 404
Loss on valuation of financial assets	22,367	11	-	-	22,378
Deferred profit from disposal of property, plant and equipment	619	14,949	-	-	15,568
Unrealized loss	14,341	8,926	-	-	23,267
Unrealized foreign exchange loss	5,177	( 4,574)	-	-	603
Accrued pension liabilities	297,280	( 6,873)	7,661	-	298,068
Property, plant and equipment and others	1,841	( 1,841)	-	-	-
Net operating loss carryforward	201,648	( 56,114)	-	-	145,534
Investment tax credit	<u>24,833</u>	<u>89,728</u>	<u>-</u>	<u>-</u>	<u>114,561</u>
Subtotal	<u>\$ 568,435</u>	<u>\$ 44,287</u>	<u>\$ 7,661</u>	<u>\$ -</u>	<u>\$ 620,383</u>
— Deferred tax liabilities:					
Unrealized foreign exchange gain	(\$ 190)	(\$ 16,263)	\$ -	\$ -	(\$ 16,453)
Unrealized gain	( 1,031)	153	-	-	( 878)
Actuarial pension profit or loss	-	-	( 10,047)	-	( 10,047)
Equity-accounted investment income	( 1,347,254)	46,763	-	-	( 1,300,491)
Property, plant and equipment and others	( 59,229)	( 5,041)	-	-	( 64,270)
Subtotal	<u>(\$ 1,407,704)</u>	<u>\$ 25,612</u>	<u>(\$ 10,047)</u>	<u>\$ -</u>	<u>(\$ 1,392,139)</u>
Total	<u>(\$ 839,269)</u>	<u>\$ 69,899</u>	<u>(\$ 2,386)</u>	<u>\$ -</u>	<u>(\$ 771,756)</u>

D. According to Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment), details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2013			
Qualifying items	Unused tax credits	<u>Unrecognised</u> deferred tax assets	<u>Final year tax</u> credits are due
Significant public works	\$ 26,803	\$ -	2015
Significant public works	60,000	-	2016
Significant public works	36,000	-	2017
	<u>\$ 122,803</u>	<u>\$ -</u>	
December 31, 2012			
Qualifying items	Unused tax credits	<u>Unrecognised</u> deferred tax assets	<u>Final year tax</u> credits are due
Equipment	\$ 18,398	\$ -	2013
Personnel training	163	-	2013
Significant public works	36,000	-	2015
Significant public works	60,000	-	2016
	<u>\$ 114,561</u>	<u>\$ -</u>	
January 1, 2012			
Qualifying items	Unused tax credits	<u>Unrecognised</u> deferred tax assets	<u>Final year tax</u> credits are due
Significant public works	\$ 24,833	\$ -	2015

E. Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2012				
Year incurred	Amount filed/ assessed	Unused amount	<u>Unrecognised</u> deferred tax assets	Usable until year
2009	<u>\$ 2,456,334</u>	<u>\$ 856,084</u>	<u>\$ -</u>	2019
January 1, 2012				
Year incurred	Amount filed/ assessed	Unused amount	<u>Unrecognised</u> deferred tax assets	Usable until year
2009	<u>\$ 2,456,334</u>	<u>\$ 1,186,162</u>	<u>\$ -</u>	2019

F. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2013, December 31, 2012 and January 1, 2012, the amounts of temporary difference unrecognised as deferred tax liabilities were \$19,884,906, \$21,135,622 and \$21,128,515, respectively.

G.As of December 31, 2013, the Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

H.Unappropriated retained earnings:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Earnings generated in and before 1997	\$ 1,118,877	\$ 1,673,273
Earnings generated in and after 1998	-	3,448,656
	<u>\$ 1,118,877</u>	<u>\$ 5,121,929</u>
		<u>January 1, 2012</u>
Earnings generated in and before 1997		\$ 1,673,273
Earnings generated in and after 1998		2,400,758
		<u>\$ 4,074,031</u>

I.As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account was \$438,661, \$1,059,125 and \$1,013,143, respectively. The creditable tax rate was 12.72% for 2012 and is estimated to be 0% for 2013.

(30) (Loss) earnings per share

	<u>For the year ended December 31, 2013</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	(\$ 1,497,304)	3,474,948	( <u>\$ 0.43</u> )
<u>Diluted loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	( 1,497,304)	3,474,948	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	<u>Note 1</u>	<u>Note 1</u>	
Net loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	( <u>\$ 1,497,304</u> )	<u>3,474,948</u>	( <u>\$ 0.43</u> )

	For the year ended December 31, 2012		
	<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>			
Net income attributable to ordinary shareholders of the parent	\$ 312,544	3,474,576	<u>\$ 0.09</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	312,544	3,474,576	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	<u>Note 2</u>	<u>Note 2</u>	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 312,544</u>	<u>3,474,576</u>	<u>\$ 0.09</u>

Note 1:

According to IAS 33 “Earnings per share”, the potential common stock should not be considered in calculation of basic loss per share, due to net loss from continuing operation for 2013, which leads to anti-dilutive effect.

Note 2:

According to IAS 33 “Earnings per share”, the potential common stock should not be considered in calculation of basic earnings per share, due to net income from continuing operation for 2012, which leads to anti-dilutive effect.

(31) Non-cash transaction

## A. Investing activities with partial cash payments

## (a) Fixed assets

	For the year ended December 31, 2013	For the year ended December 31, 2012
Purchase of fixed assets	\$ 9,996,811	\$ 14,975,710
Add: opening balance of payable on equipment	1,749	4,295
Less: ending balance of payable on equipment	(1,118)	(1,749)
Cash paid during the period	<u>\$ 9,997,442</u>	<u>\$ 14,978,256</u>

## (b) Prepayments for equipment

	For the year ended December 31, 2013	For the year ended December 31, 2012
Purchase of prepayments for	\$ 15,078,305	\$ 13,052,474
Add: opening balance of payable on prepayments for equipment	8,488	5,144
Less: ending balance of payable on prepayments for equipment	(4,597)	(8,488)
capitalisation of qualifying assets	(174,473)	(223,429)
Cash paid during the period	<u>\$ 14,907,723</u>	<u>\$ 12,825,701</u>

## B. Financing activities with no cash flow effects

	For the year ended December 31, 2013	For the year ended December 31, 2012
Convertible bonds being converted to capital stocks	<u>\$ 200</u>	<u>\$ 25,500</u>

## 7. RELATED PARTY TRANSACTIONS

## (1) Significant related party transactions and balances

## A. Sales of services:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Sales of services:		
Associates	\$ 2,802,161	\$ 822,395
Other related parties	<u>8,110,371</u>	<u>4,115,870</u>
	<u>\$ 10,912,532</u>	<u>\$ 4,938,265</u>

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

## B. Purchases of goods and services:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Purchases of services:		
Associates	\$ 4,367,402	\$ 591,859
Other related parties	<u>6,615,570</u>	<u>4,654,464</u>
	<u>\$ 10,982,972</u>	<u>\$ 5,246,323</u>

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

## C. Accounts receivable:

	December 31, 2013	December 31, 2012
Receivables from related parties:		
Associates	\$ 114,273	\$ 37,900
Other related parties	<u>237,700</u>	<u>134,426</u>
	<u>\$ 351,973</u>	<u>\$ 172,326</u>
		<u>January 1, 2012</u>
Receivables from related parties:		
Associates		\$ 53,942
Other related parties		<u>97,328</u>
		<u>\$ 151,270</u>

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

## D. Accounts payable:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Payables to related parties:		
Associates	\$ 135,559	\$ 47,375
Other related parties	<u>611,797</u>	<u>639,924</u>
	<u>\$ 747,356</u>	<u>\$ 687,299</u>
		<u>January 1, 2012</u>
Payables to related parties:		
Associates		\$ 32,871
Other related parties		<u>44,830</u>
		<u>\$ 77,701</u>

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

## E. Property transactions:

## Proceeds from sale of property and gain (loss) on disposal:

	<u>For the year ended December 31, 2013</u>		<u>For the year ended December 31, 2012</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Sale of property, plant and equipment:				
Associates	\$ 18,886	\$ 13,894	\$ 2,513	\$ 2,450
Other related parties	<u>42</u>	<u>4</u>	<u>134</u>	<u>6</u>
	<u>\$ 18,928</u>	<u>\$ 13,898</u>	<u>\$ 2,647</u>	<u>\$ 2,456</u>

## F. Other period-end balances:

## (a) Other receivables from related parties:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Other receivables		
Associates	\$ 4,889	\$ 12,097
Other related parties	<u>65,141</u>	<u>56,185</u>
	<u>\$ 70,030</u>	<u>\$ 68,282</u>
		<u>January 1, 2012</u>
Other receivables		
Associates		\$ 2,119
Other related parties		<u>76,405</u>
		<u>\$ 78,524</u>

**(b) Other payables to related parties:**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Other payables		
Associates	\$ 44,765	\$ 44,403
Other related parties	<u>36,360</u>	<u>68,820</u>
	<u>\$ 81,125</u>	<u>\$ 113,223</u>
		<u>January 1, 2012</u>
Other payables		
Associates		\$ 45,415
Other related parties		<u>103,208</u>
		<u>\$ 148,623</u>

**G. Agency accounts:**

The Group entered into agency agreements with its related parties, whereby the related parties act as the Group's overseas agents to deal with foreign port formalities, such as arrival and departure of the Group's ships, cargo stevedoring and forwarding, freight collection, and payment of expenses incurred in foreign ports. The transactions are recorded as "agent accounts in other current assets (liabilities)". The balances of the accounts are as follows:

**(a) Debit balance of agency accounts**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Debit balance of agency accounts:		
Associates	\$ -	\$ 34,039
Other related parties	<u>36,142</u>	<u>-</u>
	<u>\$ 36,142</u>	<u>\$ 34,039</u>
		<u>January 1, 2012</u>
Debit balance of agency accounts:		
Other related parties		<u>\$ 43,760</u>

**(b) Credit balance of agency accounts**

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Credit balance of agency accounts:		
Associates	\$ 1,169	\$ -
Other related parties	<u>-</u>	<u>141,046</u>
	<u>\$ 1,169</u>	<u>\$ 141,046</u>
		<u>January 1, 2012</u>
Credit balance of agency accounts:		
Associates		<u>\$ 973</u>

## H. Shipowner's accounts:

Temporary accounts, between the Group and Other related parties – Evergreen International S.A., Gaining Enterprise S.A., Italia Marittima S.p.A., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd. incurred due to foreign port formalities and pier rental expenses are recognized as “shipowner's accounts in other current assets (liabilities)”. The balances of the accounts are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Debit balance of shipowner's accounts		
Associates	\$ 2,589	\$ -
Other related parties	<u>1,167,810</u>	<u>436,301</u>
	<u>\$ 1,170,399</u>	<u>\$ 436,301</u>
		<u>January 1, 2012</u>
Debit balance of shipowner's accounts		
Other related parties		<u>\$ 1,112,104</u>
	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Credit balance of shipowner's accounts		
Associates	\$ -	(\$ 22,149)
Other related parties	<u>(860,125)</u>	<u>(556,167)</u>
	<u>(\$ 860,125)</u>	<u>(\$ 578,316)</u>
		<u>January 1, 2012</u>
Credit balance of shipowner's accounts		
Associates		(\$ 93,208)
Other related parties		<u>(234,987)</u>
		<u>(\$ 328,195)</u>

## I. Loans to related parties:

## (a) Receivables from related parties

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Associates	<u>\$ 274,463</u>	<u>\$ 155,751</u>
		<u>January 1, 2012</u>
Associates		<u>\$ 442,114</u>

## (b) Interest income

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Associates	<u>\$ 3,442</u>	<u>\$ 2,418</u>

The loans to associates carry interest at floating rates for the year ended December 31, 2013 and 2012.

## J.Endorsements and guarantees provided to related parties:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Associates	\$ <u>2,311,343</u>	\$ <u>3,258,233</u>
		<u>January 1, 2012</u>
Associates		\$ <u>2,471,322</u>

 (2) Key management compensation

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Salaries and other short-term employee benefits	\$ 167,999	\$ 163,817
Post-employment benefits	2,746	2,954
Other long-term benefits	-	4
	<u>\$ 170,745</u>	<u>\$ 166,775</u>

 8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	
Other financial assets			Performance
- Pledged time deposits	\$ 498,664	\$ 550,214	guarantee
Refundable deposits			
- Pledged time deposits	2,000	2,000	"
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	217,814	225,177	"
-Loading and unloading equipment	1,076,030	1,154,395	"
-Ships	30,597,599	17,541,412	"
-Transportation equipment	1,172,702	593,267	"
Investment property			
-Land	1,285,781	1,285,781	"
-Buildings	544,536	562,943	"
	<u>\$ 35,909,438</u>	<u>\$ 22,429,501</u>	

Pledged asset	Book value	
	January 1, 2012	Purpose
Other financial assets		Performance
- Pledged time deposits	\$ 520,132	guarantee
Refundable deposits		
- Pledged time deposits	2,000	"
Property, plant and equipment		
-Land	514,312	Long-term loan
-Buildings	232,540	"
-Loading and unloading equipment	1,337,866	"
-Ships	13,362,686	"
-Transportation equipment	1,642,626	"
Investment property		
-Land	1,285,781	"
-Buildings	581,349	"
Investments accounted for under the equity method - EITC		Exchange corporate bonds payable as subject
	1,631,851	
	<u>\$ 21,111,143</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

A. As of December 31, 2013, the Company had delegated ANZ Bank to issue Standby Letter of Credit amounting to USD 5,000.

B. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at \$50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at \$50.50 (in dollars) per share, and the GDRs issued amounted to USD115,000. Another 2,085,856 units, representing 20,858,634 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2013. As of December 31, 2013, 8,013,574 units were redeemed and 339,312 units were outstanding, representing 3,393,194 shares of the Company's common stock.

C.As of December 31, 2013, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Group’s purchase of new ships and general working capital requirement amounted to \$98,745,419 and the unutilized credits was \$24,841,584.

D.Operating lease

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

	<u>December 31, 2013</u>	
Within 1 year	USD	195,847
1~5 years		<u>364,668</u>
	<u>USD</u>	<u>560,515</u>

E.As of December 31, 2013, the amount of guaranteed notes issued by the Company for loans borrowed was \$38,176,190.

F.To meet operational needs, the Group signed the shipbuilding contracts with Samsung Heavy Industries Co., Ltd. As of December 31, 2013, the total price of shipbuilding contracts amounted to USD1,339,000, USD123,600 of which remain unpaid.

G.To meet operational needs, the Group signed the shipbuilding contracts with Taiwan Shipbuilding Co., Ltd. As of December 31, 2013, the total price of shipbuilding contracts amounted to USD721,000, USD484,100 of which remain unpaid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A.As resolved by the Board of Directors on March 25, 2014, the Company purchased 4,500 containers (includes 2,500 special containers and 2,000 refrigerated containers) from China International Marine Containers (Group) Co., Ltd. to meet operational needs. The total price of contract amounted to USD29,752.

B.The Company’s Board of Directors proposed the appropriation of earnings on March 25, 2014 and the related information is described in Note 6(21).

C.As resolved by the Board of Directors, the Company’s subsidiary, Peony Investment S.A. participated in the cash capital increase of Balsam Investment (Netherlands) N.V. on March 26, 2014 according to its original ownership stake as an original shareholder. The capital increase amounts to EUR 19,600.

12. OTHERS(1) Capital risk 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. Fair value information of financial instruments

Except for those listed in the table below, the book value of cash and cash equivalents and financial instruments measured at amortized cost (including notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, guarantee deposits received, held-to-maturity financial assets, short-term loans, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2013	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	\$ 3,561,023	\$ 3,575,555
Long-term loans (including current portion)	67,332,258	72,987,809
	<u>\$ 70,893,281</u>	<u>\$ 76,563,364</u>
	December 31, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable	\$ 3,548,791	\$ 3,597,933
Long-term loans (including current portion)	48,074,664	49,143,282
	<u>\$ 51,623,455</u>	<u>\$ 52,741,215</u>
	January 1, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	\$ 2,955,661	\$ 2,955,661
Long-term loans (including current portion)	42,010,676	42,010,676
	<u>\$ 44,966,337</u>	<u>\$ 44,966,337</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. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. The Group's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB, GBP and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- B. The Group's management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group's Finance Department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.
- C. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR and others). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2013			
	Foreign currency amount		Book value
	(In Thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 396,681	29.8430	\$ 11,838,151
RMB:NTD	61,920	4.9231	304,838
RMB:USD	37,270	0.1650	183,521
EUR:USD	3,794	1.3791	156,148
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 328,556	29.8430	\$ 9,805,097
RMB:NTD	17,948	4.9231	88,360
GBP:USD	92,429	1.6496	4,550,188
EUR:USD	4,930	1.3791	202,901
December 31, 2012			
	Foreign currency amount		Book value
	(In Thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 79,756	29.0480	\$ 2,316,752
RMB:NTD	11,364	4.6581	52,935
GBP:USD	6,745	1.6111	315,661
RMB:USD	7,067	0.1604	32,927
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 228,923	29.0480	\$ 6,649,755
EUR:NTD	321	38.4741	12,350
GBP:USD	96,803	1.6111	4,530,306

January 1, 2012			
	Foreign currency amount		Book value
	(In Thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 61,503	30.2765	\$ 1,862,096
RMB:NTD	9,041	4.7913	43,318
RMB:USD	17,014	0.1583	81,544
EUR:USD	2,316	1.2938	90,722
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 103,527	30.2765	\$ 3,134,435
GBP:USD	193,525	1.5406	9,026,775

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

For the year ended December 31, 2013			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118,382	\$ -
RMB:NTD	1%	3,048	-
RMB:USD	1%	1,835	-
EUR:USD	1%	1,561	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 98,051	\$ -
RMB:NTD	1%	884	-
GBP:USD	1%	45,502	-
EUR:USD	1%	2,029	-

For the year ended December 31, 2012  
Sensitivity analysis

	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 23,168	\$ -
RMB:NTD	1%	529	-
GBP:USD	1%	3,157	-
RMB:USD	1%	329	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 66,498	\$ -
EUR:NTD	1%	12	-
GBP:USD	1%	4,530	-

Price risk

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

B. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the year ended December 31, 2012 would have increased/decreased by \$2, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$19,088 and \$15,247, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

A. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2013 and 2012, the Group's borrowings at floating rate were denominated in the NTD and USD .

B. At December 31, 2013 and 2012, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have been \$566,820 and \$384,804 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

B. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

C. For credit quality information of financial assets that are neither past due nor impaired, please refer to Note 6(5).

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2013	Less than 3 months	Between 3	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		months and 1 year				
Short-term loans	\$ -	\$ 596,860	\$ -	\$ -	\$ -	\$ 596,860
Accounts payable	12,202,811	43,356	-	-	-	12,246,167
Accounts payable - related parties	747,356	-	-	-	-	747,356
Other payables	1,499,325	365,752	3,432	762	1,009	1,870,280
Other payables - related parties	223	80,902	-	-	-	81,125
Bonds payable	-	573,121	38,400	3,076,800	-	3,688,321
Long-term loans (including current portion)	2,211,971	9,626,418	14,020,020	26,077,065	21,155,402	73,090,876
Long-term leases payable (including current portion)	657,796	1,550,535	2,164,460	4,329,203	9,868,890	18,570,884
Guarantee deposits received	380	5,408	27,865	788	104	34,545

Non-derivative financial liabilities:

December 31, 2012	Less than 3 months	Between 3	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		months and 1 year				
Short-term loans	\$ -	\$ 1,452,400	\$ -	\$ -	\$ -	\$ 1,452,400
Accounts payable	13,535,453	4,167	99	-	-	13,539,719
Accounts payable - related parties	687,299	-	-	-	-	687,299
Other payables	1,311,312	441,136	77,715	4,761	-	1,834,924
Other payables - related parties	113,223	-	-	-	-	113,223
Bonds payable	-	38,400	587,191	3,115,200	-	3,740,791
Long-term loans (including current portion)	816,448	6,107,050	10,344,287	21,331,605	10,673,005	49,272,395
Long-term leases payable (including current portion)	182,110	846,084	1,204,069	3,728,028	9,840,339	15,800,630
Guarantee deposits received	4,061	19	6,335	-	29,297	39,712

Non-derivative financial liabilities:

January 1, 2012	Between 3					Total
	Less than 3 months	months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Short-term loans	\$ 277,380	\$ 3,632,932	\$ -	\$ -	\$ -	\$ 3,910,312
Accounts payable	12,635,396	-	278	-	-	12,635,674
Accounts payable - related parties	77,701	-	-	-	-	77,701
Other payables	1,220,806	440,317	2,716	4,576	-	1,668,415
Other payables - related parties	148,623	-	-	-	-	148,623
Convertible/Exchangable bonds payable	-	2,960,824	-	-	-	2,960,824
Long-term loans (including current portion)	280,905	3,888,226	6,422,597	24,816,513	6,681,207	42,089,448
Long-term leases payable (including current portion)	94,345	324,445	410,934	1,963,919	904,818	3,698,461
Guarantee deposits received	10,288	19	-	25	29,899	40,231

Derivative financial liabilities:

January 1, 2012	Between 3					Total
	Less than 3 months	months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Interest rate swap	\$ 250,083	\$ -	\$ -	\$ -	\$ -	\$ 250,083

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

**(3) Fair value estimation**

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2013, December 31, 2012 and January 1, 2012:

December 31, 2013	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivatives	\$ -	\$ -	\$ 5,172	\$ 5,172
Available-for-sale financial assets				
Equity securities	<u>1,373,322</u>	<u>-</u>	<u>560,047</u>	<u>1,933,369</u>
	<u>\$ 1,373,322</u>	<u>\$ -</u>	<u>\$ 565,219</u>	<u>\$ 1,938,541</u>
December 31, 2012	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 243	\$ -	\$ -	\$ 243
Debt securities	-	-	76,648	76,648
Beneficiary certificates	1,403,823	-	-	1,403,823
Embedded derivatives	-	-	3,923	3,923
Available-for-sale financial assets				
Equity securities	<u>1,273,884</u>	<u>-</u>	<u>264,248</u>	<u>1,538,132</u>
	<u>\$ 2,677,950</u>	<u>\$ -</u>	<u>\$ 344,819</u>	<u>\$ 3,022,769</u>

January 1, 2012	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 10,003	\$ -	\$ -	\$ 10,003
Debt securities	-	-	62,959	62,959
Beneficiary certificates	2,220,851	-	-	2,220,851
Cross currency swap	1,824	-	-	1,824
Available-for-sale financial assets	-	-	-	-
Equity securities	<u>1,234,044</u>	<u>-</u>	<u>264,054</u>	<u>1,498,098</u>
	<u>\$ 3,466,722</u>	<u>\$ -</u>	<u>\$ 327,013</u>	<u>\$ 3,793,735</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Interest rate swap	\$ 250,083	\$ -	\$ -	\$ 250,083
Embedded derivatives	-	-	5,163	5,163
	<u>\$ 250,083</u>	<u>\$ -</u>	<u>\$ 5,163</u>	<u>\$ 255,246</u>

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D.If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E.Specific valuation techniques used to value financial instruments include:

(a)Quoted market prices or dealer quotes for similar instruments.

(b)The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(c)The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

F.The following table presents the changes in level 3 instruments as at December 31, 2013, December 31, 2012 and January 1, 2012.

	<u>Equity securities</u>	<u>Debt securities</u>	<u>Derivative financial instruments</u>	<u>Total</u>
At January 1, 2013	\$ 264,248	\$ 76,648	\$ 3,923	\$ 344,819
Gains and losses recognized in net income	-	23,352	1,249	24,601
Gains and losses recognized in other comprehensive income	295,799	-	-	295,799
Disposed of in the period	-	( 100,000)	-	( 100,000)
At December 31, 2013	<u>\$ 560,047</u>	<u>\$ -</u>	<u>\$ 5,172</u>	<u>\$ 565,219</u>
			<u>Derivative financial instruments</u>	<u>Total</u>
At January 1, 2012	\$ 264,054	\$ 62,959	(\$ 5,163)	\$ 321,850
Gains and losses recognized in net income	-	13,689	9,086	22,775
Gains and losses recognized in other comprehensive income	2,923	-	-	2,923
Disposed in the period	( 2,729)	-	-	( 2,729)
At December 31, 2012	<u>\$ 264,248</u>	<u>\$ 76,648</u>	<u>\$ 3,923</u>	<u>\$ 344,819</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

Unit : Thousands of New Taiwan Dollars

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 3)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)
													Item	Value		
1	Peony Investment S.A.	Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Receivables from related parties (Note 9)	Yes	\$ 45,010 (Note 3)	\$ 44,765	\$ 44,765	1.3499	2	\$ -	Working capital requirement	\$ -	-	\$ 7,996,673	\$ 19,991,684	
		Luanta Investment (NetherLands) N.V.	Receivables from related parties	Yes	348,308	348,308	273,096	1.2640~ 2.2930	2	-	"	-	-	7,996,673	19,991,684	
		Clove Holding Ltd.	Receivables from related parties (Note 9)	Yes	330,072	328,273	268,587	1.1655~ 1.2640	2	-	"	-	-	15,993,347	19,991,684	
2	Clove Holding Ltd.	Whitney Equipment LLC.	Receivables from related parties (Note 9)	Yes	119,496	74,608	74,608	1.2459	2	-	"	-	-	980,286	1,225,358	
3	Evergreen Marine (UK) Ltd.	Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Receivables from related parties (Note 9)	Yes	45,010	44,765	44,765	1.3499	2	-	"	-	-	562,796	1,125,592	

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

(1) The Company is '0'.

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

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

Note 3: Fill in the year-to-date maximum outstanding balance of loans to others as of the reporting period.

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

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

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

- Note 7:** Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote
1. According to the company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statement.
- The calculation is as follows:  
 PEONY USD1,339,790\*29.843\*20%=7,996,673  
 EMU USD94,293\*29.843\*20%=562,796  
 The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the financial statement.
- The calculation is as follows:  
 PEONY USD1,339,790\*29.843\*40%=15,993,347  
 COLVE USD82,120\*29.843\*40%=980,286
2. According to the company's credit policy, the total amount of loans granted by the company should not exceed 40% of the net worth stated in the latest financial statement.
- The calculation is as follows:  
 EMU USD94,293\*29.843\*40%=1,125,592  
 The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to the company should not exceed 50% of the net worth stated in the financial statement.
- The calculation is as follows:  
 PEONY USD1,339,790\*29.843\*50%=19,991,684  
 COLVE USD82,120\*29.843\*50%=1,225,358
- Note 8:** The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.
- In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.
- Note 9:** This transaction was written off when the consolidated financial statements were prepared.

B. Provision of endorsements and guarantees to others:

Unit : Thousands of New Taiwan Dollars

Number (Note 1)	Endorser/guarantor	Party being endorsed / guaranteed		Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/guarantee amount as of December 31, 2013 (Note 4)	Outstanding endorsement/guarantee amount at December 31, 2013 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/guarantees to the party in Mainland China (Note 7)
		Company name	Relationship with the endorser/guarantor (Note 2)										
0	Evergreen Marine Corporation	Greencoast Marine S.A.	3	\$ 114,484,097	\$ 37,173,167	\$ 32,167,655	\$ 19,892,510	\$ -	56.20	\$ 143,105,121	Y		
0	Evergreen Marine Corporation	Peony Investment S.A.	2	114,484,097	444,096	441,676	292,461	-	0.77	143,105,121	Y		
0	Evergreen Marine Corporation	Evergreen Marine (UK) Ltd.	3	114,484,097	50,359,045	43,669,386	33,364,975	-	76.29	143,105,121	Y		
0	Evergreen Marine Corporation	Taranto Container Terminal S.p.A.	6	28,621,024	607,632	-	-	-	0.00	143,105,121			
0	Evergreen Marine Corporation	Whitney Equipment LLC.	3	114,484,097	2,959,596	1,150,529	1,087,928	-	2.01	143,105,121	Y		
0	Evergreen Marine Corporation	Hemlock Equipment LLC.	3	114,484,097	1,730,398	686,770	674,727	-	1.20	143,105,121	Y		
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	28,621,024	655,352	655,352	189,269	-	1.14	143,105,121			
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	28,621,024	2,617,167	1,534,112	1,387,881	-	2.68	143,105,121			
1	Greencoast Marine S.A.	Taranto Container Terminal S.p.A.	1	139,087	121,879	121,879	121,879	-	0.49	62,502,192			

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.
- Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to
  - (1) Having business relationship.
  - (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
  - (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
  - (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
  - (5) Mutual guarantee of the trade as required by the construction contract.
  - (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", state each individual party to which the endorsements/guarantees have been provided, and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.
 

According to the company's credit policy, the total amount of endorsements or guarantees provided by the company should not exceed 250% of the net worth stated in the latest financial statement.

The calculation is as follows:  
 The Company:  $57,242,048 * 250\% = 143,105,121$   
 Limit on endorsement or guarantees provided by the company for a single entity is \$28,621,024 (amounting to 50% of its net worth).

When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantees provided by the Company should not exceed the 200% of its net worth, which equals to \$114,484,097.

According to the GMS's credit policy, the total amount of endorsements or guarantees provided by the GMS should not exceed 250% of the net worth stated in the latest financial statement.

The calculation is as follows:  
 USD  $837,747 * 29,8430 * 250\% = 62,502,192$

The amount of endorsement or guarantees provided by the Company for a single entity should not exceed the transaction amounts for the latest fiscal year with the entity.

The calculation is as follows: USD  $4,660.61 * 29,8430 = 139,087$

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

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

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

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

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

Unit : Thousands of New Taiwan Dollars / Thousands of shares

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2013				Footnote (Note 4)	
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value		
Evergreen Marine Corporation	Stock:								
	Power World Fund Inc.		Available-for-sale financial assets - non-current	1,017	\$ 7,627	5.68	\$ 7,627		
	Taiwan HSR Consortium		"	126,735	689,438	1.95	689,438		
	Linden Technologies, Inc.		"	50	16,928	2.53	16,928		
	TopLogis, Inc.		"	2,464	14,844	17.48	14,844		
	Ever Accord Construction Corp.		"	8,470	71,280	17.50	71,280		
	Central Reinsurance Corp.		"	47,492	683,883	8.45	683,883		
	Financial bonds:								
	Bank of Taichung Unsecured Subordinated Financial Debentures			Held-to-maturity financial asset - non-current	-	220,000	-	220,000	
	Ta Chong Commercial Bank 1st Unsecured Subordinate Financial Debentures-B Issue in 2009			"	-	100,000	-	100,000	
	Sunny Bank 1st Subordinate Financial Debentures- B Issue in 2010			"	-	50,000	-	50,000	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2013				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Peony Investment S.A.	Dongbu Pusan Container Terminal Co. Ltd.		Available-for-sale financial assets - non-current	300	USD 32,030	15.00	USD 3,230	
	Hutchison Inland Container Depots Ltd.		"	0.75	USD 372	7.50	USD 372	
	Colombo - South Asia Gateway Terminal		"	18,942	USD 11,374	5.00	USD 11,374	
Evergreen Shipping Agency (Singapore) Pte Ltd.	RTW AIR SERVICES (S) PL		"	30	SGD 42	2.00	SGD 42	
Evergreen Shipping Agency (Thailand) Co., Ltd.	Green Siam Air Service Co.		"	4	THB 1,160	2.00	THB 1,160	
Evergreen Shipping Agency (Deutschland) GmbH	Zoll Pool Hafen hamburg AG		"	10	EUR 10	2.86	EUR 10	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 'Financial instruments : recognition and measurement.'

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

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated

impairment for the marketable securities not measured at fair value.

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

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital  
 Unit : Thousands of New Taiwan Dollars / Thousands of shares

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2013		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2013	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares
Evergreen Marine Corporation	Beneficiary Certificates:												
	PCAWell Pool Money Market Fund	Financial Assets at fair value through profit or loss -current			16,104	\$ 211,843	60,456	\$ 800,000	76,560	\$ 1,014,456	\$ 2,613	-	-
	De-Bao Money Market Fund	"			11,178	130,293	18,845	220,000	30,023	351,290	997	-	-
	Taishin 1699 Money Market Fund	"			-	-	72,132	950,000	72,132	951,015	1,015	-	-
	Capital Money Market	"			-	-	101,872	1,600,000	101,872	1,601,521	1,521	-	-
	Yuanta Wan Tai Money Market Fund	"			26,075	381,878	49,428	730,000	75,503	1,115,589	3,711	-	-
Mega Diamond Bond Fund	"			40,849	493,910	24,556	300,000	65,405	799,092	5,182	-	-	

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

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

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

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of

paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

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

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

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

Unit : Thousands of New Taiwan Dollars

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Footnote (Note2)	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp.	Investee accounted for using equity method	Purchases	\$ 379,957	2%	30-60 Days	\$ -	-	(\$ 7,862)	-		
	Evergreen International Corp.	Investee of the Company's major shareholder	Sales	1,670,744	9%	30-60 Days	-	-	75,821	5%		
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	365,890	2%	30-60 Days	-	-	( 44,662)	2%		
	Gaining Enterprise S.A.	Subsidiary of EITC accounted for using equity method	Purchases	736,944	4%	30-60 Days	-	-	( 24,507)	1%	(Note)	
	Greencoast Marine S.A.	Indirect subsidiary of the Company	Sales	1,387,698	7%	30-60 Days	-	-	9,584	1%	(Note)	
	Evergreen Marine (UK) Ltd.	Indirect subsidiary of the Company	Purchases	513,158	3%	30-60 Days	-	-	-	-	(Note)	
	Italia Marittima S.p.A.	Investee of Balsam	Sales	835,962	4%	30-60 Days	-	-	9,519	1%	(Note)	
	Evergreen Marine (Singapore) Pte Ltd.	Investee of the Company's major shareholder	Purchases	267,375	1%	30-60 Days	-	-	-	-	(Note)	
	Evergreen Marine (Hong Kong) Pte Ltd.	Investee of the Company's major shareholder	Sales	816,104	4%	30-60 Days	-	-	37,151	2%		
	Evergreen Marine Corporation	The parent	Purchases	563,881	3%	30-60 Days	-	-	-	-		
				Sales	1,351,566	7%	30-60 Days	-	-	24,758	1%	
				Purchases	165,494	1%	30-60 Days	-	-	( 1,866)	-	
	Taiwan Terminal Services Co., Ltd.	Evergreen Marine Corporation	Investee of the Company's major shareholder	Purchases	163,170	1%	30-60 Days	-	-	( 84,434)	4%	
			Sales	736,944	99%	30-60 Days	-	-	24,507	36%	(Note)	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 20,637	25%	10 Days	\$ -	-	USD 465	20%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 21,277	26%	10 Days	-	-	USD 532	23%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 19,863	24%	10 Days	-	-	USD 443	19%	(Note)
	Seaside Transportation Service LLC.	Investee of the Parent Company's major shareholder	Sales	USD 16,884	21%	10 Days	-	-	USD 807	35%	
Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 45,605	2%	15~30 Days	-	-	(USD 4,449)	3%	
	Evergreen International S.A.	Major shareholder of the Parent Company's	Purchases	USD 18,670	1%	15~30 Days	-	-	(USD 3,770)	3%	
	Evergreen Marine (UK) Ltd.	Indirect subsidiary of the Parent Company	Sales	USD 26,657	1%	15~30 Days	-	-	USD 76	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 37,057	1%	15~30 Days	-	-	-	-	(Note)
	Evergreen Marine (UK) Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 49,962	2%	15~30 Days	-	-	-	-	
	Italia Marittima S.p.A.	Investee of Balsam	Purchases	USD 41,846	2%	15~30 Days	-	-	(USD 792)	1%	
	Evergreen Marine Corp.	The parent	Sales	USD 28,964	1%	15~30 Days	-	-	-	-	
	Evergreen Marine Corp.	The parent	Purchases	USD 57,957	2%	15~30 Days	-	-	-	-	
	Evergreen Marine Corp.	The parent	Sales	USD 17,287	1%	15~30 Days	-	-	-	-	(Note)
	Evergreen Marine Corp.	The parent	Purchases	USD 46,747	2%	15~30 Days	-	-	(USD 321)	-	(Note)
Everport Terminal Services inc.	Evergreen International Corp.	Subsidiary of the Parent Company	Purchases	USD 21,277	1%	15~30 Days	-	-	(USD 532)	-	(Note)
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 11,529	-	15~30 Days	-	-	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (UK) Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 37,057	3%	30-60 Days	\$	-	-	-	(Note)
			Purchases	USD 26,657	2%	30-60 Days	-	-	(USD 76)	-	(Note)
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 7,408	-	30-60 Days	-	-	-	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 43,751	3%	30-60 Days	-	-	-	-	
			Purchases	USD 25,185	2%	30-60 Days	-	-	-	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 19,863	1%	30-60 Days	-	-	(USD 443)	-	(Note)
	Evergreen Marine Corp.	The parent	Sales	USD 9,007	1%	30-60 Days	-	-	USD 65	-	(Note)
			Purchases	USD 28,161	2%	30-60 Days	-	-	(USD 319)	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam	Sales	USD 14,369	1%	30-60 Days	-	-	-	-	
			Purchases	USD 50,338	3%	30-60 Days	-	-	-	-	
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency (Deutschland) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 6,625	-	30-60 Days	-	-	(USD 598)	-	(Note)
	Evergreen Shipping Agency France S.A.S.	Indirect subsidiary of the Parent Company	Purchases	USD 3,546	-	30-60 Days	-	-	(USD 158)	-	(Note)
	Evergreen Shipping Agency (Netherlands) B.V.	Indirect subsidiary of the Parent Company	Purchases	USD 5,902	-	30-60 Days	-	-	-	-	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 4,988	38%	0 Days	-	-	EUR 433	4%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	EUR 3,715	28%	0 Days	-	-	EUR 325	3%	
	Evergreen Shipping Agency (Russia) Ltd.	Indirect subsidiary of the Parent Company	Purchases	EUR 2,869	100%	0 Days	-	-	(EUR 208)	3%	(Note)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Shipping Agency (Netherlands) B.V.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 4,444	36%	0 Days	\$ -	-	-	(Note)	
Evergreen Shipping Agency France S.A.S.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 2,670	38%	0 Days	-	-	EUR 114	(Note)	
Evergreen Shipping Agency (Russia) Ltd.	Evergreen Shipping Agency (Deutschland) GmbH	Indirect subsidiary of the Parent Company	Sales	EUR 121,599	57%	0 Days	-	-	EUR 7,045	(Note)	

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

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

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

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners other parent in the calculation.

## H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

Unit : Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship with the Counterparty	Balance as at December 31, 2013 (Note1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Corporation	Investee of the Company's major shareholder	\$ 133,318	-	\$ -	-	\$ 129,401	-
Peony Investment S.A	Luanta Investment (Netherlands) N.V. Clove Holding Ltd.	Related Company of Peony Investment S.A Subsidiary of the Company (Note)	USD 9,197	-	-	-	-	-
			USD 9,003	-	-	-	-	-

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

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties, etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners other parent in the calculation.

I. Derivative financial instruments undertaken during the year ended December 31, 2013: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the year ended December 31, 2013:

Unit : Thousands of New Taiwan Dollars

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Taiwan Terminal Service Co., Ltd.	1	Accounts payable	\$ 24,507	Note 3	0.01
		"	1	Operating revenue	3,009	"	-
		"	1	Operating cost	736,899	"	0.53
		"	1	Other receivables	2	"	-
	Greencompass Marine S.A.	"	1	Account receivables	9,584	"	0.01
		"	1	Other receivables	3	"	-
		"	1	Shipowner's accounts - credit	521,920	"	0.30
		"	1	Operating revenue	1,387,698	"	1.00
		"	1	Operating cost	513,158	"	0.37
	Evergreen Marine (UK) Limited	"	1	Accounts receivable	9,519	"	0.01
		"	1	Other receivables	1,011	"	-
		"	1	Shipowner's accounts - credit	83,691	"	0.05
		"	1	Operating revenue	835,962	"	0.60
		"	1	Operating cost	267,375	"	0.19
	Evergreen Shipping Agency (India) Pvt. Ltd.	"	1	Operating cost	6,102	"	-
		"	1	Agency accounts - debit	19,887	"	0.01
		"	1	Accounts payable	7,404	"	-
	Evergreen Shipping Agency (Thailand) Co., Ltd.	"	1	Operating cost	26,794	"	0.02



Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Evergreen Shipping Agency France S.A.S.	1	Accounts payable	\$ 2,854	Note 3	-
		"	1	Agency accounts - credit	6,233	"	-
		"	1	Operating cost	11,960	"	0.01
		Evergreen Shipping (Spain) S.L.	1	Operating cost	5,950	"	-
		"	1	Agency accounts - debit	185	"	-
		"	1	Accounts payable	528	"	-
		Evergreen Shipping Agency (Italy) S.p.A.	1	Agency accounts - debit	311	"	-
		"	1	Accounts payable	1,741	"	-
		"	1	Operating cost	5,816	"	-
		Evergreen Shipping Agency (Russia) Limited	1	Agency accounts - credit	181	"	-
		"	1	Other receivables	92	"	-
		Evergreen Shipping Agency (Vietnam) Corp.	1	Operating cost	21,846	"	0.02
		"	1	Agency accounts - credit	20,917	"	0.01
		Evergreen Shipping Agency (Australia) Pty. Ltd.	1	Agency accounts - debit	271	"	-
		"	1	Accounts payable	728	"	-
		"	1	Operating cost	52	"	-
		Evergreen Shipping Agency (UK) Limited	1	Operating cost	31,131	"	0.02
		"	1	Agency accounts - credit	1,855	"	-
		"	1	Accounts payable	1,241	"	-
		Evergreen Shipping Agency (Switzerland) S.A.	1	Agency accounts - debit	13	"	-
		"	1	Operating cost	856	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Evergreen Shipping Agency (Australia) GmbH " " Evergreen Shipping Agency (South Africa) (PTY) Ltd.	1 1 1 1	Agency accounts - debit Accounts payable Operating cost Agency accounts - credit	\$ 1,706 1,478 2,674 400	Note 3 " " "	- - - -
		" "	1 1	Accounts payable Operating cost	82 10	" "	- -
		PT. Multi Bina Pura Internasional	1	Other receivables	2	"	-
		Kingtrans Intl Logistics (Tianjin) Co., Ltd	1	Other receivables	2	"	-
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited " " " " Evergreen Shipping Agency (India) Pvt. Ltd. " " Evergreen Shipping Agency (Thailand) Co., Ltd. " " PT. Evergreen Shipping Agency Indonesia "	3 3 3 3 3 3 3 3 3 3 3	Operating revenue Operating cost Accounts receivable Shipowner's accounts - debit Accounts payable Agency accounts - debit Operating cost Accounts payable Agency accounts - debit Accounts payable Operating cost Operating cost Accounts payable	791,312 1,100,035 2,267 40,465 4,407 9,136 35,234 1,992 10,882 11,047 73,612 61,030 4,145	" " " " " " " " " " " " " "	0.57 0.79 - 0.02 - 0.01 0.03 - 0.01 - 0.05 0.04 -

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Greencompass Marine S.A.	Evergreen Shipping Agency (Singapore) Pte. Ltd.	3	Agency accounts - debit	\$ 45,821	Note 3	0.03
		"	3	Accounts payable	2,773	"	-
		"	3	Operating cost	46,568	"	0.03
		Evergreen Shipping Agency (Korea) Corporation	3	Operating cost	52,953	"	0.04
		"	3	Accounts payable	3,542	"	-
		"	3	Accounts receivable	5,331	"	-
		Evergreen Shipping Agency (Deutschland) GmbH	3	Operating cost	64,657	"	0.05
		"	3	Accounts payable	8,556	"	-
		"	3	Agency accounts - debit	1,555	"	-
		Evergreen Shipping Agency (Ireland) Ltd.	3	Operating cost	2,973	"	-
		"	3	Accounts payable	360	"	-
		"	3	Agency accounts - debit	2,510	"	-
		Evergreen Shipping Agency (Netherlands) B.V.	3	Accounts payable	6,795	"	-
		"	3	Accounts receivable	1,860	"	-
		"	3	Operating cost	67,859	"	0.05
		Evergreen Shipping Agency (Poland) SP.ZO.O	3	Agency accounts - debit	250	"	-
		"	3	Accounts payable	315	"	-
		"	3	Operating cost	2,402	"	-
		Evergreen Shipping Agency France S.A.S.	3	Operating cost	60,103	"	0.04
		"	3	Accounts payable	10,321	"	0.01
		Evergreen Shipping (Spain) S.L.	3	Accounts receivable	4,383	"	-
		"	3	Accounts payable	2,627	"	-
		"	3	Operating cost	22,038	"	0.02

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Greencoast Marine S.A.	Evergreen Shipping Agency (Italy) S.p.A.	3	Agency accounts - credit	\$ 10,265	Note 3	0.01
		"	3	Accounts payable	3,839	"	-
		"	3	Accounts receivable	2,004	"	-
		"	3	Operating cost	24,176	"	0.02
		Evergreen Shipping Agency (Vietnam) Corp.	3	Accounts payable	3,500	"	-
		"	3	Agency accounts - debit	864	"	-
		"	3	Operating cost	36,312	"	0.03
		Evergreen Shipping Agency (Australia) Pty. Ltd.	3	Agency accounts - debit	690	"	-
		"	3	Accounts payable	4,489	"	-
		"	3	Operating cost	26,174	"	0.02
		Evergreen Shipping Agency (South Africa) (PTY) Ltd.	3	Accounts payable	3,804	"	-
		"	3	Agency accounts - debit	15,383	"	0.01
		"	3	Operating cost	30,709	"	0.02
		Evergreen Shipping Agency (UK) Limited	3	Operating cost	36,614	"	0.03
		"	3	Agency accounts - debit	2,855	"	-
		"	3	Accounts payable	1,540	"	-
		Evergreen Shipping Agency (Austria) GmbH	3	Operating cost	3,529	"	-
		Evergreen Shipping Agency (Switzerland) S.A.	3	Operating cost	180	"	-
		"	3	Agency accounts - debit	55	"	-
		Everport Terminal Services Inc.	3	Operating cost	631,490	"	0.45
		"	3	Accounts payable	15,872	"	0.01

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Thailand) Co., Ltd.	3	Accounts payable	\$ 4,142	Note 3	-
		"	3	Agency accounts - debit	14,394	"	0.01
		"	3	Agency accounts - credit	12,329	"	0.01
		"	3	Operating cost	38,585	"	0.03
		Evergreen Shipping Agency (India) Pvt. Ltd.	3	Operating cost	29,636	"	0.02
		"	3	Agency accounts - debit	11,181	"	0.01
		"	3	Accounts payable	2,151	"	-
		PT. Evergreen Shipping Agency Indonesia	3	Agency accounts - debit	2,122	"	-
		"	3	Accounts payable	2,139	"	-
		"	3	Operating cost	30,176	"	0.02
		Evergreen Shipping Agency (Singapore) Pte. Ltd.	3	Accounts payable	2,085	"	-
		"	3	Accounts receivable	2,315	"	-
		"	3	Operating cost	19,840	"	0.01
		Evergreen Shipping Agency (Korea) Corporation	3	Operating cost	19,365	"	0.01
		"	3	Accounts payable	1,744	"	-
		"	3	Accounts receivable	2,997	"	-
		Evergreen Shipping Agency (Deutschland) GmbH	3	Accounts payable	19,223	"	0.01
		"	3	Operating cost	196,662	"	0.14

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Ireland) Ltd. " " " " " Evergreen Shipping Agency (Netherlands) B. V. " " " " Evergreen Shipping Agency (Poland) SP.ZO.O " " " Evergreen Shipping Agency France S.A.S. " " " Evergreen Shipping Agency (Italy) S.p.A. " " " Evergreen Shipping Agency (Russia) Limited "	3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Other receivables	\$ 140	Note 3	-
				Agency accounts - debit	807	"	-
				Accounts payable	1,654	"	-
				Operating revenue	2,829	"	-
				Operating cost	13,065	"	0.01
				Accounts payable	15,003	"	0.01
				Agency accounts - credit	39,141	"	0.02
				Accounts receivable	5,981	"	-
				Operating cost	175,211	"	0.13
				Accounts payable	1,135	"	-
				Accounts receivable	714	"	-
				Operating cost	12,398	"	0.01
				Operating cost	105,272	"	0.08
				Accounts payable	11,934	"	0.01
				Agency accounts - debit	2,598	"	-
				Accounts payable	6,236	"	-
				Operating cost	58,087	"	0.04
				Operating cost	21,848	"	0.02
				Accounts payable	2,316	"	-
				Agency accounts - debit	1,619	"	-
Agency accounts - credit	15,553	"	0.01				
Accounts payable	10	"	-				
Operating cost	94	"	-				

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Vietnam) Corp.	3	Accounts payable	\$ 3,310	Note 3	-
		"	3	Accounts receivable	1,674	"	-
		"	3	Operating cost	34,805	"	0.03
		Evergreen Shipping Agency (Australia) Pty. Ltd.	3	Operating cost	520	"	-
		"	3	Accounts payable	38	"	-
		"	3	Accounts receivable	11	"	-
		Evergreen Shipping Agency (South Africa) (PTY) Ltd.	3	Agency accounts - credit	29	"	-
		"	3	Accounts payable	79	"	-
		"	3	Operating cost	908	"	-
		Evergreen Shipping Agency (UK) Limited	3	Operating cost	95,247	"	0.07
		"	3	Other receivables	1,515	"	-
		"	3	Accounts payable	2,968	"	-
		Kingtrans Int'l. Logistics (Tianjin) Co., Ltd	3	Other receivables	44,765	"	0.03
		Evergreen Shipping Agency (Switzerland) S.A.	3	Operating cost	19,550	"	0.01
		"	3	Agency accounts - debit	978	"	-
		"	3	Accounts payable	178	"	-
		3	Peony Investment S.A.	Evergreen Shipping Agency (Austria) GmbH	3	Operating cost	11,694
"	3			Agency accounts - debit	1,826	"	-
"	3			Accounts payable	1,893	"	-
Everport Terminal Services Inc.	3			Operating cost	589,468	"	0.42
"	3			Accounts payable	13,235	"	0.01
Clove Holding Ltd.	3			Other receivables	268,662	"	0.15
Kingtrans Int'l. Logistics (Tianjin) Co., Ltd	3			Other receivables	45,156	"	0.03

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
4	PT. Multi Bina Pura International	PT. Multi Bina Transport	3	Accounts receivable	\$ 443	Note 3	-
				Accounts payable	62	"	-
				Operating revenue	4,939	"	-
				Operating cost	1,561	"	-
5	Clove Holding Ltd.	PT. Evergreen Shipping Agency Indonesia	3	Accounts receivable	852	"	-
		Whitney Equipment LLC.	3	Other receivables	74,608	"	0.04
6	Evergreen Shipping Agency (Russia) Limited	Evergreen Shipping Agency (Deutschland) GmbH	3	Operating revenue	113,130	"	0.08
			3	Accounts receivable	6,406	"	-
7	Island Equipment LLC.	Whitney Equipment LLC.	3	Accounts payable	25,681	"	0.01
				Other payable	2	"	-
8	PT. Multi Bina Transport	PT. Evergreen Shipping Agency Indonesia	3	Accounts receivable	763	"	-

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

(2) Disclosure information on investees

Unit : Thousands of shares/Thousands of New Taiwan Dollars

	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Investment activities	\$ 14,220,190	\$ 14,220,190	4,765	100.00	\$ 39,694,900	\$ 3,248,664	Subsidiary of the Company (Note)	
	Taiwan Terminal Services Co., Ltd.	No.6 Qijin 1st Rd. Qijin District, Kaohsiung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	25,557	10,717	" (Note)	
	Everport Terminal Services Inc.	1209 Orange Street in the city of Wilmington, Country of New Castle, State of Delaware, USA	Terminal services	2,984	2,984	1	100.00	67,382	54,384	" (Note)	
	Chang Yang Development Co., Ltd.	2F, No.369, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental, and sale of residential and commercial	320,000	320,000	52,738	40.00	448,138	160,227	Investee accounted for using the equity method	
	Evergreen International Storage and Transport Corporation	No.899, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	7,775,737	233,592	"	
	Evergreen Security Corporation	48&5F, No.111, Sungjiang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	6,336	31.25	78,170	13,813	"	
	EVA Airways Corporation	11F, No.376, Section 1, Hsinnan Rd., Lu Chu Township, Taoyuan County, Taiwan	International passenger and cargo transportation	10,767,879	10,767,879	629,483	19.32	6,922,314	144,374	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Taipei Port Container Terminal Corporation	No.25 Sijahuwei, Syuntang Village, Bali District, New Taipei City, Taiwan	Container distribution and cargo stevedoring	\$ 1,094,073	\$ 883,731	109,378	21.03	\$ 1,000,040	(\$ 27,609)	Investee accounted for using the equity method	
	Evergreen Marine (Latin America), S.A.	EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO,	Management consultancy	3,134	3,134	105	17.50	3,369	1,112	195	"
Peony Investment S.A.	Clove Holding Ltd.	Craignuir Chambers, P.O. Box71, Road Town, Tortola, B.V.I.	Investment holding company	1,568,228	1,568,228	10	100.00	2,450,716	169,460	169,460	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Building Amsinckstrasse 55 20097 Hamburg, Germany	Shipping agency	248,174	248,174	-	100.00	246,251	9,289	9,289	" (Note)
	Evergreen Shipping Agency (Ireland) Ltd.	22 Fitzwilliam Place, Dublin 2, Ireland	Shipping agency	2,835	2,835	0.1	100.00	7,927	814	814	" (Note)
	Evergreen Shipping Agency (Korea) Corporation	12FL, ROYAL BYILDING 5 ANGIJU- DONG, JONGNO-GO, SEOUL, REPUBLIC OF KOREA	Shipping agency	72,399	72,399	121	100.00	84,035	28,695	28,695	" (Note)
	Evergreen Shipping Agency (Netherlands) B.V.	PortCity II - Havennummer 2235 Waalhaven ZZ 19 3089 JH Rotterdam, The Netherlands	Shipping agency	118,686	118,686	0.047	100.00	188,717	10,561	10,561	" (Note)
	Evergreen Shipping Agency (Poland) SP. Z.O.O	ul. Chmielna 132/134, 00-805 Warszawa, Poland	Shipping agency	19,756	19,756	2	100.00	19,701	647	647	" (Note)

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Greencompass Marine S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Marine transportation	\$ 10,549,501	\$ 10,549,501	3,535	100.00	\$ 25,000,877	\$ 1,451,867	Indirect subsidiary of the Company (Note)	
	Vigor Enterprise S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Investment holding company	14,922	14,922	5	100.00	14,140	710	" (Note)	
	Evergreen Shipping Agency (India) Pvt. Ltd.	Marathon Nexigon Innova "A" G01, Opp. Peninsula Corporate Park, Off G.K.Marg. Lower Parel (W) , MUMBAI 400 013, INDIA	Shipping agency	35,118	35,118	100	99.99	98,080	63,013	" (Note)	
	Evergreen Argentina S.A.	Pje. Carabelas 344, (C1009AAD), Buenos Aires, Argentina	Leasing	4,178	4,178	150	95.00	3,730	13,471	" (Note)	
	Evergreen Shipping Agency France S.A.S.	Tour Franklin-La Defense 8, 92042 PARIS LA DEFENSE CEDEX-FRANCE.	Shipping agency	27,068	27,068	5	100.00	61,927	7,389	" (Note)	
	PT. Multi Bina Pura International	Jl. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	233,997	233,997	17	95.03	297,803	77,029	" (Note)	
	PT. Multi Bina Transport	Jl. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Container repair, cleaning and inland transportation	24,003	24,003	2	17.39	11,782	1,944	" (Note)	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Lot 139, Jalan Cecair, Phase 2, Free Trade Zone, Johor Port Authority, 81700 Pasir Gudang, Johor, Malaysia.	Container manufacturing	\$ 814,560	\$ 814,560	42,120	84.44	\$ 1,412,403	\$ 76,073	Indirect subsidiary of the Company (Note)	
	Armand Investment (Netherlands) N.V.	Van Engelenweg 23, Curacao	Investment holding company	343,568	274,631	4	70.00	324,884	10,683	" (Note)	
	Evergreen Shipping (Spain) S.L.	CALLE SIETE AGUAS, 11 - ENTLO. 46023 VALENCIA, SPAIN	Shipping agency	115,492	115,492	3	55.00	97,347	47,977	" (Note)	
	Evergreen Shipping Agency (Italy) S.p.A.	Scali Cerere 9 - 57122 Livorno, Italy	Shipping agency	70,191	70,191	0.55	55.00	62,327	1,761	" (Note)	
	Evergreen Marine (UK) Ltd.	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	501,441	44,843	765	51.00	1,435,236	965,835	" (Note)	
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Level 13, 181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	7,374	7,374	0.675	67.50	27,822	25,996	" (Note)	
	Evergreen Shipping Agency (Russia) Ltd.	Evergreen Office, 11 Millionnaya Street, ST. Petersburg, 191 186 RUSSIA	Shipping agency	25,307	25,307	-	51.00	62,319	60,916	" (Note)	

	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote/Investor
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Shipping Agency (Singapore) Pte. Ltd.	200 Cantonment Road #12-02 Southpoint, Singapore 089763	Shipping agency	\$ 64,371	\$ 64,371	765	51.00	\$ 178,157	\$ 29,787	Indirect subsidiary of the Company (Note)	
	Evergreen Shipping Agency (Thailand) Co., Ltd.	3656/81, 24-25th Floor, Green Tower, Rama 4 Road, Klongton, Klongroey, Bangkok 10110	Shipping agency	43,989	43,989	408	51.00	64,074	47,252	" (Note)	
	Evergreen Shipping Agency (Vietnam) Corp.	11F, Fideco Tower 81-85 Hiam Nghi St., Dist. 1, Ho Chi Minh City, Vietnam	Shipping agency	13,549	13,549	-	51.00	40,111	32,236	" (Note)	
	PT. Evergreen Shipping Agency Indonesia	GD. MEGA PLAZA 9th Floor. Jl. H.R. Rasuna said kav. C-03 Jakarta 12920, Indonesia	Shipping agency	29,037	29,037	0.459	51.00	78,071	57,292	" (Note)	
	Evergreen Agency (South Africa) (PTY) Ltd.	9B Riley Road Bedfordview, Johannesburg 2007, South Africa	Shipping agency	17,332	17,332	5.500	55.00	137,936	55,916	" (Note)	
	Luantia Investment (Netherlands) N.V.	Van Engelenweg 21A, Curacao	Investment holding company	1,280,513	1,185,382	460	50.00	2,464,516	( 181,529)	Investee company of Peony accounted for using the equity method	
	Balsam Investment (Netherlands) N.V.	Van Engelenweg 23, Curacao	Investment holding company	6,906,312	5,466,979	0.451	49.00	1,663,148	( 1,678,165)	"	

	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Green Peninsula Agencies SDN. BHD.	NO.7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.	Investment holding company	\$ 216,511	\$ 216,511	1,500	30.00	\$ 195,979	\$ 56,887	Investee company of Peony accounted for using the equity method	
	Evergreen Shipping Agency Co. (U.A.E.) LLC.	5F, Shipping Tower, Al-Mina Road, P.O.BOX 34984, Dubai, U.A.E.	Shipping agency	62,133	62,133	-	49.00	86,270	53,236	"	
	Greenpen Properties Sdn. Bhd.	NO.7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.	Renting estate and storehouse company	2,705,621	-	300	30.00	33,901	2,341	"	
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Claude Debussylaan 18, 1082 MD Amsterdam	Investment holding company	505,419	406,937	0,045	100.00	464,308	(14,621)	Indirect subsidiary of the Company (Note)	
Armand Estate B.V.	Taipei Port Container Terminal Corporation	No.25 Sijhuwei, Syntiang Village, Bali District, New Taipei City, Taiwan	Container distribution and cargo stevedoring	506,019	378,350	50,602	9.73	461,882	(12,787)	Investee company of Armand Estate B.V. accounted for using the equity method	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Clove Holding Ltd.	Colon Container Terminal S.A.	COCO SOLO NORTH ADM BUILDING PANAMA	Inland container storage and loading	\$ 682,211	\$ 682,211	22,860	40.00	\$ 2,515,716	\$ 159,682	Investee company of Clove Holding Ltd. accounted for using the equity method	
Island Equipment LLC.	Island Equipment LLC.	655 Deep Valley Drive, Suite 305, Rolling Hills Estates, CA	Investment holding company	4,297	4,297	-	36.00	117,885	13,230	Indirect subsidiary of the Company (Note)	
	Whitney Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	5,969	5,969	-	100.00	99,457	26,283	" (Note)	
	Hemlock Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	5,969	5,969	-	100.00	242,323	25,738	" (Note)	
Evergreen Marine (UK) Ltd.	Island Equipment LLC.	655 Deep Valley Drive, Suite 300, Rolling Hills Estates, CA	Investment holding company	1,791	1,791	-	15.00	49,119	5,512	" (Note)	
	Evergreen Shipping Agency (UK) Limited	160 Euston Road, London NW 12 DX, U.K.	Shipping agency	0.06	0.06	-	100.00	94,097	9,728	" (Note)	
PT. Multi Bina Pura International	Evergreen Marine (Latin America), S.A.	EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO, PANAMA	Management consultancy	2,954	2,954	99	16.50	3,177	221	Investee company of Evergreen Marine (UK) Ltd. accounted for using the equity method	
	PT. Multi Bina Transport	JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Container repair, cleaning and inland transportation	98,524	98,524	8,000	72.95	49,426	8,153	Indirect subsidiary of the Company (Note)	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency (Austria) GmbH	Theresianumgasse 7, 1040 Wien, Austria	Shipping agency	\$ 748	\$ 748	-	100.00	\$ 21,282	\$ 991	991	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Switzerland) S.A.	Gerbergasse 14, 4001 Basel, Switzerland (P.O. box: 1325, 4001 Basel)	Shipping agency	2,834	2,834	0.1	100.00	8,055	879	879	" (Note)

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

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules,

it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2013' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for year period ended December 31, 2013' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Company for the year period ended December 31, 2013' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period.  
When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(3) Information on investments in Mainland China

A. Basic information:

Unit : Thousands of New Taiwan Dollars

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, 2013	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2013		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net profit (loss) of the investee for the year ended December 31, 2013	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2)	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013
					Remitted to Mainland China	Remitted back to Taiwan						
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	CNY 24,119	(2)	\$ 30,365 USD 1,018	\$ -	\$ 23,957 USD 807	\$ 30,365 USD 1,018	\$ -	40.00	\$ 9,583 USD 323	\$ 82,099 USD 2,751	\$ -
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	CNY 92,500	(2)	132,710 USD 4,447	-	138,184 USD 4,655	132,710 USD 4,447	138,184 USD 4,655	40.00	55,274 USD 1,862	257,219 USD 8,619	-
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	CNY 77,929	(2)	119,372 USD 4,000	-	33,869 USD 1,141	119,372 USD 4,000	33,869 USD 1,141	40.00	13,548 USD 456	188,237 USD 6,308	-

Name of the company	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Evergreen Marine Corp.	\$282,447 (USD 9,465)	\$1,077,103 (USD 36,092)	\$ 34,345,229

(Net worth of the company \$57,242,048)

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

(1) Investing directly in Mainland China

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others (ex. entrusted investment).

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2013' 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:

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

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

3. Others.

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

2. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

The Group assesses the performance of the operating segments based on the profits and losses of segments.

(3) 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:

	For the year ended December 31, 2013			
	Transportation Department	Investing and holding Department	Other Departments	Total
Segment revenue	\$ 136,083,639	\$ 478,257	\$ 2,654,488	\$ 139,216,384
Interest income	230,205	16,562	2,762	249,529
Interest expense	( 411,988)	( 75)	( 23)	( 412,086)
Depreciation and amortization	( 6,475,213)	( 283,823)	( 34,399)	( 6,793,435)
Investment income (loss) under equity method	428,677	( 1,535,209)	-	( 1,106,532)
Other items	( 130,113,972)	( 114,199)	( 2,514,836)	( 132,743,007)
Segment profit (loss)	<u>(\$ 258,652)</u>	<u>(\$ 1,438,487)</u>	<u>\$ 107,992</u>	<u>(\$ 1,589,147)</u>
				-
Recognizable assets	\$ 143,368,227	\$ 4,982,057	\$ 2,101,317	\$ 150,451,601
Long-term equity investments under equity method	16,230,944	7,669,908	-	23,900,852
Segment assets	<u>\$ 159,599,171</u>	<u>\$ 12,651,965</u>	<u>\$ 2,101,317</u>	<u>\$ 174,352,453</u>
Segment liabilities	<u>\$ 111,358,701</u>	<u>\$ 2,399,445</u>	<u>\$ 424,718</u>	<u>\$ 114,182,864</u>

For the year ended  
December 31, 2012

	Investing and			Total
	Transportation Department	holding Department	Other Departments	
Segment revenue	\$ 138,277,272	\$ 467,553	\$ 2,281,566	\$ 141,026,391
Interest income	206,423	26,139	488	233,050
Interest expense	( 456,984)	-	( 786)	( 457,770)
Depreciation and amortization	( 5,476,643)	( 263,461)	( 34,346)	( 5,774,450)
Investment income (loss) under equity method	426,440	( 1,162,144)	-	( 735,704)
Other items	( 132,028,398)	( 1,171)	( 2,216,948)	( 134,246,517)
Segment profit (loss)	<u>\$ 948,110</u>	<u>(\$ 933,084)</u>	<u>\$ 29,974</u>	<u>\$ 45,000</u>
				-
Recognizable assets	\$ 123,589,390	\$ 6,390,055	\$ 1,979,522	\$ 131,958,967
Long-term equity investments under equity method	<u>15,769,241</u>	<u>7,471,514</u>	<u>-</u>	<u>23,240,755</u>
Segment assets	<u>\$ 139,358,631</u>	<u>\$ 13,861,569</u>	<u>\$ 1,979,522</u>	<u>\$ 155,199,722</u>
Segment liabilities	<u>\$ 91,482,037</u>	<u>\$ 2,640,263</u>	<u>\$ 318,173</u>	<u>\$ 94,440,473</u>

(4) Reconciliation for segment income (loss)

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

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

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

(5) Trade information

Service routes	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Amount	% of Account Balance	Amount	% of Account Balance
North America	\$ 55,220,754	43	\$ 53,844,321	41
Europe	28,252,479	22	34,145,179	26
Asia	24,399,868	19	24,952,246	19
Others	<u>20,547,257</u>	<u>16</u>	<u>18,385,866</u>	<u>14</u>
	<u>\$ 128,420,358</u>	<u>100</u>	<u>\$ 131,327,612</u>	<u>100</u>

**(6) Geographical information**

Geographical information for the years ended December 31, 2013 and 2012 is as follows:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 16,889,301	\$ 21,149,155	\$ 16,059,897	\$ 17,598,584
America	75,436,748	32,026,710	81,688,818	25,399,155
Europe	42,635,205	36,960,904	39,395,967	29,377,653
Asia	3,844,543	1,429,082	3,475,950	1,408,127
Others	410,587	10,833	405,759	11,319
	<u>\$ 139,216,384</u>	<u>\$ 91,576,684</u>	<u>\$ 141,026,391</u>	<u>\$ 73,794,838</u>

**(7) Major customer information**

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

## 15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

### (1) Exemptions elected by the Group

#### A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date"). This exemption also applies to the Group's previous acquisitions of investments in associates and joint ventures.

#### B. Employee benefits

The Group has elected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

#### C. Cumulative translation differences

The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

#### D. Deemed cost

As the investee, Evergreen International Storage and Transport Corporation (EITC), has elected to use the revalued amounts of property, plant and equipment under R.O.C. GAAP as their 'deemed cost' under IFRSs at the opening IFRSs balance sheet date, the Company also adopted this exemption and recognized such effect of IFRSs in proportion to its share ownership in the investee.

#### E. Designation of previously recognized financial instruments

The Group has designate certain 'financial assets carried at cost' as 'available-for-sale financial assets' at the transition date.

#### F. Borrowing costs

The Group has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, "Borrowing Costs", amended in 2007 and apply IAS 23 from the transition date.

(2) Except for accounting estimates, derecognition of financial assets and financial liabilities and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

- (a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;
- (b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
<u>Current assets</u>				
Cash and cash equivalents	\$ 23,006,258	\$ -	\$ 23,006,258	
Financial assets at fair value through profit or loss - current	2,232,678	-	2,232,678	
Held-to-maturity financial assets - current	951,382	-	951,382	
Notes receivable, net	93,263	-	93,263	
Accounts receivable, net	7,835,603	-	7,835,603	
Accounts receivable, net- related parties	151,270	-	151,270	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Other receivables	1,601,761	( 13,526)	1,588,235	(13)
Other receivables- related parties	520,638	-	520,638	
Current income tax assets	-	13,526	13,526	(13)
Inventories	4,814,786	-	4,814,786	
Prepayments	717,212	1,483	718,695	(1)
Deferred income tax assets -current	253,930	( 253,930)	-	(2)
Restricted assets	520,132	( 520,132)	-	
Other current assets	3,395,777	627,803	4,023,580	(3)(4) (11)
Financial assets at fair value through profit or loss - non-current	62,959	-	62,959	
Available-for-sale financial assets - non-current	602,904	895,194	1,498,098	(5)
Held-to-maturity financial assets - non-current	370,000	-	370,000	
Financial assets measured at cost - non-current	1,515,391	( 1,511,970)	3,421	(5)
Investments accounted for using equity method	23,591,816	( 561,934)	23,029,882	(7)
Investment property	-	2,022,584	2,022,584	(6)
Property, plant and equipment	64,762,841	( 16,739,204)	48,023,637	(1)(6) (10)(12)
Intangible assets	-	3,380	3,380	(12)
Deferred pension costs	61,058	( 61,058)	-	(3)
Deferred income tax assets	-	568,435	568,435	(2)(3) (4)(7)
Deferred expense	274,235	( 274,235)	-	(3)(12)
Other non-current assets	121,636	16,540,409	16,662,045	(10)(12)
Total assets	<u>\$ 137,457,530</u>	<u>\$ 736,825</u>	<u>\$ 138,194,355</u>	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Short-term loans	\$ 3,910,312	\$ -	\$ 3,910,312	
Financial liabilities at fair value through profit or loss				
- current	255,246	-	255,246	
Accounts payable	12,635,674	-	12,635,674	
Accounts payable-related parties	77,701	-	77,701	
Other payables	1,890,571	( 222,156)	1,668,415	(1)(3) (4)
Other payables-related parties	148,623	-	148,623	
Current income tax liabilities	184,138	-	184,138	
Other current liabilities	9,352,886	189,391	9,542,277	(1)
Long-term loans	37,863,525	-	37,863,525	
Deferred income tax liabilities	1,316,628	91,076	1,407,704	(2)(3) (4)
Other non-current liabilities	4,220,691	2,503,458	6,724,149	(1)(3)
Total liabilities	<u>71,855,995</u>	<u>2,561,769</u>	<u>74,417,764</u>	
Common shares	34,734,581	-	34,734,581	
Capital reserve from long-term investments	1,606,562	( 218,012)	1,388,550	(8)
Capital reserve - other	5,873,830	-	5,873,830	
Legal reserve	9,102,785	-	9,102,785	
Special reserve	4,579,324	-	4,579,324	
Unappropriated retained earnings	8,862,023	( 4,787,992)	4,074,031	(1)(3) (4)(7) (8)(9)
Exchange differences on translating the financial statements of foreign operations	( 2,656,053)	2,656,053	-	(9)
Unrecognized pension cost	( 1,229,959)	1,229,959	-	(3)(7)
Unrealized gain on valuation of available-for-sale financial assets	273,369	( 635,722)	( 362,353)	(5)(7)
Hedging instrument gain (loss) on effective hedge of cash flow hedges	19,364	-	19,364	
Non-controlling interest	4,435,709	( 69,230)	4,366,479	(3)(4) (7)
Total equity	<u>65,601,535</u>	<u>( 1,824,944)</u>	<u>63,776,591</u>	

## B.Reconciliation for equity on December 31, 2012:

	Effect of		IFRSs	Remark
	R.O.C. GAAP	transition from R.O.C. GAAP to IFRSs		
Cash and cash equivalents	\$ 31,984,708	\$ -	\$ 31,984,708	
Financial assets at fair value through profit or loss - current	1,407,989	-	1,407,989	
Notes receivable, net	131,332	-	131,332	
Accounts receivable, net	12,984,094	-	12,984,094	
Accounts receivable, net-related parties	172,326	-	172,326	
Other receivables	618,997	( 28,930)	590,067	(4)(13)
Other receivables- related parties	239,489	( 15,456)	224,033	(4)
Current income tax assets	-	28,905	28,905	(13)
Inventories	5,233,026	-	5,233,026	
Prepayments	801,972	( 22,364)	779,608	(1)
Deferred income tax assets -current	275,927	( 275,927)	-	(2)
Restricted assets	550,214	( 550,214)	-	
Other current assets	1,368,992	653,886	2,022,878	(3)(4)(11)
Financial assets at fair value through profit or loss - non-current	76,648	-	76,648	
Available-for-sale financial assets - non-current	640,209	897,923	1,538,132	(5)
Held-to-maturity financial assets - non-current	370,000	-	370,000	
Financial assets measured at cost - non-current	1,505,358	( 1,505,358)	-	(5)
Investments accounted for using equity method	23,692,633	( 451,878)	23,240,755	(7)
Investment property	71,944,088	( 14,049,007)	57,895,081	(1)(6)(10)(12)

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Property, plant and equipment	-	2,040,255	2,040,255	(6)
Intangible assets	-	6,214	6,214	(12)
Deferred pension costs	458,670	(458,670)	-	(3)
Deferred income tax assets	-	620,383	620,383	(2)(3) (4)(7)
Deferred expense	395,641	(395,641)	-	(3)(12)
Other non-current assets	117,767	13,735,521	13,853,288	(10)(12)
<b>Total assets</b>	<b>\$ 154,970,080</b>	<b>\$ 229,642</b>	<b>\$155,199,722</b>	
Short-term loans	\$ 1,452,400	\$ -	\$ 1,452,400	
Accounts payable	13,539,719	-	13,539,719	
Accounts payable-related parties	687,299	-	687,299	
Other payables	1,805,184	29,740	1,834,924	(1)(3) (4)
Other payables-related parties	113,223	-	113,223	
Current income tax liabilities	84,832	116	84,948	
Other current liabilities	12,361,726	159,011	12,520,737	(1)
Bonds payable	3,548,791	-	3,548,791	
Long-term loans	41,534,538	-	41,534,538	
Deferred income tax liabilities	1,275,630	116,509	1,392,139	(2)(3) (4)
Other non-current liabilities	16,137,897	1,593,858	17,731,755	(1)(3)
<b>Total liabilities</b>	<b>92,541,239</b>	<b>1,899,234</b>	<b>94,440,473</b>	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Common shares	34,749,407	-	34,749,407	
Capital reserve from long-term investments	1,606,562	( 218,012)	1,388,550	(8)
Capital reserve - other	5,883,329	-	5,883,329	
Legal reserve	9,102,785	-	9,102,785	
Special reserve	3,593,280	-	3,593,280	
Unappropriated retained earnings	9,976,596	( 4,854,667)	5,121,929	(1)(3) (4)(7) (8)(9)
Exchange differences on translating the financial statements of foreign operations	( 4,877,940)	3,010,577	( 1,867,363)	(9)
Unrecognized pension cost	( 1,284,299)	1,284,299	-	(3)(7)
Unrealized gain on valuation of available-for-sale financial assets	336,958	( 826,960)	( 490,002)	(5)(7)
Hedging instrument gain (loss) on effective hedge of cash flow hedges	10,289	-	10,289	
Non-controlling interest	3,331,874	( 64,829)	3,267,045	(3)(4) (7)
Total equity	<u>62,428,841</u>	<u>( 1,669,592)</u>	<u>60,759,249</u>	

## D.Reconciliation for comprehensive income for the year ended December 31, 2012:

	Effect of transition from R.O.C. GAAP to			Remark
	R.O.C. GAAP	IFRSs	IFRSs	
Operating revenue	\$ 141,028,128	(\$ 1,737)	\$ 141,026,391	(3)(4)
Operating costs	( 136,948,924)	84,906	( 136,864,018)	(1)(3) (4)
General & administrative expenses	( 5,350,577)	72,174	( 5,278,403)	(3)(4)
Operating loss	( 1,271,373)	155,343	( 1,116,030)	
Non-operating revenue and expenses	1,116,195	44,835	1,161,030	(7)
(Loss) profit before income tax	( 155,178)	200,178	45,000	
Income tax expense	( 263,459)	6,788	( 256,671)	(3)(4) (7)
Consolidated net loss	( 418,637)	206,966	( 211,671)	
Non-controlling interest loss	( 547,168)	22,953	( 524,215)	(3)(4) (7)
Profit for the year	128,531	184,013	312,544	
Other comprehensive income				
Exchange differences on translating the financial statements of foreign operations			( 2,254,867)	(14)
Unrealised gain on valuation of available-for-sale financial assets			47,989	(14)
Actuarial loss on defined benefit plan			( 110,563)	(14)
Income tax relating to the components of other comprehensive income			( 2,386)	(14)
Share of other comprehensive income of associates and joint ventures accounted for under equity method			( 510,167)	(14)
Total comprehensive loss for the year			<u>(\$ 3,041,665)</u>	

Consolidated net income (loss)	
Owners of the parent	\$ 312,544
Non-controlling interest	( 524,215)
	<u>(\$ 211,671)</u>
Total comprehensive income attributable to:	
Owners of the parent	(\$ 1,942,231)
Non-controlling interest	( 1,099,434)
	<u>(\$ 3,041,665)</u>

Reasons for reconciliation are outlined below:

- (1) In accordance with IAS 17, “Leases”, that the Group accounted for under operating lease to capital lease.
- (2) In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. Further deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, “Income Taxes”. Thus, the Group reclassified deferred income tax assets and liabilities at the transition date.
- (3) On the date of transition, the reasons for reconciliations are as follows:
  - (a) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.
  - (b) In accordance with the Group’s accounting policies, unrecognised transitional net benefit obligation should be amortised on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Group as a first-time adopter of IFRSs, so the Group has no unrecognised transitional liabilities.

- (c) In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.
- (d) The Group selects to recognise all the accumulated actuarial pension gain or loss related to the plan of employee benefits in undistributed earnings at the transition date.
- (e) In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the ‘corridor’ method. However, in accordance with IAS 19, “Employee Benefits”, the Group selects to recognise immediately actuarial pension gain or loss in other comprehensive income.
- (4) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Group recognized such cost as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that cost of accumulated unused compensated absences should be accrued as expense at the balance sheet date after considering the effect of income tax.
- (5) In accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” before amendment on July 7, 2011, unlisted stocks and emerging stocks held by the Group were measured at cost and recognized as “Financial assets measured at cost–non-current”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value. Therefore, the Group designated such financial assets measured at cost as “Available-for-sale financial assets–non-current” at the transition date in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.
- (6) In accordance with R.O.C. GAAP, the Group’s property that is leased to others is presented in “Property, Plant and Equipment” account. In accordance with IAS 40, “Investment Property”, property that meets the definition of investment property is classified and accounted for as “Investment property”. The Group thus reclassified “Property, Plant and Equipment, Net” to “Investment Property” on transition date.
- (7) As the investee has elected to adopt IFRSs, the Group recognized such effect of IFRS adjusted to the investment accounted for under the equity method in proportion to its share ownership in the investee.

- (8) The Group has elected not to apply the requirements in IFRS 3, “Business Combinations”, retrospectively to investments in associates that occurred prior to the date of transition to IFRSs, and has adjusted to “Undistributed Earnings” on the date of transition to IFRSs for the “Capital Surplus—long-term investments” under ROC GAAP that did not meet the regulations of IFRSs.
- (9) In accordance with R.O.C. GAAP, exchange differences arising from translation of the financial statements of overseas investee companies accounted for using equity method are recorded as “Cumulative Translation Adjustments” under stockholders’ equity. In accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, the Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign entities to “Undistributed Earnings” at the opening IFRS balance sheet date, and to deal with translation differences arising subsequent to the opening IFRS balance sheet date in accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates”.
- (10) Prepayment for acquisition of property, plant and equipment is presented in “Property, plant and equipment” in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”. However, such prepayment should be presented in “Other non-current assets” based on its nature under IFRSs.
- (11) In accordance with R.O.C. GAAP, restricted cash and cash equivalents are presented in “Restricted assets”. However, under IFRSs, as the Group’s restricted assets did not meet the definitions of cash equivalents, they were reclassified to “Other financial assets” on the date of transition to IFRSs. (Classified as other non – current assets).
- (12) In accordance with R.O.C. GAAP, deferred expenses are accounted for under ‘other assets’. However, under IFRSs, deferred expenses shall be classified appropriately based on their nature. Thus, the Group reclassified deferred expenses to “Property, plant and equipment”, “Computer software” and “Other non-current assets”, respectively, on the date of transition to IFRSs.
- (13) In accordance with R.O.C. GAAP, income tax refundable are classified as “Other receivables”. However, under IFRSs, current income tax shall be classified appropriately based on their nature. Thus, the Group reclassified current income tax refundable to “Current income tax assets”, on the date of transition to IFRSs.
- (14) R.O.C GAAP does not provide any guidance regarding other comprehensive income, and the ending balance of other comprehensive accounts are presented, net of tax, as equity components in the balance sheets. However, under IAS 1 “Presentation of Financial Statements”, an entity shall disclose the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of comprehensive income or in the notes.

F. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012:

- (a) The transition from R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.
- (b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.

## 5. Parent Company Only Financial Statements and Report of Independent Accountants

### REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the "Company" ) as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in Note 6 (8), the financial statements of certain investee companies accounted for using the equity method as of and for the years ended December 31, 2013 and 2012 were audited by other independent accountants whose reports thereon have been furnished to us. Our opinion, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 13 relating to these long-term equity investments, is based solely on the audit reports of the other independent accountants. Long-term equity investments in these investee companies amounted to NT\$21,169,973, NT\$ 22,248,567 and NT\$24,420,694, constituting 21.42%, 23.51% and 26.92% of the total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT\$1,518,013 and NT\$1,586,241 for the years ended December 31, 2013 and 2012, respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Evergreen Marine Corporation (Taiwan) Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the “Regulations Governing Preparation of Financial Reports by Securities Issuers” and generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan  
March 31, 2014  
Taipei, Taiwan  
Republic of China

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

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

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

Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 15,364,531	16	\$ 12,669,230	13	\$ 5,670,482	6
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		5,172	-	1,407,989	2	2,230,854	2
1130	Held-to-maturity financial	6(4)						
	assets - current		-	-	-	-	800,000	1
1150	Notes receivable, net		5	-	6,666	-	1,328	-
1170	Accounts receivable, net	6(5)	1,471,050	1	807,394	1	686,844	1
1180	Accounts receivable, net -	7						
	related parties		185,663	-	134,339	-	139,751	-
1200	Other receivables		135,524	-	132,476	-	432,541	1
1210	Other receivables - related	7						
	parties		64,407	-	65,389	-	77,729	-
1220	Current income tax assets		8,361	-	12,347	-	6,289	-
130X	Inventories	6(6)	602,633	1	465,730	1	342,769	-
1410	Prepayments		153,603	-	157,599	-	162,270	-
1470	Other current assets	6(7), 7 and						
		8	1,280,688	1	1,079,463	1	2,389,466	3
11XX	<b>Current Assets</b>		<u>19,271,637</u>	<u>19</u>	<u>16,938,622</u>	<u>18</u>	<u>12,940,323</u>	<u>14</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value	6(2)						
	through profit or loss -							
	non-current		-	-	76,648	-	62,959	-
1523	Available-for-sale financial	6(3)						
	assets - non-current		1,484,000	2	1,374,165	2	1,330,247	2
1527	Held-to-maturity financial	6(4)						
	assets - non-current		370,000	-	370,000	-	370,000	-
1550	Investments accounted for	6(8) and 8						
	using equity method		56,015,607	57	57,562,062	61	60,298,057	66
1600	Property, plant and equipment	6(9) and 8	14,006,137	14	9,686,753	10	8,211,056	9
1760	Investment property - net	6(10) and 8	1,984,283	2	2,003,432	2	2,022,584	2
1780	Intangible assets		7,118	-	3,571	-	1,236	-
1840	Deferred income tax assets	6(27)	420,766	1	564,323	1	529,159	1
1900	Other non-current assets	6(11)	5,276,847	5	6,046,513	6	4,964,515	6
15XX	<b>Non-current assets</b>		<u>79,564,758</u>	<u>81</u>	<u>77,687,467</u>	<u>82</u>	<u>77,789,813</u>	<u>86</u>
1XXX	<b>Total assets</b>		<u>\$ 98,836,395</u>	<u>100</u>	<u>\$ 94,626,089</u>	<u>100</u>	<u>\$ 90,730,136</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>							
2120	Financial liabilities at fair value						
	through profit or loss - current	\$ -	-	\$ -	-	\$ 5,163	-
2170	Accounts payable	1,813,810	2	1,655,622	2	2,154,064	3
2180	Accounts payable - related parties	245,559	-	79,108	-	50,977	-
2200	Other payables	184,378	-	185,858	-	144,275	-
2220	Other payables - related parties	-	-	831	-	-	-
2230	Current income tax liabilities	41,260	-	-	-	29,698	-
2300	Other current liabilities	6,907,578	7	5,180,804	5	4,801,161	5
21XX	<b>Current Liabilities</b>	<u>9,192,585</u>	<u>9</u>	<u>7,102,223</u>	<u>7</u>	<u>7,185,338</u>	<u>8</u>
<b>Non-current liabilities</b>							
2530	Corporate bonds payable	3,000,000	3	3,548,791	4	-	-
2540	Long-term loans	26,785,068	27	23,683,803	25	21,209,534	23
2570	Deferred income tax liabilities	1,172,037	1	1,322,024	1	1,343,637	2
2600	Other non-current liabilities	1,444,657	2	1,477,044	2	1,581,515	2
25XX	<b>Non-current liabilities</b>	<u>32,401,762</u>	<u>33</u>	<u>30,031,662</u>	<u>32</u>	<u>24,134,686</u>	<u>27</u>
2XXX	<b>Total Liabilities</b>	<u>41,594,347</u>	<u>42</u>	<u>37,133,885</u>	<u>39</u>	<u>31,320,024</u>	<u>35</u>
<b>Equity</b>							
<b>Capital</b>							
3110	Common stock	34,749,523	35	34,749,407	37	34,734,581	38
<b>Capital surplus</b>							
3200	Capital surplus	7,271,957	8	7,271,879	7	7,262,380	8
<b>Retained earnings</b>							
3310	Legal reserve	9,115,638	9	9,102,785	10	9,102,785	10
3320	Special reserve	5,814,993	6	3,593,280	4	4,579,324	5
3350	Undistributed retained earnings	1,118,877	1	5,121,929	5	4,074,031	4
<b>Other equity interest</b>							
3400	Other equity interest	(828,940)	(1)	(2,347,076)	(2)	(342,989)	-
3XXX	<b>Total equity</b>	<u>57,242,048</u>	<u>58</u>	<u>57,492,204</u>	<u>61</u>	<u>59,410,112</u>	<u>65</u>
<b>Significant Contingent Liabilities And Unrecognized Contract Commitments</b>							
<b>Significant Events After The Balance Sheet Date</b>							
	<b>Total liabilities and equity</b>	<u>\$ 98,836,395</u>	<u>100</u>	<u>\$ 94,626,089</u>	<u>100</u>	<u>\$ 90,730,136</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.  
See report of independent accountants dated March 31, 2014.

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

Items	Notes	Year ended December 31				
		2013		2012		
		AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(21) and 7	\$ 19,508,830	100	\$ 16,220,232	100
5000	<b>Operating costs</b>	6(25)(26) and 7	( 18,284,137)	( 94)	( 15,054,432)	( 93)
5900	<b>Gross profit</b>		1,224,693	6	1,165,800	7
6200	General & administrative expenses		( 1,447,111)	( 7)	( 1,420,322)	( 9)
6000	<b>Operating expenses</b>	6(25)(26) and 7	( 1,447,111)	( 7)	( 1,420,322)	( 9)
6900	<b>Operating loss</b>		( 222,418)	( 1)	( 254,522)	( 2)
	<b>Non-operating income and expenses</b>					
7010	Other income	6(22)	284,962	1	321,989	2
7020	Other gains and losses	6(2)(23) and 7	1,622,910	8	708,872	4
7050	Finance costs	6(24)	( 381,949)	( 2)	( 419,779)	( 2)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method		( 2,755,107)	( 14)	( 139,485)	( 1)
7000	<b>Total non-operating income and expenses</b>		( 1,229,184)	( 7)	471,597	3
7900	<b>(Loss) profit before income tax</b>		( 1,451,602)	( 8)	217,075	1
7950	Income tax (expense) benefit	6(27)	( 45,702)	-	95,469	1
8200	<b>(Loss) profit for the year</b>		( \$ 1,497,304)	( 8)	\$ 312,544	2
	<b>Other comprehensive income</b>	6(20)				
8310	Exchange differences on translating the financial statements of foreign operations		\$ 966,519	5	( \$ 1,716,505)	( 10)
8325	Unrealized gain on valuation of available-for-sale financial assets		109,835	1	48,169	-
8360	Actuarial (loss) gain on defined benefit plans		( 21,972)	-	59,096	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method		188,092	1	( 635,488)	( 4)
8399	Income tax relating to the components of other comprehensive income		4,695	-	( 10,047)	-
8300	<b>Other comprehensive loss for the year</b>		\$ 1,247,169	7	( \$ 2,254,775)	( 14)
8500	<b>Total comprehensive loss for the year</b>		( \$ 250,135)	( 1)	( \$ 1,942,231)	( 12)
	<b>Basic (Loss) earnings per share (in dollars)</b>	6(28)				
9750	<b>Basic (loss) earnings per share</b>		( \$ 0.43)		\$ 0.09	
	<b>Diluted earnings per share (in dollars)</b>					
9850	<b>Diluted (loss) earnings per share</b>		( \$ 0.43)		\$ 0.09	

The accompanying notes are an integral part of these parent company only financial statements.  
See report of independent accountants dated March 31, 2014.

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

	Notes	Retained Earnings				Other equity interest			Total equity	
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on available-for-sale financial assets		Hedging instrument gain (loss) on effective hedge of cash flow hedges
<u>Year 2012</u>										
Balance at January 1, 2012		\$ 34,734,581	\$ 7,262,380	\$ 9,102,785	\$ 4,579,324	\$ 4,074,031	\$ -	(\$ 362,353)	\$ 19,364	\$ 59,410,112
Appropriation of 2011 earnings	6(19)	-	-	-	( 986,044)	986,044	-	-	-	-
Special reserve		-	74	-	-	( 2)	-	-	-	72
Donated assets		14,826	12,038	-	-	-	-	-	-	26,864
Conversion of convertible bonds into common stock	6(17)	-	( 2,613)	-	-	-	-	-	-	( 2,613)
Stock warrants of convertible bonds		-	-	-	-	312,544	-	-	-	312,544
Profit for the year		-	-	-	-	( 250,688)	( 1,867,363)	( 127,649)	( 9,075)	( 2,254,775)
Other comprehensive loss for the year	6(20)	-	-	-	-	5,121,929	( 1,867,363)	490,002	10,289	57,492,204
Balance at December 31, 2012		\$ 34,749,407	\$ 7,271,879	\$ 9,102,785	\$ 3,593,280	\$ 5,121,929	(\$ 1,867,363)	(\$ 490,002)	\$ 10,289	\$ 57,492,204
<u>Year 2013</u>										
Balance at January 1, 2013		\$ 34,749,407	\$ 7,271,879	\$ 9,102,785	\$ 3,593,280	\$ 5,121,929	(\$ 1,867,363)	(\$ 490,002)	\$ 10,289	\$ 57,492,204
Appropriation of 2012 earnings	6(19)	-	-	12,853	-	( 12,853)	-	-	-	-
Legal reserve		-	-	-	2,221,713	( 2,221,713)	-	-	-	-
Special reserve		-	-	-	-	-	-	-	-	-
Conversion of convertible bonds into common stock	6(17)	116	99	-	-	-	-	-	-	215
Stock warrants of convertible bonds		-	( 21)	-	-	-	-	-	-	( 21)
Adjustments to share of changes in equity of subsidiaries, associates and joint ventures		-	-	-	-	( 215)	-	-	-	( 215)
Loss for the year		-	-	-	-	( 1,497,304)	-	-	-	( 1,497,304)
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	( 270,967)	1,062,548	453,546	2,042	1,247,169
Balance at December 31, 2013		\$ 34,749,523	\$ 7,271,957	\$ 9,115,638	\$ 5,814,993	\$ 1,118,877	(\$ 804,815)	(\$ 36,456)	\$ 12,331	\$ 57,242,048

The accompanying notes are an integral part of these parent company only financial statements.  
See report of independent accountants dated March 31, 2014.

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

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) profit before tax for the year		(\$ 1,451,602 )	\$ 217,075
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Realized income with affiliated companies		( 18,230 )	( 3,038 )
Depreciation	6(23)(25)	1,831,731	1,817,863
Amortization	6(25)	8,781	3,488
(Gain) loss on valuation of financial assets and liabilities at fair value through profit or loss	6(23)	( 18,963 )	38,393
Interest expense	6(24)	381,949	419,779
Interest income	6(22)	103,761	92,662
Dividend income	6(22)	( 29,498 )	( 700 )
Gain on disposal of available-for-sale financial assets		-	( 20,889 )
Realized loss from capital reduction of available-for-sale financial assets	6(3)	-	1,844
Share of loss of subsidiaries, associates and joint ventures accounted for using the equity method		2,755,107	139,485
Net gain on disposal of property, plant and equipment		( 1,676,175 )	( 587,924 )
Amortization of bond discounts		12,426	114,134
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities at fair value through profit or loss		1,498,428	768,865
Notes receivable, net		6,661	( 5,338 )
Accounts receivable, net		( 714,980 )	( 115,138 )
Other receivables		( 2,066 )	312,405
Inventories		( 136,903 )	( 122,961 )
Prepayments		3,996	4,671
Other current assets		( 201,225 )	1,310,003
Other non-current assets		5,920	6,132
Net changes in liabilities relating to operating activities			
Accounts payable		324,638	( 470,310 )
Other payables		( 13,665 )	( 94,836 )
Other current liabilities		958,663	464,258
Other non-current liabilities		( 54,359 )	( 55,421 )
Cash provided by generated from operations		3,574,395	4,234,502
Interest received		( 103,761 )	( 92,662 )
Income tax paid		( 6,303 )	2,936
Interest paid		( 434,021 )	( 377,615 )
Net cash provided by operating activities		<u>3,030,310</u>	<u>3,767,161</u>

(Continued)

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

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of available-for-sale financial assets		\$ -	\$ 22,412
Proceeds from capital reduction of available-for-sale financial assets	6(3)	-	884
Proceeds from sale of held-to-maturity financial assets		-	800,000
Acquisition of investments accounted for using the equity	6(8)	( 210,342 )	( 3,080 )
Acquisition of property, plant and equipment	6(29)	( 47,101 )	( 127,813 )
Proceeds from disposal of property, plant and equipment		1,918,316	738,958
Acquisition of intangible assets		( 12,329 )	( 5,822 )
Increase other non-current assets	6(29)	( 5,495,854 )	( 4,199,697 )
Dividends received		<u>203,949</u>	<u>160,358</u>
Net cash used in investing activities		<u>( 3,643,361 )</u>	<u>( 2,613,800 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in corporate bonds payable		-	3,000,000
Decrease in corporate bonds payable		-	( 2,500,000 )
Increase in long-term loans		11,599,714	12,148,886
Decrease in long-term loans		( 8,291,362 )	( 6,803,571 )
Proceeds from disposal of donated treasury stock		<u>-</u>	<u>72</u>
Net cash provided by financing activities		<u>3,308,352</u>	<u>5,845,387</u>
Increase in cash and cash equivalents		2,695,301	6,998,748
Cash and cash equivalents at beginning of year		<u>12,669,230</u>	<u>5,670,482</u>
Cash and cash equivalents at end of year		<u>\$ 15,364,531</u>	<u>\$ 12,669,230</u>

The accompanying notes are an integral part of these parent company only financial statements.  
 See report of independent accountants dated March 31, 2014.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,  
 EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

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

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized by the Board of Directors on March 25, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Company this year.

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

IFRS 9, ‘Financial Instruments’: Classification and measurement of financial assets

A. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November, 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Company.

C. The Company has not evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as ‘available-for-sale financial assets’ held by the Company, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Company recognized gain on equity instruments amounting to \$110,804 in other comprehensive income for the year ended December 31, 2013.

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

The following are the assessment of new standards, interpretations and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Company (application of the new standards, interpretations and amendments should follow the regulations of the FSC):

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognizing the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognized and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalization date, the entity may elect to measure all assets and liabilities held before the functional currency normalization date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognize related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognized immediately in other comprehensive income. Past service costs will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognized in other comprehensive income.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two companies based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognized as the ‘stripping activity asset’. To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity ‘currently has a legally enforceable right to set off the recognised amounts’ and ‘gross settlement mechanisms are effectively equivalent to net settlement’; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define ‘Investment Entities’ and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit or loss instead of consolidating them.	January 1, 2014
IFRIC 21, ‘Levies’	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognized in accordance with IAS 37, ‘Provisions, contingent liabilities and contingent assets’.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendment to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendment to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	<p>1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity.</p> <p>2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in ‘other comprehensive income’.</p>	November 19, 2013 (Not mandatory)

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>Effective Date Issued by IASB</u>
Services related contributions from employees or third parties (amendment to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the parent company only financial statements.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

- A. These parent company only financial statements are the first parent company only financial statements prepared by the Company in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).
- B. In the preparation of the balance sheet of January 1, 2012 (the Company’s date of transition to IFRSs) (“the opening IFRS balance sheet”), the Company has adjusted the amounts that were reported in the parent company only financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Company’s financial position, financial performance and cash flows.

**(2) Basis of preparation**

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past period's service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

**(3) Foreign currency translation**

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized 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 recognized in profit or loss as part of the fair value gain 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

#### B. Translation of foreign operations

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

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognized in other comprehensive income.

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

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

#### (4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, 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 realized 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 pay off 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 paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;

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

(5) Cash equivalents

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

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

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

- a) Hybrid (combined) contracts; or
- b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets carried at cost'.

(8) Held-to-maturity financial assets

- A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.
- B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognized and derecognized using trade date accounting.
- C. Held-to-maturity financial assets are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

(9) Notes, accounts and other receivables

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

(10) Impairment of financial assets

- A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.
- B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
- (a) Significant financial difficulty of the issuer or debtor;
  - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - (e) The disappearance of an active market for that financial asset because of financial difficulties;

- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
- (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

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

(11) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The cash flows from the financial asset have been received.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leases (lessor)

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

(13) Inventories

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

At the end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(14) Investments accounted for using equity method / associates

- A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.
- B. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.
- E. If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost and recognizes any

resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognises in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains or loss on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- L. When the Company disposes its investment in an associate, if it 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 still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. According to “Rules Governing the Preparations of Financial Statements by Securities Issuers”, 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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 balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	55 years
Loading and unloading equipment	6 ~ 20 years
Ships	18 ~ 25 years
Transportation equipment	6 ~ 10 years
Other equipment	3 ~ 5 years

(16) 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 55 years.

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Loans

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 recognized 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 capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(20) Accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for

the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss. Derivative liabilities that are linked to equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and that must be settled by delivery of such unquoted equity instruments are presented in ‘financial liabilities measured at cost’.

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

A. Ordinary corporate bonds issued by the Company are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the ‘finance costs’ over the period of bond circulation using the effective interest method.

B. Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument. Convertible corporate bonds are accounted for as follows:

- (a) Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the

gain or loss is recognized as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.

- (b) Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the ‘finance costs’ over the period of bond circulation using the effective interest method.
- (c) Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in ‘capital surplus—stock warrants’ at the residual amount of total issue price less amounts of ‘financial assets or financial liabilities at fair value through profit or loss’ and ‘bonds payable—net’ as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock warrants.

(25) Derivative financial instruments and hedging activities

- A. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.
- B. The Company designates certain derivatives as Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).
- C. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.
- D. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.
- E. Cash flow hedge
  - (a) The effective portion of changes in the fair value of derivatives that are designated and

qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other gains and losses'.

- (b) Amounts accumulated in other comprehensive income are reclassified into profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or financial liability, the gains and losses previously deferred in other comprehensive income are reclassified into profit or loss in the periods when the asset acquired or the liability assumed affects profit or loss. The deferred amounts are ultimately recognised in operating costs.
- (c) When a hedging instrument expires, or is sold, cancelled or executed, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

## (26) 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 recognized as expenses in that period when the employees render service.

### B. Pensions

#### (a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses 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

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized 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, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there

is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

B. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and adjust to undistributed earnings.

C. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

#### C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Company to encourage voluntary termination of employment, the termination benefits are recognized as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

#### D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

#### (27) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It

establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.
- F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Sales of services

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

#### A. Financial assets—impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Company would transfer the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to profit or loss. For the years ended December 31, 2013, the Company did not recognize any impairment loss on financial assets-equity investment.

### (2) Critical accounting estimates and assumptions

#### A. Revenue recognition

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

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

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

#### C. Impairment assessment of investments accounted for using the equity method

The Company assesses the impairment of an investment accounted for using the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

#### D. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause significant adjustments to deferred income tax assets. As of December 31, 2013, the Company recognized deferred income tax assets amounting to \$420,776.

#### E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2013, the carrying amount of accrued pension obligations was \$1,444,609.

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

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

As of December 31, 2013, the carrying amount of unlisted stocks was \$110,678.

### 6. DETAILS OF SIGNIFICANT ACCOUNTS

#### (1) Cash and cash equivalents

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cash on hand and petty cash	\$ 10,342	\$ 7,902
Checking accounts and demand deposits	2,224,875	1,799,287
Time deposits	13,039,402	10,063,104
Cash equivalents	<u>89,912</u>	<u>798,937</u>
	<u>\$ 15,364,531</u>	<u>\$ 12,669,230</u>
		<u>January 1, 2012</u>
Cash on hand and petty cash		\$ 5,674
Checking accounts and demand deposits		1,981,883
Time deposits		3,383,261
Cash equivalents		<u>299,664</u>
		<u>\$ 5,670,482</u>

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

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

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

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Current items:		
Financial assets held for trading		
Listed (TSE and OTC) stocks	\$ -	\$ 290
Beneficiary certificates	-	1,398,138
Embedded derivatives	<u>5,172</u>	<u>3,923</u>
	5,172	1,402,351
Valuation adjustment of financial assets held for	-	<u>5,638</u>
	<u>\$ 5,172</u>	<u>\$ 1,407,989</u>

<u>Items</u>	<u>January 1, 2012</u>	
Current items:		
Financial assets held for trading		
Listed (TSE and OTC) stocks	\$	10,292
Beneficiary certificates		2,343,997
Embedded derivatives		<u>-</u>
		2,354,289
Valuation adjustment of financial assets held for		<u>(123,435)</u>
		<u>\$ 2,230,854</u>

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Non-current items:		
Financial assets designated as at fair value through profit or loss on initial recognition		
Corporate bonds	\$ -	\$ 100,000
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	<u>-</u>	<u>(23,352)</u>
	<u>\$ -</u>	<u>\$ 76,648</u>

<u>Items</u>	<u>January 1, 2012</u>	
Non-current items:		
Financial assets designated as at fair value through profit or loss on initial recognition		
Corporate bonds		\$ 100,000
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition		<u>(37,041)</u>
		<u>\$ 62,959</u>

A. The Company recognized net loss of \$4,389, net gain of \$2,651 on financial assets held for trading for the years ended December 31, 2013 and 2012, respectively, and recognized net gain of \$23,352 and \$13,689 on financial assets designated as at fair value through profit or loss for the years ended December 31, 2013 and 2012, respectively.

B. The counterparties of the Company's debt instrument investments have good credit quality. The maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets at fair value through profit or loss—debt instruments.

C. Hedge accounting for these derivative instruments held for hedging activities was not adopted.

D. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	December 31, 2013	December 31, 2012
Non-current items:		
Listed (TSE and OTC) stocks	\$ 490,801	\$ 490,801
Emerging stocks	1,250,000	1,250,000
Unlisted stocks	93,235	93,235
	1,834,036	1,834,036
Valuation adjustment of available-for-sale financial assets	( 348,192)	( 458,027)
Accumulated impairment- available-for-sale financial assets	( 1,844)	( 1,844)
	\$ 1,484,000	\$ 1,374,165

Items	January 1, 2012
Non-current items:	
Listed (TSE and OTC) stocks	\$ 492,323
Emerging stocks	1,250,000
Unlisted stocks	94,119
	1,836,442
Valuation adjustment of available-for-sale financial assets	( 506,195)
Accumulated impairment- available-for-sale financial assets	-
	\$ 1,330,247

A. In July 2012, Power World Fund Inc., an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 6.856%, and the amount returned to the stockholders was \$10 (in dollars) (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Power World Fund Inc. amounted to \$884 and the carrying amount of Company's investment was reduced by \$884.

B. The Company recognized \$109,835 and \$48,169 in other comprehensive income for fair value change for the years ended December 31, 2013 and 2012, respectively.

C. The Company recognized impairment loss of \$1,844 for the year ended December 31, 2012.

(4) Held-to-maturity financial assets

Items	December 31, 2013	December 31, 2012
Current items:		
Financial bonds	\$ -	\$ -
Non-current items:		
Financial bonds	\$ 370,000	\$ 370,000
Items		January 1, 2012
Current items:		
Financial bonds		\$ 800,000
Non-current items:		
Financial bonds		\$ 370,000

A. The Company recognized interest income of \$10,272 and \$13,524 in profit or loss for amortized cost for the years ended December 31, 2013 and 2012, respectively.

B. The counterparties of the Company's investments have good credit quality. The maximum exposure to credit risk at balance sheet date is the carrying amount of held-to-maturity financial assets.

C. No held-to-maturity financial assets held by the Company were pledged to others.

(5) Accounts receivable

	December 31, 2013	December 31, 2012
Accounts receivable	\$ 1,471,050	\$ 807,394
Less: allowance for bad debts	-	-
	<u>\$ 1,471,050</u>	<u>\$ 807,394</u>
		January 1, 2012
Accounts receivable		\$ 686,844
Less: allowance for bad debts		-
		<u>\$ 686,844</u>

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

	December 31, 2013	December 31, 2012
Group 1	\$ 88	\$ 225
Group 2	1,110,514	603,117
	<u>\$ 1,110,602</u>	<u>\$ 603,342</u>
		January 1, 2012
Group 1		\$ -
Group 2		556,859
		<u>\$ 556,859</u>

Note:

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

Group 2: General risk: The Company has higher significant concentrations of credit risk than group 1.

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

	December 31, 2013	December 31, 2012
Up to 30 days	\$ 311,298	\$ 183,705
31 to 180 days	49,150	20,347
	<u>\$ 360,448</u>	<u>\$ 204,052</u>
		January 1, 2012
Up to 30 days		\$ 129,985
31 to 180 days		-
		<u>\$ 129,985</u>

C. As of December 31, 2013, December 31, 2012, and January 1, 2012, impairment loss for accounts receivable is not provided.

D. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

E. The Company does not hold any collateral as security.

(6) Inventories

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Ship fuel	<u>\$ 602,633</u>	<u>\$ -</u>	<u>\$ 602,633</u>
	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Ship fuel	<u>\$ 465,730</u>	<u>\$ -</u>	<u>\$ 465,730</u>
	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
Ship fuel	<u>\$ 342,769</u>	<u>\$ -</u>	<u>\$ 342,769</u>

(7) Other current assets

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Agent accounts	\$ 217,177	\$ 230,512
Agency reciprocal accounts	839,244	614,941
Other financial assets	122,935	125,888
Temporary debits	<u>101,332</u>	<u>108,122</u>
	<u>\$ 1,280,688</u>	<u>\$ 1,079,463</u>
		<u>January 1, 2012</u>
Agent accounts		\$ 446,049
Agency reciprocal accounts		1,771,130
Other financial assets		121,790
Temporary debits		<u>50,497</u>
		<u>\$ 2,389,466</u>

A. Agency accounts

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

B. Agency reciprocal accounts

These pertain to temporary accounts between the Company and Evergreen International S.A., Gaining Enterprise S.A., Greencompass Marine S.A., Italia Marittima S.p.A., Evergreen Marine (UK) Ltd., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd.. These accounts occur as these ship owners incur foreign port expenses and related rental expenses.

(8) Investments accounted for using equity method

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Subsidiary of the Company		
Peony Investment S.A.	\$ 39,694,900	\$ 41,758,000
Everport Terminal Services Inc.	67,382	12,370
Taiwan Terminal Services Co., Ltd.	25,557	22,452
Related Company		
Charng Yang Development Co., Ltd.	448,138	412,447
Evergreen International Storage and Transport Corporation	7,775,737	7,631,328
Evergreen Security Corporation	78,170	73,561
EVA Airways Corporation	6,922,314	6,831,509
Taipei Port Container Terminal Corporation	1,000,040	817,306
Evergreen Marine (Latin America), S.A.	3,369	3,089
	<u>\$ 56,015,607</u>	<u>\$ 57,562,062</u>
		<u>January 1, 2012</u>
Subsidiary of the Company		
Peony Investment S.A.		\$ 44,251,613
Everport Terminal Services Inc.		3,028
Taiwan Terminal Services Co., Ltd.		39,509
Related Company		
Charng Yang Development Co., Ltd.		376,328
Evergreen International Storage and Transport Corporation		7,744,091
Evergreen Security Corporation		60,592
EVA Airways Corporation		6,991,081
Taipei Port Container Terminal Corporation		831,815
Evergreen Marine (Latin America), S.A.		-
		<u>\$ 60,298,057</u>

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

	December 31, 2013	December 31, 2012
Evergreen International Storage and Transport Corporation	\$ 8,820,496	\$ 8,544,856
EVA Airways Corporation	10,449,422	10,701,215
	<u>\$ 19,269,918</u>	<u>\$ 19,246,071</u>
		<u>January 1, 2012</u>
Evergreen International Storage and Transport Corporation		\$ 6,000,482
EVA Airways Corporation		12,086,078
		<u>\$ 18,086,560</u>

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

C. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds based on the resolution by the Board of Directors. Pursuant to the terms of issuance, the bondholders may exchange the exchangeable bonds into the common stocks of Evergreen International Storage and Transport Corporation (EITC) during the period from one month after the exchangeable bonds are issued to 10 days before the maturity of the exchangeable bonds. The Company has already appropriated 86,595 thousand shares of common stock of Evergreen International Storage and Transport Corporation to the account in Taiwan Depository and Clearing Corporation, for the use of exchange from exchangeable bonds to common stock of EITC. (For details of the issuance terms of the exchangeable bonds, please refer to Note 6(14)).

D. The Company and its indirect subsidiary Armand Estate B.V. planned to participate directly in the issuance of new shares by TPCT for cash at the meeting of Board of Directors on March 26, 2013 and May 10, 2013, with the additional cash of NT\$ 210,342 and USD 3,222, respectively. The Company's percentage of ownership in TPCT was 21.03% and 9.73%, respectively, after the capital increase, and the percentage of combined holding was 27.85%.

E. Due to the great potential for development in the market of Latin America in the future and for the requirement of business expansion in this market, the Board of Directors at their meeting on November 9, 2012 resolved to invest in a new company— Evergreen Marine (Latin America), S. A.. Evergreen Marine (Latin America), S. A., in which the Company's ownership is 17.5% as 105 thousand shares were subscribed, was incorporated with 600 thousand shares (par value of USD 1 per share). The investment in which the Company has the ability to exercise significant influence on the investee's operational decisions is accounted for using the equity method.

F. For information on the subsidiaries, please refer to Note 4(3) of the consolidated financial statements as of December 31, 2013.

F. The financial information of the Company's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)	% Interest held
December 31, 2013					
Peony Investment S.A.	\$ 116,911,065	\$ 74,021,067	\$ 120,401,802	(\$ 3,265,365)	100.00%
Everport Terminal Services Inc.	455,152	387,770	2,434,379	54,384	100.00%
Taiwan Terminal Services Co., Ltd.	319,352	272,885	745,059	19,485	55.00%
Charng Yang Development Co., Ltd.	1,920,841	216,830	250,456	160,227	40.00%
Evergreen International Storage and Transport Corporation	23,254,491	3,628,722	4,498,773	580,653	39.74%
Evergreen Security Corporation	452,896	202,754	718,457	44,201	31.25%
Taipei Port Container Terminal Corporation	13,323,400	8,576,415	1,186,358	( 131,256)	21.03%
EVA Airways Corporation	139,394,778	103,556,745	110,747,462	747,450	19.32%
Evergreen Marine (Latin America), S.A.	24,225	4,974	38,059	1,112	17.50%
	<u>\$ 296,056,200</u>	<u>\$ 190,868,162</u>	<u>\$ 241,020,805</u>	<u>(\$ 1,789,109)</u>	
December 31, 2012					
Peony Investment S.A.	\$ 103,116,702	\$ 57,786,629	\$ 124,653,074	(\$ 601,275)	100.00%
Everport Terminal Services Inc.	139,827	127,457	889,586	9,635	100.00%
Taiwan Terminal Services Co., Ltd.	319,024	278,203	731,746	16,391	55.00%
Charng Yang Development Co., Ltd.	1,937,215	322,431	247,930	157,648	40.00%
Evergreen International Storage and Transport Corporation	22,589,791	3,330,259	4,392,631	590,803	39.74%
Evergreen Security Corporation	445,155	209,762	730,916	43,738	31.25%
Taipei Port Container Terminal Corporation	13,968,307	10,090,066	1,229,334	( 68,977)	21.03%
EVA Airways Corporation	142,293,950	106,926,028	107,147,807	655,200	19.32%
Evergreen Marine (Latin America), S.A.	19,243	1,591	7,778	227	17.50%
	<u>\$ 284,829,214</u>	<u>\$ 179,072,426</u>	<u>\$ 240,030,802</u>	<u>\$ 803,390</u>	

	Assets	Liabilities	% Interest held
January 1, 2012			
Peony Investment S.A.	\$ 94,128,656	\$ 45,290,900	100.00%
Everport Terminal Services Inc.	10,407	7,379	100.00%
Taiwan Terminal Services Co., Ltd.	309,023	237,188	55.00%
Chang Yang Development Co., Ltd.	1,951,396	426,910	40.00%
Evergreen International Storage and Transport Corporation	22,717,818	3,166,917	39.74%
Evergreen Security Corporation	397,649	203,756	31.25%
Taipei Port Container Terminal Corporation	13,906,542	9,959,325	21.03%
EVA Airways Corporation	143,059,766	106,865,713	19.32%
	<u>\$ 276,481,257</u>	<u>\$ 166,158,088</u>	

(9) Property, plant and equipment

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Total
At January 1, 2013									
Cost	\$ 558,532	\$ 398,606	\$ 4,273,562	\$ 127,618	\$ 11,349,824	\$ 6,371,111	\$ 210,555	\$ 190,777	\$ 23,480,585
Accumulated depreciation	-	(159,579)	(3,966,340)	(102,638)	(7,391,603)	(1,919,273)	(182,118)	(72,281)	(13,793,832)
<u>2013</u>	<u>\$ 558,532</u>	<u>\$ 239,027</u>	<u>\$ 307,222</u>	<u>\$ 24,980</u>	<u>\$ 3,958,221</u>	<u>\$ 4,451,838</u>	<u>\$ 28,437</u>	<u>\$ 118,496</u>	<u>\$ 9,686,753</u>
Opening net book amount	\$ 558,532	\$ 239,027	\$ 307,222	\$ 24,980	\$ 3,958,221	\$ 4,451,838	\$ 28,437	\$ 118,496	\$ 9,686,753
Additions	-	3,443	-	1,516	220	27,523	3,009	10,759	46,470
Disposals	-	-	(122)	(1,399)	(236,541)	-	(99)	-	(238,161)
Reclassifications	-	-	-	-	-	6,323,658	-	-	6,323,658
Depreciation	-	(12,627)	(114,016)	(7,413)	(1,138,961)	(503,481)	(10,685)	(25,400)	(1,812,583)
Closing net book amount	<u>\$ 558,532</u>	<u>\$ 229,843</u>	<u>\$ 193,084</u>	<u>\$ 17,684</u>	<u>\$ 2,582,939</u>	<u>\$ 10,299,538</u>	<u>\$ 20,662</u>	<u>\$ 103,855</u>	<u>\$ 14,006,137</u>
At December 31, 2013									
Cost	\$ 558,532	\$ 401,535	\$ 4,211,005	\$ 104,982	\$ 8,343,667	\$ 12,722,292	\$ 192,651	\$ 198,434	\$ 26,733,098
Accumulated depreciation	-	(171,692)	(4,017,921)	(87,298)	(5,760,728)	(2,422,754)	(171,989)	(94,579)	(12,726,961)
	<u>\$ 558,532</u>	<u>\$ 229,843</u>	<u>\$ 193,084</u>	<u>\$ 17,684</u>	<u>\$ 2,582,939</u>	<u>\$ 10,299,538</u>	<u>\$ 20,662</u>	<u>\$ 103,855</u>	<u>\$ 14,006,137</u>

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Total
At January 1, 2012									
Cost	\$ 558,532	\$ 400,638	\$ 4,261,946	\$ 120,765	\$ 12,076,977	\$ 3,596,904	\$ 217,595	\$ 223,084	\$ 21,456,441
Accumulated depreciation	-	( 149,727)	( 3,813,161)	( 93,263)	( 6,887,305)	( 2,023,869)	( 182,998)	( 95,062)	( 13,245,385)
	<u>\$ 558,532</u>	<u>\$ 250,911</u>	<u>\$ 448,785</u>	<u>\$ 27,502</u>	<u>\$ 5,189,672</u>	<u>\$ 1,573,035</u>	<u>\$ 34,597</u>	<u>\$ 128,022</u>	<u>\$ 8,211,056</u>
2012									
Opening net book amount	\$ 558,532	\$ 250,911	\$ 448,785	\$ 27,502	\$ 5,189,672	\$ 1,573,035	\$ 34,597	\$ 128,022	\$ 8,211,056
Additions	-	563	-	7,528	42,490	49,273	8,056	17,357	125,267
Disposals	-	-	( 46)	( 123)	( 21,812)	( 37,673)	( 405)	-	( 60,059)
Reclassifications	-	-	36,408	-	4,423	3,168,368	-	-	3,209,199
Depreciation	-	( 12,447)	( 177,925)	( 9,927)	( 1,256,552)	( 301,165)	( 13,811)	( 26,883)	( 1,798,710)
Closing net book amount	<u>\$ 558,532</u>	<u>\$ 239,027</u>	<u>\$ 307,222</u>	<u>\$ 24,980</u>	<u>\$ 3,958,221</u>	<u>\$ 4,451,838</u>	<u>\$ 28,437</u>	<u>\$ 118,496</u>	<u>\$ 9,686,753</u>
At December 31, 2012									
Cost	\$ 558,532	\$ 398,606	\$ 4,273,562	\$ 127,618	\$ 11,349,824	\$ 6,371,111	\$ 210,555	\$ 190,777	\$ 23,480,585
Accumulated depreciation	-	( 159,579)	( 3,966,340)	( 102,638)	( 7,391,603)	( 1,919,273)	( 182,118)	( 72,281)	( 13,793,832)
	<u>\$ 558,532</u>	<u>\$ 239,027</u>	<u>\$ 307,222</u>	<u>\$ 24,980</u>	<u>\$ 3,958,221</u>	<u>\$ 4,451,838</u>	<u>\$ 28,437</u>	<u>\$ 118,496</u>	<u>\$ 9,686,753</u>

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

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2013			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 385,764)	( 385,764)
	<u>\$ 1,414,008</u>	<u>\$ 589,423</u>	<u>\$ 2,003,431</u>
<u>2013</u>			
Opening net book amount	\$ 1,414,008	\$ 589,423	\$ 2,003,431
Depreciation charge	-	( 19,148)	( 19,148)
Closing net book amount	<u>\$ 1,414,008</u>	<u>\$ 570,275</u>	<u>\$ 1,984,283</u>
At December 31, 2013			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 404,912)	( 404,912)
	<u>\$ 1,414,008</u>	<u>\$ 570,275</u>	<u>\$ 1,984,283</u>
At January 1, 2012			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 366,611)	( 366,611)
	<u>\$ 1,414,008</u>	<u>\$ 608,576</u>	<u>\$ 2,022,584</u>
<u>2012</u>			
Opening net book amount	\$ 1,414,008	\$ 608,576	\$ 2,022,584
Depreciation charge	-	( 19,153)	( 19,153)
Closing net book amount	<u>\$ 1,414,008</u>	<u>\$ 589,423</u>	<u>\$ 2,003,431</u>
At December 31, 2012			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 385,764)	( 385,764)
	<u>\$ 1,414,008</u>	<u>\$ 589,423</u>	<u>\$ 2,003,431</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Rental income from the lease of the investment property	\$ <u>97,515</u>	\$ <u>96,556</u>
Direct operating expenses arising from the investment property that generated rental income in the period	\$ <u>19,148</u>	\$ <u>19,153</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ <u>-</u>	\$ <u>-</u>

B. The fair value of the investment property held by the Company as at December 31, 2013, December 31, 2012 and January 1, 2012 was \$3,213,231, \$3,217,069 and \$2,389,211, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

(11) Other current assets

	December 31, 2013	December 31, 2012
Prepayments for equipment	\$ 5,242,551	\$ 6,006,297
Refundable deposits	33,984	39,896
Others	312	320
	\$ <u>5,276,847</u>	\$ <u>6,046,513</u>
		January 1, 2012
Prepayments for equipment		\$ 4,918,166
Refundable deposits		46,037
Others		312
		\$ <u>4,964,515</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Amount capitalised	\$ <u>67,948</u>	\$ <u>94,286</u>
Interest rate	1.14%~1.88%	1.19%~1.69%

(12) Other current liabilities

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Receipt in advance	\$ 1,283	\$ 2,708
Long-term liabilities - current portion	5,142,729	4,374,618
Shipowner's accounts	860,166	418,845
Agency accounts	894,648	374,169
Others	8,752	10,464
	<u>\$ 6,907,578</u>	<u>\$ 5,180,804</u>
		<u>January 1, 2012</u>
Receipt in advance		\$ 999
Long-term liabilities - current portion		4,459,233
Shipowner's accounts		97,454
Agency accounts		233,412
Others		10,063
		<u>\$ 4,801,161</u>

(13) Corporate bonds payable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Domestic unsecured convertible bonds	\$ 568,400	\$ 568,600
Domestic secured exchangeable bonds	-	-
Domestic secured corporate bonds	3,000,000	3,000,000
Less: discount on corporate bonds	( 7,377)	( 19,809)
	3,561,023	3,548,791
Less: current portion or exercise of put options	( 561,023)	-
	<u>\$ 3,000,000</u>	<u>\$ 3,548,791</u>
		<u>January 1, 2012</u>
Domestic unsecured convertible bonds		\$ 594,100
Domestic secured exchangeable bonds		2,500,000
Domestic secured corporate bonds		-
Less: discount on corporate bonds		( 138,439)
		2,955,661
Less: current portion or exercise of put options		( 2,955,661)
		<u>\$ -</u>

A. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds (referred herein as the "Exchangeable Bonds") at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

a) Period: 3 years (July 23, 2009 to July 23, 2012)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

Unless the Exchangeable Bonds are redeemed, exchanged or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Exchangeable Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

(a) The redemption of the Exchangeable Bonds are guaranteed by Bank Sinopac and Credit Agricole Corporate and Investment Bank, referred herein as the “Guarantors”. The guarantee period is from the issuance date of the Exchangeable Bonds to the date all the debts are paid off. Additionally, the portion the Guarantors insure includes principal plus accrued interest and debt ancillary to the main liability.

(b) If the bondholders files a claim with the Guarantors to redeem the Exchangeable Bonds, the Guarantors should pay within 14 days after being informed of the claim.

(c) During the guarantee period, if the Company is unable to repay the principal and interest on the bonds on schedule, violates the consignment contract with consigned bank or guaranty contract with the Guarantors, or violates events approved by official authority, to a certain extent that trespass on the bondholders’ rights and interests happens, all the Exchangeable Bonds are deemed to be at maturity effective immediately.

e) Object exchanged

Common stock of Evergreen International Storage and Transport Corporation (EITC) which belongs to the Company (Related information is stated in Note 6 (8)).

f) Redemption at the Company’s option

(a) During the period from one month after the issuance of the Exchangeable Bonds to 40 days before the maturity of the Exchangeable Bonds, if the closing price of common stock of EITC at the block trade market is equal to or more than 30% of the exchange price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Exchangeable Bonds within 30 trading days after the abovementioned 30 consecutive trading days.

(b) During the period from one month after the Exchangeable Bonds are issued to 40 days before the maturity of the Exchangeable Bonds, if the total amount of the Exchangeable Bonds outstanding is less than 10% of the total issued amount, the Company may redeem the outstanding bonds in cash at their face value any time during the 40 days before the maturity of the Exchangeable Bonds.

(c) When the Company issues its redemption notice, and the bondholders do not reply in written form before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the exchange price in effect at the expiration of the notice period.

## g) Terms of exchange

## (a) Exchange period

The bondholders may exchange the Exchangeable Bonds into the common stock of EITC during the period from one month after the Exchangeable Bonds are issued to 10 days before the maturity of the Exchangeable Bonds.

The bondholders are prohibited from exercising their exchange right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

## (b) Exchange price

The base day for setting exchange price is July 15, 2009. The exchange price can be any of the three average closing prices of the common stock of EITC during the 1, 3 and 5 trading days before the base day multiplied by the number ranging from 101.00% to 110.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the exchange price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the exchange price is set to the date on which the Exchangeable Bonds are issued, the exchange price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The exchange price at the issuance of the Exchangeable Bonds was set at \$30.31 (in dollars).

## h) Entitlement to cash dividends or stock dividends

The bondholders who request to exchange the Exchangeable Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Exchange of the Exchangeable Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date. The bondholders who request to exchange the Exchangeable Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

B. On August 7, 2009, the Company issued its third domestic unsecured convertible bonds (referred herein as the "Third Bonds") at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

a) Period: 5 years (August 7, 2009 to August 7, 2014)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

Unless the Third Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Third Bonds

shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

The Third Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Third Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.

e) Redemption at the Company's option

(a) During the period from one month after the issuance of the Third Bonds to 40 days before the maturity of the Third Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to or more than 30% of the conversion price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Third Bonds within 30 trading days after the abovementioned 30 consecutive trading days.

(b) During the period from one month after the Third Bonds are issued to 40 days before the maturity of the Third Bonds, if the total amount of the Third Bonds outstanding after the conversion by the bondholders is less than \$250,000 (10% of the total issued amount), the Company may redeem the outstanding bonds at their face value any time during the 40 days before the maturity of the Third Bond.

(c) When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

f) Redemption at the bondholders' option

During the period from 30 days before the 2-year maturity of the Third Bonds to the date of maturity, or from 30 days before the 3-year maturity of the Third Bonds to the date of maturity, the bondholders may require the Company to redeem their bonds in cash at the face value plus interest compensation. The redemption price for the former is 101.00% of the face value with a yield rate of 0.50% per annum, and 101.51% of the face value with a yield rate of 0.50% for the latter.

g) Terms of conversion

(a) Conversion period

The bondholders may convert the Third Bonds into the Company's common stock during the period from one month after the Third Bonds are issued to 10 days before the maturity of the Third Bonds.

The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Conversion price

The base day for setting conversion price is July 30, 2009. The conversion price can be any

of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before the base day multiplied by 101.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Third Bonds are issued, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Third Bonds was set at \$20.40 (in dollars). Until the report release date, the conversion price of the Convertible Bonds was set at \$17.20 (in dollars).

h) Entitlement to cash dividends or stock dividends

The bondholders who request to convert the Third Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Third Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date. The bondholders who request to convert the Third Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

i) As of December 31, 2013, the Third Bond holders to request convertible bonds of the Company common stock, total convertible bonds face value was \$1,931,600. Convertible for the Third Bonds to increase conversion transaction capital surplus - paid-in capital in excess of par value of common stock \$1,017,095, and reduce the capital reserves from stock warrants \$197,954.

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

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

b) Coupon rate: 1.28% fixed per annum

c) Principal repayment and interest payment

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

d) Collaterals

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

D. The conversion rights and debt component of the Third Bonds are recognized separately in accordance with IAS 39. The issuance cost of the Third Bonds is allocated to debt and equity components by the amount initially recognized. Accordingly, the account of “capital reserve from stock warrants” amounted to \$256,205.

The net value of the rights of repurchase and resold embedded in bonds payable was separated from bonds payable, and was recognized in “financial liabilities at fair value through profit or loss” in accordance with IAS 39.

(14) Long-term loans

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Secured bank loans	\$ 11,863,616	\$ 5,952,892
Unsecured bank loans	19,441,071	22,231,284
Add (Less): unrealized foreign exchange loss (gain)	72,021 (	113,228)
Less: deferred expenses - hosting fee credit	( 9,934)	( 12,527)
	<u>31,366,774</u>	<u>28,058,421</u>
Less: current portion	( 4,581,706)	( 4,374,618)
	<u>\$ 26,785,068</u>	<u>\$ 23,683,803</u>
Interest rate	0.89%~1.88%	1.19%~1.98%
		<u>January 1, 2012</u>
Secured bank loans		\$ 2,400,000
Unsecured bank loans		20,277,412
Add: unrealized foreign exchange loss		41,890
Less: deferred expenses - hosting fee credit		( 6,196)
		<u>22,713,106</u>
Less: current portion		( 1,503,572)
		<u>\$ 21,209,534</u>
Interest rate		1.04%~1.80%

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

(15) Other non-current liabilities

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Accrued pension liabilities	\$ 1,444,609	\$ 1,476,996
Guarantee deposits received	48	48
	<u>\$ 1,444,657</u>	<u>\$ 1,477,044</u>
		<u>January 1, 2012</u>
Accrued pension liabilities		\$ 1,581,467
Guarantee deposits received		48
		<u>\$ 1,581,515</u>

(16) Pension

A.(a) In accordance with the Labor Pension Act (“the Act”), effective July 1, 2005, which adopted a defined contribution scheme, employees of the Company may choose to be subject to either the Act, maintaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standard 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 15% of the employees’ monthly salaries and wages to the retirement fund deposited with the department of Trust of Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee.

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Present value of defined benefit obligations	(\$ 1,874,129)	(\$ 1,879,570)
Fair value of plan assets	<u>418,269</u>	<u>389,716</u>
	( 1,455,860)	( 1,489,854)
Unrecognised past service cost	<u>11,251</u>	<u>12,858</u>
Net liability in the balance sheet	<u><u>(\$ 1,444,609)</u></u>	<u><u>(\$ 1,476,996)</u></u>
		<u>January 1, 2012</u>
Present value of defined benefit obligations		(\$ 1,967,184)
Fair value of plan assets		<u>371,252</u>
		( 1,595,932)
Unrecognised past service cost		<u>14,465</u>
Net liability in the balance sheet		<u><u>(\$ 1,581,467)</u></u>

(c) Changes in present value of defined benefit obligations:

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Present value of defined benefit obligations		
At January 1	(\$ 1,879,570)	(\$ 1,967,184)
Current service cost	( 10,953)	( 16,997)
Interest expense	( 27,429)	( 33,786)
Actuarial profit and loss	( 20,302)	63,738
Benefits paid	<u>64,125</u>	<u>74,659</u>
At December 31	<u><u>(\$ 1,874,129)</u></u>	<u><u>(\$ 1,879,570)</u></u>

(d) Changes in fair value of plan assets are as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Fair value of plan assets		
At January 1	\$ 389,716	\$ 371,252
Expected return on plan assets	6,815	8,370
Actuarial profit and loss	( 1,670)	( 4,642)
Employee contributions	84,048	86,770
Benefits paid	( 60,640)	( 72,034)
At December 31	<u>\$ 418,269</u>	<u>\$ 389,716</u>

(e) Amounts of expenses recognised in comprehensive income statements are as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Current service cost	\$ 10,953	\$ 16,997
Interest cost	27,429	33,786
Expected return on plan assets	( 6,815)	( 8,370)
Past service cost	1,607	1,607
Current pension costs	<u>\$ 33,174</u>	<u>\$ 44,020</u>

Details of cost and expenses recognised in comprehensive income statements are as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Operating cost	\$ 7,070	\$ 10,671
General and administrative expenses	26,104	33,349
	<u>\$ 33,174</u>	<u>\$ 44,020</u>

(f) Amounts recognised under other comprehensive income are as follows:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Recognition for current period	(\$ 21,972)	\$ 59,096
Accumulated amount	<u>\$ 37,124</u>	<u>\$ 59,096</u>

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the

interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The actual return on plan assets of the Company for the years ended December 31, 2013 and 2012 were \$5,145 and \$3,728, respectively.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Discount rate	<u>1.75%</u>	<u>1.5%</u>	<u>1.75%</u>
Future salary increases	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
Expected return on plan assets	<u>1.75%</u>	<u>1.75%</u>	<u>2.00%</u>

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

(i)Historical information of experience adjustments was as follows:

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Present value of defined benefit obligations	(\$ 1,874,129)	(\$ 1,879,570)
Fair value of plan assets	<u>418,269</u>	<u>389,716</u>
Deficit in the plan	<u>(\$ 1,455,860)</u>	<u>(\$ 1,489,854)</u>
Experience adjustments on plan liabilities	<u>(\$ 20,302)</u>	<u>\$ 63,738</u>
Experience adjustments on plan assets	<u>(\$ 1,670)</u>	<u>(\$ 4,642)</u>

(j)Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2013 amounts to \$38,189.

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

(b)The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2013 and 2012 were \$40,102 and \$28,783, respectively.

(17) Capital stock

A. As of December 31, 2013, the Company's authorized capital was \$36,000,000, and the paid-in capital was \$34,749,523, divided into 3,474,952 thousand shares of common stocks with a par value of \$10 (in dollars) per share.

B. Details of the common stock converted from the domestic unsecured convertible bonds issued by the Company for the years ended December 31, 2013 and 2012 are set forth below:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	No. of Shares (in 000's)	Amount	No. of Shares (in 000's)	Amount
	Third unsecured convertible bonds	12	\$ 116	1,483

(18) Capital reserve

A. The Securities and Exchange Act requires that capital reserve shall be exclusively used to cover accumulated deficit or to increase capital and shall not be used for any other purpose. However, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

	For the year ended December 31, 2013				
	Share premium	joint ventures	Donated assets	Stock warrants	Others
At January 1	\$ 5,817,899	\$ 1,388,550	\$ 446	\$ 58,271	\$ 6,713
Convertible bonds	99	-	-	( 21)	-
At December 31	<u>\$ 5,817,998</u>	<u>\$ 1,388,550</u>	<u>\$ 446</u>	<u>\$ 58,250</u>	<u>\$ 6,713</u>

	For the year ended December 31, 2012				
	Share premium	joint ventures	Donated assets	Stock warrants	Others
At January 1	\$ 5,805,861	\$ 1,388,550	\$ 372	\$ 60,884	\$ 6,713
Convertible bonds	12,038	-	-	( 2,613)	-
Donated assets	-	-	74	-	-
At December 31	<u>\$ 5,817,899</u>	<u>\$ 1,388,550</u>	<u>\$ 446</u>	<u>\$ 58,271</u>	<u>\$ 6,713</u>

B.Information related to “capital reserve from stock warrants” is stated in Note 6 (13).

(19) Retained earnings

	For the year ended December 31, 2013	For the year ended December 31, 2012
At January 1	\$ 5,121,929	\$ 4,074,031
Profit for the period	( 1,497,304)	312,544
Appropriation of earnings	( 2,234,566)	986,044
Disposal of treasury shares	-	( 2)
Actuarial gain/loss on post employment benefit obligations net of tax	( 270,967)	( 250,688)
Recognized the deduction to retained earnings attributed to investee company non-subscribed proportionately	( 215)	-
At December 31	<u>\$ 1,118,877</u>	<u>\$ 5,121,929</u>

A.According to the Company’s Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for income tax and cover prior years’ losses, then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees shall be at least 0.5% of the total distributed amount and the remuneration paid to the directors and supervisors shall not exceed 5% of the total distributed amount.

B.Dividend policy

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

C.Legal reserve

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

D.(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-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. As of December 31, 2013 and 2012, the Company distributed no dividends to shareholders, bonus to employees, or remuneration to the directors and supervisors in order to facilitate future expansion plans.

For more information on the bonus allocation to employees and remuneration to the directors and supervisors of the Company as resolved by the Board of Directors and approved by the stockholders, please visit the “Market Observation Post System” website of the Taiwan Stock Exchange.

As of March 31, 2014, the above-mentioned 2013 earnings appropriation had not been resolved by the stockholders.

(20) Other equity items

	Hedging reserve	Available-for- sale investment	Currency translation	Total
At January 1, 2013	\$ 10,289	(\$ 490,002)	(\$ 1,867,363)	(\$ 2,347,076)
Available-for-sale:				
Revaluation – gross	-	109,835	-	109,835
Revaluation – tax	-	969	-	969
Revaluation – associates	-	362,864	-	362,864
Revaluation – associates – tax	-	( 20,122)	-	( 20,122)
Cash flow hedges:				
– Fair value gains in the period				
– associates	2,460	-	-	2,460
– associates–tax	( 418)	-	-	( 418)
Currency translation differences:				
–Parent	-	-	966,519	966,519
–Tax of Parent	-	-	( 10)	( 10)
–Associates	-	-	96,039	96,039
At December 31, 2013	<u>\$ 12,331</u>	<u>(\$ 36,456)</u>	<u>(\$ 804,815)</u>	<u>(\$ 828,940)</u>

	Hedging reserve	Available-for- sale investment	Currency translation	Total
At January 1, 2012	\$ 19,364	(\$ 362,353)	\$ -	(\$ 342,989)
Available-for-sale:				
Revaluation – gross	-	48,169	-	48,169
Revaluation – associates	-	( 175,419)	-	( 175,419)
Revaluation – associates – tax	-	( 399)	-	( 399)
Cash flow hedges:				
– Fair value gains in the period				
– associates	( 10,933)	-	-	( 10,933)
– associates – tax	1,858	-	-	1,858
Currency translation differences:				
–Parent	-	-	( 1,716,505)	( 1,716,505)
–Associates	-	-	( 150,858)	( 150,858)
At December 31, 2012	<u>\$ 10,289</u>	<u>(\$ 490,002)</u>	<u>(\$ 1,867,363)</u>	<u>(\$ 2,347,076)</u>

(21) Operating revenue

	For the year ended December 31, 2013	For the year ended December 31, 2012
Marine freight income	\$ 18,119,632	\$ 15,269,280
Ship rental income and slottage income	553,334	206,045
Commission income and agency	273,414	268,909
Other income	562,450	475,998
	<u>\$ 19,508,830</u>	<u>\$ 16,220,232</u>

(22) Other income

	For the year ended December 31, 2013	For the year ended December 31, 2012
Rental revenue	\$ 98,462	\$ 100,475
Dividend income	29,498	700
Interest income:		
Interest income from bank deposits	93,489	75,137
Interest income from financial assets other than financial assets at fair value through profit or loss	10,272	13,524
Other interest income	-	4,000
Other income – others	53,241	128,153
	<u>\$ 284,962</u>	<u>\$ 321,989</u>

(23) Other gains and losses

	For the year ended December 31, 2013	For the year ended December 31, 2012
Net profits on financial assets at fair value through profit or loss	\$ 18,963	\$ 16,340
Net losses on financial liabilities at fair value through profit or loss	-	( 54,733)
Financial assets impairment loss	-	( 1,844)
Net currency exchange gains (losses)	( 50,611)	174,974
Gains on disposal of property, plant and equipment	1,676,175	587,924
Gains on disposal of investments	50,978	45,055
Investment property depreciation charge	( 19,149)	( 19,153)
Other non-operating expenses	( 53,446)	( 39,691)
	<u>\$ 1,622,910</u>	<u>\$ 708,872</u>

 (24) Finance costs

	For the year ended December 31, 2013	For the year ended December 31, 2012
Interest expense:		
Bank loans	\$ 398,966	\$ 373,735
Corporate bonds	50,931	140,330
	449,897	514,065
Less: capitalisation of qualifying assets	( 67,948)	( 94,286)
Finance costs	<u>\$ 381,949</u>	<u>\$ 419,779</u>

(25) Expenses by nature

	For the year ended December 31, 2013	For the year ended December 31, 2012
Employee benefit expense	\$ 1,443,122	\$ 1,318,133
Depreciation charges on property, plant and equipment	1,812,582	1,798,710
Amortisation charges on intangible assets	8,781	3,488
Bunker fuel	4,221,092	3,738,926
Stevedorage	3,814,899	3,104,623
Inland haulage and canal due	3,758,968	2,328,043
Commission	637,450	417,191
Port charge	858,400	790,886
Ship supplies and lubricant oil	231,041	177,885
Operating lease payments	2,455,340	2,411,672
Professional service and data service expenses	195,219	182,283
Other expenses	294,354	202,914
Total	<u>\$ 19,731,248</u>	<u>\$ 16,474,754</u>

(26) Employee benefit expense

	For the year ended December 31, 2013	For the year ended December 31, 2012
Wages and salaries	\$ 1,225,849	\$ 1,115,879
Labor and health insurance fees	88,000	81,179
Pension costs	73,276	72,803
Other personnel expenses	55,997	48,272
	<u>\$ 1,443,122</u>	<u>\$ 1,318,133</u>

(27) Income tax

## A. Income tax expense

## (a) Components of income tax expense:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Current tax:		
Current tax on profits for the period	\$ 51,549	\$ 5,039
Adjustments in respect of prior years	-	( 33,684)
Total current tax	<u>51,549</u>	<u>( 28,645)</u>
Deferred tax:		
Origination and reversal of temporary differences	( 5,847)	( 66,824)
Total deferred tax	<u>( 5,847)</u>	<u>( 66,824)</u>
Income tax expense	<u>\$ 45,702</u>	<u>(\$ 95,469)</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Fair value gains/losses on available -for-sale financial assets	\$ 969	\$ -
Exchange differences on translating the financial statements of foreign operations	( 10)	-
Actuarial gains/losses on defined benefit obligations	3,735	( 10,047)
Share of other comprehensive income of associates	( 4,118)	-
	<u>\$ 576</u>	<u>(\$ 10,047)</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Convertible bonds – equity component	<u>\$ 7</u>	<u>\$ -</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2013	For the year ended December 31, 2012
Tax calculated based on profit before tax and statutory tax rate	(\$ 246,772)	\$ 36,903
Effects from items disallowed by tax regulation	328,474	( 12,754)
Prior year income tax (over) underestimation	-	( 33,684)
Effect from investment tax credit	( 36,000)	( 90,973)
Effect from alternative minimum tax	-	5,039
Income tax expense	<u>\$ 45,702</u>	<u>(\$ 95,469)</u>

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

	For the year ended December 31, 2013				
	January, 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December, 31
Temporary differences:					
– Deferred tax assets:					
Bad debts expense	\$ 404	\$ -	\$ -	\$ -	\$ 404
Loss on valuation of financial assets	22,342	-	969	-	23,311
Deferred profit from disposal of loading and unloading equipment	15,568	( 2,423)	-	-	13,145
Unrealized expense	4,778	1,197	-	-	5,975
Unrealized exchange loss	-	3,233	-	-	3,233
Pension expense	261,136	( 9,241)	-	-	251,895
Loss carryforwards	145,534	( 145,534)	-	-	-
Investment tax credits	114,561	8,242	-	-	122,803
Subtotal	\$ 564,323	-\$ 144,526	\$ 969	\$ -	\$ 420,766
– Deferred tax liabilities:					
Unrealised exchange gain	(\$ 16,082)	\$ 16,082	\$ -	\$ -	\$ -
Equity-accounted investment income	( 1,295,895)	134,291	( 4,128)	7	( 1,165,725)
Actuarial losses/(gains)	( 10,047)	-	3,735	-	( 6,312)
Subtotal	( 1,322,024)	150,373	( 393)	7	( 1,172,037)
Total	(\$ 757,701)	\$ 5,847	\$ 576	\$ 7	(\$ 751,271)

For the year ended December 31, 2012

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December, 31
Temporary differences:					
– Deferred tax assets:					
Bad debts expense	\$ 329	\$ 75	\$ -	\$ -	\$ 404
Unrealized exchange loss	4,903	( 4,903)	-	-	-
Unrealized expense	5,636	( 858)	-	-	4,778
Loss on valuation of financial assets	22,342	-	-	-	22,342
Deferred profit from disposal of loading and unloading equipment	619	14,949	-	-	15,568
Pension expense	268,849	( 7,713)	-	-	261,136
Loss carryforwards	201,648	( 56,114)	-	-	145,534
Investment tax credit	24,833	89,728	-	-	114,561
Subtotal	<u>\$ 529,159</u>	<u>\$ 35,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,323</u>
– Deferred tax liabilities:					
Unrealised exchange gain	\$ -	(\$ 16,082)	\$ -	\$ -	(\$ 16,082)
Equity-accounted investment income	( 1,343,637)	47,742	-	-	( 1,295,895)
Actuarial losses/(gains)	-	-	( 10,047)	-	( 10,047)
Subtotal	<u>( 1,343,637)</u>	<u>31,660</u>	<u>( 10,047)</u>	<u>-</u>	<u>( 1,322,024)</u>
Total	<u>(\$ 814,478)</u>	<u>\$ 66,824</u>	<u>(\$ 10,047)</u>	<u>\$ -</u>	<u>(\$ 757,701)</u>

D. According to Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment), details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2013			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Investments in emerging important strategic industries	\$ 26,803	\$ -	2015
Investments in emerging important strategic industries	60,000	-	2016
Investments in emerging important strategic industries	36,000	-	2017
	<u>\$ 122,803</u>	<u>\$ -</u>	
December 31, 2012			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Machinery and equipment	\$ 18,398	\$ -	2013
Employees' training	163	-	2013
Investments in emerging important strategic industries	36,000	-	2015
Investments in emerging important strategic industries	60,000	-	2016
	<u>\$ 114,561</u>	<u>\$ -</u>	
January 1, 2012			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Investments in emerging important strategic industries	\$ 24,833	\$ -	2015

E.Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2012				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2009	\$ 2,456,334	\$ 856,084	\$ -	2019

January 1, 2012				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2009	\$ 2,456,334	\$ 1,186,162	\$ -	2019

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2013, December 31, 2012 and January 1, 2012, the amounts of temporary difference unrecognised as deferred tax liabilities were \$19,884,906, \$21,135,622 and \$21,128,515, respectively.

G. As of December 31, 2013, the Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

H.Unappropriated retained earnings:

	December 31, 2013	December 31, 2012
Earnings generated in and before 1997	\$ 1,118,877	\$ 1,673,273
Earnings generated in and after 1998	-	3,448,656
	<u>\$ 1,118,877</u>	<u>\$ 5,121,929</u>

	January 1, 2012
Earnings generated in and before 1997	\$ 1,673,273
Earnings generated in and after 1998	2,400,758
	<u>\$ 4,074,031</u>

L.As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account was \$438,661, \$1,059,125 and \$1,013,143, respectively. The creditable tax rate was 12.72% for 2012 and is estimated to be 0% for 2013.

(28) (Loss) earnings per share

	<u>For the year ended December 31, 2013</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	(\$ 1,497,304)	3,474,948	(\$ <u>0.43</u> )
<u>Diluted loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	(\$ 1,497,304)	3,474,948	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	<u>Note 1</u>	<u>Note 1</u>	
Net loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ <u>1,497,304</u> )	<u>3,474,948</u>	(\$ <u>0.43</u> )

	For the year ended December 31, 2012		
	<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>			
Net income attributable to ordinary shareholders of the parent	\$ 312,544	3,474,576	\$ <u>0.09</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent	\$ 312,544	3,474,576	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	<u>Note 2</u>	<u>Note 2</u>	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 312,544</u>	<u>3,474,576</u>	<u>\$ 0.09</u>

Note 1:

According to IAS 33 “Earnings per share”, the potential common stock should not be considered in calculation of basic loss per share, due to net loss from continuing operation for 2013, which leads to anti-dilutive effect.

Note 2:

According to IAS 33 “Earnings per share”, the potential common stock should not be considered in calculation of basic earnings per share, due to net income from continuing operation for 2012, which leads to anti-dilutive effect.

(29) Non-cash transactions

## A. Investing activities with partial cash payments

## (a) Fixed assets

	For the year ended December 31, 2013	For the year ended December 31, 2012
Purchase of fixed assets	\$ 46,470	\$ 125,267
Add: opening balance of payable on equipment	1,749	4,295
Less: ending balance of payable on equipment	( 1,118)	( 1,749)
Cash paid during the period	<u>\$ 47,101</u>	<u>\$ 127,813</u>

## (b) Advance on equipment

	For the year ended December 31, 2013	For the year ended December 31, 2012
Acquisition of prepayments for equipment	\$ 5,559,911	\$ 4,297,327
Add: opening balance of payable on equipment	8,488	5,144
Less: ending balance of payable on equipment	( 4,597)	( 8,488)
Capitalized interest	( 67,948)	( 94,286)
Cash paid during the period	<u>\$ 5,495,854</u>	<u>\$ 4,199,697</u>

## B. Financing activities with no cash flow effects

	For the year ended December 31, 2013	For the year ended December 31, 2012
Convertible bonds being converted to capital stocks	<u>\$ 200</u>	<u>\$ 25,500</u>

**7. RELATED PARTY TRANSACTIONS**

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

Names of related Parties	Relationship with the Company
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary
Peony Investment S.A. (Peony)	Subsidiary
Everport Terminal Services Inc. (ETS)	Subsidiary (Established in April 2011)
Shenzhen Greentrans Transportation Co., Ltd. (SGTC)	Indirect subsidiary (Completely liquidated in May 2012)
Kingtrans International Logistics (Tianjin) Co., Ltd. (KTIL)	Indirect subsidiary
Vigor Enterprise S.A. (VIGOR)	Indirect subsidiary
Clove Holding Ltd. (CLOVE)	Indirect subsidiary
PT. Multi Bina Transport (MBT)	Indirect subsidiary
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary
Greencompass Marine S.A. (GMS)	Indirect subsidiary
Evergreen Heavy Industrial Co., (Malaysia) Berhad. (EHIC(M))	Indirect subsidiary
Evergreen Marine (UK) Limited (EMU)	Indirect subsidiary
Evergreen Shipping Agency (Deutschland) GmbH (EGD)	Indirect subsidiary
Evergreen Shipping Agency (U.K.) Limited (EGU)	Indirect subsidiary
Evergreen Shipping Agency (Switzerland) S.A. (EGDL)	Indirect subsidiary
Evergreen Shipping Agency (Austria) GmbH (EGDV)	Indirect subsidiary
Evergreen Shipping Agency (Ireland) Ltd. (EGUD)	Indirect subsidiary
Evergreen Shipping Agency (Netherlands) B.V. (EGN)	Indirect subsidiary
Evergreen Shipping Agency (Poland) SP.ZO.O (EGD-WWX)	Indirect subsidiary
Evergreen Argentina S.A. (EGB)	Indirect subsidiary
Evergreen Shipping Agency France S.A.S. (EGF)	Indirect subsidiary
Evergreen Shipping (Spain) S.L. (EES)	Indirect subsidiary
Evergreen Shipping Agency (Italy) S.p.A. (EIT)	Indirect subsidiary
Evergreen Shipping Agency (Vietnam) Corp. (EGV)	Indirect subsidiary
Island Equipment LLC. (Island)	Indirect subsidiary
Armand Investment (Netherlands) N.V. (Armand N.V.)	Indirect subsidiary

Names of related Parties	Relationship with the Company
Evergreen Shipping Agency (Australia) Pty. Ltd. (EMA)	Indirect subsidiary
PT. Evergreen Shipping Agency Indonesia (EMI)	Indirect subsidiary
Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT)	Indirect subsidiary
Evergreen Shipping Agency (Singapore) Pte. Ltd. (EGS)	Indirect subsidiary
Evergreen Shipping Agency (India) Pvt. Ltd. (EGI)	Indirect subsidiary
Evergreen Shipping Agency (Russia) Ltd. (ERU)	Indirect subsidiary
Evergreen Agency (South Africa) (PTY) Ltd.(ESA)	Indirect subsidiary
Evergreen Shipping Agency (Korea) Corporation (EGK)	Indirect subsidiary
Ample Holding Ltd. (Ample)	Indirect subsidiary (Completely liquidated in December 2012)
Armand Estate B.V. (Armand B.V.)	Indirect subsidiary
Whitney Equipment LLC. (Whitney)	Indirect subsidiary
Hemlock Equipment LLC. (Hemlock)	Indirect subsidiary

## (2) Significant related party transactions and balances

### A. Sales of services:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Sales of services:		
Subsidiaries	\$ 2,226,668	\$ 170,466
Associates	907,189	106,805
Other related parties	<u>3,118,247</u>	<u>1,896,468</u>
	<u>\$ 6,252,104</u>	<u>\$ 2,173,739</u>

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

### B. Purchases of goods and services:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Purchases of services:		
Subsidiaries	\$ 1,777,544	\$ 839,728
Associates	1,072,298	478,037
Other related parties	<u>2,222,764</u>	<u>1,941,138</u>
	<u>\$ 5,072,606</u>	<u>\$ 3,258,903</u>

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Accounts receivable:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Receivables from related parties:		
Subsidiaries	\$ 19,103	\$ 13,301
Associates	59,508	22,216
Other related parties	<u>107,052</u>	<u>98,822</u>
	<u>\$ 185,663</u>	<u>\$ 134,339</u>
		<u>January 1, 2012</u>
Receivables from related parties:		
Subsidiaries		\$ 10,593
Associates		43,510
Other related parties		<u>85,648</u>
		<u>\$ 139,751</u>

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

D. Accounts payable:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Payables to related parties:		
Subsidiaries	\$ 85,307	\$ 50,000
Associates	13,349	16,980
Other related parties	<u>146,903</u>	<u>12,128</u>
	<u>\$ 245,559</u>	<u>\$ 79,108</u>
		<u>January 1, 2012</u>
Payables to related parties:		
Subsidiaries		\$ 38,696
Associates		10,798
Other related parties		<u>1,483</u>
		<u>\$ 50,977</u>

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

## E. Other period-end balances:

## (a) Other receivables from related parties:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Other receivables		
Subsidiaries	\$ 1,113	\$ 1,571
Associates	3,671	11,052
Other related parties	<u>59,623</u>	<u>52,766</u>
	<u>\$ 64,407</u>	<u>\$ 65,389</u>
		<u>January 1, 2012</u>
Other receivables		
Subsidiaries		\$ 2,120
Associates		2,118
Other related parties		<u>73,491</u>
		<u>\$ 77,729</u>

## (b) Other payables to related parties:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Other payables		
Associates	<u>\$ -</u>	<u>\$ 831</u>
		<u>January 1, 2012</u>
Other payables		
Associates		<u>\$ -</u>

## F. Agency accounts:

The Company entered into agency agreements with its related parties, whereby the related parties act as the Company's overseas agents to deal with foreign port formalities, such as arrival and departure of the Company's ships, cargo stevedoring and forwarding, freight collection, and payment of expenses incurred in foreign ports. The transactions are recorded as "agent accounts in other current assets (liabilities)". The balances of the accounts are as follows:

## (a) Debit balance of agency accounts

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Debit balance of agency accounts:		
Subsidiaries	\$ 41,044	\$ 61,772
Associates	<u>1,765</u>	<u>3,186</u>
	<u>\$ 42,809</u>	<u>\$ 64,958</u>
		<u>January 1, 2012</u>
Debit balance of agency accounts:		
Subsidiaries		\$ 126,001
Associates		<u>-</u>
		<u>\$ 126,001</u>

(b)Credit balance of agency accounts

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Credit balance of agency accounts:		
Subsidiaries	\$ 60,066	\$ 32,646
Associates	-	-
Other related parties	<u>9,610</u>	<u>87,266</u>
	<u>\$ 69,676</u>	<u>\$ 119,912</u>
		<u>January 1, 2012</u>
Credit balance of agency accounts:		
Subsidiaries		\$ 88,219
Associates		145
Other related parties		<u>16,486</u>
		<u>\$ 104,850</u>

G.Shipowner’s accounts:

Temporary accounts, between the Company and other related parties – Evergreen International S.A., Gaining Enterprise S.A., Italia Marittima S.p.A., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd. incurred due to foreign port formalities and pier rental expenses are recognized as “shipowner’s accounts in other current assets (liabilities)”. The balances of the accounts are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Debit balance of shipowner’s accounts		
Subsidiaries	\$ -	\$ -
Associates	294,608	132,983
Other related parties	<u>544,636</u>	<u>481,958</u>
	<u>\$ 839,244</u>	<u>\$ 614,941</u>
		<u>January 1, 2012</u>
Debit balance of shipowner’s accounts		
Subsidiaries		\$ 763,584
Associates		95,531
Other related parties		<u>912,015</u>
		<u>\$ 1,771,130</u>

	December 31, 2013	December 31, 2012
Credit balance of shipowner's accounts		
Subsidiaries	\$ 605,611	\$ 210,667
Other related parties	254,555	208,178
	<u>\$ 860,166</u>	<u>\$ 418,845</u>
		January 1, 2012
Credit balance of shipowner's accounts		
Subsidiaries		\$ -
Other related parties		97,454
		<u>\$ 97,454</u>

## H. Property transactions:

Proceeds from sale of property and gain (loss) on disposal:

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Sale of property, plant and equipment:				
Subsidiaries	\$ -	\$ -	\$ 128,819	\$ 91,147
Associates	12,000	11,878	2,513	2,450
Other related parties	42	4	134	6
	<u>\$ 12,042</u>	<u>\$ 11,882</u>	<u>\$ 131,466</u>	<u>\$ 93,603</u>

## I. Endorsements and guarantees provided to related parties:

	December 31, 2013	December 31, 2012
Subsidiaries	\$ 78,116,016	\$ 78,847,145
Other related parties	2,189,464	3,144,446
	<u>\$ 80,305,480</u>	<u>\$ 81,991,591</u>
		January 1, 2012
Subsidiaries		\$ 85,180,732
Other related parties		2,387,302
		<u>\$ 87,568,034</u>

(3) Key management compensation

	For the year ended December 31, 2013	For the year ended December 31, 2012
Salaries and other short-term employee benefits	\$ 39,000	\$ 38,152
Post-employment benefits	2,746	2,500
Other long-term benefits	-	-
	<u>\$ 41,746</u>	<u>\$ 40,652</u>

**8. PLEDGED ASSETS**

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

Pledged assets	Book value		Purpose
	December 31, 2013	December 31, 2012	
Other financial assets			
- Pledged time deposits	\$ 122,935	\$ 125,888	Guarantee
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	217,814	225,177	"
-Ships	10,299,538	4,451,838	"
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	544,536	562,943	"
Investments accounted for using the equity method - EITC			Exchange corporate bonds payable as subject
	-	-	
	<u>\$ 12,984,916</u>	<u>\$ 7,165,939</u>	

Pledged asset	Book value		Purpose
	January 1, 2012		
Other financial assets			
- Pledged time deposits	\$ 121,790		Guarantee
Property, plant and equipment			
-Land	514,312		Long-term loan
-Buildings	232,540		"
-Ships	-		"
Investment property			
-Land	1,285,781		Long-term loan
-Buildings	581,349		"
Investments accounted for using the equity method - EITC			Exchange corporate bonds payable as subject
		1,631,851	
	<u>\$ 4,367,623</u>		

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

A.As of December 31, 2013, the Company had delegated ANZ Bank to issue Standby Letter of Credit amounting to USD 5,000.

B.A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at \$50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at \$50.50 (in dollars) per share, and the GDRs issued amounted to USD115,000. Another 2,085,856 units, representing 20,858,634 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2013. As of December 31, 2013, 8,013,574 units were redeemed and 339,312 units were outstanding, representing 3,393,194 shares of the Company's common stock.

C.As of December 31, 2013, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Company's purchase of new ships and general working capital requirement amounted to \$43,752,178 and the unutilized credits was \$12,375,470.

#### D.Operating lease

The estimated amount of minimum lease payments in the following years under long-term contracts is set forth as follows:

	<u>December 31, 2013</u>	
Within 1 year	USD	60,151
1~5 years		<u>103,245</u>
	USD	<u>163,396</u>

E.As of December 31, 2013, the amount of guaranteed notes issued by the Company for loans borrowed was \$38,176,190.

F.To meet operational needs, the Company signed shipbuilding contracts with Samsung Heavy Industries Co., Ltd. As of December 31, 2013, the total price of shipbuilding contracts amounted to USD412,000, USD20,600 of which remained unpaid.

G.To meet operational needs, the Company signed shipbuilding contracts with Taiwan Shipbuilding Co., Ltd. As of December 31, 2013, the total price of shipbuilding contracts amounted to USD309,000, USD226,600 of which remained unpaid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A.As resolved by the Board of Directors on March 25, 2014, the Company purchased 4,500 containers (includes 2,500 special containers and 2,000 refrigerated containers) from China International Marine Containers (Group) Co., Ltd. to meet operational needs. The total price of the contract amounted to USD29,752.

B.The Company’s Board of Directors proposed the appropriation of earnings on March 25, 2014 and the related information is described in Note 6(19).

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A.Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Company’s financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, guarantee deposits received, held-to-maturity financial assets, short-term loans, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2013	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	\$ 3,561,023	\$ 3,575,525
Long-term loans (including current portion)	31,366,774	32,511,361
	<u>\$ 34,927,797</u>	<u>\$ 36,086,886</u>
	December 31, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	\$ 3,548,791	\$ 3,597,933
Long-term loans (including current portion)	28,058,421	29,127,039
	<u>\$ 31,607,212</u>	<u>\$ 32,724,972</u>

	January 1, 2012	
	Book value	Fair value
Financial liabilities:		
Bonds payable (including current portion)	\$ 2,955,661	\$ 2,955,661
Long-term loans (including current portion)	22,713,106	22,713,106
	<u>\$ 25,668,767</u>	<u>\$ 25,668,767</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by the Company's Finance Department under policies approved by the Board of Directors. The Company's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company's Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

###### Foreign exchange risk

- A. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- B. The Company's management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company use forward foreign exchange contracts, transacted with Company's Finance Department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.
- C. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries'

functional currency: USD, EUR and others). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2013			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 397,327	29.8430	\$ 11,857,430
RMB:NTD	61,920	4.9231	304,838
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 362,589	29.8430	\$ 10,820,743
RMB:NTD	17,948	4.9231	88,360
December 31, 2012			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 80,160	29.0480	\$ 2,328,488
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 230,644	29.0480	\$ 6,699,747
January 1, 2012			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 61,487	30.2765	\$ 1,861,611
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 141,752	30.2765	\$ 4,291,754

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

For the year ended December 31, 2013			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 118,574	\$ -
RMB:NTD	1%	3,048	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 108,207	\$ -
RMB:NTD	1%	884	-

For the year ended December 31, 2012			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 23,285	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 66,997	\$ -

#### Price risk

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

B. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the year ended December 31,

2012 would have increased/decreased by \$2, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2013 and 2012, would have increased/decreased by \$14,786 and \$13,678, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

#### Interest rate risk

A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2013 and 2012, the Company's borrowings at floating rate were denominated in the NTD and USD .

B. At December 31, 2013 and 2012, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have been \$222,247 and \$193,149 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### (b) Credit risk

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

B. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

C. For credit quality information of financial assets that are neither past due nor impaired, please refer to Note 6(5).

#### (c) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's Finance Department. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has

sufficient cash to meet operational needs.

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

Non-derivative financial liabilities:

December 31, 2013	Less than 3 months	Between 3 months and		Between 2 and 5 years	Over 5 years	Total
		1 year	and 2 years			
Accounts payable	\$ 1,813,809	\$ 1	\$ -	\$ -	\$ -	\$ 1,813,810
Accounts payable - related parties	245,559	-	-	-	-	245,559
Other payables	158,027	26,350	-	-	1	184,378
Bonds payable	-	573,121	38,400	3,076,800	-	3,688,321
Long-term loans (including current portion)	519,648	4,464,291	8,301,918	13,429,514	5,939,058	32,654,429
Guarantee deposits received	-	-	-	-	48	48

Non-derivative financial liabilities:

December 31, 2012	Less than 3 months	Between 3 months and		Between 2 and 5 years	Over 5 years	Total
		1 year	and 2 years			
Accounts payable	\$ 1,651,356	\$ 4,167	\$ 99	\$ -	\$ -	\$ 1,655,622
Accounts payable - related parties	79,108	-	-	-	-	79,108
Other payables	155,661	26,196	-	-	4,001	185,858
Other payables - related parties	831	-	-	-	-	831
Bonds payable	-	12,204	587,191	3,117,000	-	3,716,395
Long-term loans (including current portion)	671,782	4,086,209	6,365,446	14,690,057	3,442,658	29,256,152
Guarantee deposits received	-	-	-	-	48	48

Non-derivative financial liabilities:

January 1, 2012	Less than 3 months	Between 3 months and		Between 2 and 5 years	Over 5 years	Total
		1 year	and 2 years			
Short-term loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,153,787	-	277	-	-	2,154,064
Accounts payable - related parties	50,977	-	-	-	-	50,977
Other payables	140,275	-	-	4,000	-	144,275
Other payables - related parties	-	-	-	-	-	-
Bonds payable	-	2,960,824	-	-	-	2,960,824
Long-term loans (including current portion)	156,304	4,296,732	4,223,633	15,673,293	1,318,805	25,668,767
Guarantee deposits received	-	-	-	-	48	48

**(3) Fair value estimation**

A. The table below analyses financial instruments measured at fair value, by valuation method.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2013, December 31, 2012, and January 1, 2012:

December 31, 2013	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivatives	\$ -	\$ -	\$ 5,172	\$ 5,172
Available-for-sale financial assets				
Equity securities	<u>1,373,322</u>	<u>-</u>	<u>110,678</u>	<u>1,484,000</u>
	<u>\$ 1,373,322</u>	<u>\$ -</u>	<u>\$ 115,850</u>	<u>\$ 1,489,172</u>
December 31, 2012	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 243	\$ -	\$ -	\$ 243
Debt securities	-	-	76,648	76,648
Beneficiary certificates	1,403,823	-	-	1,403,823
Embedded derivatives	-	-	3,923	3,923
Available-for-sale financial assets				
Equity securities	<u>1,273,884</u>	<u>-</u>	<u>100,281</u>	<u>1,374,165</u>
	<u>\$ 2,677,950</u>	<u>\$ -</u>	<u>\$ 180,852</u>	<u>\$ 2,858,802</u>

January 1, 2012	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 10,003	\$ -	\$ -	\$ 10,003
Debt securities	-	-	62,959	62,959
Beneficiary certificates	2,220,851	-	-	2,220,851
Available-for-sale financial assets				
Equity securities	<u>1,234,044</u>	<u>-</u>	<u>96,203</u>	<u>1,330,247</u>
	<u>\$ 3,464,898</u>	<u>\$ -</u>	<u>\$ 159,162</u>	<u>\$ 3,624,060</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,163</u>	<u>\$ 5,163</u>

- B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.
- C. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.
- D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- E. Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
  - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

F. The following table presents the changes in level 3 instruments as at December 31, 2013, December 31, 2012 and January 1, 2012.

	<u>Equity securities</u>	<u>Debt securities</u>	<u>Derivative financial instruments</u>	<u>Total</u>
At January 1, 2013	\$ 100,281	\$ 76,648	\$ 3,923	\$ 180,852
Gains and losses recognized in profit or loss	-	23,352	1,249	24,601
Gains and losses recognized in other comprehensive income	10,397	-	-	10,397
Disposed in the period	-	( 100,000)	-	( 100,000)
At December 31, 2013	<u>\$ 110,678</u>	<u>\$ -</u>	<u>\$ 5,172</u>	<u>\$ 115,850</u>
			<u>Derivative financial instruments</u>	<u>Total</u>
At January 1, 2012	\$ 96,203	\$ 62,959	(\$ 5,163)	\$ 153,999
Gains and losses recognized in profit or loss	-	13,689	9,086	22,775
Gains and losses recognized in other comprehensive income	6,807	-	-	6,807
Disposed in the period	( 2,729)	-	-	( 2,729)
At December 31, 2012	<u>\$ 100,281</u>	<u>\$ 76,648</u>	<u>\$ 3,923</u>	<u>\$ 180,852</u>

## 13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

Unit : Thousands of New Taiwan Dolla

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 3)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)
													Item	Value		
1	Peony Investment S.A.	Kingtrans Intl Logistics (Tianjin) Co., Ltd.	Receivables from related parties	Yes	\$ 45,010	\$ 44,765	\$ 44,765	1.3499	2	\$ -	Working capital requirement	\$ -	-	\$ 7,996,673	\$ 19,991,684	
		Luanta Investment (NetherLands) N.V.	"	"	348,308	273,096	1.2640~ 2.2930	2	-	-	"	-	-	7,996,673	19,991,684	
		Clove Holding Ltd.	"	"	330,072	268,587	1.1655~ 1.2640	2	-	-	"	-	-	15,993,347	19,991,684	
2	Clove Holding Ltd.	Whitney Equipment LLC.	"	"	119,496	74,608	1.2459	2	-	-	"	-	-	980,286	1,225,358	
3	Evergreen Marine (UK) Ltd.	Kingtrans Intl Logistics (Tianjin) Co., Ltd.	"	"	45,010	44,765	1.3499	2	-	-	"	-	-	562,796	1,125,592	

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

(1) The Company is '0'.

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

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

Note 3: Fill in the year-to-date maximum outstanding balance of loans to others as of the reporting period.

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

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

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

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

1. According to the company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statement.

The calculation is as follows:

PEONY USD  $1,339,790 * 29.843 * 20\% = 7,996,673$

EMU USD  $94,293 * 29.843 * 20\% = 562,796$

The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the financial statement.

The calculation is as follows:

PEONY USD  $1,339,790 * 29.843 * 40\% = 15,993,347$

COLVE USD  $82,120 * 29.843 * 40\% = 980,286$

2. According to the company's credit policy, the total amount of loans granted by the company should not exceed 40% of the net worth stated in the latest financial statement.

The calculation is as follows:

EMU USD  $94,293 * 29.843 * 40\% = 1,125,592$

The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to the company should not exceed 50% of the net worth stated in the financial statement.

The calculation is as follows:

PEONY USD  $1,339,790 * 29.843 * 50\% = 19,991,684$

COLVE USD  $82,120 * 29.843 * 50\% = 1,225,358$

Note 8:

The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears,

even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies",

the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors,

and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

## B. Provision of endorsements and guarantees to others:

Unit : Thousands of New Taiwan Dollars

Number (Note 1)	Endorser/guarantor	Party being endorsed / guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2013 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements by guarantees to parent company to subsidiary (Note 7)	Provision of endorsements by guarantees to subsidiary to parent company (Note 7)	Provision of endorsements / guarantees to the party in Mainland China (Note 7)
		Company name	Relationship with the endorser/ guarantor (Note 2)										
0	Evergreen Marine Corporation	Greencompass Marine S.A.	3	\$ 114,484,097	\$ 37,173,167	\$ 32,167,655	\$ 19,892,510	\$ -	56.20	\$ 143,105,121	Y		
0	Evergreen Marine Corporation	Peony Investment S.A.	2	114,484,097	444,096	441,676	292,461	-	0.77	143,105,121	Y		
0	Evergreen Marine Corporation	Evergreen Marine (UK) Ltd.	3	114,484,097	50,359,045	43,669,386	33,364,975	-	76.29	143,105,121	Y		
0	Evergreen Marine Corporation	Taranto Container Terminal S.p.A.	6	28,621,024	607,632	-	-	-	0.00	143,105,121			
0	Evergreen Marine Corporation	Whitney Equipment LLC.	3	114,484,097	2,959,596	1,150,529	1,087,928	-	2.01	143,105,121	Y		
0	Evergreen Marine Corporation	Hemlock Equipment LLC.	3	114,484,097	1,730,398	686,770	674,727	-	1.20	143,105,121	Y		
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	28,621,024	655,352	655,352	189,269	-	1.14	143,105,121			
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	28,621,024	2,617,167	1,534,112	1,387,881	-	2.68	143,105,121			
1	Greencompass Marine S.A.	Taranto Container Terminal S.p.A.	1	139,087	121,879	121,879	121,879	-	0.49	62,502,192			

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

- (1) The Company is '0'
  - (2) The subsidiaries are numbered in order starting from '1'.
- Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to
- (1) Having business relationship.
  - (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
  - (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
  - (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
  - (5) Mutual guarantee of the trade as required by the construction contract.
  - (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

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

According to the company's credit policy, the total amount of endorsements or guarantees provided by the company should not exceed 250% of the networth stated in the latest financial statement.

The calculation is as follows:

The Company:  $57,242,048 * 250\% = 143,105,121$

Limit on endorsement or guarantees provided by the company for a single entity is \$28,621,024 (amounting to 50% of its net worth).

When the Company owns more than 50% voting shares of the endorsed/ guaranteed company, the limit on endorsement or guarantees provided by the Company should not exceed the 200% of the its net worth, which equals to \$114,484. According to the GMS's credit policy, the total amount of endorsements or guarantees provided by the GMS should not exceed 250% of the networth stated in the latest financial statement.

The calculation is as follows:

USD  $837,747 * 29,8430 * 250\% = 62,502,192$

The amount of endorsement or guarantees provided by the Company for a single entity should not exceed the transaction amounts for the latest fiscal year with the entity.

The calculation is as follows: USD  $4,660.61 * 29,8430 = 139,087$ .

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

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

Note 6: And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

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

Unit : Thousands of New Taiwan Dollars / Thousands of shares

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2013			Footnote (Note 4)	
				Number of shares	Book value (Note 3)	Ownership (%)		Fair value
Evergreen Marine Corporation	Stock:							
	Power World Fund Inc.		Available-for-sale financial assets - non-current	1,017	\$ 7,627	5.68	7,627	
	Taiwan HSR Consortium		"	126,735	689,438	1.95	689,438	
	Linden Technologies, Inc.		"	50	16,928	2.53	16,928	
	TopLogis, Inc.		"	2,464	14,844	17.48	14,844	
	Ever Accord Construction Corp.		"	8,470	71,280	17.50	71,280	
	Central Reinsurance Corp.		"	47,492	683,883	8.45	683,883	
	Financial bonds:							
	Bank of Taichung Unsecured Subordinated Financial Debentures			Held-to-maturity financial asset - non-current	-	220,000	-	220,000
	Ta Chong Commercial Bank 1st Unsecured Subordinate Financial Debentures-B Issue in 2009			"	-	100,000	-	100,000
	Sunny Bank 1st Subordinate Financial Debentures-B Issue in 2010			"	-	50,000	-	50,000

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2013				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Peony Investment S.A.	Dongbu Pusan Container Terminal Co. Ltd.		Available-for-sale financial assets - non-current	300	USD 32,030	15.00	USD 3,230	
	Hutchison Inland Container Depots Ltd.		"	0.75	USD 372	7.50	USD 372	
	Colombo - South Asia Gateway Terminal		"	18,942	USD 11,374	5.00	USD 11,374	
Evergreen Shipping Agency (Singapore) Pte Ltd.	RTW AIR SERVICES (S) PL		"	30	SGD 42	2.00	SGD 42	
Evergreen Shipping Agency (Thailand) Co., Ltd.	Green Siam Air Service Co.		"	4	THB 1,160	2.00	THB 1,160	
Evergreen Shipping Agency (Deutschland)	Zoll Pool Hafen hamburg AG		"	10	EUR 10	2.86	EUR 10	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 'Financial instruments - recognition and measurement.'

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding \$500 million or 20% of the Company's paid-in capital:

Unit : Thousands of New Taiwan Dollars / Thousands of shares

Investor	Marketable securities (Note1)	General ledger account	Counterparty (Note2)	Relationship with the investor (Note2)	Balance as at January 1, 2013		Addition (Notes3)		Disposal (Notes3)			Balance as at December 31, 2013	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares
Evergreen Marine Corporation	Beneficiary Certificates:												
	PCAWell Pool Money Market Fund	Financial Assets at fair value through profit or loss -current			16,104	\$ 211,843	60,456	\$ 800,000	76,560	\$ 1,014,456	\$ 1,011,843	\$ 2,613	-
	De-Bao Money Market Fund	"			11,178	130,293	18,845	220,000	30,023	351,290	350,293	997	-
	Taishin 1699 Money Market Fund	"			-	-	72,132	950,000	72,132	951,015	950,000	1,015	-
	Capital Money Market	"			-	-	101,872	1,600,000	101,872	1,601,521	1,600,000	1,521	-
	Yuanta Wan Tai Money Market Fund	"			26,075	381,878	49,428	730,000	75,503	1,115,589	1,111,878	3,711	-
	Mega Diamond Bond Fund	"			40,849	493,910	24,556	300,000	65,405	799,092	793,910	5,182	-

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

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

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

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of

paid-in capital shall be replaced by 10% of equity attributable to owners other parent in the calculation.

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

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

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

Unit : Thousands of New Taiwan Dollars

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp.	Investee accounted for under equity method	Purchases	\$ 379,957	2%	30~60 Days	\$ -	-	(\$ 7,862)	-	
	Evergreen International Corp.	Investee of the Company's major shareholder	Sales	1,670,744	9%	30~60 Days	-	-	75,821	5%	
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	365,890	2%	30~60 Days	-	-	( 44,662)	2%	
	Gaining Enterprise S.A.	Subsidiary of EITC accounted for using equity method	Purchases	736,944	4%	30~60 Days	-	-	( 24,507)	1%	
	Greencoast Marine S.A.	Indirect subsidiary of the Company	Sales	1,387,698	7%	30~60 Days	-	-	9,584	1%	
	Evergreen Marine (UK) Ltd.	Indirect subsidiary of the Company	Purchases	513,158	3%	30~60 Days	-	-	-	-	
	Italia Marittima S.p.A.	Investee of Balsam	Sales	835,962	4%	30~60 Days	-	-	9,519	1%	
	Evergreen Marine (Singapore) Pte Ltd.	Investee of the Company's major shareholder	Purchases	267,375	1%	30~60 Days	-	-	-	-	
	Evergreen Marine (Hong Kong) Pte Ltd.	Investee of the Company's major shareholder	Sales	816,104	4%	30~60 Days	-	-	37,151	2%	
	Evergreen Marine Corporation	The parent	Purchases	563,881	3%	30~60 Days	-	-	-	-	
Taiwan Terminal Services Co., Ltd.	Evergreen Marine (Singapore) Pte Ltd.	Investee of the Company's major shareholder	Sales	1,351,566	7%	30~60 Days	-	-	24,758	1%	
	Evergreen Marine (Hong Kong) Pte Ltd.	Investee of the Company's major shareholder	Purchases	165,494	1%	30~60 Days	-	-	( 1,866)	-	
	Evergreen Marine Corporation	Investee of the Company's major shareholder	Purchases	163,170	1%	30~60 Days	-	-	( 84,434)	4%	
	Evergreen Marine Corporation	The parent	Sales	736,944	99%	30~60 Days	-	-	24,507	36%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 20,637	25%	10 Days	\$ -	-	USD 465	20%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 21,277	26%	10 Days	-	-	USD 532	23%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 19,863	24%	10 Days	-	-	USD 443	19%	
	Seaside Transportation Service LLC.	Investee of the Parent Company's major shareholder	Sales	USD 16,884	21%	10 Days	-	-	USD 807	35%	
Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 45,605	2%	15~30 Days	-	-	(USD 4,449)	3%	
	Evergreen International S.A.	Major shareholder of the Parent Company's	Purchases	USD 18,670	1%	15~30 Days	-	-	(USD 3,770)	3%	
	Evergreen Marine (UK) Ltd.	Indirect subsidiary of the Parent Company	Sales	USD 26,657	1%	15~30 Days	-	-	USD 76	-	
			Purchases	USD 37,057	1%	15~30 Days	-	-	-	-	
			Sales	USD 49,962	2%	15~30 Days	-	-	-	-	
			Purchases	USD 41,846	2%	15~30 Days	-	-	(USD 792)	1%	
			Sales	USD 28,964	1%	15~30 Days	-	-	-	-	
			Purchases	USD 57,957	2%	15~30 Days	-	-	-	-	
			Sales	USD 17,287	1%	15~30 Days	-	-	-	-	
			Purchases	USD 46,747	2%	15~30 Days	-	-	(USD 321)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 21,277	1%	15~30 Days	-	-	(USD 532)	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 11,529	-	15~30 Days	-	-	-	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (UK) Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 37,057	3%	30-60 Days	\$ -	-	\$ -	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 26,657	2%	30-60 Days	-	-	(USD 76)	-	
			Purchases	USD 7,408	-	30-60 Days	-	-	-	-	-
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 43,751	3%	30-60 Days	-	-	-	-	
			Purchases	USD 25,185	2%	30-60 Days	-	-	-	-	-
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 19,863	1%	30-60 Days	-	-	(USD 443)	-	
			Sales	USD 9,007	1%	30-60 Days	-	-	USD 65	-	
	Evergreen Marine Corp.	The parent	Purchases	USD 28,161	2%	30-60 Days	-	-	(USD 319)	-	
			Sales	USD 14,369	1%	30-60 Days	-	-	-	-	-
	Italia Marittima S.p.A.	Investee of Balsam	Purchases	USD 50,338	3%	30-60 Days	-	-	-	-	-
Purchases			USD 6,625	-	30-60 Days	-	-	(USD 598)	-	-	
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency France S.A.S.	Indirect subsidiary of the Parent Company	Purchases	USD 3,546	-	30-60 Days	-	-	(USD 158)	-	
			Purchases	USD 5,902	-	30-60 Days	-	-	-	-	-
	Evergreen Shipping Agency (Netherlands) B.V.	Indirect subsidiary of the Parent Company	Sales	EUR 4,988	38%	0 Days	-	-	EUR 433	4%	
			Sales	EUR 3,715	28%	0 Days	-	-	EUR 325	3%	
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency (Russia) Ltd.	Indirect subsidiary of the Parent Company	Purchases	EUR 2,869	100%	0 Days	-	-	(EUR 208)	3%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Shipping Agency (Netherlands) B.V.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 4,444	36%	0 Days	\$ -	-	-	-	
Evergreen Shipping Agency France S.A.S.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 2,670	38%	0 Days	-	-	EUR 114	29%	
Evergreen Shipping Agency (Russia) Ltd.	Evergreen Shipping Agency (Deutschland) GmbH	Indirect subsidiary of the Parent Company	Sales	EUR 121,599	57%	0 Days	-	-	EUR 7,045	9%	

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

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

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners other parent in the calculation.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

Unit : Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship with the Counterparty	Balance as at December 31, 2013 (Note1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Corporation	Investee of the Company's major shareholder	\$ 133,318	-	\$ -	-	\$ 129,401	-
Peony Investment S.A	Luanta Investment (Netherlands) N.V.	Related Company of Peony Investment S.A	USD 9,197	-	-	-	-	-
	Clove Holding Ltd.	Subsidiary of the Company	USD 9,003	-	-	-	-	-

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

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties, etc.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners other parent in the calculation.

I. Derivative financial instruments undertaken during the year ended December 31, 2013: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the year ended December 31, 2013:

Unit : Thousands of New Taiwan Dollars

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Taiwan Terminal Service Co., Ltd.	1	Accounts payable	\$ 24,507	Note 3	0.01
		"	1	Operating revenue	3,009	"	-
		"	1	Operating cost	736,899	"	0.53
		"	1	Other receivables	2	"	-
	Greencompass Marine S.A.	"	1	Account receivables	9,584	"	0.01
	"	"	1	Other receivables	3	"	-
	"	"	1	Shipowner's accounts - credit	521,920	"	0.30
	"	"	1	Operating revenue	1,387,698	"	1.00
	"	"	1	Operating cost	513,158	"	0.37
	Evergreen Marine (UK) Limited	"	1	Accounts receivable	9,519	"	0.01
	"	"	1	Other receivables	1,011	"	-
	"	"	1	Shipowner's accounts - credit	83,691	"	0.05
	"	"	1	Operating revenue	835,962	"	0.60
	"	"	1	Operating cost	267,375	"	0.19
	Evergreen Shipping Agency (India) Pvt. Ltd.	"	1	Operating cost	6,102	"	-
	"	"	1	Agency accounts - debit	19,887	"	0.01
	"	"	1	Accounts payable	7,404	"	-
	Evergreen Shipping Agency (Thailand) Co., Ltd.	"	1	Operating cost	26,794	"	0.02



Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Evergreen Shipping Agency France S.A.S.	1	Accounts payable	\$ 2,854	Note 3	-
		"	1	Agency accounts - credit	6,233	"	-
		"	1	Operating cost	11,960	"	0.01
		Evergreen Shipping (Spain) S.L.	1	Operating cost	5,950	"	-
		"	1	Agency accounts - debit	185	"	-
		"	1	Accounts payable	528	"	-
		Evergreen Shipping Agency (Italy) S.p.A.	1	Agency accounts - debit	311	"	-
		"	1	Accounts payable	1,741	"	-
		"	1	Operating cost	5,816	"	-
		Evergreen Shipping Agency (Russia) Limited	1	Agency accounts - credit	181	"	-
		"	1	Other receivables	92	"	-
		Evergreen Shipping Agency (Vietnam) Corp.	1	Operating cost	21,846	"	0.02
		"	1	Agency accounts - credit	20,917	"	0.01
		Evergreen Shipping Agency (Australia) Pty. Ltd.	1	Agency accounts - debit	271	"	-
		"	1	Accounts payable	728	"	-
		"	1	Operating cost	52	"	-
		Evergreen Shipping Agency (UK) Limited	1	Operating cost	31,131	"	0.02
		"	1	Agency accounts - credit	1,855	"	-
		"	1	Accounts payable	1,241	"	-
		Evergreen Shipping Agency (Switzerland) S.A.	1	Agency accounts - debit	13	"	-
		"	1	Operating cost	856	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Evergreen Marine Corporation	Evergreen Shipping Agency (Australia) GmbH	1	Agency accounts - debit	1,706	Note 3	-
		"	1	Accounts payable	1,478	"	-
		"	1	Operating cost	2,674	"	-
		Evergreen Shipping Agency (South Africa) (PTY) Ltd.	1	Agency accounts - credit	400	"	-
		"	1	Accounts payable	82	"	-
		"	1	Operating cost	10	"	-
		PT. Multi Bina Pura International	1	Other receivables	2	"	-
		Kingtrans Intl Logistics (Tianjin) Co., Ltd	1	Other receivables	2	"	-
		Evergreen Marine (UK) Limited	3	Operating revenue	791,312	"	0.57
		"	3	Operating cost	1,100,035	"	0.79
		"	3	Accounts receivable	2,267	"	-
		"	3	Shipowner's accounts - debit	40,465	"	0.02
		"	3	Accounts payable	4,407	"	-
		Evergreen Shipping Agency (India) Pvt. Ltd.	3	Agency accounts - debit	9,136	"	0.01
1	Greencoast Marine S.A.	"	3	Operating cost	35,234	"	0.03
		"	3	Accounts payable	1,992	"	-
		Evergreen Shipping Agency (Thailand) Co., Ltd.	3	Agency accounts - debit	10,882	"	0.01
		"	3	Accounts payable	11,047	"	-
		"	3	Operating cost	73,612	"	0.05
		PT. Evergreen Shipping Agency Indonesia	3	Operating cost	61,030	"	0.04
		"	3	Accounts payable	4,145	"	-



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Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Greencoast Marine S.A.	Evergreen Shipping Agency (Italy) S.p.A.	3	Agency accounts - credit	\$ 10,265	Note 3	0.01
		"	3	Accounts payable	3,839	"	-
		"	3	Accounts receivable	2,004	"	-
		"	3	Operating cost	24,176	"	0.02
		Evergreen Shipping Agency (Vietnam) Corp.	3	Accounts payable	3,500	"	-
		"	3	Agency accounts - debit	864	"	-
		"	3	Operating cost	36,312	"	0.03
		Evergreen Shipping Agency (Australia) Pty. Ltd.	3	Agency accounts - debit	690	"	-
		"	3	Accounts payable	4,489	"	-
		"	3	Operating cost	26,174	"	0.02
		Evergreen Shipping Agency (South Africa) (PTY) Pty. Ltd.	3	Accounts payable	3,804	"	-
		"	3	Agency accounts - debit	15,383	"	0.01
		"	3	Operating cost	30,709	"	0.02
		Evergreen Shipping Agency (UK) Limited	3	Operating cost	36,614	"	0.03
		"	3	Agency accounts - debit	2,855	"	-
		"	3	Accounts payable	1,540	"	-
		Evergreen Shipping Agency (Austria) GmbH	3	Operating cost	3,529	"	-
		Evergreen Shipping Agency (Switzerland) S.A.	3	Operating cost	180	"	-
		"	3	Agency accounts - debit	55	"	-
		Everport Terminal Services Inc.	3	Operating cost	631,490	"	0.45
		"	3	Accounts payable	15,872	"	0.01

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Thailand) Co., Ltd. " " " " Evergreen Shipping Agency (India) Pvt. Ltd. " " PT. Evergreen Shipping Agency Indonesia " " Evergreen Shipping Agency (Singapore) Pte. Ltd. " " Evergreen Shipping Agency (Korea) Corporation " " Evergreen Shipping Agency (Deutschland) GmbH "	3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Accounts payable Agency accounts - debit Agency accounts - credit Operating cost Operating cost Agency accounts - debit Accounts payable Agency accounts - debit Accounts payable Operating cost Accounts payable Accounts receivable Operating cost Operating cost Accounts payable Accounts receivable Accounts payable Operating cost	\$ 4,142 14,394 12,329 38,585 29,636 11,181 2,151 2,122 2,139 30,176 2,085 2,315 19,840 19,365 1,744 2,997 19,223 196,662	Note 3 " " " " " " " " " " " " " " " " " " "	- 0.01 0.01 0.03 0.02 0.01 - - - - 0.02 - - - 0.01 0.01 - - 0.01 0.14

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Ireland) Ltd. " " " " " " Evergreen Shipping Agency (Netherlands) B.V. " " " " Evergreen Shipping Agency (Poland) SP.ZO.O " " Evergreen Shipping Agency France S.A.S. " " Evergreen Shipping Agency (Italy) S.p.A. " " " " Evergreen Shipping Agency (Russia) Limited "	3	Other receivables	\$ 140	Note 3	-
				Agency accounts - debit	807	"	-
				Accounts payable	1,654	"	-
				Operating revenue	2,829	"	-
				Operating cost	13,065	"	0.01
				Accounts payable	15,003	"	0.01
				Agency accounts - credit	39,141	"	0.02
				Accounts receivable	5,981	"	-
				Operating cost	175,211	"	0.13
				Accounts payable	1,135	"	-
				Accounts receivable	714	"	-
				Operating cost	12,398	"	0.01
				Operating cost	105,272	"	0.08
				Accounts payable	11,934	"	0.01
				Agency accounts - debit	2,598	"	-
				Accounts payable	6,236	"	-
				Operating cost	58,087	"	0.04
				Operating cost	21,848	"	0.02
				Accounts payable	2,316	"	-
				Agency accounts - debit	1,619	"	-
Agency accounts - credit	15,553	"	0.01				
Accounts payable	10	"	-				
Operating cost	94	"	-				

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Vietnam) Corp. " " Evergreen Shipping Agency (Australia) Pty. Ltd. " " Evergreen Shipping Agency (South Africa) (PTY) " " Evergreen Shipping Agency (UK) Limited " " Kingtrans Intl. Logistics (Tianjin) Co., Ltd Evergreen Shipping Agency (Switzerland) S.A. " " Evergreen Shipping Agency (Austria) GmbH " " Everport Terminal Services Inc. " " Clove Holding Ltd. Kingtrans Intl. Logistics (Tianjin) Co., Ltd	3	Accounts payable	\$ 3,310	Note 3	-	
				Accounts receivable	1,674	"	-	
				Operating cost	34,805	"	0.03	
				Operating cost	520	"	-	
				Accounts payable	38	"	-	
				Accounts receivable	11	"	-	
				Agency accounts - credit	29	"	-	
				Accounts payable	79	"	-	
				Operating cost	908	"	-	
				Operating cost	95,247	"	0.07	
				Other receivables	1,515	"	-	
				Accounts payable	2,968	"	-	
				Other receivables	44,765	"	0.03	
				Operating cost	19,550	"	0.01	
				Agency accounts - debit	978	"	-	
Accounts payable	178	"	-					
3	Peony Investment S.A.	Evergreen Shipping Agency (Austria) GmbH " " Everport Terminal Services Inc. " " Clove Holding Ltd. Kingtrans Intl. Logistics (Tianjin) Co., Ltd	3	Operating cost	11,694	"	0.01	
				Agency accounts - debit	1,826	"	-	
				Accounts payable	1,893	"	-	
				Operating cost	589,468	"	0.42	
				Accounts payable	13,235	"	0.01	
				Other receivables	268,662	"	0.15	
				Other receivables	45,156	"	0.03	

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
4	PT. Multi Bina Pura International	PT. Multi Bina Transport " " "	3 3 3 3	Accounts receivable Accounts payable Operating revenue Operating cost	\$ 443 62 4,939 1,561	Note 3 " " " "	- - - -
5	Clove Holding Ltd.	PT. Evergreen Shipping Agency Indonesia Whitney Equipment LLC.	3 3	Accounts receivable Other receivables	852 74,608	" "	- 0.04
6	Evergreen Shipping Agency (Russia) Limited	Evergreen Shipping Agency (Deutschland) GmbH "	3	Operating revenue	113,130	"	0.08
7	Island Equipment LLC.	" Whitney Equipment LLC.	3 3	Accounts receivable Accounts payable	6,406 25,681	" "	- 0.01
8	PT. Multi Bina Transport	PT. Evergreen Shipping Agency Indonesia	3	Other payable Accounts receivable	2 763	" "	- -

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

## (2) Disclosure information on investees

Unit : Thousands of shares/Thousands of New Taiwan Dollars

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Investment activities	\$ 14,220,190	\$ 14,220,190	4,765	100.00	\$ 3,265,365	\$ 3,248,664	Subsidiary of the Company	
	Taiwan Terminal Services Co., Ltd.	No.6 Qijin 1st Rd. Qijin District, Kaohsiung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	19,485	10,717	"	
	Everport Terminal Services Inc.	1209 Orange Street in the city of Wilmington, Country of New Castle, State of Delaware, USA	Terminal services	2,984	2,984	1	100.00	54,384	54,384	"	
	Chang Yang Development Co., Ltd.	2F, No.369, Jinggao Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental, and sale of residential and commercial	320,000	320,000	52,738	40.00	160,227	64,091	Investee accounted for using the equity method	
	Evergreen International Storage and Transport Corporation	No.899, Jinggao Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	580,653	233,592	"	
	Evergreen Security Corporation	4&5F, No.111, Sungjiang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	6,336	31.25	44,201	13,813	"	
	EVA Airways Corporation	11F, No.376, Section 1, Hsinan Rd., Lu Chu Township, Taoyuan County, Taiwan	International passenger and cargo transportation	10,767,879	10,767,879	629,483	19.32	747,450	144,374	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Taipei Port Container Terminal Corporation	No.25 Sijaihuwei, Syunfang Village, Bali District, New Taipei City, Taiwan	Container distribution and cargo stevedoring	\$ 1,094,073	\$ 883,731	109,378	21.03	\$ 1,000,040	(\$ 27,609)	Investee accounted for using the equity method	
	Evergreen Marine (Latin America), S.A.	EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO.	Management consultancy	3,134	3,134	105	17.50	3,369	195	"	
Peony Investment S.A.	Glove Holding Ltd.	Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, B.V.I.	Investment holding company	1,568,228	1,568,228	10	100.00	2,450,716	169,460	Indirect subsidiary of the Company	
	Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Building Amsinckstrasse 55 20097 Hamburg, Germany	Shipping agency	248,174	248,174	-	100.00	246,251	9,289	"	
	Evergreen Shipping Agency (Ireland) Ltd.	22 Fitzwilliam Place, Dublin 2, Ireland	Shipping agency	2,835	2,835	0.1	100.00	7,927	814	"	
	Evergreen Shipping Agency (Korea) Corporation	12FL, ROYAL BUILDING 5 ANGIJUDONG, JONGNO-GO, SEOUL, REPUBLIC OF KOREA	Shipping agency	72,399	72,399	121	100.00	84,035	28,695	"	
	Evergreen Shipping Agency (Netherlands) B.V.	PortCity II - Havennummer 2235 Waalhaven ZZ 19 3089 JH Rotterdam, The Netherlands	Shipping agency	118,686	118,686	0.047	100.00	188,717	10,561	"	
	Evergreen Shipping Agency (Poland) SP. Z O O	ul. Chmielna 132/134, 00-805 Warszawa, Poland	Shipping agency	19,756	19,756	2	100.00	19,701	647	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote	
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value				
Peony Investment S.A.	Greencoast Marine S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Marine transportation	\$ 10,549,501	\$ 10,549,501	3,535	100.00	\$ 25,000,877	\$ 1,451,867	\$ 1,451,867	Indirect subsidiary of the Company	
	Vigor Enterprise S.A.	East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama	Investment holding company	14,922	14,922	5	100.00	14,140	( 710)	( 710)	"	
	Evergreen Shipping Agency (India) Pvt. Ltd.	Marathon Nexigon Innova" A" G01, Opp. Peninsula Corporate Park, Off G.K. Marg. Lower Parel (W), MUMBAI 400 013, INDIA	Shipping agency	35,118	35,118	100	99.99	98,080	63,014	63,013	"	
	Evergreen Argentina S.A.	Pje. Carabelas 344, (C1009AAD), Buenos Aires, Argentina	Leasing	4,178	4,178	150	95.00	3,730	( 14,180)	( 13,471)	"	
	Evergreen Shipping Agency France S.A.S.	Tour Franklin-La Defense 8, 92042 PARIS LA DEFENSE CEDEX-FRANCE.	Shipping agency	27,068	27,068	5	100.00	61,927	7,389	7,389	"	
	PT. Multi Bina Pura International	JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	233,997	233,997	17	95.03	297,803	81,058	77,029	"	
	PT. Multi Bina Transport	JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Container repair, cleaning and inland transportation	24,003	24,003	2	17.39	11,782	11,176	1,944	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Lot 139, Jalan Ceeair, Phase 2, Free Trade Zone, Johor Port Authority, 81700 Pasir Gudang, Johor, Malaysia.	Container manufacturing	\$ 814,560	\$ 814,560	42,120	84.44	\$ 1,412,403	\$ 76,073	Indirect subsidiary of the Company	
	Armand Investment (Netherlands) N.V.	Van Engelenweg 23, Curaçao	Investment holding company	343,568	274,631	4	70.00	( 324,884 )	( 10,683 )	"	
	Evergreen Shipping (Spain) S.L.	CALLE SIETE AGUAS, 11 - ENTLO. 46023 VALENCIA, SPAIN	Shipping agency	115,492	115,492	3	55.00	97,347	47,977	"	
	Evergreen Shipping Agency (Italy) S.p.A.	Scali Cerere 9 - 57122 Livorno, Italy	Shipping agency	70,191	70,191	0.55	55.00	62,327	1,761	"	
	Evergreen Marine (UK) Ltd.	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	501,441	44,843	765	51.00	1,435,236	( 965,835 )	"	
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Level 13, 181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	7,374	7,374	0.675	67.50	27,822	25,996	"	
	Evergreen Shipping Agency (Russia) Ltd.	Evergreen Office, 11 Millionnaya Street, ST. Petersburg, 191186 RUSSIA	Shipping agency	25,307	25,307	-	51.00	62,319	60,916	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Shipping Agency (Singapore) Pte. Ltd.	200 Cantonment Road #12-02 Southpoint, Singapore 089763	Shipping agency	\$ 64,371	\$ 64,371	765	51.00	\$ 178,157	\$ 29,787	Indirect subsidiary of the Company	
	Evergreen Shipping Agency (Thailand) Co., Ltd.	365681, 24-25th Floor, Green Tower, Rama 4 Road, Klongton, Klongtoey, Bangkok 10110	Shipping agency	43,989	43,989	408	51.00	64,074	47,252	"	
	Evergreen Shipping Agency (Vietnam) Corp.	11F, Fideco Tower 81-85 Ham Nghi St., Dist. 1, Ho Chi Minh City, Vietnam	Shipping agency	13,549	13,549	-	51.00	40,111	32,236	"	
	PT. Evergreen Shipping Agency Indonesia	GD. MEGA PLAZA 9th Floor. J. H.R. Rasuna said kav. C-03 Jakarta 12920, Indonesia	Shipping agency	29,037	29,037	0.459	51.00	78,071	57,292	"	
	Evergreen Agency (South Africa) (PTY) Ltd.	9B Riley Road Bedfordview, Johannesburg 2007, South Africa	Shipping agency	17,332	17,332	5,500	55.00	137,936	55,916	"	
	Luanta Investment (Netherlands) N.V.	Van Engelenweg 21A, Curacao	Investment holding company	1,280,513	1,185,582	460	50.00	2,464,516	( 362,518)	Investee company of Peony accounted for using the equity method	
	Balsam Investment (Netherlands) N.V.	Van Engelenweg 23, Curacao	Investment holding company	6,906,312	5,466,979	0.451	49.00	1,663,148	( 1,678,165)	"	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Green Peninsula Agencies SDN. BHD.	NO 7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.	Investment holding company	\$ 216,511	\$ 216,511	1,500	30.00	\$ 195,979	\$ 56,887	Investee company of Peony accounted for using the equity method	
	Evergreen Shipping Agency Co. (U.A.E.) LLC.	SF, Shipping Tower, Al-Mina Road, P O BOX 34984, Dubai, U.A.E	Shipping agency	62,133	62,133	-	49.00	86,270	53,236	"	
	Greenpen Properties Sdn. Bhd.	NO 7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.	Renting estate and storehouse company	2,705,621	-	300	30.00	33,901	2,341	"	
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Claude Debusssylaan 18, 1082 MD Amsterdam	Investment holding company	505,419	406,937	0.045	100.00	464,308	(14,621)	Indirect subsidiary of the Company	
Armand Estate B.V.	Taipei Port Container Terminal Corporation	No.25 Sijajhuwei, Syuniang Village, Bali District, New Taipei City, Taiwan	Container distribution and cargo stevedoring	506,019	378,350	50,602	9.73	461,882	(12,787)	Investee company of Armand Estate B.V. accounted for using the equity method	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Clove Holding Ltd.	Colon Container Terminal S.A.	COCO SOLO NORTH ADM BUILDING PANAMA	Inland container storage and loading	682,211	682,211	22,860	40.00	2,515,716	159,682	Investee company of Clove Holding Ltd. accounted for using the equity method	
	Island Equipment LLC.	655 Deep Valley Drive, Suite 305, Rolling Hills Estates, CA	Investment holding company	4,297	4,297	-	36.00	117,885	13,230	Indirect subsidiary of the Company	
Island Equipment LLC.	Whitney Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	\$ 5,969	\$ 5,969	-	100.00	\$ 99,457	\$ 26,283	"	
	Hemlock Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	5,969	5,969	-	100.00	242,323	25,738	"	
Evergreen Marine (UK) Ltd.	Island Equipment LLC.	655 Deep Valley Drive, Suite 300, Rolling Hills Estates, CA	Investment holding company	1,791	1,791	-	15.00	49,119	5,512	"	
	Evergreen Shipping Agency (UK) Limited	160 Euston Road, London NW 12 DX, U.K.	Shipping agency	0.06	0.06	-	100.00	94,097	9,728	"	
PT. Multi Bina Pura International	Evergreen Marine (Latin America), S.A.	EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO, PANAMA.	Management consultancy	2,954	2,954	99	16.50	3,177	221	Investee company of Evergreen Marine (UK) Ltd. accounted for using the equity method	
	PT. Multi Bina Transport	JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia	Container repair, cleaning and inland transportation	\$ 98,524	\$ 98,524	8	72.95	\$ 49,426	\$ 8,153	Indirect subsidiary of the Company	

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3))	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Evergreen Shipping Agency GmbH (Deutschland)	Evergreen Shipping Agency (Austria) GmbH	Theresianungasse 7, 1040 Wien, Austria	Shipping agency	748	748	-	100.00	21,282	991	991	Indirect subsidiary of the Company
Evergreen Shipping Agency GmbH	Evergreen Shipping Agency (Switzerland) S.A.	Gerbergasse 14, 4001 Basel, Switzerland (P.O. box : 1325, 4001 Basel)	Shipping agency	2,834	2,834	0.1	100.00	8,055	879	879	"

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2013' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for year period ended December 31, 2013' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Company for the year period ended December 31, 2013' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

## (3) Information on investments in Mainland China

A. Basic information:

Unit : Thousands of New Taiwan Dollars

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, 2013	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2013		Net profit (loss) of the investee for the year ended December 31, 2013	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2)	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013
					Remitted to Mainland China	Remitted back to Taiwan					
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	CNY 24,119	(2)	\$ 30,365 USD 1,018	\$ -	\$ 30,365 USD 1,018	\$ 23,957 USD 807	40.00	\$ 9,583 USD 323	\$ 82,099 USD 2,751	\$ -
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	CNY 92,500	(2)	132,710 USD 4,447	-	132,710 USD 4,447	138,184 USD 4,655	40.00	55,274 USD 1,862	257,219 USD 8,619	-
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	CNY 77,929	(2)	119,372 USD 4,000	-	119,372 USD 4,000	33,869 USD 1,141	40.00	13,548 USD 456	188,237 USD 6,308	-
Name of the company	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA								
Evergreen Marine Corp.	\$282,447 (USD 9,465)	\$1,077,103 (USD 36,092)									

Net worth of the company \$57,242,048

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

- (1) Investing directly in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others (ex. entrusted investment).

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2013' 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:

- 1. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
- 2. The financial statements that are audited and attested by R.O.C. parent company's CPA.
- 3. Others.

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

2. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None

#### 14. SEGMENT INFORMATION

None.

#### 15. INITIAL APPLICATION OF IFRSs

These parent company only financial statements are the first parent company only financial statements prepared by the Company in accordance with the IFRSs. The Company has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP parent company only financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Company, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Company's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

##### (1) Exemptions elected by the Company

###### A. Business combinations

The Company has elected not to apply the requirements in IFRS 3, "Business Combinations", retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date"). This exemption also applies to the Company's previous acquisitions of investments in associates and joint ventures.

###### B. Employee benefits

The Company has elected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, "Employee Benefits", based on their prospective amounts for financial periods from the transition date.

###### C. Cumulative translation difference

The Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates".

###### D. Deemed cost

(a) For property, plant and equipment that were revalued under R.O.C. GAAP before the transition date, the Company has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the "deemed cost" of these assets under IFRSs.

(b) For investment properties that were accounted for under "Property, plant and equipment" which were revalued under R.O.C. GAAP before the transition date, the Company has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the "deemed cost" of these assets under IFRSs.

**E.Designation of previously recognized financial instruments**

The Company has designate certain “financial assets carried at cost” as “available-for-sale financial assets” at the transition date.

**F.Borrowing costs**

The Company has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, “Borrowing Costs”, amended in 2007 and apply IAS 23 from the transition date.

- (2) Except for accounting estimates, derecognition of financial assets and financial liabilities, hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Company, other exceptions to the retrospective application are set out below:

**A.Accounting estimates**

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

**B.Derecognition of financial assets and financial liabilities**

The derecognition requirements in IAS 39, “Financial Instruments: Recognition and Measurement” shall be applied prospectively to transactions occurring on or after January 1, 2004.

**C.Non-controlling interest**

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

- (a)Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;
- (b)Requirements that partial disposal of an investment in a subsidiary while control is retained should be accounted for as an equity transaction with the parent; and
- (c)Requirements concerning the parent’s loss of control over a subsidiary.

- (3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Company’s initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

## A.Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
<u>Current assets</u>				
Cash and cash equivalents	\$ 5,670,482	\$ -	\$ 5,670,482	
Financial assets at fair value through profit or loss				
- current	2,230,854	-	2,230,854	
Held-to-maturity financial assets - current	800,000	-	800,000	
Notes receivable, net	1,328	-	1,328	
Accounts receivable, net	686,844	-	686,844	
Accounts receivable, net- related parties	139,751	-	139,751	
Other receivables	438,830	( 6,289)	432,541	(12)
Other receivables- related parties	77,729	-	77,729	
Current income tax assets	-	6,289	6,289	(12)
Inventories	342,769	-	342,769	
Prepayments	162,270	-	162,270	
Deferred income tax assets -current	254,120	( 254,120)	-	(1)
Restricted assets	121,791	( 121,791)	-	(10)
Other current assets	2,267,675	121,791	2,389,466	(10)
Financial assets at fair value through profit or loss - non-current	62,959	-	62,959	
Available-for-sale financial assets - non-current	602,904	727,343	1,330,247	(4)
Held-to-maturity financial assets - non-current	370,000	-	370,000	
Financial assets measured at cost - non-current	1,344,119	( 1,344,119)	-	(4)
Investments accounted for using equity method	61,344,983	( 1,046,926)	60,298,057	(6)

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Property, plant and equipment	15,007,157	( 6,796,101)	8,211,056	(5)(9) (11)
Investment property, net	-	2,022,584	2,022,584	(5)
Intangible assets	-	1,236	1,236	(11)
Deferred income tax assets	-	529,159	529,159	(1)(2) (3)(8)
Deferred pension costs	14,465	( 14,465)	-	(2)
Deferred expense	145,886	( 145,886)	-	(11)
Other non-current assets	46,349	4,918,166	4,964,515	(9)
Total assets	<u>\$ 92,133,265</u>	<u>(\$ 1,403,129)</u>	<u>\$ 90,730,136</u>	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Financial liabilities at fair value through profit or loss - current	\$ 5,163	\$ -	\$ 5,163	
Accounts payable	2,154,064	-	2,154,064	
Accounts payable-related parties	50,977	-	50,977	
Other payables	111,124	33,151	144,275	(3)
Current income tax liabilities	29,698	-	29,698	
Other current liabilities	4,801,161	-	4,801,161	
Long-term loans	21,209,534	-	21,209,534	
Deferred income tax liabilities	1,273,685	69,952	1,343,637	(1)(2) (3)
Other non-current liabilities	1,332,033	249,482	1,581,515	(2)
Total Liabilities	<u>30,967,439</u>	<u>352,585</u>	<u>31,320,024</u>	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Common shares	34,734,581	-	34,734,581	
Capital surplus	7,480,392	( 218,012)	7,262,380	(7)
Legal reserve	9,102,785	-	9,102,785	
Special reserve	4,579,324	-	4,579,324	
Unappropriated retained earnings	8,862,023	( 4,787,992)	4,074,031	(2)(3) (6)(7) (8)
Other equity	( 3,593,279)	3,250,290	( 342,989)	(2)(4) (6)
Total equity	<u>61,165,826</u>	<u>( 1,755,714)</u>	<u>59,410,112</u>	

## B.Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Cash and cash equivalents	\$ 12,669,230	\$ -	\$ 12,669,230	
Financial assets at fair value through profit or loss - current	1,407,989	-	1,407,989	
Notes receivable, net	6,666	-	6,666	
Accounts receivable, net	807,394	-	807,394	
Accounts receivable, net-related parties	134,339	-	134,339	
Other receivables	144,823	( 12,347)	132,476	(12)
Other receivables- related parties	80,845	( 15,456)	65,389	(2)
Current income tax assets	-	12,347	12,347	(12)
Inventories	465,730	-	465,730	
Prepayments	157,599	-	157,599	
Deferred income tax assets -current	269,483	( 269,483)	-	(1)
Restricted assets	125,888	( 125,888)	-	(10)
Other current assets	953,575	125,888	1,079,463	(10)

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Financial assets at fair value through profit or loss - non-current	76,648	-	76,648	
Available-for-sale financial assets - non-current	640,209	733,956	1,374,165	(4)
Held-to-maturity financial assets - non-current	370,000	-	370,000	
Financial assets measured at cost - non-current	1,341,391	( 1,341,391)	-	(4)
Investments accounted for using equity method	58,533,170	( 971,108)	57,562,062	(6)
Property, plant and equipment	17,566,708	( 7,879,955)	9,686,753	(5)(9) (11)
Investment property, net	-	2,003,432	2,003,432	(5)
Intangible assets	-	3,571	3,571	(11)
Deferred pension costs	12,858	( 12,858)	-	(2)
Deferred income tax assets	-	564,323	564,323	(1)(2) (3)(8)
Deferred expense	133,354	( 133,354)	-	(11)
Other non-current assets	40,208	6,006,305	6,046,513	(9)(11)
Total assets	<u>\$ 95,938,107</u>	<u>(\$ 1,312,018)</u>	<u>\$ 94,626,089</u>	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Accounts payable	\$ 1,655,622	\$ -	\$ 1,655,622	
Accounts payable-related parties	79,108	-	79,108	
Other payables	157,754	28,104	185,858	(3)
Other payables-related parties	831	-	831	
Other current liabilities	5,180,804	-	5,180,804	
Corporate bonds payable	3,548,791	-	3,548,791	
Long-term loans	23,683,803	-	23,683,803	
Deferred income tax liabilities	1,229,628	92,396	1,322,024	(1)(2) (3)
Other non-current liabilities	<u>1,304,800</u>	<u>172,244</u>	<u>1,477,044</u>	(2)
<b>Total Liabilities</b>	<u>36,841,141</u>	<u>292,744</u>	<u>37,133,885</u>	
Common shares	34,749,407	-	34,749,407	
Capital surplus	7,489,891	( 218,012)	7,271,879	(7)
Legal reserve	9,102,785	-	9,102,785	
Special reserve	3,593,280	-	3,593,280	
Unappropriated retained earnings	9,976,595	( 4,854,666)	5,121,929	(2)(3) (6)(7) (8)
Other equity	( 5,814,992)	3,467,916	( 2,347,076)	(2)(4) (6)
<b>Total equity</b>	<u>59,096,966</u>	<u>( 1,604,762)</u>	<u>57,492,204</u>	

## C.Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	\$ 16,220,232	\$ -	\$ 16,220,232	
Operating costs	( 15,076,970)	22,538	( 15,054,432)	(2)(3)
General & administrative expenses	( 1,476,096)	55,774	( 1,420,322)	(2)(3)
Operating loss	( 332,834)	78,312	( 254,522)	
Non-operating revenue and expenses	373,300	98,297	471,597	(6)
Profit before income tax	40,466	176,609	217,075	
Income tax benefits	88,065	7,404	95,469	(2)(6)
Income for the year	<u>128,531</u>	<u>184,013</u>	<u>312,544</u>	

## Other comprehensive income

Exchange differences on translating the financial statements of foreign operations	( 1,716,505)	(13)
Unrealised gain on valuation of available-for-sale financial assets	48,169	(13)
Actuarial gain on defined benefit plans	59,096	(13)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	( 635,488)	(13)
Income tax relating to the components of other comprehensive income	( 10,047)	(13)
Total comprehensive loss for the year	<u>(\$ 1,942,231)</u>	

Reasons for reconciliation are outlined below:

- (1) In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. A deferred tax asset is offset against a deferred tax liability in the same taxable entity. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. Thus, the Company reclassified deferred income tax assets-current to deferred income tax assets at the transition date. Further deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, “Income Taxes”. Thus, the Company reclassified deferred income tax assets and liabilities at the transition date.
- (2) On the date of transition, the reasons for reconciliations are as follows:
  - (a) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.
  - (b) In accordance with the Company’s accounting policies, unrecognised transitional net benefit obligation should be amortised on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Company as the first-time adopter of IFRSs, so the Company has no unrecognised transitional liabilities.
  - (c) In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.
  - (d) The Company selects to recognise all the accumulated actuarial pension gain or loss related to the plan of employee benefits in undistributed earnings at the transition date.
  - (e) In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Company is recognised in net pension cost of current period using the “corridor” method. However, in accordance with IAS 19, “Employee Benefits”, the Company selects to recognise immediately actuarial pension gain or loss in other comprehensive income and recognise in undistributed earnings.

- (3) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Company recognized such cost as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that cost of accumulated unused compensated absences should be accrued as expense at the balance sheet date after considering the effect of income tax.
- (4) In accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers” before amendment on July 7, 2011, unlisted stocks and emerging stocks held by the Company were measured at cost and recognized as “Financial assets measured at cost–non-current”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value. Therefore, the Company designated such financial assets measured at cost as “Available-for-sale financial assets–non-current” at the transition date in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers” amendment on December 22, 2011.
- (5) In accordance with R.O.C. GAAP, the Company’s property that is leased to others is presented in “Property, Plant and Equipment” account. In accordance with IAS 40, “Investment Property”, property that meets the definition of investment property is classified and accounted for as “Investment property”. The Company thus reclassified “Property, Plant and Equipment, Net” to “Investment Property” on transition date.
- (6) As the investee has to adopted the IFRSs, the Company recognized such effect of IFRS adjusted to the investment accounted for using equity method in proportion to its share ownership in the investee.
- (7) The Company has elected not to apply the requirements in IFRS 3 “Business Combinations”, retrospectively to investments in associates that occurred prior to the date of transition to IFRSs, and has adjusted to “Undistributed Earnings” on the date of transition to IFRSs for the “Capital Surplus-long-term investments” under ROC GAAP that did not meet the regulations of IFRSs.
- (8) In accordance with R.O.C. GAAP, exchange differences arising from translation of the financial statements of overseas investee companies accounted for using equity method are recorded as “Cumulative Translation Adjustments” under stockholders’ equity. In accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, the Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign entities to “Undistributed Earnings” at the opening IFRS balance sheet date, and to deal with translation differences arising subsequent to the opening IFRS balance sheet date in accordance with IAS 21, “The Effects of Changes in

Foreign Exchange Rates”.

- (9) Prepayment for acquisition of property, plant and equipment is presented in “Property, plant and equipment” in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers”. However, such prepayment should be presented in “Other non-current assets” based on its nature under IFRSs.
- (10) In accordance with R.O.C. GAAP, restricted cash and cash equivalents are presented in “Restricted assets”. However, under IFRSs, as the Company’s restricted assets did not meet the definitions of cash equivalents, they were reclassified to “Other financial assets” on the date of transition to IFRSs. (Classified as other non – current assets).
- (11) In accordance with R.O.C. GAAP, deferred expenses are accounted for under “other assets”. However, under the IFRSs, deferred expenses shall be classified appropriately based on their nature. Thus, the Company reclassified deferred expenses to “Property, plant and equipment”, “Computer software” and “Other non-current assets”, respectively, on the date of transition to IFRSs.
- (12) In accordance with R.O.C. GAAP, income tax refundable are classified as “Other receivables”. However, under the IFRSs, current income tax shall be classified appropriately based on their nature. Thus, the Company reclassified current income tax refundable to “Current income tax assets”, on the date of transition to IFRSs.
- (13) R.O.C GAAP does not provide any guidance regarding other comprehensive income, and the ending balance of other comprehensive accounts are presented, net of tax, as equity components in the balance sheets. However, under IAS 1 “Presentation of Financial Statements”, an entity shall disclose the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of comprehensive income or in the notes.

D. Major adjustments for the consolidated statement of cash flows in 2013:

- (a) The transition from R.O.C. GAAP to IFRSs has no effect on the Company’s cash flows reported.
- (b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Company’s cash flows reported.



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