

# 2019 ANNUAL REPORT



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

# CONTENTS

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<b>CHAPTER 1. Letter to Shareholders</b>	1. 2019 Business Report	3
	2. 2020 Business Plan	8
	3. External Competitive Environment, Regulatory Environment and Overall Operating Environment	10
	4. Future Strategy	11
<hr/>		
<b>CHAPTER 2. Company Profile</b>	1. Registration Date of the Company	13
	2. A Chronology of Evergreen Marine Corporation (Taiwan) Ltd.	13
<hr/>		
<b>CHAPTER 3. Corporate Governance Report</b>	1. Organization	18
	2. Directors and Management Team	21
	3. Implementation of Corporate Governance	51
	4. Information Regarding the Company's Audit Fee and Independence	116
	5. Replacement of CPA	116
	6. Audit Independence	116
	7. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders	117
	8. Relationship Among the Top Ten Shareholders	121
	9. Ownership of Shares in Affiliated Enterprise	123
<hr/>		
<b>CHAPTER 4. Capital Overview</b>	1. Capital and Shares	124
	2. Bonds	132
	3. Preferred Stock	133
	4. Global Depository Receipts	134
	5. Employee Stock Options	134
	6. Status of New Shares Issuance in Connection with Mergers and Acquisitions	134
	7. Financing Plans and Implementation	134

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<b>CHAPTER 5. Business Development Outline</b>	1. Business Highlights	135
	2. Market and Industry Analysis	142
	3. Human Resources	149
	4. Expenses for environmental protection	149
	5. Labor Relations	152
	6. Important Agreement	159
<hr/>		
<b>CHAPTER 6. Financial Information</b>	1. Five-Year Financial Summary	167
	2. Five-Year Financial Analysis	171
	3. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2019 and as of the date of this Annual Report	175
	4. Audit committee's Review Report	176
	5. Consolidated Financial Statements and Report of Independent Accountants	177
	6. Parent Company Only Financial Statements and Report of Independent Accountants	300
<hr/>		
<b>CHAPTER 7. Review of Financial Conditions, Financial Performance, and Risk Management</b>	1. Comparison of Financial Positions in the Last Two Years	421
	2. Comparison of Financial Performance in the Last Two Years	422
	3. Analysis of Cash Flow	423
	4. Effects of Major Capital Expenditure on Finance and Business Operations	423
	5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year	425
	6. Analysis of Risk Management	425
	7. Other Important Issues	435
<hr/>		
<b>CHAPTER 8. Special Disclosure</b>	1. Summary of Affiliated Companies	436
	2. Securities Issuance through Private Placement	452
	3. Holdings and Sale of Shares by Subsidiaries	452
	4. Other Necessary Supplementary Information	452
	5. Any events in 2019 and as of the date of this annual report had significant impacts on shareholders' right or security prices as stated in item 3 paragraph 2 of Article 36	452

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Securities  
Exchange**  
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# Chapter 1. Letter to Shareholders

Dear Shareholders,

The world economy was facing challenges in 2019. Sino-US trade war, international trade protectionism, Brexit, geopolitical tensions and other factors have increased downward pressure on the world economy, and global trade has also fallen into a weakening state. In the World Economic Outlook, WEO, published by the International Monetary Fund (IMF) in April 2020, the global economic growth for 2019 is 2.9%, which is the lowest growth rate since the global financial crisis.

The 2019 global growth in the world's major economies was sluggish as trade barriers and trade and geopolitical-related uncertainties continued to rise. In the US, market uncertainty has had a negative effect on trade-related manufacturing and investment; uncertainty over Brexit has continued to weaken the UK economy, and the growth rate in Eurozone has been revised downwards. The long-lasting Sino-US trade war has also weakened the growth momentum of the Chinese economy and has seriously affected the economic growth of Asian countries.

Despite the news of phase one Sino-US trade war deal was announced at the end of 2019, the uncertainties caused by escalating trade disputes and geopolitical tensions have seriously affected the global business confidence, trade investment, and the normal functioning of the industrial supply chain in 2019, thus impacting the global shipping industry.

Looking forward to the future, the global shipping industry will still face a volatile operating environment, but we never forget our founding mission to be pragmatic and actively deal with the volatility of the operating environment; whether it is fleet upgrading, route optimization, terminal



efficiency, information security maintenance, and high-quality customer service, we all continue to be at our best and develop opportunities in the face of challenges.

## **1 2019 Business Report**

### **1. Container shipping market overview**

#### **(1) Cargo volume growth**

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According to the World Economic Outlook, WEO, published in April 2020 by the International Monetary Fund (IMF), global economy growth is estimated to be about 2.9% in 2019 which is less than 3.6% in 2018, due to the impact of rising trade barriers around the world. The growth of the major economic regions was weak as compared with that in 2018, such as 2.3% in the United States (2.9% in 2018), 1.2% in the Euro area (1.9% in 2018), and 6.1% in mainland China (6.7% in 2018). The global demand for container shipping has also been greatly affected.

According to the statistical analysis report of Alphaliner in April 2020, the global container traffic is estimated to grow by 2.5% in 2019, well below the 5.2% in 2018. Among the major regions, the volume growth rate was 1.3% in North America (5.6% in 2018), 1.6% in Northern Europe (4.0% in 2018), 3.2% in the Greater China (4.5% in 2018), and 3.9% in Southeast Asia (7.5% in 2018).

#### **(2) Capacity Supply**

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According to Alphaliner, published in January 2020, the total global container fleet growth of 4.0% in 2019 (about 23.23 million TEU) was higher than that in 2018 by 0.89 million TEU.

New deliveries totaled 148 units at 1.06 million TEU in 2019. The new ship orders of 18 thousand TEU and above stand at 37 units, 10 thousand ~18 thousand TEU at 78 units, there are 115 large ships in total with a size of 10 thousand TEU and above, and the total capacity is at 1.91 million TEU, accounting for 80.2% of the order-yet-undelivered global total capacity. The trend in the market for the new shipbuilding is toward Ultra Large Container Vessels (ULCV).

Idle capacity stood at 1.41 million TEU, 253 vessels, accounting for 6.1% of the global total. This is compared with 205 vessels at the end of 2018, 628 thousand TEU, accounting for 2.8% of the global total at the time.

There were more than 115 ships of 18 thousand TEU in 2019, accounting for 10.0% of the global total, 294 ships of 12.5 thousand ~18 thousand TEU, accounting for 18.0% of the global total, 164 ships of 10 thousand ~12.5 thousand TEU, accounting for 7.6% of the global total, and 10 thousand TEU and above totaling at 573 ships, accounting for 35.5% of the global total.

#### **(3) Freight Market Status**

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In 2019, the global economy was hit by rising tariff barriers, and the uncertainty caused by geopolitical tensions, which severely damaged the normal functioning of global supply chain. Alphaliner's statistic shows that the global cargo volume growth was only 2.5% in 2019, well below the 5.2% in 2018, while the market capacity supply growth was 4.0% in 2019. The market capacity supply was greater than the market volume growth.

Due to overcapacity, market freight rate remains at a lower level, and shipping industry profits was heavily affected. Fortunately, carriers are committed to reduce costs and oil prices are stable, which have caused shipping industry profits to improve. According to Alphaliner, the average profit rate of the industry in Q1 was 1.3% (-3.1% in 2018), Q2 was 1.7% (-3.8% in 2018), and Q3 was 3.6% (0.6% in 2018), and Q4 was 2.2% (1.2% in 2018).

## 2. Company Operational Strategy

In response to the rapid changes in the operating environment, the company timely adjusted its operating strategy to strengthen the company's core competitiveness. The operating strategy is summarized as follows:

- (1) Continue to strengthen OCEAN Alliance cooperation and develop new routes for niche market
- (2) Enhance the competitiveness of each route by building advanced ships
- (3) Installing scrubbers on ships in response to the provisions of international fuel regulations
- (4) Continue to control all cost items and optimize the ship development in every trade lane
- (5) Actively develop e-commerce to enrich the customer service experience

## 3. Results vs. Projections

In 2019, the estimated total consolidated operating income was TWD201.48 billion and the actual consolidated operating income was TWD190.59 billion, with an achievement rate of 94.60%.

## 4. Annual Accounts & Profitability Analysis

### A. Annual Accounts

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In 2019, actual consolidated operating income totaled TWD190.59 billion, an increase of TWD21.35 billion compared to the TWD169.24 billion in 2018. In 2019, actual consolidated operating costs were TWD176.07 billion, which represents an increase by TWD14.30 billion compared to the TWD161.77 billion in 2018.

### B. Profitability Analysis

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- ROA: 1.61 %
- ROE: -0.31 %
- Net Profit Margin: -0.12 %
- EPS: TWD 0.02 per share

## 5. Research & Development

### (1) Green Fleet

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Evergreen commits to pollution prevention, energy conservation, and greenhouse gas reduction, and to protect our planet in accordance with international environmental protection conventions and environmental protection regulations. We have strict standards and operational procedures for all environmental protection and pollution prevention and control of ships sailing at sea, and we will use the latest technology as soon as it is available so as to minimize the impact of container shipping operations both on marine life, on port communities, and on humanity worldwide.





Providing quality services to deliver goods safely and on time to the port of destination and take into account environmental protection, energy conservation, and reducing greenhouse gas emissions and air pollution have always been the principles and endeavor of Evergreen. The Shipbuilding Dept. is responsible for the design of new ships. New ship designs incorporate the latest international laws and conventions. The Evergreen philosophy of green ships means advanced marine technology is used to optimize each ship type in order to maximize returns and satisfy energy conservation targets.

In order to reduce fuel consumption of ships and greenhouse gas emission, Evergreen has built and has long-term chartered twenty units of 12,000 TEU F-type vessels. Evergreen conducted a series of discussion with the shipyard on ship design optimization after contract signing. Different designs were also put through hydrodynamic modeling and model basin testing to decide upon the hull with the minimum fuel consumption. These new ships are expected to be delivered between 2020 and 2021. With the delivery of these newbuildings, Evergreen will redeliver older tonnage upon expiry of their charter agreements, in order to optimize fleet structure, improve operational competitiveness and effectively reduce the environmental impact of the fleet.

The “Environmental Guardians” page on our website has been constantly maintained so as to proactively share our management of emissions and treatment of ballast and sludge. There are details for the latest environmental protection designs of each type vessels and other green instruments for the easy reference for our customers.

## **(2) Maritime Training**

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Evergreen upholds the spirit and vision of sustainable development and firm commitment to professional maritime training. The Evergreen Seafarer Training Center is fully equipped with training equipment and rigorous and well-planned training courses to continuously improve professional knowledge and skills of the crews so as to prevent maritime accidents and environmental pollution.

- In 2019, the Evergreen Seafarer Training Center organized a total of 186 professional training courses in 29 categories, training up to 1,455 trainees.
- In August 2019, Nippon Kaiji Kyokai (ClassNK) carried out an annual inspection of the Evergreen Seafarer Training Center ISO 9001:2015 quality management system and Maritime Training Center.
- To expand the cultivation of maritime professionals, Evergreen has been stepping up the cooperation with National Taiwan Ocean University and National Kaohsiung University of Science and Technology. Starting from the post-bachelor program of maritime transportation and engineering for cultivating respective professional knowledge and skill, Evergreen also supports lecturers in the industry. In addition, Evergreen offers opportunity to non-maritime undergraduates to engage in maritime work through a series of comprehensive training courses. Other than that, Evergreen has also been subsidizing full tuition and miscellaneous fees and part of the accommodation fees to qualified students, who will be awarded with an internship onboard the Evergreen fleet. Vacancies will be offered to cadets with excellent performance.

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

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In the competitive business environment, real-time cargo tracking and monitoring and instant control of payment flow both play important roles in maintaining the competitiveness of the enterprise. After launching two new Intelligent Services: "i-B/L (Bill of Lading)" and "i-Dispatch", which help cargo owners to simplify trade processes and improve operational efficiency, Evergreen's E-commerce platform has partnered with some of the world's best banks to integrate business operations with digital financial services. This provides

customers with financial solutions and create a comprehensive digital financial experience for enterprises, in order to expand the international market.

Evergreen's E-commerce platform also cooperates with several banks in Taiwan to introduce convenient trade financing services for small and medium-sized enterprises in order to speed up loan process. Evergreen Shipping members can enjoy the instant and convenient digital accounts and trade financing services on the ShipmentLink digital portal, with the direct link to the websites of several banks in Taiwan.

#### **(4) Quality Recognition**

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Evergreen has been constantly improving the quality of service, in addition to continuing to win the trust and affirmation from customers, but also sustained affirmation and certification from international media and organizations:

- Taiwan International Ports Corporation, Ltd. – 2018 The Best Terminal Operator of the Year
- Port of Vancouver - 2018 Blue Circle Award
- Agriculture Transportation Coalition - 2019 AGTC Annual Ocean Carrier Award
- New Jersey Smart Workplaces - Platinum Award 2018
- Home Depot - 2018 Canadian Ocean Carrier of the Year
- Santa Barbara Region Vessel Reduction Incentive Program - Protecting Blue Whales and Blue Skies Program
- Dollarama - The Ocean Carrier of the Year Award for 2018
- The Port Authority of New York & New Jersey - Green Ship Award 2018
- Best Buy – The Ocean Carrier of the Year Award for 2018

## **2 2020 Business Plan**

According to the Alphaliner forecast in the latest report released in April, global capacity will increase by 2.9%, while demand for growth will decrease by 7.3% in 2020. In the context of uncertainties over Sino-US trade war, international trade protectionism, Brexit, geopolitical tensions and COVID-19 incident, the global container transport market still faces considerable challenges.

### **1. Business Strategy**

#### **(1) Continuously strengthen the alliance collaboration**

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The OCEAN Alliance was kicked off officially in April 2017, which comprises the French CMA CGM, China Ocean (COSCO), Hong Kong Orient Overseas (OOCL), and Evergreen. In 2019, it had 39 service routes, 330 vessels, and a total operating capacity of nearly 3.88 million TEU. In 2020, it is planned to continue its cooperation to provide 39 service routes, 333 vessels, and a total operating capacity of nearly 3.91 million TEU to better serve customers' needs.

#### **(2) Accelerated Fleet upgrade Plan**

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Proactively upgrading green ship features to fulfill policy and efficiency by ordering ships ranging from 1,800 TEU, 2,500 TEU, 2,800 TEU, 12,000 TEU, and 23,000 TEU, deploying most competitive vessels into the relevant routes, fully taking advantage of the Alliance network, and adjusting capacity timely to reduce the cost of transshipment. At the same time, the introduction of big data software to analyze the ship's data for the latest weather navigation information to save fuel costs and improve the safety of navigation.



## 2. Industry Outlook

### (1) Capacity Supply

According to Alphaliner, the global fleet will be 23.90 million TEU in 2020, an increase of 2.9% over 2019. It is expected that 168 new ships at 963 thousand TEU will be added in 2020.

### (2) The Growth of Cargo Volume

According to Alphaliner, the global cargo volume growth will be about -7.3% in 2020, which is the lowest growth in recent years. (2.7% in 2016, 6.7% in 2017, 5.2% in 2018, 2.5% in 2019)

## 3 External competitive environment, regulatory environment and overall operating environment

### 1. External competitive environment

With effect from January 1, 2020, low-sulfur fuel are required to be used in the world's oceans except vessels equipped with scrubbers. At the beginning of the year, the price of low-sulfur fuel in the fuel market rose sharply due to limited supply. In early March, OPEC and Russia broke down in production-limiting talks, causing fuel prices to shift drastically in fuel markets around the world. Since fuel cost is one of the most important cost items for shipping companies, the drastic changes in the fuel market make it more challenging to control the company's related costs.

### 2. Regulatory Impact

a. The MEPC of the IMO decided that after January 1, 2020, in addition to the other areas of the world except the Emission Control Area (using 0.1% m/m sulfur content) the maximum sulfur content of marine fuel shall not exceed 0.5% m/m.

b. IMO fuel data collection and EU CO<sub>2</sub> monitoring

The annual emissions of CO<sub>2</sub> from maritime transport account for about 2.8% of global greenhouse gas emissions. The IMO proposes to incorporate increasing marine emissions into greenhouse gas emission reduction policies. The MEPC approved the Global Ship Fuel Consumption Data Collection at its 69th session and revised the MARPOL Convention Annex VI, which is the global ship fuel consumption data



collection. The information collected since 2019 will be reported to the flag state after the end of each year. After verifying the data, the flag state will issue a Declaration of Conformity to the vessel and submit the data to the IMO Ship Fuel Consumption Database. The IMO will use this data to develop a roadmap for CO<sub>2</sub> emission reduction.

The IMO implements new energy efficiency design index (EEDI) requirements at the 72nd meeting of MEPC to reduce carbon emissions. The CO<sub>2</sub> emission rate of ships targeting international routes in 2030 is set to be at least 40% lower than the 2008 figure and is expected to be reduced to 70% by 2050. The total greenhouse gas emissions in 2050 should be reduced by 50% compared to the 2008 value.

### 3. Macro Business Environment

This year, in addition to the global economy continues to be affected by the Sino-US trade war, international trade protectionism, Brexit, geopolitical tensions and other uncertainties, the global outbreak of COVID-19 has severely affected global trade and the normal functioning of supply chain, while dramatic changes in global financial markets have weakened business confidence. As a result, the statistical analysis report of Alphaliner in April 2020 reduced the global volume growth rate to -7.3%, lower than the market's estimated growth rate of 2.9%, with market rates still under downward pressure.

### 4 Future strategy

Looking forward to the future, the United States and China have signed the first phase of the trade deal, and Brexit has successfully achieved its initial goals, but the world economy has been affected by the COVID-19, and financial markets and real economy markets continue to be volatile. Although the outbreak will affect global economic growth, there is a consensus among the leaders of the world's economies that necessary and precautionary measures have been taken. We believe that as the outbreak is gradually brought under control, the world economy will gradually regain its growth momentum. The latest information also shows that mainland China is now working well in work resumption, and the financial markets everywhere are also stabilizing. On the other hand, under the new IMO low-sulfur fuel regulation, carriers will also accelerate the phase-out of old vessels, and market capacity will be further integrated. We will continue to upgrade the fleet, make good use of the advantages of the Alliance, reduce operating costs, provide customers with quality services, and actively create profits to achieve the goals.





## Chapter 2. Company Profile

### 1 Registration Date of the Company: September 25, 1968

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

#### 1968-1976

- Established with capital of TWD2 million.
- Evergreen Shipping Agency (Japan) Corporation founded.
- Evergreen Shipping Agency (America) Corporation founded.

#### 1977-1986

- Evergreen Marine (UK) Limited founded.
- Launching of unprecedented round-the-world eastbound services and westbound regular full container services and construction of twenty-four G-type container vessels.
- Evergreen Shipping Agency (Deutschland) GmbH founded.

#### 1987-1996

- Listed on the Taiwan Stock Exchange with capital of TWD10 billion. (Stock Code: 2603)
- Launching of the Far East/US West Coast refrigerated container service.
- Evergreen Marine (Hong Kong) Ltd. founded.
- Issuance of Global Depository Receipts of a total value of USD115 million on the London Stock Exchange.

#### 1997-2001

- Evergreen Shipping Agency Philippines Corporation founded.
- Colon Container Terminal S.A. in Panama becomes fully operational as a common user facility.
- Evergreen Shipping Agency (Poland) SP.Z.O.O. founded.
- Evergreen Container Terminal No. 5, Berths 79, 80 and 81 in Kaohsiung Port becomes fully operational and Taiwan's Customs authorities approved the implementation of an "overall self-management" system to improve and upgrade Evergreen's services to shippers.
- Evergreen Shipping Agency (France) S.A.S. founded.
- Evergreen Shipping Agency (Korea) Corporation founded.
- Evergreen Marine Corp. (Malaysia) Sdn. Bhd. founded.
- Evergreen Shipping Agency (Netherlands) B.V. founded.
- Evergreen Shipping Agency (Thailand) Co., Ltd. founded.
- Evergreen Marine (Singapore) Pte. Ltd. founded.
- Taranto Container Terminal in the south of Italy, with Evergreen Group as one of the investors, opened for business with a comprehensive feeder network serving other Italian ports, the western and eastern Mediterranean, the Adriatic Sea and the Black Sea.
- The Evergreen Seafarer Training Center is awarded ISO-9001:2000 for quality systems, marine simulator equipment, and training centers by DNV. The training center, an Evergreen Group investment opened in 1999, aims to boost the professional skills of the Group crew, reduce the risk of accidents and environmental pollution at sea and conform to international regulations.

- Chang Yang Development Co., Ltd. is established as a joint venture with Tesco Taiwan for investment and construction of the Tesco Chingkuo Store in Taoyuan City.

## 2002-2006

- Evergreen Shipping Agency (Australia) Pty. Ltd. founded.
- Certified for “Safety, Quality & Environmental Management” by the American Bureau of Shipping.
- PT. Evergreen Shipping Agency Indonesia founded.
- The Evergreen Seafarer Training Center is awarded an Occupational Training Institution certificate by the Council of Labor Affairs of the Executive Yuan.
- Investment in Taipei Port Container Terminal Corp.
- Evergreen Shipping Agency (Vietnam) Corporation founded.
- Evergreen Group orders ten S-type container vessels from Mitsubishi Heavy Industries Ltd.
- Evergreen Shipping Agency (India) Private Ltd. founded.
- Inauguration of a new state-of-the-art Pierce County Terminal at the Port of Tacoma, invested by Evergreen Group.
- Evergreen Shipping Agency (Italy) S.P.A. founded.

## 2007-2011

- Evergreen Shipping Spain, S.L. founded.
- Evergreen Shipping Agency (Switzerland) AG founded.
- Evergreen Shipping South Africa founded.
- Evergreen Group orders twenty L-type container vessels from Samsung Heavy Industries.

## 2012-2016

- Launching of “ShipmentLink Mobile,” an e-commerce app for mobile devices.
- Honored with the AEO certificate by Customs Administration.
- Launching of West Coast of Central America (WCA) service with X-Press.
- The Evergreen Seafarer Training Center passes Class NK Certification.
- Launching of South China–Philippines–East Malaysia (CPM) service.
- Launching of China–Pacific South West (CPS2) service.
- Launching of China–Australia–Taiwan (CAT) service.
- Launching of New Ho Chi Minh Service (NHS).
- Evergreen Line signs agreements with Costamare and Shoeni Kisen Kaisha for the lease of five 14,000 TEU container ships each.
- Evergreen teams up with COSCO, “K” Line, Yang Ming and Hanjin to establish the CKYHE Alliance.
- Ever Living, Evergreen’s first L-type container ship built by CSBC Corporation is selected as “Ship of the Year” by Taiwan Society of Naval Architects and Marine Engineers.
- Evergreen Group signs time charter agreements with Shoeni Kisen Kaisha in January to charter eleven 20,000 TEU container ships, including six units chartered by Evergreen Marine Corp. (EMC) and its subsidiary.
- Evergreen Line launches a new Taiwan–Shekou–Malacca Strait (TSS) service in March and introduces a dedicated Taiwan–Hong Kong (THK) service. GHG emissions generated by land transport are reduced through a “Blue Highway” for containers in Northern, Central, and Southern Taiwan.
- Evergreen Line launches its new China–Surabaya Express (CSX) service and Vietnam–Singapore–Malaysia (VSM) service in May.
- Evergreen Group signs an agreement with CSBC Corporation in July to build ten 2800 TEU B-type container vessels.

- Evergreen Group signs an agreement with Japanese shipbuilder Imabari in September for another ten 2800 TEU B-type container vessels.
- Evergreen Group's Colon Container Terminal, S.A. (CCT) completes construction of its Berth No. 4 in December. The facility can accommodate large container vessels of up to 14,000 TEU.
- Evergreen Line signs a Memorandum of Understanding with CMA CGM, COSCO Container Lines and OOCL to form the OCEAN Alliance, which will provide a comprehensive service network covering Asia–Europe, Asia–Mediterranean, Asia–Red Sea, Asia–Middle East, Trans–Pacific, Asia–North America East Coast, and Trans–Atlantic trade routes. Subject to regulatory approval of the competent authority, the new Alliance plans to begin operations in April 2017.
- In order to train more marine professionals, Evergreen Marine Corporation concludes a cooperation agreement with National Kaohsiung Marine University, offering marine technology classes for students who have not studied in this realm before.
- Evergreen Line named “Best Shipping Line – Trans-Pacific” by Asia Cargo News at the 2016 Asian Freight, Logistics and Supply Chain Awards (AFLAS).
- Evergreen's 8000 TEU container vessel passes through the expanded Panama Canal in July. In light of the business opportunities offered by the expansion of the Canal, Evergreen has upgraded the size of ships utilized for Far East–US East Coast services.
- In a move designed to significantly enhance China-Indian Subcontinent trade, Evergreen Line teams up with Wan Hai, COSCO, “K” Line and PIL to offer two joint services.
- In response to the reorganization of Hanjin (a CKYHE Alliance member), Evergreen Line has added new functions to its on-line e-commerce system, offering customers real-time cargo status updates, and providing detailed service plans within its own networks as an effective substitute to cover the services impacted by Hanjin.
- Evergreen Line works with COSCO in operating a joint Adriatic–Israel service, providing direct and rapid service to customers.
- Evergreen teams up with Yang Ming, OOCL, MOL & “K” Line to offer a new joint North East Asia–Australia Express.
- Evergreen Line and OCEAN Alliance partners sign a document entitled “The Day One Product” that sets out the proposed OCEAN Alliance's network, including port rotation for each service loop.

## 2017

- For an unprecedented third consecutive year, Evergreen Line receives the E-Commerce Excellence Award from LOG-NET, a leading information systems integrator of ocean carriers and customers, striving to create efficient information system and reliable service chain, Evergreen continues to pursue growth and success for our valued customers.
- For the cultivation of maritime talents and sustainable development of the local shipping industry, Evergreen teams up with National Taiwan Ocean University to provide a special seafarer training program. The 18-month program is designed to offer professional engineering classes to those who have a bachelor's degree and passion for ship maintenance but lack a background in mechanical engineering departments of maritime colleges.
- Ranks among the top five percent of TWSE-listed companies for corporate governance excellence for the third consecutive year.
- Rolls out online price inquiry and booking platform with Alibaba.com to offer guaranteed and more convenient sea freight services by relying on the Evergreen Professional Logistics and Supply Chain Management.
- Evergreen Line is named “Best Shipping Line – Asia-Africa” by Asia Cargo News at the 2017 Asian Freight, Logistics and Supply Chain Awards (AFLAS).
- OCEAN Alliance officially commences operations, with service networks covering Asia–Europe/Mediterranean, Trans-Pacific, Asia–North America East Coast, Trans-Atlantic trades and Far East–Middle East trades.

- Evergreen Shipping Agency (Deutschland) Gmbh renamed to Evergreen Shipping Agency (Europe) Gmbh, and merger of Evergreen shipping agencies in the Netherlands, Belgium, France, Poland, Switzerland and Austria as branch offices.
- Evergreen and its subsidiary, Peony Investment S.A. acquired 80% shares of Evergreen Marine (Hong Kong) Ltd.

## 2018

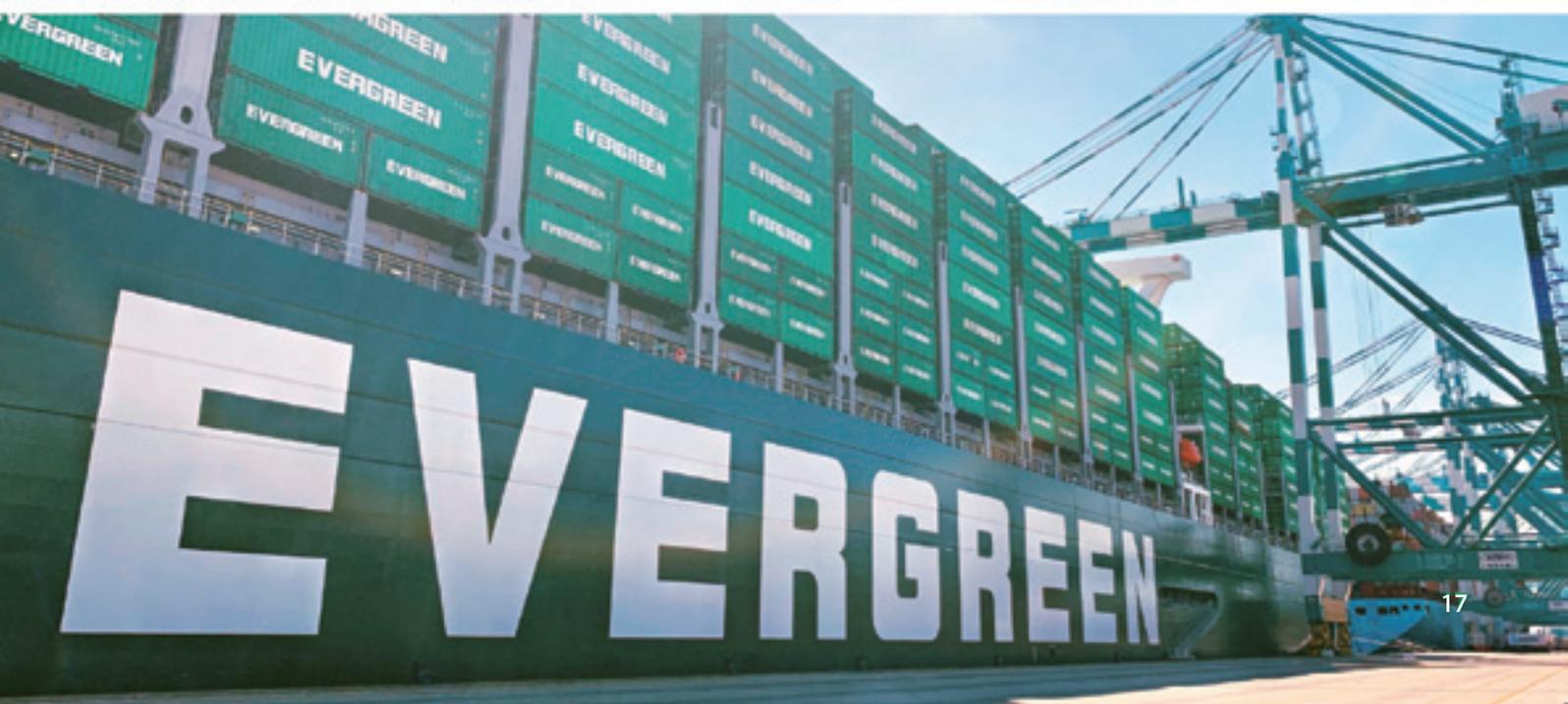
- Evergreen Line signs an agreement with Samsung Heavy Industries and Shoeni Kisen Kaisha to order eight and charter twelve 12,000 TEU container vessels, total twenty units.
- Introducing paperless Bill of Lading and dispatch documentation via ShipmentLink digital portal, Evergreen partners with Bolero International to provide advanced e-commerce solution.
- Evergreen Shipping Services (Cambodia) Company Limited founded.
- Evergreen Line receives the E-Commerce Excellence Award from LOG-NET for the fourth time. Striving to create efficient information system and reliable service chain, Evergreen continues to work for the growth and success of our valued customers.
- Evergreen teams up with National Taiwan Ocean University again to provide a special seafarer training program.
- Acquire and merge Hatsu Marine (Hong Kong) Ltd.
- Evergreen Shipping Agency (Peru) S.A.C. founded.
- Evergreen Shipping Agency (Chile) SPA founded.
- Evergreen Shipping Agency Mexico S.A.DE C.V. founded.
- Orders four 2,500 TEU, charters ten 2,500 TEU and twenty-four 1,800 TEU container vessels.

## 2019

- Evergreen Shipping Agency (Colombia) S.A.S. founded.
- Announces the optimization and improvement of “The Day Three Product” network and extends OCEAN Alliance agreement to ten years until 2027, providing unmatched service offering to customers.
- Ever Boomy, Evergreen’s B-type container ship built by CSBC Corporation is the first domestic ship to have an open loop SOx scrubber system installed, which is selected as “Ship of the Year” by Taiwan Society of Naval Architects and Marine Engineers.
- Evergreen teams up with National Taiwan Ocean University again to provide a special seafarer training program.
- Evergreen Shipping Agency (Greece) Societe Anonyme founded.
- Evergreen Shipping Agency (Israel) Ltd. founded.
- Evergreen Shipping Agency Lanka (Private) Limited founded.
- Evergreen orders ten 23,000 TEU container vessels from Samsung Heavy Industries, Hudong-Zhonghua Shipbuilding and Jiangnan Shipyard.
- Evergreen orders four 1,800 TEU container vessels from Hyundai Mipo Dockyard.

## 2020

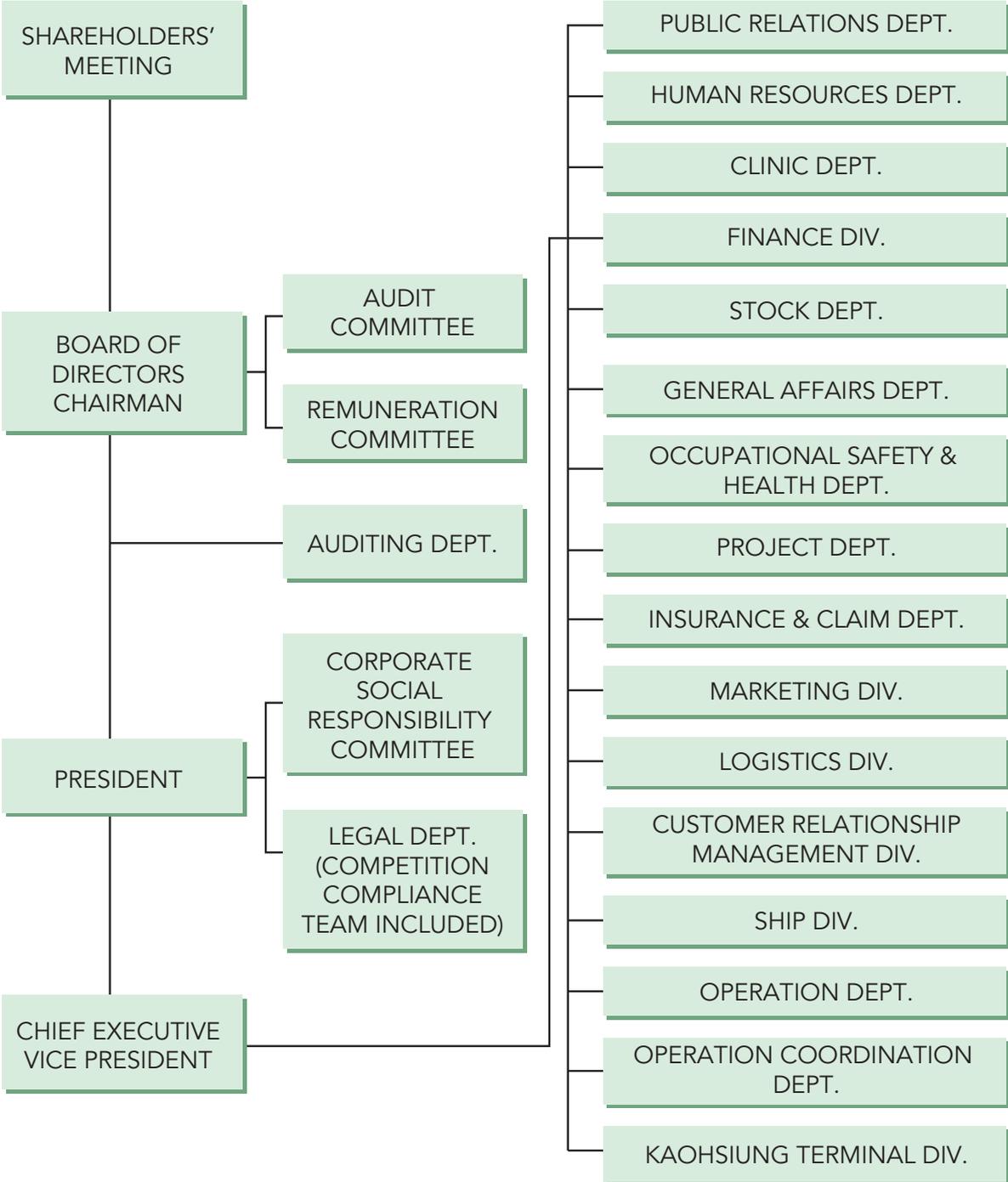
- Evergreen launches GreenX, providing frictionless customer experience with instant quotes, secured space booking and online payment services on one single digital platform.



# Chapter 3. Corporate Governance Report

## 1 Organization

### 1. Organizational Chart



## 2. Major Corporate Functions

- (1) According to the company's articles of association, there are seven to nine directors (including three independent directors) who are elected by the Shareholders' Meeting according to law, and whose term of office is three years. The directors organize the Board of Directors and are responsible for the resolution of the Company's business. The matter is attended by more than two-thirds of the directors and more than half of the directors' consent. One person is elected as the chairman and another is the vice chairman. The chairman of the Board represents the Company in all aspects of business. In order to improve corporate governance and strengthen the functions of the Board of Directors, the Board of Directors has an "Audit Committee" consisting of all independent directors. The number of the directors shall not be less than three, one of whom shall be the convener and at least one shall have accounting or financial expertise. In addition, according to the "Remuneration Committee Charter" of the Company, the Remuneration Committee is under the Board of Directors. The members of the Committee shall not be less than three and all members shall be appointed by the Board of Directors, and one of them is the convener.
- (2) The Company has set up a general manager, and the appointment and dismissal are approved by more than half of the Board of Directors. The general manager must have a number of deputy general managers and other managers.
- (3) Chief Executive Vice President: Assists the top management with monitoring and achieving goals for businesses and operations.
- (4) Corporate Social Responsibility Committee: The President, serving as the Chairperson of the Committee, is responsible for the formulation of CSR policies. Promote the implementation of CSR, and supervise all departments to achieve the long-term and short-term goals set by the Company.
- (5) Auditing Dept.: Internal audit, inspection and review of the internal control system to enhance effectiveness in operation.
- (6) Legal Dept. (Competition Compliance Team included): Corporate legal affairs including consultation, contracts and litigation. Establish the Company's regulatory compliances, provide training and ensure compliance with competition regulations.
- (7) Public Relations Dept.: Promote and protect the Company's image and its products. Create and disseminate press releases.
- (8) Human Resources Dept.: Human resources management, talent recruitment and retention, employees' training and organizational development.
- (9) Clinic Dept.: Regular physical exams, health services and health management including the provision of suitable health advice and fitness of work for both sea and land crew.

- (10) Finance Div.: Corporate finance and accounting, agency account assessment, and investor relations.
- (11) Stock Dept.: Stock affairs and corporate governance.
- (12) General Affairs Dept.: General affairs, equipment and engineering maintenance and staff canteen.
- (13) Occupational Safety & Health Dept.: Occupational safety and health management and supervision.
- (14) Project Dept.: Monitor global business strategy and performance, alliances, chartered vessels, fleet deployment, agency management, global route services operation evaluation, global IT integration and industry research.
- (15) Insurance & Claim Dept.: Handle marine incidents and settlement of insurance claims, vessel insurance planning, and provide legal counseling on marine insurance.
- (16) Marketing Div.: Establish pricing guidelines and space control for all route services.
- (17) Logistics Div.: Deployment of empty global containers, management of terminal contracts, planning of inland transportation and container procurement, replacement, repair, leasing and other container-related affairs.
- (18) Customer Relationship Management Div.: Ecommerce websites development, design, promotion and management, global agency customer service supervision, document management system maintenance, customer data processing, bill of lading processing and ocean freight rating.
- (19) Ship Div.: Shipbuilding supervision, vessel repair and maintenance supervision, supplies arrangement, fuel and lubricating oil procurement, fleet audits, marine technology enhancement, vessel energy efficiency management and seamen's human resources management.
- (20) Operation Dept.: Global short term sailing schedule, port cargo handling, examination of out of gauge and dangerous cargoes.
- (21) Operation Coordination Dept.: Global long term sailing schedule, fleet fuel consumption monitor and analysis, terminal/depot contract review and owned terminal operation management.
- (22) Kaohsiung Terminal Div.: Terminal container storage, transportation and handling operation, machinery and equipment maintenance.

## 2 Directors and Management Team

### 1. Directors

#### (1) Director information

APR. 26, 2020

Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Spouses & Minor Shareholding		Shares Held by Nominee Arrangement		Experience & Education	Concurrent Positions in Other Companies	Executives Directors or Supervisors who are Spouses or Within Second Degree of Kinship		
							Shares	(%) (Note 1)	Shares	(%) (Note 2)	Shares	(%) (Note 2)	Shares	(%) (Note 2)			Shares	(%) (Note 2)	Title
	Evergreen Steel Corp. (Note 6)	-	R.O.C.	06.18.2014	06.22.2017	3 Years	30,075,742	0.856	38,261,703	0.795	-	-	0	0.000	-	-	-	-	-
Chairman	Representative: Chang, Cheng-Yung	Male	R.O.C.	01.01.2011	06.22.2017	3 Years	0	0.000	0	0.000	0	0.000	0	0.000	President, Evergreen Marine Corporation (Taiwan) Ltd. Bachelor of Business Administration Department, Chinese Culture University	Vice Chairman: Chang Yang Development Corp. Director: Taipei Port Container Terminal Corp. Director and President: Greencoast Marine S.A., Gaining Enterprise S.A.			
	Chang Yung-Fa Charity Foundation	-	R.O.C.	06.24.2011	06.22.2017	3 Years	28,940,403	0.824	34,482,423	0.716	-	-	0	0.000	-	-	-	-	-
Director	Representative: Chang, Kuo-Hua	Male	R.O.C.	09.02.1976 (Note 3)	06.22.2017	3 Years	0	0.000	319,646,157	6.641	47,176,327	0.980	0	0.000	Vice Chairman, Evergreen Marine Corp. (Taiwan) Ltd. Taipei College of Maritime Technology in Marine Engineering	Director: Evergreen International Storage & Transport Corp., Evergreen International Corp., Evergreen Steel Corp., Ever Reward Logistics Corp., Evergreen Marine (Hong Kong) Ltd. Director and President: Evergreen International S.A. (Panama)	Director: Chang, Kuo-Ming	Brothers	

Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Spouses & Minor Shareholding		Shares Held by Nominee Arrangement		Experience & Education	Concurrent Positions in Other Companies	Executives Directors or Supervisors who are Spouses or Within Second Degree of Kinship			
							Shares	(%) (Note 1)	Shares	(%) (Note 2)	Shares	(%) (Note 2)	Shares	(%) (Note 2)			Title	Name	Relation	
Director	Representative: Chang, Kuo-Ming	Male	R.O.C.	06.22.2017	06.22.2017	3 Years	0	0.000	116,861,569	2.428	39,367,531	0.818	0	0.000	Director, Evergreen International Corp. Bachelor of Science in Electrical Engineering, University of Southern California	Director: Central Reinsurance Corp., Evergreen International S.A. (Panama)	Director	Chang, Kuo-Hua	Brothers	
	Evergreen International S.A. (Panama)	-	Panama	03.25.1988 (Note 4)	06.22.2017	3 Years	373,130,301	10.623	391,786,816	8.140	-	-	0	0.000	-	-	-	-	-	
Director	Representative: Ko, Lee-Ching	Female	R.O.C.	06.12.1982 (Note 5)	2017.06.22	3 Years	0	0.000	92,563	0.002	0	0.000	0	0.000	Vice Group Chairman, Evergreen Group Keelung Girls' Senior High School	Chairman: Evergreen International Corp. Evergreen Laured hotel (Shanghai) Director: EVA Airways Corp., Evergreen International Storage & Transport Corp., Taiwan High Speed Rail Corp., Evergreen Steel Corp., Evergreen Security Corp., Shun An Enterprise Corp., Chiung Yang Development Corp., Greencross Marine S.A., Gaining Enterprise S.A. Supervisor: Ever Reward Logistics Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Hsin Yung Enterprise Corp., Ever Ecove Corporation. Director and President: Evergreen International S.A. (Panama)	Chairman: Evergreen International Corp. Evergreen Laured hotel (Shanghai) Director: EVA Airways Corp., Evergreen International Storage & Transport Corp., Taiwan High Speed Rail Corp., Evergreen Steel Corp., Evergreen Security Corp., Shun An Enterprise Corp., Chiung Yang Development Corp., Greencross Marine S.A., Gaining Enterprise S.A. Supervisor: Ever Reward Logistics Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Hsin Yung Enterprise Corp., Ever Ecove Corporation. Director and President: Evergreen International S.A. (Panama)			

Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Spouses & Minor Shareholding		Shares Held by Nominee Arrangement		Experience & Education	Concurrent Positions in Other Companies	Executives Directors or Supervisors who are Spouses or Within Second Degree of Kinship		
							Shares	(%) (Note 1)	Shares	(%) (Note 2)	Shares	(%) (Note 2)	Shares	(%) (Note 2)			Title	Name	Relation
Director	Representative: Hsieh, Huey-Chuan	Male	R.O.C.	03.18.2016	04.15.2019	1.2 Years	0	0.000	229,752	0.005	0	0.000	0	0.000	Vice Chairman, Italia Maritima S.p.A. Bachelor of Transportation Engineering and Management, National Chiao Tung University	President: Evergreen Marine Corporation (Taiwan) Ltd. Director: Taipei Port Container Terminal Corp. Greencoast Marine S.A., Gaining Enterprise S.A.	-	-	-
Independent Director	Yu, Fang-Lai	Male	R.O.C.	06.22.2017	06.22.2017	3 Years	0	0.000	0	0.000	0	0.000	0	0.000	Chairman, Chunghwa Post Co., Ltd. Political Deputy Minister, Ministry of Transportation & Communications MBA of Institute of Management Science, National Chiao Tung University		-	-	-
Independent Director	Chang, Chia-Chee	Male	R.O.C.	06.18.2014	06.22.2017	3 Years	0	0.000	0	0.000	0	0.000	0	0.000	Attorney-in-Charge, Tai-Yang Life Science Business Law Office Master degree: School of Law of National Taiwan University, College of Medicine Institute of Molecular Medicine of National Taiwan University	Tai-Yang Life Science Business Law Office Attorney-in-Charge	-	-	-

Title	Name	Gender	Nationality	Date First Elected	Date Elected	Term	Shareholding When Elected		Current Shareholding		Spouses & Minor Shareholding		Shares Held by Nominee Arrangement		Experience & Education	Concurrent Positions in Other Companies	Executives Directors or Supervisors who are Spouses or Within Second Degree of Kinship		
							Shares	(%) (Note 1)	Shares	(%) (Note 2)	Shares	(%) (Note 2)	Shares	(%) (Note 2)			Shares	(%) (Note 2)	Title
Independent Director	Li, Chang-Chou	Male	R.O.C.	06.22.2017	06.22.2017	3 Years	0	0.000	0	0.000	0	0.000	0	0.000	Partner, Pricewaterhouse Coopers, Taiwan Master of Accounting, University of Illinois at Urbana-Champaign	Partner, CPA, Zhi Cheng CPA Firm Independent Director: Silicon Optronics, Inc., Axcen Photonics Corp., Kuen Ling machinery refrigerating Co., LTD. Hotai Insurance Co., Ltd.			

Note 1: The Company had issued 3,512,355,986 shares when current Board of Directors was elected on 06/22/2017.

Note 2: As of 04/26/2020, the Company has issued 4,812,973,786 shares.

Note 3: Mr. Chang, Kuo-Hua has served as a director of the Company from 09/02/1976 to 12/31/1998, 06/20/2001 to 06/24/2004, 06/19/2008 to 06/24/2011, and from 06/18/2014 till present.

Note 4: Evergreen International S.A. (Panama) has appointed representatives to serve as directors or supervisors of the Company from 03/25/1988 to 10/27/1989, 06/20/2001 to 06/27/2007, and from 06/19/2009 till present.

Note 5: Ms. Ko, Lee-Ching has served as a director or supervisor of the Company from 06/12/1982 to 03/31/1983, 06/11/1983 to 06/12/1984, and from 05/09/1992 till present.

Note 6: As of the date of publication of the annual report, Evergreen Steel Corp. has not appointed a legal representative director.

Note 7: To fill in the "Experience" of director and supervisor, detailed job titles and work responsibilities should also be described if he/she previously worked for the auditing and accounting firm or the Company's affiliates.

Note 8: The chairman of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or the first-degree relatives, an explanation shall be given of the reason for, reasonableness, necessity and the corresponding measures: None. (e.g. increasing the number of seats of independent directors, and more than half of the directors shall not be employees or managers at the same time)

## (2) Major shareholders of the institutional shareholders

APR. 26, 2020

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Evergreen Steel Corp.	Evergreen International Corp. (22.81%) EVA Airways Corp. (9.56%) Continental Engineering Corp. (6.42%) Chang, Kuo-Hua (6.26%) Chang, Kuo-Ming (6.26%) Chang, Kuo-Cheng (6.26%) Chang Yung-Fa Foundation (6.26%) Cathay Life Insurance Co., Ltd. (3.76 %) Wei-Dah Development Co., Ltd. (3.21%) TSRC Corp. (3.04%)
Chang Yung-Fa Charity Foundation (Note 5)	Chang, Yung-Fa (33.33%) Chang, Kuo-Hua(33.33%) Cheng, Shen-Chih (33.33%)
Evergreen International S.A. (Panama)	Chang, Yung-Fa (20%) Chang, Kuo-Hua (20%) Chang, Kuo-Ming (20%) Chang, Kuo-Cheng (20%) Pieca Corp. (20%)

Note1: The data is provided by institutional shareholders, and from public information on Ministry of Economic Affairs website and MOPS.

Note2: For the institutional shareholder which is not belong to the Company's organization, its name and shareholding ratio should be disclosed, i.e., the name of the contributor or donor and its contribution or donation ratio.

Note3: The data is provided by institutional shareholders, and from public information on Ministry of Economic Affairs website or MOPS.

Note4: When the institutional shareholder is not company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of endower and its endowment ratio.

Note5: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Charity Foundation and their endowment as a percentage of endowment property endowed by endowers when Chang Yung-Fa Charity Foundation was established.

**(3) Major shareholders of the Company's major institutional shareholders**

APR. 26, 2020

Legal Entity	Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Evergreen Steel Corp.	Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Chang, Kuo-Cheng (16.67%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%) Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Yang, Mei-Chen (5.1%) Chang Yung-Fa Charity Foundation (5%) Chang, Yung-Fa (5%) Tseng, Chiung-Hui (1.33%)
	EVA Airways Corp.	Evergreen International Corp. (11.32%) Falcon Investment Services Ltd. (10.64%) Evergreen Steel Corp. (4.96%) Chang, Yung-Fa (2.72%) Chang, Kuo-Cheng (1.9%) Chang, Kuo-Ming (1.15%) New Labor Pension Fund (1.04%) Evergreen International Storage & Transport Corp. (1.01%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.96%)
	Continental Engineering Corp.	Continental Holdings Corp. (100%)
	Chang Yung-Fa Foundation (Note 6)	Chang, Yung-Fa Chang, Shu-Hua Chang, Kuo-Hua Chang, Kuo-Ming Chang, Kuo-Cheng Evergreen International Corp. Evergreen Marine Corp. (Taiwan) Ltd. Everglory Transport Corp. Evergreen Investment Corp. Eversaftey Container Terminal Corp. Evermaster Industrial Corp. Evergenius Computer Information Corp. Everlaural Trading Corp. Ltd. Uniglory Marine Corp.

<b>Legal Entity</b>	<b>Name of Institutional Shareholders</b>	<b>Major Shareholders of Institutional Shareholders</b>
Evergreen Steel Corp.	Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
	Wei-Dah Development Co., Ltd.	Maoshi Corp. (99.80%)
	TSRC Corp.	Panama Banco Industrial Company (8.40%) Hao Ran Foundation (7.30%) Wei Dah Development Co., Ltd. (6.50%) Formosa Plastics Marine Corp. (5.00%) Cathay Life Insurance Co., Ltd. (4.90%) CITI bank Taiwan branch in custody for Government of Singapore Investment Fund (4.40%) Tamerton Group Limited (4.20%) Fubon Life Insurance Co., Ltd. (3.80%) Metacity Development Corp. (3.80%) Fu Da South Korea-Asia Securities investment account hosted by HSBC (2.00%)
Evergreen International S.A. (Panama)	Pieca Corp.	Chang, Kuo-Wei (100%)

Note1: Name of Institutional Shareholders of Table 1.

Note2: Name of Major Shareholders of Institutional Shareholders of Table 1.

Note3: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders.

Note4: The data is provided by institutional shareholders, and from public information on Ministry of Economic Affairs website and MOPS.

Note5: When the institutional shareholder is not company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of endower and its endowment ratio.

Note6: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Foundation.

#### (4) Professional qualifications and independence analysis of directors

APR. 26, 2020

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Evergreen Steel Corp. Representative: Chang, Cheng-Yung			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Chang Yung-Fa Charity Foundation Representative: Chang, Kuo-Hua			✓	✓								✓		✓	0	
Chang Yung-Fa Charity Foundation Representative: Chang, Kuo-Ming			✓	✓								✓		✓	0	
Evergreen International S.A.(Panama) Representative: Ko, Lee-Ching			✓	✓		✓	✓				✓	✓		✓	0	
Evergreen International S.A.(Panama) Representative: Hsieh, Huey-Chuan			✓			✓	✓	✓	✓	✓	✓	✓		✓	0	
Yu, Fang-Lai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Chang, Chia-Chee		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Li, Chang-Chou		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note: Please tick the corresponding boxes that apply to the directors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of any affiliates of the Company. Not applicable in cases where the person

is an independent director of the parent company, or any subsidiary which is regulated to local legislations.

3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding TWD500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

## 2. Management Team

APR. 26, 2020

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Hsieh, Huey-Chuan	Male	04.15.2019	229,752	0.00	0	0.00	0	0.00	Exp: Italia Marittima S.P.A. Vice Chairman Edu: National Chiao Tung University Transportation And Logistics Management	Director: Taipei Port Container Terminal Corp., Greencompass Marine S.A., Gaining Enterprise S.A.	-	-	-
Chief Executive Vice President (Finance Officer)	R.O.C.	Wu, Kuang-Hui	Male	07.01.2018	102,219	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Finance Div. Executive Vice President Edu: National Sun Yat-Sen University Business Management	Director: EVA Airways Corp., Taipei Port Container Terminal Corp. Evergreen Marine (Hong Kong) Ltd. Supervisor: UNI Airways Corp., Evergreen Security Corp., Taiwan Terminal Services Corp., Chang Yang Development Corp., Hsiang-Li Investment Corp.	-	-	-
Project Dept. Executive Vice President	R.O.C.	Wei, Wei-Der	Male	02.27.2019	125,291	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (Europe) Gmbh President Edu: National Chung Hsing University Finance And Cooperative Management	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Project Dept. Executive Vice President	R.O.C.	Tang, Chia-Sheng	Male	07.06.2018	0	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (Europe) Gmbh France Branch President Edu: Tamkang University International Business	-	-	-	
Finance Div. Executive Vice President	R.O.C.	Tsai, I-Jung	Male	07.01.2014	0	0.00	0	0.00	0	0.00	Exp: Italia Marittima S.P.A. Finance Dept. Senior Vice President Edu: Tamkang University Accounting	-	-	-	
Marketing Div. Executive Vice President	R.O.C.	Wang, Pei-Chun	Male	07.01.2019	7,956	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Marketing Div. Senior Vice President Edu: University Of Herfordshire Business Administration	-	-	-	
Logistics Div. Executive Vice President	R.O.C.	Lin, Wen-Kuei	Male	02.25.2017	26,972	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (Netherlands) B.V. President Edu: National Taiwan Ocean University Merchant Marine	-	-	-	
Customer Relationship Management Div. Executive Vice President	R.O.C.	Fang, Yu-Yen	Female	04.10.2020	21,163	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. International Customer Service Div. Executive Vice President Edu: Shilin High School of Commerce Business Management	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Ship Div. Executive Vice President	R.O.C.	Huang, Tsung-Yung	Male	04.01.2020	105,000	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Shipbuilding Dept. Executive Vice President Edu: National Taiwan Ocean University Systems Engineering and Naval Architecture	-	-	-	
Operation Coordination Dept. Executive Vice President	R.O.C.	Su, Teng-Huan	Male	01.01.2020	0	0.00	0	0.00	0	0.00	Exp: Taipei Port Container Terminal Corp. Chairman Edu: National Taiwan Ocean University Shipping And Transportation Management	-	-	-	
Project Dept. Senior Vice President	R.O.C.	Tseng, Neng-Fang	Male	01.01.2019	50,000	0.00	0	0.00	0	0.00	Exp: Evergreen International S.A. HK Representative Edu: Tunghai University International Business	-	-	-	
Human Resources Dept. Senior Vice President	R.O.C.	Yang, Pi-Sao	Female	01.01.2014	41,000	0.00	0	0.00	0	0.00	Exp: Evergreen Group Management Office Junior Vice President Edu: Lawrence Technological University Business Administration	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Finance Div. Finance Dept. Senior Vice President	R.O.C.	Mo, Cheng-Ping	Male	02.22.2017	20,000	0.00	1,269	0.00	0	0.00	Exp: Italia Marittima S.P.A. Chief Executive Vice President Edu: Tamsui Institute Of Business Administration Public Finance And Taxation	-	-	-	
Stocks Dept. Senior Vice President	R.O.C.	Hsieh, Shu-Hui	Female	04.27.2016	0	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. Stocks Dept. Senior Vice President Edu: Soochow University Law	-	-	-	
Marketing Div. Latin America Dept. Senior Vice President	R.O.C.	Su, Ming-Sung	Male	07.01.2019	32,086	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. Latin America Dept. Deputy Senior Vice President Edu: National Chiao Tung University Transportation And Logistics Management	-	-	-	
Marketing Div. Intra Asia Dept. Senior Vice President	R.O.C.	Wu, Yi-Min	Male	07.01.2019	0	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency Indonesia President Edu: National Chung Hsing University Business Administration	-	-	-	
Logistics Div. Equipment Service Dept. Senior Vice President	R.O.C.	Wu, Chi-Hui	Male	08.04.2018	0	0.00	10,908	0.00	0	0.00	Exp: Master International Shipping Agency Co. Ltd. Shanghai Branch Logistics Dept. Senior Vice President Edu: China Junior College Of Marine Technology Marine Engineering	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Logistics Div. Equipment Control Dept. Senior Vice President	R.O.C.	Kuo, Yuan-Ping	Male	02.17.2020	22	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Logistics Div. Intermodal Dept. Senior Vice President Edu: National Taiwan University Of Science And Technology Mechanical Engineering	-	-	-	
Ship Div. Maintenance Dept. Senior Vice President	R.O.C.	Kung, Chir- Chieh	Male	02.05.2018	215,823	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Project Dept. Senior Vice President Edu: National Taiwan Ocean University Systems Engineering And Naval Architecture	-	-	-	
Ship Div. Supply Dept. Senior Vice President	R.O.C.	Wang, Lin-Fa	Male	12.28.2017	30,000	0.00	0	0.00	0	0.00	Exp: Italia Marittima S.P.A. Marine & Operation Dept. Executive Vice President Edu: China Junior College Of Marine Technology Marine Engineering	-	-	-	
Ship Div. Shipbuilding Dept. Senior Vice President	R.O.C.	Chiang, Shou- Hsing	Male	01.01.2006	0	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Engineering Div. Shipbuilding Dept. Deputy Senior Vice President Edu: National Taiwan Ocean University Systems Engineering And Naval Architecture	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Operation Coordination Dept. Senior Vice President	R.O.C.	Hwang, Wen-Yau	Male	03.15.2018	228,917	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (Europe) GmbH Netherlands Branch European Operation Center. Senior Vice President Edu: China Junior College Of Marine Technology Navigation	-	-	-	
Project Dept. Deputy Senior Vice President	R.O.C.	Jou, Kuen-Cheng	Male	02.01.2012	6,816	0.00	224	0.00	0	0.00	Exp: Evergreen International Corp. Computer Div. Software Designing Dept. II Deputy Senior Vice President Edu: National Taipei College Of Business Information Management	-	-	-	
Project Dept. Deputy Senior Vice President	R.O.C.	Sheu, Dong-Han	Male	12.20.2012	0	0.00	0	0.00	0	0.00	Exp: Evergreen Marine (UK) Limited Project Div. Deputy Senior Vice President Edu: National Chung Hsing University Economics	-	-	-	
Project Dept. Deputy Senior Vice President	R.O.C.	Chen, Chun-Yen	Male	03.11.2019	140,000	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. Business Div. America Dept. Deputy Senior Vice President Edu: National Taiwan Ocean University Shipping And Transportation Management	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Auditing Dept. Deputy Senior Vice President	R.O.C.	Wu, Yu-Chi	Female	01.01.2015	15,216	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Finance Div. Finance Dept. Junior Vice President Edu: Chungyu Institute of Technology Accounting	-	-	-	
Human Resources Dept. Deputy Senior Vice President	R.O.C.	Chien, Shen-Tai	Male	01.01.2016	0	0.00	0	0.00	0	0.00	Exp: Master International Shipping Agency Co. Ltd. Shanghai Branch Human Resources Dept. Junior Vice President Edu: National Cheng Kung University Industrial Information Management	-	-	-	
Marketing Div. North America Dept. Deputy Senior Vice President	R.O.C.	Hsu, Ching-Che	Male	10.11.2019	0	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (America) Corp. Dallas Office Senior Vice President Edu: National Chung Hsing University Foreign Languages	-	-	-	
Marketing Div. Europe & Africa Dept. Deputy Senior Vice President	R.O.C.	Lin, Sheng-Chia	Male	07.15.2017	54,000	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Marketing Div. Europe & Africa Dept. Junior Vice President Edu: Feng Chia University Transportation and Logistic	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Marketing Div. Near East Dept. Deputy Senior Vice President	R.O.C.	Hsu, Huan-Chang	Male	08.25.2018	60,000	0.00	0	0.00	0	0.00	Exp: Evergreen Shipping Agency (India) Private Ltd. President Edu: Soochow University Business Administration	-	-	-	
Customer Relationship Management Div. Customer Relationship Management Dept. Deputy Senior Vice President	R.O.C.	Chiu, Ping-Chuan	Female	04.10.2020	0	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. International Customer Service Div. Customer Service System Dept. Deputy Senior Vice President Edu: National Sun Yat-Sen University Information Management	-	-	-	
Ship Div. Maritech Dept. Deputy Senior Vice President	R.O.C.	Yang, Hong-Ming	Male	01.01.2019	95,550	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Maritech Dept. Junior Vice President Edu: National Chiao Tung University Transportation & Logistics Management	-	-	-	
Ship Div. Seaman Dept. Deputy Senior Vice President	R.O.C.	Li, Hua-Lung	Male	01.01.2018	110,190	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Maritech Dept. Deputy Senior Vice President Edu: National Taiwan Ocean University Shipping and Transportation Management	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Ship Div. Maintenance Dept. Deputy Senior Vice President	R.O.C.	Chen, Jenn-Hwang	Male	05.08.2017	55,000	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Maritech Dept. Deputy Senior Vice President Edu: National Taiwan Ocean University Marine Engineering	-	-	-	
Ship Div. Maintenance Dept. Deputy Senior Vice President	R.O.C.	Yeh, Ching-Rong	Male	01.01.2015	55,291	0.00	641	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Engineering Div. Maintenance Dept. Junior Vice President Edu: National Taiwan Ocean University Marine Engineering	-	-	-	
Ship Div. Maintenance Dept. Deputy Senior Vice President	R.O.C.	Jeng, Jen-Cherng	Male	07.15.2017	141,873	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Maritech Dept. Deputy Senior Vice President Edu: China Junior College of Marine Technology Marine Engineering	-	-	-	
Operation Dept. Deputy Senior Vice President	R.O.C.	Hwang, Yi-Syau	Male	04.01.2018	0	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Operation Coordination Dept. Deputy Senior Vice President Edu: China Junior College Of Marine Technology Navigation	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Operation Coordination Dept. Deputy Senior Vice President	R.O.C.	Chang, Chih-Chao	Male	02.01.2018	85,264	0.00	539	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Project Dept. Deputy Senior Vice President Edu: Tamkang University Navigation	-	-	-	
Operation Coordination Dept. Deputy Senior Vice President	R.O.C.	Yeh, Cheng-Hung	Male	03.18.2019	21,000	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. Business Div. Intra Asia Dept. Deputy Senior Vice President Edu: National Chiao Tung University Management Science	-	-	-	
KSG Terminal Div. Deputy Senior Vice President	R.O.C.	Kuo, Feng-Yi	Male	01.01.2020	0	0.00	0	0.00	0	0.00	Exp: Evergreen International Corp. Investment Dept. Deputy Senior Vice President Edu: Tunghai University Business Administration	-	-	-	
KSG Terminal Div. Deputy Senior Vice President	R.O.C.	Hwang, Ming-Ling	Male	01.01.2020	91,466	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. KSG Terminal Div. Terminal Operation Dept. I Deputy Senior Vice President Edu: China Junior College Of Marine Technology Navigation	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience & Education	Current Positions in Other Companies	Managers Who are Spouses or within Second Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Finance Div. Finance Dept. Junior Vice President (Accounting Supervisor)	R.O.C.	Chang, Chuan-Fu	Male	01.01.2019	10,000	0.00	0	0.00	0	0.00	Exp: Evergreen Marine Corp. (Taiwan) Ltd. Finance Div. Finance Dept. Deputy Junior Vice President Edu: National Chung Hsing University Public Finance	-	-	-	

### 3. Remuneration of Directors, President and Vice Presidents

#### (1) Remuneration of Directors

Unit: TWD thousand

Title	Name	Remuneration				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 9)	Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 9)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 10)		
		Base Compensation (A) (Note 3)	Severance Pay (B)	Directors Compensation (C) (Note 4)			Allowances (D) (Note 5)	Salary, Bonuses, and Allowances (E) (Note 6)	Severance Pay (F)	Employee Compensation (G) (Note 7)		Consolidated Subsidiaries of EMC (Note 8)		Consolidated Subsidiaries of EMC (Note 8)	
				Consolidated Subsidiaries of EMC (Note 8)	EMC (Note 8)					Consolidated Subsidiaries of EMC (Note 8)	EMC (Note 8)				Cash
Chairman	Evergreen Steel Corp. Representative: Chang, Cheng-Yung	5,336	0	0	522	0	0	0	0	0	0	0	5.21%	5.21%	24
Director	Evergreen Steel Corp. Representative: Hsieh, Huey-Chuan (Note 1)	0	0	0	6	1,007	107	107	0	0	0	0	0.01%	1.00%	6
Director	Chang Yung-Fa Charity Foundation Representative: Chang, Kuo-Hua	0	0	0	42	0	0	0	0	0	0	0	0.04%	0.04%	686

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 9)				Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 9)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 10)	
		Base Compensation (A) (Note 3)		Severance Pay (B)		Directors Compensation (C) (Note 4)		Allowances (D) (Note 5)		Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Employee Compensation (G) (Note 7)		Severance Pay (F)	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)		
		EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)					Cash	Stock						Cash
Director	Chang Yung-Fa Charity Foundation Representative: Chang, Kuo-Ming	0	0	0	0	0	0	30	30	0.03%	0.03%	0	0	0	0	0	0	0	0.03%	0.03%	0
Director	Evergreen International S.A. Representative: Ko, Lee-Ching	0	0	0	0	0	42	42	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	2,322
Director	Evergreen International S.A. Representative: Lee, Mong-Jye (Note 2)	0	0	0	0	0	6	6	0.01%	0.01%	1,513	31	0	0	0	0	0	31	1.38%	1.38%	0

Title	Name	Remuneration				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 9)	Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 9)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 10)					
		Base Compensation (A) (Note 3)		Directors Compensation (C) (Note 4)			Severance Pay (B) (Note 5)		Salary, Bonuses, and Allowances (E) (Note 6)		Severance Pay (F) (Note 7)			Employee Compensation (G) (Note 8)				
		EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)		EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)	EMC	Consolidated Subsidiaries of EMC (Note 8)		Cash	Stock	EMC	Consolidated Subsidiaries of EMC (Note 8)	
																		Cash
Director	Evergreen International S.A. Representative: Hsieh, Huey-Chuan (Note 2)	0	0	0	0	36	36	0	2,858	0	0	0	0	0	0	2.57%	2.57%	18
Independent Director	Chang, Chia-Chee	960	0	0	0	60	60	0	0	0	0	0	0	0	0	0.91%	0.91%	0
Independent Director	Yu, Fang-Lai	960	0	0	0	54	54	0	0	0	0	0	0	0	0	0.90%	0.90%	0
Independent Director	Li, Chang-Chou	960	0	0	0	60	60	0	0	0	0	0	0	0	0	0.91%	0.91%	0

In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services: None.

Illustrate the remuneration policies, system, standards and structure for independent directors, and describe the relevance of the amount of remuneration with its responsibilities, risks, engaged time and other factors:

Independent directors of the company also serve as members of the audit committee and the remuneration committee. According to "Payment Regulation of Directors Compensation", the independent directors receive not only monthly remuneration but travel allowance each time they attend committee meetings. The company periodically reviews remuneration standard and structure for independent directors based on the company's operating performance, future operating

risks, the degree of independent directors' participation, and the value of individuals' contribution to the company's operation.

Note 1: The representative of juristic-person director of Evergreen Steel Corp., Mr. Hsieh, Huey-Chuan, resigned on Apr. 15, 2019.

Note 2: Evergreen International S.A. appointed Mr. Hsieh, Huey-Chuan as the representative of juristic-person director on Apr. 15, 2019.

Note 3: Directors' remuneration for 2019 (Including directors' salary, subsidy, severance pay and various bonuses)

Note 4: The directors' remuneration for 2019 which was approved by the Board of Directors in 2020.

Note 5: Includes the relevant business execution expenses of directors in 2019 (including transportation allowance, special expenses, various allowances, dormitory, car and other physical supplies, etc.). In the case of housing, car or other means of transportation or expenses incurred by an individual, the nature of the assets provided and the actual or fair-market cost of the rental, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the Company's payment for the driver, but the payment is not counted as remuneration.

Note 6: Relevant remuneration received by directors who are also employees (including the President, Executive Vice President, other managers and employees) in 2019, including salary, subsidy, severance pay and various bonuses, incentive payment, transportation allowance, special expenses, various allowances, dormitory, car and other physical supplies, etc. In the case of housing, car or other means of transportation or expenses incurred by an individual, the nature of the assets provided and the actual or fair-market cost of the rental, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the Company's payment for the driver, but the payment is not counted as remuneration. The salary recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock option certificates, restricted stock awards and participating in capital increased by cash shall also be included in the remuneration.

Note 7: The employees' compensation for 2019 which was approved by the Board of Directors in 2020.

Note 8: The total amount of remuneration paid to the directors by EMC and its consolidated subsidiaries.

Note 9: Net income is the profit after tax of the parent-company-only financial statements of 2019.

Note 10: a. This column shows the amount of remuneration received by the directors from the other invested companies which are not subsidiaries.

b. Remuneration refers to the reward (including remuneration for employees, directors and supervisors) received by the directors when they are engaged in an investment enterprise other than a subsidiary and business execution fees and other relevant remuneration.

\* The contents of the remuneration disclosed in this form are different from the concept of income under the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not for tax purposes.

## (2) Remuneration of the President and Vice Presidents

Unit: TWD thousand

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)			Ratio of total compensation (A+B+C+D) to net income (%) (Note 7)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiaries (Note 8)
		EMC	Consolidated Subsidiaries of EMC (Note 5)	EMC	Consolidated Subsidiaries of EMC (Note 5)	EMC	Consolidated Subsidiaries of EMC	Cash	Stock	EMC	Consolidated Subsidiaries of EMC (Note 5)		
President	Lee, Mong-Jye (Note 1)												
President	Hsieh, Huey-Chuan												
Chief Executive Vice President	Wu, Kuang-Hui												
Executive Vice President	Wei, Wei-Der												
Executive Vice President	Tang, Chia-Sheng	24,994	24,994	2,141	2,141	3,553	3,553	0	0	0	27.27%	27.27%	1,684
Executive Vice President	Peng, Chen-Hsiang												
Executive Vice President	Wang, Pei-Chun												
Executive Vice President	Tsai, I-Jung												
Executive Vice President	Huang, Tsung-Yung												
Executive Vice President	Lin, Wen-Kuei												

Unit: TWD

Range of Remuneration	Name of President and Executive Vice Presidents	
	EMC (Note 6)	the Invested Company of EMC (E)
Under TWD 1,000,000	-	-
TWD1,000,001 ~ TWD1,999,999	Lee, Mong-Jye	Lee, Mong-Jye
TWD2,000,000 ~ TWD3,499,999	Wei, Wei-Der Tang, Chia-Sheng Peng, Chen-Hsiang Wang, Pei-Chun Tsai, I-Jung Huang, Tsung-Yung Lin, Wen-Kuei	Wei, Wei-Der Tang, Chia-Sheng Peng, Chen-Hsiang Wang, Pei-Chun Tsai, I-Jung Huang, Tsung-Yung Lin, Wen-Kuei
TWD3,500,000 ~ TWD4,999,999	Hsieh, Huey-Chuan Wu, Kuang-Hui	Hsieh, Huey-Chuan
TWD5,000,000 ~ TWD9,999,999	-	Wu, Kuang-Hui
TWD10,000,000 ~ TWD14,999,999	-	-
TWD15,000,000 ~ TWD29,999,999	-	-
TWD30,000,000 ~ TWD49,999,999	-	-
TWD50,000,000 ~ TWD99,999,999	-	-
Over TWD100,000,000	-	-
Total	10	10

Note 1: Mr. Lee, Mong-Jye retired on Apr. 15, 2019.

Note 2: Includes President and Executive Vice Presidents' salary, subsidy, severance pay for 2019.

Note 3: Includes President and Executive Vice Presidents' bonus, incentive payment, transportation allowance, special expenses, various allowances, dormitory, car and other physical supplies, etc. In the case of housing, car or other means of transportation or expenses incurred by an individual, the nature of the assets provided and the actual or fair-market cost of the rental, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the Company's payment for the driver, but the payment is not counted as remuneration. The salary recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock option certificates, restricted stock awards and participating in capital increased by cash shall also be included in the remuneration.

Note 4: Presidents' and Executive Vice Presidents' remuneration for 2019 which was

approved by the Board of Directors in 2020.

Note 5: The total amount of remuneration paid to the Presidents and Vice Executive Presidents by EMC and its consolidated subsidiaries.

Note 6: The name of the Presidents and Executive Vice Presidents is disclosed according to their total remuneration received from the Company.

Note 7: Net income is the profit after tax of the parent-company-only financial statements of 2019.

Note 8: a. This column shows the amount of remuneration received by the President and Executive Vice Presidents from the other invested companies which are not subsidiaries.

b. If the President and Executive Vice Presidents receive any remuneration from the other invested companies which are not subsidiaries, they shall incorporate this remuneration into column E of the remuneration scale, and change the field name to “The Invested company of EMC”.

c. Remuneration refers to the reward (including remuneration for employees, directors and supervisors) received by the President and Executive Vice President as being directors, supervisors or managers of the other invested companies which are not subsidiaries; and business execution fees and other relevant remuneration.

\* The contents of the remuneration disclosed in this form are different from the concept of income under the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not for tax purposes.

### (3) Name and distribution of managers who distribute employee compensation

Dec. 31. 2019

Unit: TWD thousand

	Title (Note 1)	Name	Employee Compensation in Stock (Note2)	Employee Compensation in Cash (Note2)	Total	Ratio of Total Amount to Net Income (%) (Note 3)
Executive Officers	President	Hsieh, Huey-Chuan	0	0	0	0
	Chief Executive Vice President (Financial Officer)	Wu, Kuang-Hui				
	Executive Vice President	Wei, Wei-Der				
	Executive Vice President	Tang, Chia-Sheng				
	Executive Vice President	Wang, Pei-Chun				
	Executive Vice President	Tsai, I-Jung				
	Executive Vice President	Huang, Tsung-Yung				
	Executive Vice President	Lin, Wen-Kuei				
	Senior Vice President	Tseng, Neng-Fang				

	<b>Title (Note 1)</b>	<b>Name</b>	<b>Employee Compensation in Stock (Note2)</b>	<b>Employee Compensation in Cash (Note2)</b>	<b>Total</b>	<b>Ratio of Total Amount to Net Income (%) (Note 3)</b>
Executive Officers	Senior Vice President	Yang, Pi-Sao				
	Senior Vice President	Mo, Cheng-Ping				
	Senior Vice President	Huang, Hsin-Yen				
	Senior Vice President	Su, Ming-Sung				
	Senior Vice President	Wu, Yi-Min				
	Senior Vice President	Liu, An-Hua				
	Senior Vice President	Wu, Chi-Hui				
	Senior Vice President	Kuo, Yuan-Ping				
	Senior Vice President	Hwang, Wen-Yau				
	Senior Vice President	Kung, Chir-Chieh				
	Senior Vice President	Wang, Lin-Fa				
	Senior Vice President	Chiang, Shou-Hsing				
	Senior Vice President	Chang, Yen-I				
	Deputy Senior Vice President	Jou, Kuen-Cheng	0	0	0	0
	Deputy Senior Vice President	Sheu, Dong-Han				
	Deputy Senior Vice President	Chen, Chun-Yen				
	Deputy Senior Vice President	Shih, Wang-Yi				
	Deputy Senior Vice President	Wu, Yu-Chi				
	Deputy Senior Vice President	Chien, Shen-Tai				
	Deputy Senior Vice President	Hsu, Ching-Che				
Deputy Senior Vice President	Lin, Sheng-Chia					
Deputy Senior Vice President	Hsu, Huan-Chang					

	<b>Title (Note 1)</b>	<b>Name</b>	<b>Employee Compensation in Stock (Note2)</b>	<b>Employee Compensation in Cash (Note2)</b>	<b>Total</b>	<b>Ratio of Total Amount to Net Income (%) (Note 3)</b>
Executive Officers	Deputy Senior Vice President	Huang, Teng-Wei	0	0	0	0
	Deputy Senior Vice President	Yang, Hong-Ming				
	Deputy Senior Vice President	Huang, Yi-En				
	Deputy Senior Vice President	Li, Hua-Lung				
	Deputy Senior Vice President	Hwang, Yi-Syou				
	Deputy Senior Vice President	Chang, Chih-Chao				
	Deputy Senior Vice President	Yeh, Cheng-Hung				
	Deputy Senior Vice President	Jeng, Jen-Cherng				
	Deputy Senior Vice President	Chen, Jenn-Hwang				
	Deputy Senior Vice President	Yeh, Ching-Rong				
	Deputy Senior Vice President	Hwang, Ming-Ling				
	Junior Vice President (Accounting Officer)	Chang, Chuan-Fu				

Note 1: The title as of December 31, 2019

Note 2: The amount of employees' compensation for managers for 2019, which was approved by the Board of Directors in 2020.

Note 3: Net income is the profit after tax of the parent-company-only financial statements of 2019.

Note 4: The scope of application of the manager is based on the letter from the Financial Supervisory Commission R.O.C. (Taiwan) on March 27, 2003, the Taiwanese Certificate of Finance (Tai-Cai-Zheng-San-Zi), No. 0920001301, the scope of which is as follows:

- (1) President and equivalent
- (2) Executive Vice President and equivalent

- (3) Senior Vice President and Deputy Senior Vice President or equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage affairs and sign on behalf of the Company

#### 4. Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income.

Title	EMC		Consolidated Subsidiaries of EMC	
	2018	2019	2018	2019
Directors	3.15%	8.06%	3.15%	8.06%
President and Vice Presidents	13.47%	27.27%	13.47%	27.27%

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The remuneration of directors and supervisors are stipulated according to the Company's Articles of Incorporation, authorizing the Board of Directors to determine the remuneration by its participation and contribution, as well as that of other company's data. The remuneration of managers is determined in accordance with the Payment Regulations for Managers Compensation. The remuneration for directors, supervisors and managers is stipulated by the Remuneration Committee and should be approved by the Board of Directors. The bonus would be considered and distributed based on the operation results of the Company and the personal performance.

### 3 Implementation of Corporate Governance

#### 1. Board of Directors

A total of 7 (A) meetings of the Board of Directors were held in the year 2019.

The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Chang, Cheng-Yung (Representative of Evergreen Steel Corp.)	7	0	100%	-
Director	Chang, Kuo-Hua (Representative of Chang Yung-Fa Charity Foundation)	7	0	100%	-
Director	Chang, Kuo-Ming (Representative of Chang Yung-Fa Charity Foundation)	5	0	71.43%	-
Director	Ko, Lee-Ching (Representative of Evergreen International S.A.) (Panama)	7	0	100%	-
Director	Hsieh, Huey-Chuan (Representative of Evergreen International S.A.) (Panama)	5	1	83.33%	Assume office on April 15,2019 Required numbers of attendance:6
Director	Hsieh, Huey-Chuan (Representative of Evergreen Steel Corp.)	1	0	100%	Term ceased on April 15,2019 Required numbers of attendance:1
Director	Lee, Mong-Jye (Representative of Evergreen International S.A.) (Panama)	1	0	100%	Term ceased on April 15,2019 Required numbers of attendance:1
Independent Director	Yu, Fang-Lai	6	1	85.71%	-

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Chang, Chia-Chee	7	0	100%	-
Independent Director	Li, Chang-Chou	7	0	100%	-

**Other mentionable items:**

1. Please specify the dates of the Board Meetings, period, agenda and all independent directors' opinions and the Company's responses if one of following situation has occurred in the Board Meetings:

- (1) The items listed in Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established the audit committee.
- (2) Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.

2. If the directors have personal interest conflicts to the proposal and are required for recusal, please specify the names of the directors, proposal, reason and the resolution: Please refer to page 110 to 115.

3. The 2019 self-evaluation of the performance of the Board of Directors:

Evaluation Cycle	Once a year
Evaluation Period	From Jan 1,2019 to Dec 31,2019
Evaluation Scope	The Board, the Board members and the functional committees.
Evaluation Method	Internal self-evaluation of the Board, self-evaluation of the Board members
Evaluation Indexes	<ol style="list-style-type: none"> <li>1. Self-evaluation of performance of the Board: Participation in the operation of the company; improvement in the quality of decisions made by the board of directors; composition and structure of the board of directors; election and continuing education of the directors; and internal control.</li> <li>2. Self-evaluation of performance of Board members (for themselves): Alignment to the goals and missions of the company; awareness of duties and responsibilities of a director; participation in the operation of the company; internal relationship management and internal communication; the director's professionalism and continuing education; and internal control.</li> <li>3. Self-evaluation of performance of the functional committees: Participation in the operation of the company; awareness of duties and responsibilities of functional committees, the quality of decisions made by functional committees; composition and election of members in functional committees; and internal control.</li> </ol>

Evaluation Cycle	Once a year
Evaluation Result	1. Self-evaluation of performance of the Board: Good 2. Self-evaluation of performance of Board members (for themselves): Good 3. Self-evaluation of performance of the functional committees: Good

4. The goals of strengthening the functions of the Board of Directors in the current year and recent years (e.g. establish an audit committee, enhance information transparency, etc.):

- (1) The Company has purchased liability insurance for directors in order to disperse the risk of their legal responsibility and improve the corporate governance.
- (2) The Company has 3 independent directors and the “Rules Governing the Scope of Duties of Independent Directors” has been stipulated to enable them to exercise their functions and powers. To enhance the functions of the Board of Directors, the Company established Audit Committee on Jun. 22, 2017.
- (3) To enhance the information transparency, the Company voluntarily publishes important resolutions of Board Meetings and establishes Corporate Social Responsibility zone, Ethical Management zone, and Corporate Governance zone on the Company’s website.
- (4) To enhance the professional knowledge and skills of directors as well as implement corporate governance, the Company has arranged corporate governance and business operations related training courses for directors in 2019 and 2020.
- (5) The Company was ranked in the top 5% of all selected listed companies in the 6th Annual Corporate Governance Evaluation, which illustrated that the Company performed well in corporate governance.
- (6) To enable directors to obtain appropriate and timely assistance in making requests or requesting for information, so as to improve the Board of Directors’ effectiveness, the Company established “The Standard Operating Procedure for Handling Directors’ Requests” on May 13, 2019.

## 2. Annual Tasks and Implementation Status of the Audit Committee:

**(1) The Audit Committee of the Company is composed of 3 independent directors, whose major duties are to review and supervise: the Company’s financial reports, accounting and internal control system, the major asset transactions, endorsements and guarantees, and the offering or issuance of securities.**

### **(2) Annual Tasks of the Audit Committee in 2019**

(1) Review financial reports:

The Company’s annual business report, financial reports, and surplus distribution proposals were all reviewed by the Audit Committee and submitted to the Board for discussion. After being approved by the Board, the proposals were presented to the annual general meeting of shareholders for acknowledgement.

(2) Assess the effectiveness of internal control system:

The self-assessment of internal control system and its implementation are completed by the internal units every year; the audit unit reports to the Audit Committee regularly and submits the amendment of the internal control system and the annual internal control statement to Audit Committee for review. In addition, the audit unit has several closed-door meetings with the Audit Committee every year to enable the Committee to understand the financial status, operational effectiveness, risk management, information security, regulatory compliance, and to assess the Company's internal control effectiveness.

(3) Appoint the Company's certified public accountants:

The Audit Committee annually assesses the professionalism, independence, and the reasonableness of remuneration of CPAs. The proposal of appointing Ms. Lee, Hsiu-Ling and Mr. Chih, Ping-Chiun, the CPAs of PricewaterhouseCoopers Taiwan (PwC Taiwan), as the Company's CPAs for 2019 and their remuneration were reviewed by Audit Committee on the 1st meeting in 2019 and then approved by Board meeting. In addition, CPAs have several closed-door meetings with the Audit Committee every year to communicate matters related to financial reports.

**(3) A total of 7 (A) meetings of the Audit Committee were held in 2019 and the attendance of Independent directors is as follows**

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Li, Chang-Chou	7	0	100%	-
Independent Director	Yu, Fang-Lai	6	1	85.71%	-
Independent Director	Chang, Chia-Chee	7	0	100%	-

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
  - (1) The items listed in Article 14-5 of Securities and Exchange Act: Please refer to page 110 to 115.
  - (2) Except for the proposal mentioned above, other resolutions which are not approved by Audit Committee but are approved by two-third of directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be

specified: Please refer to page 110 to 115.

3. Communications between the Independent Directors, the Company's Chief Internal Auditor and CPAs (shall include the major issues, methods and results of communication concerning the Company's financial and operational status, etc.)

(1) The communications between the independent directors and the Company's chief internal auditor:

A. Communication method

In 2019, the independent directors and the chief internal auditor had six closed-door meetings to report the results of execution of internal audit and the operation of internal control; in case of abnormal occurrence, a meeting may be convened at any time.

B. The summaries of communication in 2019:

Date	Communication Content	The Company's Response
03.22.2019	1. Internal audit findings from Nov 2018 to Jan 2019 2. Amendment of internal control systems 3. 2018 Internal Control Statement	1. Submitted to Board meeting. 2. After being approved, the proposal was submitted to Board meeting for a resolution.
05.13.2019	Internal audit findings from Feb 2019 to Mar 2019	Submitted to Board meeting.
08.13.2019	1. Internal audit findings from Apr 2019 to Jun 2019 2. Report on internal control systems auditing conducted by Taiwan Stock Exchange	1. Submitted to Board meeting. 2. After being approved, the proposal was submitted to Board meeting for a resolution.
10.04.2019	Internal audit findings from Jul 2019 to Aug 2019	Submitted to Board meeting.
11.11.2019	Internal audit findings from Aug 2019 to Sep 2019	Submitted to Board meeting.
12.24.2019	1. Internal audit findings from Oct 2019 to Nov 2019 2. 2020 Internal Auditing Plan	1. Submitted to Board meeting. 2. After being reported, the proposal was submitted to Board meeting for a resolution.

(2) The communications between the independent directors and CPAs:

A. Communication method

The independent directors and CPAs had four closed-door meetings in 2019. The CPAs reported to the independent directors on the financial situation and the audit results of the Company and its subsidiaries, and to explain the materially adjusting journal entries and the influence of legislation amendment on accounts. In case of abnormal

occurrence, a meeting may be convened at any time.

**B. The summaries of communication in 2019:**

The independent directors of the Company fully communicated with CPAs, and the contents are summarized as follows:

<b>Date</b>	<b>Communication Content</b>	<b>The Company's Response</b>
03.22.2019	<ol style="list-style-type: none"> <li>1. CPAs Report: 2018 Q4 Financial Statement Report review scope and results.</li> <li>2. CPAs discussed and communicated the problems raised by the independent directors.</li> </ol>	None
05.13.2019	<ol style="list-style-type: none"> <li>1. CPAs Report: 2019 Q1 Financial Statement Report review scope and results.</li> <li>2. CPAs discussed and communicated the problems raised by the independent directors.</li> </ol>	None
08.13.2019	<ol style="list-style-type: none"> <li>1. CPAs Report: 2019 Q2 Financial Statement Report review scope and results.</li> <li>2. CPAs discussed and communicated the problems raised by the independent directors.</li> <li>3. Sharing updated regulations of Securities and Futures Bureau, FSC.</li> </ol>	None
11.11.2019	<ol style="list-style-type: none"> <li>1. CPAs Report: 2019 Q3 Financial Statement Report review scope and results.</li> <li>2. CPAs discussed and communicated the problems raised by the independent directors.</li> <li>3. Regulation Sharing-The Management, Utilization and Taxation of Repatriated Offshore Funds Act.</li> </ol>	None

### **3. Corporate Governance Implementation Status and Deviations from “the**

## Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Board of Directors has approved the “Corporate Governance Best-Practice Principles”, which is disclosed on both the Company’s website and Market Observation Post System (MOPS).	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement it accordingly?	✓		The Stock Dept. is in charge of handling the shareholders’ suggestions, doubts and disputes according to the internal control operation procedure.	None
(2) Does the company possess the list of its major shareholders who actually control the company and the ultimate owners of those shares?	✓		Responsibility assigned to the relevant departments.	None
(3) Does the company establish and execute the risk management and firewall system within its affiliates?	✓		The Company has established risk control measures within the internal control operation procedure.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Board of Directors has established the “Procedures for Handling Material Inside Information” and “Insider Trading Prevention Management” within the internal control operation procedure to prevent the trading of stocks by insiders.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	✓		<p>1. According to the Company’s “Corporate Governance Best-Practice Principles” paragraph 3 of Article 20, the composition of the Board of Directors should considered its diversification. Paragraph 4 of Article 20, the members of the Board of Directors should possess the necessary knowledge, skills and ability to perform their duties.</p> <p>2. Gender equality in the board members’ composition is also deeply concerned by the Company, and the goal of female rate in board members is at least 10%. The current Board of Directors consists of 8 directors and 1 of whom is a female, which accounts for 12.5% of the Board.</p> <p>3. Please refer to Note 1 for the implementation of the diversified of the Company’s Board of Directors.</p>	None
<p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p>		✓	<p>At present, the Company has not voluntarily establish other kinds of functional committees.</p>	<p>Although the Company has only established Remuneration Committee and Audit Committee at present, the Board of Directors exercises its functions and powers in accordance with the laws, Articles of Incorporation, the resolutions of Shareholders’ Meeting and the principles of corporate governance.</p>

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company establish a standard to measure the performance of the Board annually, report the results of the performance evaluation to the Board, and use it as a reference for individual directors’ remuneration and nomination?	✓		<ol style="list-style-type: none"> <li>1. The Company established the “Regulations Governing the Board Performance Evaluation”, and has it disclosed on both the Company’s website and the Market Observation Post System (MOPS).</li> <li>2. “Regulations Governing the Board Performance Evaluation” stipulates that the Company shall conduct an internal board performance evaluation at least once a year. In addition, the Company’s Board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars once every three years.</li> <li>3. The 2019 evaluation results of the performance of the Board of Directors (please refer to Note 2) were reported to Board meeting on Mar. 24, 2020.</li> <li>4. The annual evaluation results of the performance of the Board of Directors are also used as a basis for individual director’s remuneration and nomination.</li> </ol>	None
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>The Company annually evaluates the specialization and independence of CPAs. Also, the CPAs have completed independent reports for the appointed auditing affair. The assignment and remuneration of CPAs for the 2020 financial and tax certification has been approved by the Board of Directors on Mar. 24, 2020.</p> <p>The assigned accountants are not directors, supervisors, managers, employees or shareholders of the</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Company or its affiliates and have been confirmed as non-stakeholders, which meets the requirements of the competent authority for independent judgment.</p> <p>Please refer to Note 3 for the independence evaluation of CPAs.</p>	
<p>4. Does the TWSE/TPEX Listed Companies appoint an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to deal with corporate governance business (including but not limited to provide directors and supervisors necessary information; assist directors and supervisors to handle the matters related to the Board of Directors and Shareholders’ Meeting in accordance with the laws and regulations; and handle the company registration, change registration of company, and prepare the minutes of Board of Directors meeting and Shareholders’ Meeting) ?</p>	✓		<p>1. The top executive of Stock Department, Senior Vice President Hsieh, Shu-Hui, was appointed the chief corporate governance officer of the Company by the resolution of Board meeting on May 13, 2019.</p> <p>A sufficient number of professional corporate governance personnel has been allocated to protect shareholders’ rights and enhance the functions of the Board.</p> <p>The chief corporate governance officer of the Company, who has been in charge of the corporate governance affairs management such as stock affairs, Shareholders’ meeting and Board meeting affairs for at least 3 years, is eligible in accordance with the regulations.</p> <p>2. The main duties of the chief corporate governance officer of the Company are as follows:</p> <p>(1) To handle matters relating to Board meetings and Shareholders’ meetings according to laws.</p> <p>(2) To produce minutes of Board meetings and Shareholders’ meetings.</p> <p>(3) To assist in onboarding and continuing education of directors.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(4) To furnish information required for business execution by directors.</p> <p>(5) To assist Directors with legal compliance.</p> <p>3. The execution of duties in 2019 are as follows:</p> <p>(1) Furnished directors with relevant information and regulations to perform their duties and arranged training courses for directors:</p> <p>a. Furnished directors with the latest regulations related to corporate governance from time to time.</p> <p>b. Furnished directors with the Company’s information to perform their duties and maintain smooth communication between directors and all department heads.</p> <p>c. Arranged more than two closed-door meetings each for independent directors to communicate face-to-face with the chief internal auditor and CPAs, so as to have an in-depth understanding of the Company’s audit and financial status.</p> <p>d. Held two training courses (3 hours each) for directors.</p> <p>(2) Handled matters relating to functional committees, Board meetings and Shareholders’ meetings according to laws:</p> <p>a. Drew up an agenda for each meeting, notified each director 7 days in advance with</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>meeting materials provided, reminded the director not to participate in discussion or voting on the agenda item if he is an interested party with it, and distributed the minutes to each Director within 20 days after the meeting.</p> <p>b. After Board meeting, assisted in the release of material information concerning important decisions made by the Board to ensure the legality and correctness of the material information, in order to protect information equivalence of investor transaction.</p> <p>c. Registered the date of the Shareholders’ meeting in advance according to laws, and prepared meeting notices, handbooks and minutes within the statutory period.</p> <p>4. Chief corporate governance officer training records in 2019 (please refer to Note 4).</p>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>“Stakeholder Zone” (URL: <a href="https://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_Stakeholder.jsp">https://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_Stakeholder.jsp</a> ) is set up in the Company’s website, which is divided into investor service, customer service, employee area, complaint mailbox and supplier area. Each area provides the information for contact person and phone number as communication channels with stakeholders. The issues concerned by stakeholders, relevant information and responses to these issues are</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>disclosed in the annual Corporate Social Responsibility Report in the “Corporate Social Responsibility Zone”.</p> <p>Based on the Company’s operating situation and previous experience in editing Corporate Social Responsibility Report, the topics that stakeholders concern are issued and identified by 22 departments of Evergreen Marine Corporation. Please refer to Note 5 for issues of concern to all stakeholders.</p> <p>The Company adopts an open and rigorous attitude on Corporate Social Responsibility and each corresponding department shall communicate with stakeholders in a way that is inclusive, substantive and responsive. The process includes the identification of stakeholders, issues of concern and the critical analysis of those issues, as well as proper responses to maintain a rapport.</p>	
6. Does the company appoint a professional shareholder service agency to deal with Shareholders’ Meeting affairs?		✓	The Company does not assign any agency to be in charge of its Shareholders’ Meeting affairs.	Although the Stock Dept. is managed by the Company itself, the related matters of Shareholders’ Meeting are handled in accordance with the laws and Articles of Incorporation to ensure its lawfulness, effectiveness, and safeness.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		1. Financial and Business information: The Company has set up a corporate website (URL: <a href="http://www.evergreen-marine.com/tw/">http://www.evergreen-marine.com/tw/</a> ), where the financial	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>and business information are disclosed, and designated relevant personnel to monitor and and provide investors with accurate company information.</p> <p>2. Corporate governance status:  “Corporate Governance Zone” (URL: <a href="http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_Governance.jsp">http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_Governance.jsp</a>) is set up in the Company’s website, which has disclosed the structure of the corporate governance, the operation of the Board of Directors and the functional committees, “Articles of Incorporation”, Internal audit organization and implementation situation, corporate governance operating situation, situation of fulfilling social responsibilities, labor relations and the list of major shareholders, in order to assist stakeholders to understand the operation of corporate governance.</p>	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated personnel to handle the Company’s information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company has set up an English website (URL: <a href="http://www.evergreen-marine.com/">http://www.evergreen-marine.com/</a> ) and a designated personnel is responsible for the Company’s information collection and disclosure, and spokesperson system establishment. In addition, the Company’s website has disclosed the information about the investor conference information that the Company held or has been invited to over the years.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓	The Company follows relevant laws and regulations to announce and report the annual financial statements on time after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline. Please see <a href="https://emops.twse.com.tw/server-java/t58query">https://emops.twse.com.tw/server-java/t58query</a> .	Though the Company didn't announce and report the annual financial statement within two months after the end of the fiscal year, the quarterly financial statements and the monthly operating situation are announced and reported within the prescribed time limit in accordance with the law.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices? (1) Employee rights and employee wellness	✓		1. Employee rights (1) In 2002, the company formulated the preventive and treatment measures of sexual harassment in the workplace, as well as the complaints and disciplinary measures, and set up a mailing box and a dedicated line on the internal website to properly protect the rights and interests of employees. (2) In accordance with the provisions of the Workplace Gender Equality Act, the Company treats all employees equally in terms of remuneration, performance evaluation, promotion and training, and arrange appropriate positions based on individual expertise and performance.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(3) The company employs female crew members in succession with innovative employment concept and provides an excellent working environment where colleagues can learn from each other, respect each other and work together to deal with challenges.</p> <p>(4) Through comprehensive training system planning and one-on-one mentorship, the company ensures the normal functioning of various businesses. Regular appraisals and performance reviews provide references for employees’ future career development. Supervisors can also enhance two-way communication and coaching, strengthen employees performance, and plan their career development through appraisal.</p> <p>2. Employee care</p> <p>(1) The Company has a staff canteen to provide free lunch to take care of employees’ health and food hygiene.</p> <p>(2) In Taipei, Nankan and Kaohsiung, there are 24 clubs in three categories: ball sports, health and wellness, and outdoor recreation, which encourage employees to relieve work pressure, connect with others and promote physical and mental health.</p> <p>(3) Regularly organize group activities, such as Evergreen Family Day, basketball games, etc., to</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>enhance employee communication and peer friendship.</p> <p>(4) Obtain the Healthy Workplace Accreditation, the Company has set up a dispensary staffed by medical personnel, providing free regular examination and results consultation and employees health management assistance, and establish an emergency medical rescue mechanism.</p> <p>(5) In terms of shipboard life, Evergreen’s modern container vessels provide a comfortable living environment with full-time chefs preparing nutritious meals for the crew. In most of the vessels, multiple communication software is provided for crews to stay in contact with their families at any time. When the vessels call at the port in Taiwan, the crew members’ families are allowed to visit them on the vessel.</p>	
(2) Investor relations	✓		<p>“Investor Service Zone” is set up in the Company’s website (URL: <a href="http://www.evergreen-marine.com/tw/tbf1/jsp/TBF1_FinancialReports.jsp">http://www.evergreen-marine.com/tw/tbf1/jsp/TBF1_FinancialReports.jsp</a>) to provide investors with information on operations and finances.</p>	None
(3) Supplier relations and rights of stakeholders	✓		<p>Please refer to Corporate Social Responsibility under Corporate Governance Report in chapter 3.</p>	None
(4) Directors’ training records	✓		<p>The directors of the Company have completed training courses in 2019 according to “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) The implementation of risk management policies and risk evaluation measures	✓		Listed and TPEX Listed Companies”. Please refer to the MOPS for complete information of the continuing training of the Company’s directors.  Please refer to the Assessment of Risk Management in chapter 7.	None
(6) Purchasing insurance for directors and supervisors	✓		The Company has purchased liability insurance for its directors since 2015.	None

9. Please specify the Company’s measures for the evaluation results published by Corporate Governance Center of Taiwan Stock Exchange Corporation which should be improved:

The Directors of the Company completed training courses in 2019 according to “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies” and the Company will continually encourage directors to attend training courses.

Table 1: Diversification of Board of Directors:

Title	Name	Gender	Business Management	Transportation Management	Finance Accounting	Law	Technology	Government & Supervision
Chairman	Chang, Cheng-Yung	Male	✓	✓				
Director	Chang, Kuo-Hua	Male	✓	✓				
Director	Chang, Kuo-Ming	Male	✓				✓	
Director	Ko, Lee-Ching	Female	✓	✓	✓			
Director	Hsieh, Huey-Chuan	Male	✓	✓				
Independent Director	Yu, Fang-Lai	Male	✓	✓				✓
Independent Director	Chang, Chia-Chee	Male	✓			✓		
Independent Director	Li, Chang-Chou	Male	✓		✓			

Table 2: The Evaluation Results of Board of Directors in 2019

	Self-evaluation of performance of the Board	Self-evaluation of performance of Board members (for themselves)	Self-evaluation of performance of the functional committees
Average score (Full score: 3)	2.88	2.81	2.68
Evaluation Results	Good	Good	Good

Table 3: Independence of CPA

Item	Evaluation	Independence of CPA
1. CPAs and their family members did not provide or receive gifts or special offers to the Company or its affiliates, top management, directors and supervisors, and did not affect or threaten the independence of the CPAs.	Conformity	Yes
2. CPAs and their family members or the management of the firm with supervisory duties did not have the following circumstances during the auditing period: - Serve as a manager, supervisor, or director of the Company or its affiliates. - Positioned as one who has a direct and significant influence on the company's accounting records or financial statements.	Conformity	Yes
3. CPAs and their family members have not received any awards for non-audit services from the Company or its affiliates.	Conformity	Yes
4. One who resigned from CPAs or the auditing team did not have the following circumstances: - Acting as a director, supervisor(including non-executive director and supervisor) or top management of the Company or affiliates controlled by the Company, or one who may have a direct and significant influence on the company's accounting records or the financial statements audited by the firm. - Being promoted to the above positions.	Conformity	Yes
5. During the auditing period, the members of the auditing team did not hold any appointments of the Company.	Conformity	Yes
6. CPAs appointed by the company have followed the rotation policy to reduce the threat posed by long-term appointments to independence and impartiality.	Conformity	Yes

Item	Evaluation	Independence of CPA
7. There are no direct or material indirect financial interests, financial agreements, bank deposits, securities accounts or insurance plans that violate the independence norms between the CPAs and their family members and the Company or its affiliates.	Conformity	Yes
8. There is no commercial cooperation or other commercial relationship between the CPAs and their family members and the Company.	Conformity	Yes
9. There is no pending or foreseeable lawsuit involving the audit or non-audit services of the firm between the CPAs and the Company, and no lawsuit which is significant to the firm or the Company.	Conformity	Yes
10. The Company or its affiliates have not owed professional fee to the firm for the provided service.	Conformity	Yes
11. The total amount of the professional fee of the Company and its affiliates would not have an influence on the independence of CPAs.	Conformity	Yes
12. There is no agreement between the CPAs and the Company to receive or pay commission, referral fee or professional fee.	Conformity	Yes

Table 4: Chief corporate governance officer training records in 2019

Name	Date	Professional Organization	Training sessions	Training hours
Hsieh, Shu-Hui	Aug.27	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation	1
	Oct.18	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation	3
	Nov.18	Governance Professionals Institute of Taiwan	2019 Related Party and Related Party Transaction Seminar	3
	Nov.21	Taiwan Stock Exchange Corporation	2019 Board Functions Enhancement Seminars	3
	Nov.27	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance	6
	Dec.6	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Total Training Hours				19

Table 5: Issues concerned by stakeholders

Stakeholder	Importance to the Company	Priority Issues	Communication Channels, Response Methods and Communication Frequency
Employee	The members and the most important assets of the Company	<ul style="list-style-type: none"> <li>• Sustainable strategies and implementation</li> <li>• Compensation, welfare and employee care</li> <li>• Regulatory compliance</li> <li>• Shipping management</li> <li>• Work environment safety and labor health maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Human Resources Dept. Ms. Chen</li> <li>• Email: hrd@everegreen-marine.com</li> <li>• e-bulletin board (ad hoc)</li> <li>• Operations meetings (every month)</li> <li>• Regular and irregular meetings (every month, any time)</li> <li>• EIP e-bulletin board (any time)</li> <li>• Telephone (any time)</li> <li>• Email (any time)</li> </ul>
Competent authority	Communicate with the government in order to help the government agencies understand the operations of the Company and contribute our expertise in shipping to the policy and law-making process	<ul style="list-style-type: none"> <li>• Product risk</li> <li>• Talent recruitment and training</li> <li>• Regulatory compliance</li> <li>• Pollutant emissions and management</li> <li>• Environmental impact and ecological conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Project Dept. Mr. Yu</li> <li>• Email : csr@everegreen-marine.com</li> <li>• Telephone (ad hoc)</li> <li>• Letter (ad hoc)</li> <li>• Personal Visit (ad hoc)</li> <li>• Large Conference Call (ad hoc)</li> </ul>
Supplier	Provide products and services that satisfy the Company's quality requirements and works together to create good services	<ul style="list-style-type: none"> <li>• Sustainable strategies and implementation</li> <li>• Sustainable supply chain management</li> <li>• Service quality and customer satisfaction</li> <li>• Risk control</li> <li>• Operational performance</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Auditing Dept. Mr. Chen</li> <li>• Email : aud@everegreen-marine.com</li> <li>• Email (any time)</li> <li>• Meeting (1-2 times a year)</li> <li>• Supplier questionnaire survey (every year)</li> <li>• Supplier evaluation (every year)</li> <li>• Equipment efficiency statistical table (every month)</li> <li>• Company's website (every year)</li> </ul>

Stakeholder	Importance to the Company	Priority Issues	Communication Channels, Response Methods and Communication Frequency
Shareholder / Investor	Provide the necessary funds for the operation of the Company and require transparency with the operating situation	<ul style="list-style-type: none"> <li>• Operational performance</li> <li>• Regulatory compliance</li> <li>• Corporate governance and ethical management</li> <li>• Shipping management</li> <li>• Risk control</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Stock Dept. Miss. Yang</li> <li>• TEL: 886-2-2500-1668</li> <li>• Website: <a href="https://www.evergreen-marine.com/tw/tbf1/jsp/TBF1_FinancialReports.jsp">https://www.evergreen-marine.com/tw/tbf1/jsp/TBF1_FinancialReports.jsp</a></li> <li>• “Investor Service Zone” in Company’s website (any time)</li> <li>• Important financial and business information in MOPS (as specified by the competent authority)</li> <li>• Respond to investor inquiries (ad hoc)</li> <li>• Annual reports of Shareholders’ Meeting (every year)</li> <li>• Investor conference (ad hoc)</li> </ul>
Customer	Through the optimization of services and communications to maximize value for customers	<ul style="list-style-type: none"> <li>• Customer privacy protection</li> <li>• Service quality and customer satisfaction</li> <li>• Product risk</li> <li>• Ship safety</li> <li>• Shipping management</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Auditing Dept. Mr. Chen</li> <li>• Email : <a href="mailto:aud@evergreen-marine.com">aud@evergreen-marine.com</a></li> <li>• Email (any time)</li> <li>• Telephone (any time)</li> <li>• Personal visit (ad hoc)</li> <li>• Company’s website/mobile device (any time)</li> <li>• Customer satisfaction survey (1-2 times a year)</li> <li>• OCEAN Alliance promotional seminar (ad hoc)</li> </ul>
Media	Give the general public a better understanding of the Company through good communications and information dissemination	<ul style="list-style-type: none"> <li>• Shipping management</li> <li>• Regulatory compliance</li> <li>• Talent recruitment and training</li> <li>• Service quality and customer satisfaction</li> <li>• Risk control</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Public Relation Dept. Miss. Yang</li> <li>• Email: <a href="mailto:babsyang@evergreen-marine.com">babsyang@evergreen-marine.com</a></li> <li>• Telephone (any time)</li> <li>• Email (any time)</li> </ul>

Stakeholder	Importance to the Company	Priority Issues	Communication Channels, Response Methods and Communication Frequency
Other shipping companies	Meet customer needs through Alliances joint services which meet the requirements of the Company	<ul style="list-style-type: none"> <li>• Shipping management</li> <li>• Regulatory compliance</li> <li>• Service quality and customer satisfaction</li> <li>• Sustainable strategies and implementation</li> <li>• Compensation, welfare and employee care</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting (quarterly)</li> <li>• Telephone (ad hoc)</li> <li>• Email (ad hoc)</li> <li>• Personal visit (ad hoc)</li> </ul>
Community and society	Local residents and groups that are closely connected to the Company's location and services	<ul style="list-style-type: none"> <li>• Compensation, welfare and employee care</li> <li>• Labor-capital relations</li> <li>• Pollutant emissions and management</li> <li>• Talent recruitment and training</li> <li>• Environmental impact and ecological conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: General Affairs Dept. Mr. Yu</li> <li>• E-mail : charlesyu@everegreen-marine.com</li> <li>• Personal visit (ad hoc)</li> </ul>
Social group and non-profit organization	Our partners in the engagement of social care and charitable activities	<ul style="list-style-type: none"> <li>• Pollutant emissions and management</li> <li>• Talent recruitment and training</li> <li>• Compensation, welfare and employee care</li> <li>• Labor-capital relations</li> <li>• Environmental impact and ecological conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Contact person: Human Resources Dept. Ms. Chen</li> <li>• Email : hrd@everegreen-marine.com</li> <li>• Telephone (ad hoc)</li> <li>• Email (ad hoc)</li> <li>• Personal visit (ad hoc)</li> <li>• Meeting (ad hoc)</li> </ul>

## 4. Composition, Responsibilities and Operations of the Remuneration Committee

### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Name	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member		
			An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Yu, Fang-Lai				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Chang, Chia-Chee		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Li, Chang-Chou		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the

Company under Article 27, paragraph 1 or 2 of the Company Act. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. The same does not apply, however, in cases where a specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

## **B. The duties of the Remuneration Committee are as follows**

1. Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.
2. Periodically evaluate and establish the remuneration of directors and managers.

## **C. Attendance of Members at Remuneration Committee Meetings**

1. The Remuneration Committee is composed of three independent directors.
2. The term of office of current Remuneration Committee is from Jun. 22, 2017 to Jun. 21, 2020. A total of 3 (A) meetings were held in 2019. Please refer to page 110 to 115 for resolutions made by the Remuneration Committee and the attendance of Committee members is as follows:

<b>Title</b>	<b>Name</b>	<b>Attendance in Person (B)</b>	<b>By Proxy</b>	<b>Attendance Rate (%) (B/A)</b>	<b>Remarks</b>
Convener	Yu, Fang-Lai	3	0	100%	-
Committee Member	Chang, Chia-Chee	3	0	100%	-
Committee Member	Li, Chang-Chou	3	0	100%	-

### **Other mentionable items:**

1. If the Board of Directors decline to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g. the remuneration passed by the Board of Directors exceed the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

## 5. Corporate Social Responsibility and Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company conduct a risk assessment of environmental, social and corporate governance issues, which is related to the company’s operations, and formulate relevant risk management policies or strategies by Materiality Principle?	✓		In response to the impact of financial and economic shock, terrorism and climate change, the Company has aggressively identified risk factors such as strategic and operational risks, market risks, legal risks, financial risks(including exchange rates, interest rates, prices, credit and volatility risks) and ship safety risks; and formulated the management policies and countermeasures accordingly. Recently, in view of the increasingly severe climate change, the Company refers to the framework of Task Force on Climate-related Financial Disclosure (TCFD) to identify the opportunities and challenges brought by climate change and extreme climate. Climate change impact that affected operations has been further integrated into the Company’s risk assessment system and corresponding measures has also been adopted.	None
2. Does the company establish exclusively (or concurrently) dedicated unit to promote corporate social responsibilities, with first-line managers authorized by the Board to be in charge of its management and report to the Board regarding the management status?	✓		The Evergreen Marine CSR Committee is the dedicated unit for promoting CSR to ensure the continued implementation of sustainable corporate management practices. The CSR Committee is responsible for the formulation, implementation and review of CSR policies, system or the related management guidelines. The President serves as the Chairperson of the Committee while the members of the Committee are made up of the heads of each department. The relevant	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>departments are responsible for communicating and responding to stakeholders on the issues concerned including economic, environmental and social issues. Members of the Committee meet as necessary to discuss economic, environmental, and social issues, implementation outcome and prepare and review the content of the CSR report. The CSR Committee reports its implementation progress and work plans to the Board of Directors once a year. The implementation of CSR is an integral part of the Company's decision-making process. Please refer to note 1 for the structure of the CSR committee.</p>	
<p>3. Environment Issue</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	✓		<p>The Company has a risk management mechanism to provide a safe and healthy working environment for all staff in Evergreen.</p> <p>Evergreen's fleet management system is certified by the American Bureau of Shipping(ABS) for comprehensive auditing at the level of safety and environmental management, and is issued a “two-in-one certificate” of “Company Compliance on Marine Safety &amp; Environmental Management”. Evergreen meets the requirements of the three international standards of International Safety Management (ISM) Code, ISO9001 Quality Management System and ISO14001 Environmental Management System in onshore logistics management and maritime operations.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		<p>The Company is cautiously abiding by international environmental protection conventions and environmental protection regulations in various regions, and is committed to pollution prevention, energy conservation and greenhouse gas reduction, and planetary protection. Strict standards and operating procedures are set for the environmental protection and pollution prevention for ships sailing at sea. The Company uses various operational management measures, emission reduction strategies and ship design optimization to reduce ship energy consumption, and continuously introduces a new generation of eco-friendly ships to reduce pollution and greenhouse gas emissions, in order to contribute to the environmental protection of the earth.</p> <p>The building of Evergreen Marine adheres to an energy-saving policy, in order to achieve energy-saving goals and eliminate energy waste, in addition to large-scale air-conditioning system using energy-efficient motors, the office lighting part has been completely changed to LED energy-saving lamps, so as to control high energy consumption and long-time use of equipment through active management. In addition, if the refrigerator is broken, we will replace it with the energy-efficient refrigerator. When an official vehicle is to be replaced, a vehicle with less fuel consumption will be purchased.</p> <p>Over 50% of the chassis at Evergreen</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company assess the potential risks and opportunities of climate change for the company and take measures to respond to climate-related issues?	✓		<p>Kaohsiung Container Terminal have now been upgraded with all-rubber tires. We expect all dock-side chassis to be fitted with all-rubber tires in the future, a move that will reduce the complexity of recycling and associated environmental pollution.</p> <p>In view of the increasingly severe climate change, Evergreen refers to the framework of Task Force on Climate-related Financial Disclosure (TCFD) to identify the opportunities and challenges brought by climate change and extreme climate. The climate change impact that affected operations, such as severe sea conditions, typhoons, sea fog, sea ice and extremely low atmospheric pressure, has further been incorporated into risk assessment systems and corresponding measures has also been adopted.</p> <p>The global extreme weather and climate events are the challenge we must face. For the Evergreen fleet, the severe weather is the most serious climate change which poses a huge threat to the safety of ships on the sea. Taking into account the safety of the fleet, Evergreen seeks long-term cooperation with Japan’s Weathernews Inc.(WNI) to provide the worldwide 3 major marine weather forecasting and consulting services, so that ships sailing around the world can obtain the weather information of local waters as soon as possible, in order to take appropriate navigation plans and ensure safe navigation.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company summarize greenhouse gas emissions, water consumption and total weight of waste in the past two years and formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water use reduction or other waste management simultaneously?	✓		<p>Evergreen Marine conducts comprehensive management of greenhouse gas emissions, water resource and waste treatment in accordance with the three major aspects of ships at sea, shore operations, office buildings in order to monitor, review and implement relative reduction programs.</p> <p>Evergreen monitors the fuel consumption and host operating status of each ship of the fleet in time every day, to ensure the propulsion performance of the main engine. Each vessel also feeds back the total fuel consumption and total navigation distance of the month to the ship management unit at the end of each month. The information reported is used to calculate the CO<sub>2</sub> emissions, so as to monitor the greenhouse gas emissions of the entire fleet and achieve the fleet’s carbon reduction targets.</p> <p>The Company currently takes the following measures to reduce CO<sub>2</sub> emissions:</p> <ol style="list-style-type: none"> <li>1. Slow down the speed of the ship and sail at a low speed.</li> <li>2. Continuous monitoring of ship fuel consumption and host operating status to ensure the propulsion performance of the main engine.</li> <li>3. Use the weather navigation to provide the fleet with real-time weather information, in order to select the best route for maximum fuel efficiency.</li> <li>4. Improve cargo handling efficiency to shorten port stays.</li> <li>5. Proper planning of cargo load to</li> </ol>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>maximize economic returns.</p> <p>6. Application of special anti-fouling paint to ship hulls</p> <p>7. Replacement of old vessels</p> <p>IMO statistics indicated that CO<sub>2</sub> emissions from the shipping industry accounted for 2.8% of all primary global greenhouse gas emissions. If left unchecked, this ratio may grow to 15% by 2050. In response to global trends, green shipping is now being developed by Evergreen Marine and CO<sub>2</sub> reduction targets have been set. The mid-term target of 40% reduction in CO<sub>2</sub> emissions by 2030 is planned with 2008 as the baseline; the long-term target is to reduce the emission rate by 70% in 2050. According to the statistics of CO<sub>2</sub> emissions in 2019, a reduction of 36.9% has been achieved.</p> <p>The relative statistics in for greenhouse gas emissions, water consumption and waste management in recent years are shown in note 3.</p>	
<p>4. Social Issue</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>The Company takes its social responsibility very seriously as a leader in the global container shipping industry. Our CSR policy applies to all branches and agencies around the world. We are committed to conforming to policies and regulations on anti-bribery/anti-corruption, anti-discrimination, environmental protection, fair risk assessment and risk control, and competition law compliance (<a href="http://www.evergreen-line.com/tw/static/jsp/csr.jsp">http://www.evergreen-line.com/tw/static/jsp/csr.jsp</a>).</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Evergreen Marine adheres to the local labor and gender equality in employment laws of our global operating sites. We also support international guidelines and principles relating to human rights, including the “UN Universal Declaration of Human Rights (UDHR),” and the core labor standard of the ILO(International Labor Organization) Fundamental Conventions; prohibit all forms of discrimination, bullying and harassment, forced labor and child labor, and guarantee the freedom of association for employees. On Evergreen ships, all crew members, whether they are from Taiwan, China, the Philippines, Vietnam or Indonesia, embrace the spirit of fellowship in respecting and tolerating each other’s religious beliefs and dietary traditions, and get along harmoniously and happily with others at work. In 2019, there were no complaints of racial, religious, or gender discrimination, forced labor and any violation of indigenous rights in the workplace.</p> <p>According to the Labor Standards Act, anyone over the age of 15 and under 16 is considered a child labor, and employers are not allowed to employ anyone under the age of 15 to engage in labor work; seafarers recruiting guidelines also conform to the Seafarer Act in requiring all applicants to be 16 years old or above. In compliance with the relevant laws and regulations, the Company has never employed any child labor and has specified in the management rules</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company set and implement reasonable employee welfare measures(including compensation, leave and fringe benefits) and reflect the operating performance or results on employees compensation?	✓		<p>that the admission of anyone under 15 years of age is prohibited. By the end of 2019, all Evergreen Marine on-shore personnel were over the age of 18 while seafarers were over 16.</p> <p>To attract and retain quality talent as well as strengthen our global operations team, the Company provides onshore and ship personnel with competitive salary and fringe benefits. Our compensation and benefits policy adheres to the relevant labor laws and regulations and comply with the requirements of the collective agreement of seafarers. The compensation packages do not differ on the basis of gender, religion, race or political bias. In addition, annual bonuses are also paid to employees based on the Company’s profitability and individual performance of the year as a reward for their outstanding performance. Compensation for local and foreign crew members not only meets the minimum wage standards set by Ministry of Transportation and Communications, R.O.C. (MOTC) and the wage requirements set forth in the collective agreement of International Transport Workers’ Federation (ITF), but the Company also recruits excellent personnel to join the fleet with the wages higher than the domestic and foreign market pay.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>The Company has established an Occupational Safety and Health Management Department, which is responsible for formulating, planning, and promoting occupational safety and health related affairs, so as to eliminate hazards and reduce occupational safety and health risks. The relevant preventive measures are as follows:</p> <ol style="list-style-type: none"> <li>1. Establish codes of practice in safety and health based on the size of the Company according to the Occupational Safety and Health Act, publish it and require employees to comply with it.</li> <li>2. Conduct education and training on safety and health for new and current employees in accordance with the Occupational Safety and Health Act.</li> <li>3. Conduct education and training on fire safety for employees in accordance with the provisions of the Fire Services Act.</li> <li>4. Provide and arrange regular health examinations and medical consultations for employees.</li> <li>5. Establish a 24-hour security force and implement round-the-clock access control for personnel to ensure the safety of Company property and personnel.</li> </ol>	None
(4) Does the company provide its employees with effective career development training programs?	✓		<p>The Company has always embraced the philosophy that “talents are the most important assets of an enterprise” and thus provide colleagues with complete training. We offer equal</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>work opportunities to fresh graduates and patiently teach ambitious youth everything from scratch. Current employees are provided with a range of solid professional training courses. With the continuous investment in education and training in recent years, more than 7.7 million was invested in 2019.</p> <p>In addition to offering competitive compensation and complete training to employees, the Company also enhances operating performance by training employees on their professional functions and international perspective through “rotation and expatriate assignment”. The pioneering “ship-shore rotation system” of Evergreen also provides seafarers with the opportunity to work on shore. The professional knowledge of outstanding seafarers helps to ensure that the ship scheduling, freight space allocation, terminal loading/unloading and ship maintenance of onshore logistics to meet the needs of offshore operations; the overall efficiency of the service chain can then be improved. Seafarers can also take advantage of the ship-shore rotation system and expatriate assignment system to further their onshore and offshore developments, as well as to balance their work and family. Through job swapping program, ships can tacitly cooperate with the shore and the management function is strengthened.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company formulate relevant consumer protection policies and appeal procedures according to relevant regulations and international standards in regards of the customer health, safety and privacy, and marketing and labeling of the products and services?	✓		The Company has established the “Evergreen Line Corporate Social Responsibility Policy” and related operating procedures. The global subsidiaries and agencies should abide by the commitments of anti-bribery, anti-corruption and anti-discrimination in their business activities, strive to avoid pollution and improve marine environment. The Company has a competition law compliance manual that complies with the competition law, and is committed to complying with global competition laws and will never engage in any acts which violates violation the competition law.	None
(6) Does the company formulate a supplier management policy that requires suppliers to follow relevant norms and the implementation status in issues such as environmental protection, occupational safety and health, or labor rights, etc.?	✓		The Company has “Supplier Code of Conduct” which establishes the norms that should be followed by suppliers in their business cooperation with the Company, and it was published on the Company’s website. Supplier’s compliance with this code will be taken into account in the Company’s purchasing decisions. The Company’s “Supplier Code of Conduct” consists of 5 parts: labor code, health and safety code, environmental code, moral code and management system standards. Furthermore, the Company has “Supplier Evaluation Procedures” to evaluate at least once a year for qualified suppliers who provide goods and services that will affect our service quality. In addition, in order to fulfill the social responsibilities together with suppliers, the Company conducted	None

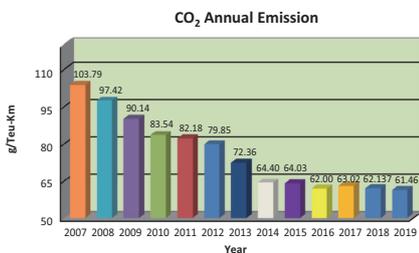
Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>surveys and evaluations in 2019 on major suppliers’ environmental issues, labor practices and human rights, fair trade practices, and sustainable procurement. The survey results also serve as a reference for the Company’s choice of suppliers.</p> <p>Additionally, before engaging a supplier, the Company also assesses whether the supplier has any record of environmental and social impact; avoids trading with those who are in conflict with corporate social responsibility policies, and strive to jointly comply with the relevant regulations on environmental protection, safety and health issues with suppliers.</p>	
5. Does the company refer to international reporting rules or guidelines to prepare CSR report and other reports that disclose non-financial information of the company? Has the said Report acquired statement of assurance from the 3rd party verification unit?	✓		The Company’s 2019 Corporate Social Responsibility Report will be conducted assurance by CPA in accordance with Stat Assurance Engagements Standards No.1 of Accounting Research and Development Foundation R.O.C. “Assurance Engagements other than Audits or Reviews of Historical Financial Information”.	None
6. If the company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has formulated the “Evergreen Line Corporate Social Responsibility Code” and the “ Evergreen Line Corporate Social Responsibility Implementation Measures” and operates in accordance with these code of practice thus no occurrence of the discrepancy.				
7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices: (1) Environmental Protection The company implements the environmental protection concept in its fleet planning, adopts the most advanced				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

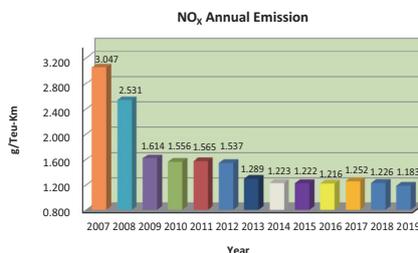
shipbuilding technology and equipment, and builds an environmental protection fleet to contribute to the sustainable development of transportation services and the marine environment that international trade relies on. In August 2015, the Company ordered ten new 2,800 TEU “B” container vessels from CSBC Taiwan. The ten B-type ships under construction with CSBC Taiwan are equipped with the latest sword bow developed by the shipyard. The bow can handle different drafts and speeds while effectively reducing wave resistance and drag when the ship is in motion to optimize ship speed and engine performance. Fuel efficiency is improved by 10% compared to the conventional bulbous bow. The main engine uses an electronic control engine that complies with the International Maritime Organization (IMO) Level 2 NOx emission standards, which reduces NOx emissions by 20%. The ship is designed to meet the 2015 Energy Efficiency Design Index (EEDI) standards. In the management of ships, the waste, sewage, and exhaust emissions generated by ships are minimized through advanced soft and hard facilities. Standard operating procedures are adopted to monitor the emissions of sulfides and nitrides, and proper management of ballast water, sewage, and garbage to prevent oil pollution and refrigerant leakage. In addition to the above-mentioned control measures, the latest ship weather navigation system is also adopted to provide the safest and most fuel-efficient route to the individual general reference. The energy saving and carbon reduction can be achieved with a minimum of fuel consumption. Each ship is equipped with a ship’s load stability calculation system approved by the Classification Society to quickly calculate the optimum trim, draft, weight and hull stress distribution under any load conditions. To ensure optimal driving efficiency in a safe and secure situation. Evergreen Line voluntarily participates in the Vessel Speed Reduction Program, lead by NOAA’s Channel Islands National Marine Sanctuary. The practical action to avoid whale collisions and reduce greenhouse gas emissions of vessels has been honored with an environmental protection award. The “Environmental Guardians” page on our website was constantly maintained so as to proactively share our environmental protection measures and the related information of environmental protection.

\* Historical environmental data

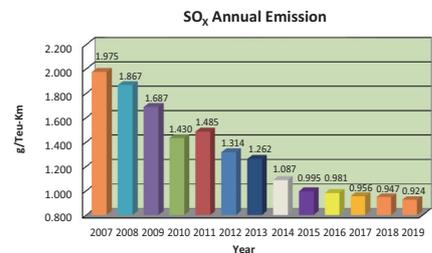
■ CO<sub>2</sub>



■ NO<sub>x</sub>



■ SO<sub>x</sub>



Note: The greenhouse gas emission information of the Company in 2018 and 2019 is verified by Class NK.

(2) Contributions to Society

A. Sponsoring the 7th Taiwanese Elementary School Children’s Ocean Painting Contest

For 3 years in a row, Evergreen Marine sponsored Evergreen Maritime Museum to hold the 7th Taiwanese

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

Elementary School Children’s Ocean Painting Contest. The contest was divided into high, middle and lower grade categories according to their age. The “Angels” category was also set up for students with physical and mental disabilities to submit entries through the recommendation of their school teachers. On June 1, 2019, a prize giving ceremony was held at the Chang Yung-fa Foundation, with Captain Yang, Hong-Ming being the award presenter. Many Evergreen Marine staff are invited to perform “Baby Shark Dance” to perk up the ambiance of the ceremony. Award-winning works were exhibited in the multi-functional space on the 3rd floor of the museum until the summer vacation.

**B. Sponsoring Charity Summer Camp**

Evergreen Marine and Evergreen Maritime Museum joined forces to organize a two-day Charity Summer Camp between August 15 to 16, 2019 and invited 30 elementary and junior high school students from underprivileged families to attend for free. In addition to the introduction of the maritime relics, Evergreen specially opened the Evergreen Seafarer Training Center (ESTC) at Nankan headquarter to demonstrate the knowledge of shipping such as the basic ship construction and simple first aid teaching to the students. Furthermore, students could witness the electronic navigational charts room, engine training control room, engine room simulator and other equipment.

**C. Evergreen Marine and Overseas Affiliates Participate in Coastal Cleanup Activities**

Evergreen called on its employees and their family members to organize 2 coastal cleanup activities in both the northern and southern part of Taiwan, as a way to contribute to society. Leading by senior executives, the northern one was held at Zhuwei Fishing Harbor in Taoyuan City; the one in the south was held at Zhongyun Fishing Harbor in Linyuan district of Kaohsiung City and was led by the the supervisor of Evergreen Kaohsiung Terminal Division.

Employees of Evergreen Marine (Singapore) Pte. Ltd., led by senior executive, participated in the coastal cleanup activity at Changi Beach organized by International Coastal Cleanup Singapore.

Employees from Mumbai, Chennai, Thoothukudi and Cochin offices of Evergreen Shipping Agency (India) Pvt. Ltd., led by senior executives, participated in the local coastal cleanup activity.

**D. Maritime Career Lecture I given at Taipei Municipal Da-An Vocational High School**

Evergreen Chief Engineer Chang, Engineman Second Class Chang, and Professor Yang from Department of Marine Engineering, National Kaohsiung University of Science and Technology, were invited to introduce the Evergreen culture, modern equipment of Evergreen ships and life on board, whereas Professor Yang introduced Marine Engineering courses, internship on board and the career development to 60 auto maintenance students at Taipei Municipal Da-An Vocational High School. The lecture received a very warm response from the students and they inquired about the application for Marine Engineering courses and the job scope of engineer working on board.

**E. Maritime Career Lecture II given at Tou-Cheng Junior High School in Yilan County**

Under the “Create your own Golden Voyage of Life” concept, the Chang-Yung Fa Foundation and Captain Chang, Engineman Second Class Chang, Engineman Thrid Class Lin from Evergreen Marine visited Tou-Cheng Junior High School in Yilan County to share their work and life navigation experience with about 340 students. The lectures was conducted in 2 sessions for 1st and 2nd grade students respectively who then had a better idea of what it is like to work at sea.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

F. Assisting the funeral affairs for a drowned Taiwanese in the Maldives

On March 28, 2019, a Taiwanese woman drowned while diving in the Maldives. Evergreen Representative Lee, stationed in Colombo, Sri Lanka, received a request for assistance from Taipei Economic and Cultural Center in Chennai on March 30. After a week of negotiation, the Ministry of Health, Nutrition and Indigenous Medicine of Sri Lanka finally agreed to issue a quarantine certificate which enabled the woman’s body to be embalmed in the Maldives and was sent to Sri Lanka for autopsy and cremation; on April 6, the family members of the deceased collected the cremation urn and related documents at the funeral home. During this period, Evergreen Rep. Lee actively assisted the family members of the deceased to deal with the procedures and funeral arrangement, provided free accommodation, meals and transportation for the consular officer and the family members of the deceased and finally brought the incident to a successful conclusion.

Table1 Risk assessment and management policy

The company conducts risk identification and assessment of important issues on the basis of the Materiality Principle for corporate social responsibility, and formulates relevant risk management policies, strategies and corresponding countermeasures for the assessed risks:

Important issues	Risk assessment	Risk management policies and strategies
Environmental	Environmental protection and ecological conservation	Evergreen endeavors to enforce all possible protective measures that contribute to the improvement of terrestrial and marine environment, in order to provide sustainable marine transportation service and the related services. All Evergreen employees and management, both onshore and offshore operations, are required to strictly comply with international and regional environmental protection laws and regulations. The company also develops state-of-the-art technology and installs scrubber to help safeguarding the marine ecology, port safety and happiness of mankind with all efforts. In order to effectively reduce environmental impact, the Company has developed an execution plan and targets, which are regularly tracked and reviewed.

Important issues	Risk assessment	Risk management policies and strategies
Social	Occupational safety	<p>The company is certified by ISO 45001 for Occupational Safety and Health Management System. In addition, Evergreen Marine has formulated “Occupational Safety and Health Management Plan” in order to implement safety and health management and self inspection. The plan is also used for managing the working areas and personnel, and the Company has appointed dedicated personnel to be in charge of the safety and health management and supervision affairs. In accordance with occupational safety and health related regulations and operational requirements, the Company also organized occupational safety, including dangerous goods training, fire prevention manager training, fire drill training (evacuation of personnel), brief introduction of relevant regulations on operational safety and health, operational management, self inspection before, during, and after the operation, emergency response, etc.</p>
	Cargo Safety	<p>The transport of goods by sea is a part of international trade. The regulations of the International Maritime Dangerous Goods Code (IMDG Code) require dangerous goods to be properly labeled (with label which conforms to the specification) for transport to serve as a warning and to make them easy to be identified. Evergreen Marine has therefore offered dangerous good placards which are in full compliance with the size and quality of the IMDG specification. These placards serve as a clear indication of dangerous goods among all other goods in the container during the transportation process. The company’s dangerous goods team is composed of talents with professional background and having the goods checked at all levels, it enables to prevent the occurrence of concealing and misreporting of dangerous goods</p>
Corporate Governance	Socioeconomic and regulatory compliance	<ol style="list-style-type: none"> <li>1. The company has established a corporate governance team and internal control mechanism for relevant departments to manage risks for exchange rate, interest rate, credit, liquidity, excessive market concentration, international political and economic, epidemic, sanctions, hackers, viruses and other invasions, abnormal climate, and sharp fluctuations in fuel prices, terminal strikes, delays in ships and docking, and poor quality for delivery, etc., Through risks identification, a proper corresponding countermeasures has been set up for minimizing the impact of risks.</li> <li>2. As a globally reputable container shipping company, Evergreen Marine insists on conducting its business in a lawful, transparent and ethical manner and is committed to complying with global competition law, anti-bribery and anti-corruption law, privacy law and economic sanctions regulations. As such, the company has established regulatory compliance policies and guidelines to facilitate compliance, and supervises it so as to prevent illegal activities from happening.</li> </ol>

Table2 The structure of corporate social responsibility committee

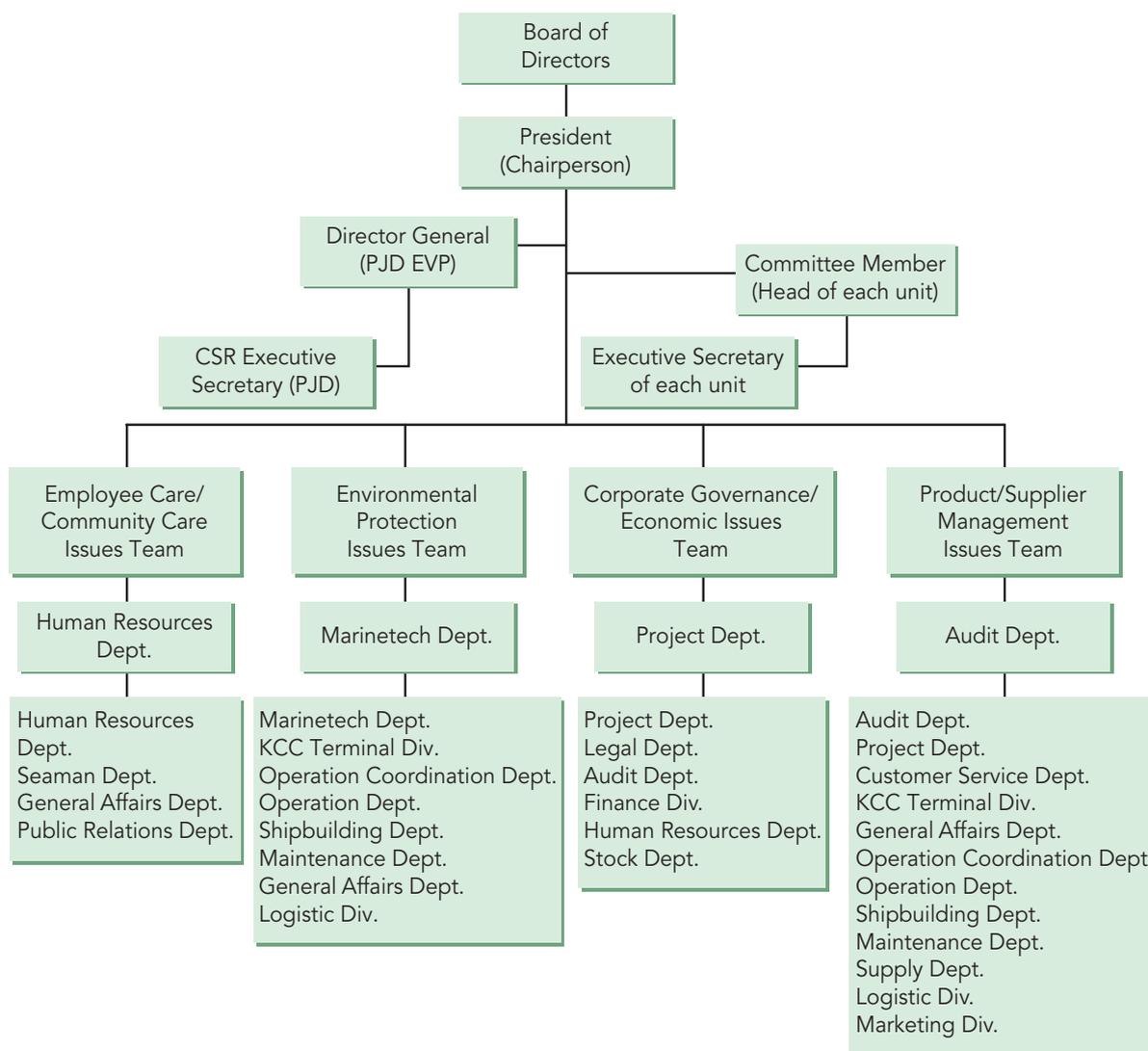


Table3 Statistics of greenhouse gas emissions, water consumption and waste disposal in recent years

- Statistics of greenhouse gas emissions from Evergreen self-owned vessels in the past 3 years

	2017	2018	2019
Fleet CO <sub>2</sub> emissions (Tonne CO <sub>2</sub> e)	5,923,081	6,139,371	5,903,899
Fleet CO <sub>2</sub> emission rate (g/TEU-KM)	63.023	62.137	61.460

Note 1: Scope 1 (direct) GHG emissions only cover CO<sub>2</sub> emissions

Note 2: GHG inventory is based on GHG emissions = Energy consumption and GHG emission factor; The GHG emission factor is based on the values given in IMO MEPC/29/18/Dec.1989 and the GHG emission factor management table 6.03 edition issued by the MOEA Industrial Development Bureau (IPCC 4th Evaluation Report (2007)); GHG emission total was calculated using the operational control method.

- Statistics of greenhouse gas emissions from shore operations in the past 3 years

	2017	2018	2019
Direct GHG emissions (Tonne CO <sub>2</sub> e)	3,935.66	2,706.09	2,917.12
Indirect GHG emissions (Tonne CO <sub>2</sub> e)	23,798.36	22,131.01	21,368.94
GHG emission intensity (Tonne CO <sub>2</sub> e/load)	3.78	3.51	3.06

Note 1: Scope 1 (direct) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by company vehicles. Scope 2 (indirect) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by electricity used in the office building. GHG emissions are summarized using the operational control method. Estimation method and source of coefficient: Energy emission = Energy consumption \* GHG emission factor; The GHG emission factor is based on the values given in IMO MEPC/29/18/Dec.1989 and the GHG emission factor management table 6.04 edition issued by the MOEA Industrial Development Bureau.

Note 2: Work load refers to the number of containers handled by cranes (diesel or electric-powered).

- Statistics of greenhouse gas emissions from office building in the past 3 years

	2017	2018	2019
Direct GHG emissions (Tonne CO <sub>2</sub> e)	17,645.45	17,995.38	16,320.75
Indirect GHG emissions (Tonne CO <sub>2</sub> e)	3,477.00	3,320.00	3,234.30
Greenhouse gas emission intensity (Tonne CO <sub>2</sub> e/M <sup>2</sup> )	0.75	0.76	0.69

Note 1: Scope 1 (direct) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by company vehicles. Scope 2 (indirect) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by electricity used in the office building. GHG emissions are summarized using the operational control method. Estimation method and source of coefficient: Energy emission = Energy consumption \* GHG emission factor; The GHG emission factor is based on the values given in IMO MEPC/29/18/Dec.1989 and the GHG emission factor management table 6.03 edition issued by the MOEA Industrial Development Bureau (IPCC 4th Evaluation Report (2007)); GHG emissions include CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>; scope 2 was calculated using the site-based method.

Note 2: GHG emission intensity = Carbon emission of externally purchased electricity /Total building floor area 28036.4 M<sup>2</sup>

• Statistics of water consumption from Evergreen in the past 3 years

			2017	2018	2019
Ships at sea		Fresh water supply to the ship (ton)	100,932	103,217	88,643
Shore operations	Kaohsiung Terminal	Annual tap water consumption (degree)	33,298	25,798	25,377
		Sewage treatment volume (CMD)	8,686	6,121	7,968
	Evergreen Marine office building	Annual tap water consumption (degree)	25,904	25,370	25,006

Note: 1. Fresh water supply to the ship is based on the quantities requested by each ship.

2. Fresh water supply to shore operations is based on the actual quantity on the meter

• Statistics of waste disposal from Evergreen in the past 2 years

Item	Type	Disposal method	Unit	2018 Disposal Amount	2019 Disposal Amount	Remarks	
Ships at sea	Incinerator ashes	Recycle	m <sup>3</sup>	75	70	1. The statistics doesn't include domestic waste, operational waste, kitchen waste, and medical waste that are unloaded from shore. 2. Unload waste calculated based on international common unit m <sup>3</sup> . 3. Due to non by weight calculation and small quantity, waste tires and lubricants are not included in the statistics.	
	Waste oil	Recycle	m <sup>3</sup>	42,519	40,644		
Shore operations	Kaohsiung Terminal	Domestic waste	ton	256.70	222.88	The raw data for waste tires and waste oil does not include weight. Their quantities are also relatively small so were not included in the statistics.	
		Waste hardware & paper	Recycle	ton	262.76		331.08
	Evergreen Marine office building	Domestic waste	Incineration	ton	98.6	97.53	Incinerator treatment
		Recycle	Recycle	kilo	4,220	6,100	Recycled by the recycling company

## 6. Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and adopted measures				
(1) Does the company formulate ethical management policies approved by the Board of Directors, and specify such policies and practices in both the company’s guidelines and external documents, as well as the commitment of the Board of Directors and top management to actively implement the policies?	✓		The Company’s Ethical Corporate Management Best-Practice Principles ( <a href="http://stock.evergreen.com.tw/download/gv1/rule/2603/zh-TW/2603_13.pdf">http://stock.evergreen.com.tw/download/gv1/rule/2603/zh-TW/2603_13.pdf</a> ) was established and resolved by the Board of Directors on Dec. 22, 2014. The Company’s ethical management policies and practices, as well as the commitment of the Board of Directors and top management to actively implement the policies are specified in the Principles. In addition, the principles are publicly disclosed in the “Ethical Management Zone” ( <a href="http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_IntegrityManagement.jsp">http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_IntegrityManagement.jsp</a> ) of the Company’s website and on the internal bulletin board.	None
(2) Does the company establish a risk assessment mechanism for unethical behavior, regularly analyze and evaluate the business activities with high risk of unethical behavior within the business scope, and based on which to formulate preventive measures and shall at least cover the preventive measures on unethical behavior stipulated in paragraph 2, Article 7 of “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established risk assessment mechanism and standardized relevant preventive measures in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” paragraph 2 of Article 7 stipulated by Taiwan Stock Exchange, and the business activities with high risk of unethical behavior; all departments of the Company are required to implement. In addition, Legal Division (Competition Compliance Team included) is responsible for promoting the Company’s regulatory compliance	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company specify the relevant procedures, conduct guidelines, punishment for violation, and rules of appellate in the formulated preventive measures against unethical behavior , as well as implement and regularly review and revise the aforementioned measure?	✓		<p>policies, providing the education and training on fair trade law and continuously promoting the risk control of unethical behavior and other preventive measures, to ensure the Company’s business activities have proper procedures and basis to follow.</p> <p>The Company’s Procedures for Ethical Management and Conduct Guideline (<a href="http://stock.evergreen.com.tw/download/gv1/rule/2603/zh-TW/2603_16.pdf">http://stock.evergreen.com.tw/download/gv1/rule/2603/zh-TW/2603_16.pdf</a>) was established and resolved by the Board of Directors on Mar. 26, 2015. This guideline states the preventive measures against unethical behavior, offering and accepting bribes and improper benefits, or attending meeting or business activities involving any potential conflict of interest. The aforementioned guideline also covers the punishment for violation and rules of appellate. of punishment. The responsible department of the Company is responsible for promoting and supervising the implementation of the ethical corporate management policies and preventive measures.</p>	None
<p>2. The implementation of ethical corporate management policy</p> <p>(1) Does the company evaluate business suppliers’ ethical records and include ethics-related clauses in business contracts?</p>	✓		<p>The Company has standardized the requirements for the ethical record assessment and the signing of the ethical behavior clause in the “Ethical Corporate Management Best-Practice Principles”. The Company shall avoid engaging in commercial activities with suppliers involving in unethical</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of ethical corporate management promotion and regularly (at least once a year) report to the Board regarding the ethical management policies, preventive measures against unethical behavior and implementation status?	✓		<p>behavior or against the Company’s CSR policies. When entering into a contract, the content of the contract shall include terms requiring compliance with CSR policies and ethical principles of both parties; the Company may terminate or revoke the term of the contract at any time if the supplier violates the policy and principles, and has a significant impact on the environment and society of the supply source community.</p> <p>The Company designated the Human Resources Department (HRD) to be in charge of establishing ethical corporate management policies and the preventive measures against unethical behavior, and supervising their implementation. In addition, HRD assists the Board of Directors and management in verifying and assessing the effectiveness of the preventive measures taken for the purpose of implementing ethical management, and regularly reports to the Board in December each year, on its implementation including the policies, training on ethical management related issue and the handling of complaint mailbox.</p> <p>The contents of the report made on the Board of Directors’ meeting held on Dec. 24, 2019 are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. Policies on Ethical Management In order to prevent any unethical behavior of employees, the Company’s top management emphasized the followings to all</li> </ol>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>employees in the open space meetings held in April, June, October and November, 2019, and asked supervisors at all levels to keep reminding and supervising subordinates:</p> <p>(1) Comply with the “Ethical Corporate Management Best-Practice Principles”, engage in commercial activities in a fair and transparent manner, follow a fair price competition and negotiation mechanism and keep all suppliers’ records.</p> <p>(2) No disclosure of internal information handled by oneself and materials to others, and engage in business activities in accordance with the competition laws and the related regulations.</p> <p>2. Training on Ethical Management related issue:</p> <p>(1) Organized ethical management and morality orientation courses in 2019 and 76 new employees completed the training.</p> <p>(2) Introduced anti-bribery and anti-corruption online course on E-learning in May, all supervisors were required to complete the course and passed the test and a total of 349 supervisors completed the course.</p> <p>(3) Published on the Company’s e-bulletin board, required all employees to comply with the ethical management policies, and strictly prohibited any employees</p>	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<p>to use the information which is not available in the market for profit.</p> <p>3. Complaint mailbox No case against code of conduct was received via the complaint mailbox in 2019.</p> <p>To prevent conflicts of interests and provide appropriate communication channels, the Company established the “Ethical Corporate Management Best-Practice Principles”, “Procedures for Ethical Management and Conduct Guidelines” in 2014 and 2015 respectively. The Company uses the corporate internal control system, audit system and all kinds of internal management regulations to implement the above policies.</p>	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management? Does the internal audit unit develop an audit plan based on the assessment results on risk against unethical behavior and examine the implementation status of the preventive measures based on the aforementioned audit plan, or have it checked by CPAs?	✓		<p>The Company has established effective accounting system, internal control system and internal audit implementation rules. The internal audit unit conducts an internal audit annually, examines the implementation status of the internal control system, continuously reviews the Company’s operating procedures, and develop an audit plan based on the assessment results on risk against unethical behavior in order to examine the implementation status of the preventive measures against unethical behavior.</p>	None
(5) Does the company regularly hold internal and external education and trainings on ethical management?	✓		<p>The Company delivers the concept of ethical management policies through various channels, such as information disclosure within the employees,</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			monthly departmental meetings, interview with top management and talks on ethical issues. The Company regularly organizes training on ethical management and morality orientation courses for new employees; in 2019, 4 sessions of which were held, with 76 participants. In addition, the online course “Introduction to Corporate Governance” has been included into learning certificates of managers at all levels since 2018 with accumulated of 400 managers completed the course and passed the online test.	
<p>3. Operation of the company’s integrity system</p> <p>(1) Does the company establish both reward/punishment system and integrity hotline, as well as a convenient integrity channel? Can the accused be reached by an appropriate person for follow-up?</p>	✓		The Company encourages both the internal and external personnel to report the acts of unethical and misconduct. In addition to the integrity system stipulated in the “Ethical Corporate Management Best-Practice Principles”, the Company has established the “Employee Complaint Regulations”. After the whistleblower reports or appeals to the supervisors at all levels and Human Resources Department, the case will then be filed and investigated or reported to the independent director, a relevant reward/punishment system is also stipulated in the management rules of the Company. In addition, an independent whistle-blowing mailbox (comment@evergreen-marine.com) is set up and has been disclosed on the “Stakeholder Zone” in the Company’s website and on the internal e-bulletin	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		board, in a way to establish a convenient integrity channel. This mailbox is under the responsibility of the supervisor of Human Resources Department.  It is specified in the “Ethical Corporate Management Best-Practice Principles” and “Employee Complaint Regulations” that the whistleblower may raise the case verbally or in writing. The Company then should make records, gather the related units and investigate, and give a response to the whistleblower within 10 working days. If necessary, it may be extended for 10 days, and the extension shall be limited to 2 times. It is also stipulated in the “Ethical Corporate Management Best-Practice Principles” that the contents of the report shall be properly handled in a confidential manner and whistleblowers shall be protected from any inappropriate treatment due to the complaint.	None
(3) Does the company provide proper whistleblower protection?	✓		The cases will be handled by designated Human Resources Managers. The procedures and methods for investigation and handling of cases and the provisions for the protection of whistleblower are also set forth in the relevant regulations, in order to protect whistleblowers from any inappropriate treatment due to the complaint.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The “Ethical Corporate Management Best-Practice Principles” and the results of our implementation have been posted on the “Ethical Management Zone” in the Company’s website and MOPS (URL: <a href="https://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_IntegrityManagement.jsp">https://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_IntegrityManagement.jsp</a> ).	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): : None				

## 7. Corporate Governance Guidelines and Regulations

The “Corporate Governance Best-Practice Principles” and the important relevant regulations can be found on the “Corporate Governance Zone” or MOPS. For more details and information, visit [http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1\\_Governance.jsp](http://www.evergreen-marine.com/tw/tbi1/jsp/TBI1_Governance.jsp) or <http://mops.twse.com.tw>.

## 8. Other Important Information Regarding Corporate Governance

**(1) The Company was ranked in the top 5% of publicly listed companies throughout 2018 to 2019 Corporate Governance Evaluation conducted by TWSE.**

**(2) The status of management level attending corporate governance related continuing education/training in 2019**

Name and Title	Date	Professional Organization	Training Sessions and Hours
Hsieh, Huey-Chuan President	Oct. 18, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan: Opportunities and Challenges of Industrial Transformation/ 3 hours
	Nov. 6, 2019	Taiwan Stock Exchange Corporation	2019 Board Functions Enhancement Seminars/ 3 hours
Wu, Kuang-Hui Chief Executive Vice President (Finance Supervisor)	Feb. 23, 2019	Taiwan Corporate Governance Association	Directors' Liability and Risk Management under the Latest Blueprint of Corporate Governance/ 3 hours
	Oct. 18, 2019		Artificial Intelligence in Taiwan: Opportunities and Challenges of Industrial Transformation/ 3 hours

**(3) The training courses condition for Auditing personnel and Accounting officer**

A. Auditing personnel

Name	Date	Professional Organization	Training Sessions and Hours	Certificate
Wu, Yu-Chi	1. Apr. 23, 2019 2. Sep.16, 2019	1. Securities & Futures Institute 2. Accounting Research and Development Foundation	1. Third-party Risk Management Practice Workshop from International Anti-Corruption Audit / 6 hours 2. How to audit "Corporate Governance Staff" required to set by competent authorities in accordance with law/6 hours	—

Name	Date	Professional Organization	Training Sessions and Hours	Certificate
Wang, Jun-Yue	1. Mar. 28, 2019 2. Aug. 6, 2019	1. Securities & Futures Institute 2. Accounting Research and Development Foundation	1. The impact of latest corporate law amendments on corporate governance, internal control, director and supervisor responsibilities /6 hours 2. How to audit “independent directors” and “audit committees” required to set by competent authorities in accordance with law/6 hours	—
Leu, Lii-Yi	1. Apr. 26, 2019 2. Sep. 6, 2019	1. The Institute of Internal Auditors-Chinese Taiwan 2. Accounting Research and Development Foundation	1. Introduction and Key Points of Audit Assignments to IFRS 16-Leases & IFRS 9 Financial Instruments/6 hours 2. Audit trends in the digital technology environment /6 hours	—
Dai, Gwo-Woei	1. Jun. 17, 2019 2. Sep. 10, 2019	The Institute of Internal Auditors-Chinese Taiwan	1. Essentials of internal audit for compliance with laws and regulations /6 hours 2. How internal auditors interpret business performance and risks from IFRS financial statements/6 hours	—
Chiu, Chao-Hui	1. Jun. 14, 2019 2. Oct. 5, 2019	1. Securities & Futures Institute 2. The Institute of Internal Auditors-Chinese Taiwan	1. Analysis of Advanced Cases of Enterprise Contract Management and Implementation /6 hours 2. Analysis and application of financial statements /6 hours	Certified Internal Auditor certificate

Name	Date	Professional Organization	Training Sessions and Hours	Certificate
Yang, Chung-Chi	1. Mar. 28, 2019 2. Oct. 31, 2019	1. Securities & Futures Institute 2. Accounting Research and Development Foundation	1. The impact of latest corporate law amendments on corporate governance, internal control, director and supervisor responsibilities /6 hours 2. How to audit “independent directors” and “audit committees” required to set by competent authorities in accordance with law/6 hours	—
Chen, Hsiang-Yu	1. Apr. 26, 2019 2. Sep. 10, 2019	The Institute of Internal Auditors-Chinese Taiwan	1. Introduction and Key Points of Audit Assignments to IFRS 16-Leases & IFRS 9 Financial Instruments/6 hours 2. How internal auditors interpret business performance and risks from IFRS financial statements /6 hrs	—
Wang, Su-Chin	1. Mar. 20, 2019 2. Nov. 4, 2019	The Institute of Internal Auditors-Chinese Taiwan	1. Audit for Finance cycle and Property, plant and equipment cycle/6 hours 2. How auditors detect fraud in financial statements /6 hours	—

#### B. Accounting Supervisor

The accounting supervisor of the Company, Chang, Chuan-Fu, has participated in the continuing education course held by the training institution as determined by the competent authority for 12 hours in accordance with Article 6 of the “Eligibility Rules for the Accounting Supervisor of the Issuer's Securities Exchange and the Professional Training Method”.

Name	Date	Professional Organization	Training Sessions and Hours
Chang, Chuan-Fu	Nov.21,2019~ Nov.22,2019	Accounting Research and Development Foundation	Accounting Supervisor Continuing Education Course (Financial Accounting Standards, Finance, Corporate Governance, Ethics and Legal Responsibility)/12 hours
	Feb.23,2019	Taiwan Corporate Governance Association	Directors' Responsibility and Risk Management under the latest Corporate Governance Blueprint/ 3 hours
	Oct.18,2019		Artificial Intelligence in Taiwan: Opportunities and Challenges of Industrial Transformation/ 3 hours

#### (4) "Internal Major Information Processing Procedures" of the Company

In order to establish a good internal information processing and disclosure mechanism, the "Internal Major Information Processing Procedures" of the Company was approved by the Board of Directors on Dec. 22, 2014 and has been disclosed on the Company's website for directors, supervisors, managers and employees of the Company to follow as a basis in order to avoid violations or insider trading.

## 9. Internal Control Systems

### (1) Internal Control System Execution Status

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

Date: Mar. 24, 2020

The Company states the following with regard to its internal control system during the period from Jan. 01, 2019 to Dec. 31, 2019, 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, timeliness, transparency of 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 (herein below, 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, timeliness, transparency of 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 Mar. 24, 2020, where zero of the 8 attending directors (include commissioned to attend) expressed dissenting opinions, and all affirmed the content of this Statement.

Evergreen Marine Corp. (Taiwan) LTD.

Chairman:



President:



**10. For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements:** None.

## 11. Major Resolutions of Shareholders' Meeting and Board Meetings

### (1) Major Resolutions of Shareholders' Meetings

Date of Meeting	Summary of Important Proposals	Execution
Jun. 21, 2019	1. To approve 2018 earnings distribution: Based on the principle of stabilization for sustainable operations management of the Company, it is proposed to reserve all appropriable earnings to meet future operating needs and not to allocate dividends.	The proposal has been fully implemented in accordance with the resolution.
	2. To amend "Procedures for Acquiring or Disposing of Assets".	The related actions on behalf of the Company have been conducted in accordance with the revised "Procedures for Acquiring or Disposing of Assets".
	3. To amend "Procedures for Transactions of Derivatives Products".	The related actions on behalf of the Company have been conducted in accordance with the revised "Procedures for Transactions of Derivatives Products".
	4. To amend "Procedures for Fund Lending, Endorsement and Guarantee".	The related actions on behalf of the Company have been conducted in accordance with the revised "Procedures for Fund Lending, Endorsement and Guarantee".

## (2) Major Resolutions of Board Meetings, Audit Committee and Remuneration Committee

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	1. To approve changing the Company's president and the spokesperson. <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>• Director Hsieh, Huey-Chuan has direct personal interest that conflicts with the proposal.</li> <li>• Except for the director who recused himself from the discussion and resolution, all 7 directors agreed and approved the proposal.</li> </ul> 2. To approve 2018 employees' compensation. 3. To approve 2018 directors' remuneration.	Approved unanimously by Remuneration Committee members on the 1 <sup>st</sup> meeting of 2019 dated Mar. 22, 2019.	None
Mar. 22, 2019 (1 <sup>st</sup> Board Meeting of 2019)	4. To ratify the acquisition of newbuild dry container of Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC. 5. To approve the foundation of Evergreen Shipping Agency (Israel) Corporation with Green Shipping Ltd. 6. To approve 2018 Business Report. 7. To approve 2018 Parent-company-only Financial Statement and Consolidated Financial Statement. 8. To approve 2018 earnings distribution. 9. To approve the Company's CPAs and determine their remuneration. 10. To approve making endorsements and guarantees for subsidiaries and associate company. 11. To amend the "Procedures for Acquiring and Disposing of Assets" and the "Table of Authority Limit of Acquiring or Disposing of Assets & other Financial Matters". 12. To amend the "Procedures for Transactions of Derivatives Products". 13. To amend "Internal Control System". 14. To approve 2018 Internal Control Statement.	Approved unanimously by Audit Committee members on the 1 <sup>st</sup> meeting of 2019 dated Mar. 22, 2019.	None
	15. To approve 2019 Operational Plan. 16. To convene 2019 Annual General Shareholders' Meeting.	-	-

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
May 13, 2019 (2 <sup>nd</sup> Board Meeting of 2019)	<ol style="list-style-type: none"> <li>1. To approve the acquisition of newbuild dry container of Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC.</li> <li>2. To approve making endorsements and guarantees for subsidiaries.</li> <li>3. To approve the proposal that Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC, makes sale-leaseback transaction of containers with Licht Leasing Co., Ltd.</li> <li>4. To amend the "Procedures for Fund Lending, Endorsement and Guarantee".</li> <li>5. To amend the "Corporate Governance Best-Practice Principles".</li> <li>6. To amend the "Rules Governing the Scope of Powers of Independent Directors".</li> <li>7. To approve appointing the "Chief Corporate Governance Officer".</li> <li>8. To stipulate the "Standard Operational Protocol for Responding to Requests from Directors".</li> <li>9. To amend 2019 Annual General Shareholders' Meeting agenda.</li> </ol>	<p>Approved unanimously by Audit Committee members on the 2<sup>nd</sup> meeting of 2019 dated May 13, 2019.</p> <p>-</p>	<p>None</p> <p>-</p>
Aug. 13, 2019 (3 <sup>rd</sup> Board Meeting of 2019)	<ol style="list-style-type: none"> <li>1. To approve long term charter of container vessels of Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC.</li> <li>2. To approve building container vessels of Greencompass Marine S.A., a subsidiary of EMC.</li> <li>3. To approve the acquisition of newbuild dry container of Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC.</li> <li>4. To approve the proposal that Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC, makes sale-leaseback transaction of containers with Rosemary Shipping Corporation.</li> <li>5. To approve capital increase by subscriptions in cash amounting to TWD 3 billion.</li> <li>6. To approve making endorsements and guarantees for subsidiaries.</li> </ol>	<p>Approved unanimously by Audit Committee members on the 3<sup>rd</sup> meeting of 2019 dated Aug. 13, 2019.</p>	<p>None</p>
Sep. 10, 2019 (4 <sup>th</sup> Board Meeting of 2019)	<ol style="list-style-type: none"> <li>1. To approve building self-owned container vessels of Greencompass Marine S.A., a subsidiary of EMC.</li> <li>2. To approve changing long term charter of container vessels of Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC, to building self-owned container vessels.</li> <li>3. To approve building self-owned container vessels of the Company.</li> </ol>	<p>Approved unanimously by Audit Committee members on the 4<sup>th</sup> meeting of 2019 dated Sep. 10, 2019.</p>	<p>None</p>

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Oct. 4, 2019 (5 <sup>th</sup> Board Meeting of 2019)	1. To stipulate "Principles of Employees' Qualification and Subscribable Shares for Employee Stock Option" for capital increase in 2019.	Approved unanimously by Remuneration Committee members on the 2 <sup>nd</sup> meeting of 2019 dated Oct. 4, 2019.	None
	2. To approve making endorsements and guarantees for subsidiaries. 3. To amend the "Audit Committee Charter".	Approved unanimously by Audit Committee members on the 5 <sup>th</sup> meeting of 2019 dated Oct. 4, 2019.	None
	4. To amend the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". 5. To amend the "Corporate Governance Best Practice Principles". 6. To amend the "Rules of Procedure for Board of Directors Meetings".	-	-
Nov. 11, 2019 (6 <sup>th</sup> Board Meeting of 2019)	1. To ratify subscribing the odd-lot shares of "EVA AIR." <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>• A blood relative within the second degree of kinship of Director Chang, Kuo-Hua and Director Chang, Kuo-Ming; and Director Ko, Lee-Ching also sit on the Board of "EVA AIR".</li> <li>• Except for directors who recused themselves from the discussion and resolution, all 5 directors agreed and approved the proposal.</li> </ul> 2. To approve acquiring the Taipei Port Container Terminal Corp. shares from Armand Estate B.V., a subsidiary of EMC. <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>• A blood relative within the second degree of kinship of Director Chang, Kuo-Ming, and Director Chang, Kuo-Hua who also sit on the Board of Armand Estate B.V.</li> <li>• Except for directors who recused themselves from the discussion and resolution, all 6 directors agreed and approved the proposal.</li> </ul> 3. To approve the proposal of Peony Investment S.A., a subsidiary of EMC, participates in capital injection of Balsam Investment (Netherlands) N.V.	Approved unanimously by Audit Committee members on the 6 <sup>th</sup> meeting of 2019 dated Nov. 11, 2019.	None

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Nov. 11, 2019 (6 <sup>th</sup> Board Meeting of 2019)	<u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>A blood relative within the second degree of kinship of Director Chang, Kuo-Ming, and Director Chang, Kuo-Hua who also sit on the Board of Balsam Investment(Netherlands) N.V.</li> <li>Except for directors who recused themselves from the discussion and resolution, all 6 directors agreed and approved the proposal.</li> </ul> <p>4. To approve making endorsements and guarantees for subsidiaries.</p> <p>5. To amend the "Corporate Social Responsibility Policy".</p>	<p>Approved unanimously by Audit Committee members on the 6<sup>th</sup> meeting of 2019 dated Nov. 11, 2019.</p> <p>-</p>	<p>None</p> <p>-</p>
Dec. 24, 2019 (7 <sup>th</sup> Board Meeting of 2019)	<p>1. To approve building container vessels of the Company.</p> <p>2. To approve the acquisition of newbuild dry container of the Company and its subsidiaries, Greencompass Marine S.A. and Evergreen Marine (Hong Kong) Ltd.</p> <p>3. To approve the disposal the common stock of Evergreen Marine (Latin America), S.A.</p> <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>A blood relative within the second degree of kinship of Director Chang, Kuo-Ming, and Director Chang, Kuo-Hua who also sit on the Board of Evergreen Marine (Hong Kong) Ltd.</li> <li>Except for directors who recused themselves from the discussion and resolution, all 6 directors agreed and approved the proposal.</li> </ul> <p>4. To approve making endorsements and guarantees for subsidiaries and associate company.</p> <p>5. To approve the proposal that Evergreen Marine (Hong Kong) Ltd., a subsidiary of EMC, makes sale-leaseback transaction of containers.</p> <p>6. To approve using the Company's undistributed earnings of 2018 to make substantial investment.</p>	<p>Approved unanimously by Audit Committee members on the 7<sup>th</sup> meeting of 2019 dated Dec. 24, 2019.</p>	<p>None</p>
	<p>7. To approve the 2019 bouns for management.</p> <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>Director Hsieh, Huey-Chuan has direct personal interest that conflicts with the proposal.</li> </ul>	<p>Approved unanimously by Remuneration Committee members on the 3<sup>rd</sup> meeting of 2019 dated Dec. 24, 2019.</p>	<p>None</p>

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
Dec. 24, 2019 (7 <sup>th</sup> Board Meeting of 2019)	<ul style="list-style-type: none"> <li>• Except for the director who recused himself from the discussion and resolution, all 7 directors attended approved the proposal.</li> </ul> <p>8. To approve 2020 compensation for management. <u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>• Director Hsieh, Huey-Chuan has direct personal interest that conflicts with the proposal.</li> <li>• Except for the director who recused himself from the discussion and resolution, all 7 directors agreed and approved the proposal.</li> </ul> <p>9. To approve the 2019 Chairman's bonus. <u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>• Chairman Chang, Cheng-Yung has direct personal interest that conflicts with the proposal.</li> <li>• Except for the director who recused himself from the discussion and resolution, all 7 directors agreed and approved the proposal.</li> </ul> <p>10. To approve 2020 Chairman's compensation. <u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>• Chairman Chang, Cheng-Yung has direct personal interest that conflicts with the proposal.</li> <li>• Except for the director who recused himself from the discussion and resolution, all 7 directors agreed and approved the proposal.</li> </ul>	Approved unanimously by Remuneration Committee members on the 3 <sup>rd</sup> meeting of 2019 dated Dec. 24, 2019.	None
	11. To formulate 2020 Internal Audit Plan.	-	-
Jan. 20, 2020 (1 <sup>st</sup> Board Meeting of 2020)	<p>1. To approve 2020 budget.</p> <p>2. To make proposal on 2020 Annual General Shareholders' Meeting to elect new directors.</p> <p>3. To approve lifting the non-competition restriction for newly elected directors.</p> <p>4. To convene 2020 Annual General Shareholders' Meeting.</p>	Approved unanimously by Audit Committee members on the 1 <sup>st</sup> meeting of 2020 dated Jan 20, 2020.	None

The Board of Directors Meeting Date & Session	Major Proposals	The resolution of Audit Committee or Remuneration Committee	The Company's Response to the Opinions of Audit Committee or Remuneration Committee
	<ol style="list-style-type: none"> <li>1. To approve not setting aside 2019 Employees' Compensation and Directors' Remuneration.</li> <li>2. To amend the "Remuneration Committee Charter".</li> </ol>	Approved unanimously by Remuneration Committee members on the 1 <sup>st</sup> meeting of 2020 dated Mar. 24, 2020.	None
Mar. 24, 2020 (2 <sup>nd</sup> Board Meeting of 2020)	<ol style="list-style-type: none"> <li>3. To approve the acquisition of newbuild reefer container.</li> <li>4. To approve 2019 Business Report.</li> <li>5. To approve 2019 Parent-company-only Financial Statement and Consolidated Financial Statement.</li> <li>6. To approve the earnings distribution of 2019.</li> <li>7. To approve the Company's CPAs and determine their remuneration.</li> <li>8. To approve making endorsements and guarantees for subsidiaries and associate company.</li> <li>9. To approve the proposal that Greencompass Marine S.A., a subsidiary of EMC, makes sale-leaseback transaction of containers.</li> <li>10. To amend the "Audit Committee Charter".</li> <li>11. To amend "Internal Control System" and "Internal Audit Implementation Rules".</li> <li>12. To approve 2019 Internal Control Statement.</li> <li>13. To stipulate the "Risk Management Policy".</li> </ol>	Approved unanimously by Audit Committee members on the 2 <sup>nd</sup> meeting of 2020 dated Mar. 24, 2020.	None
	<ol style="list-style-type: none"> <li>14. To amend the Company's "Articles of Incorporation".</li> <li>15. To amend the "Rules of Procedure for Board of Directors Meetings".</li> <li>16. To amend the "Corporate Governance Best Practice Principles".</li> <li>17. To approve 2020 Operational Plan.</li> </ol>	-	-

**12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors:** None

### 13. Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Chief Corporate Governance Officer and R&D:

Title	Name	Date of Inauguration	Date of Resignation	Reason for resignation or dismissal
President	Lee, Mong-Jye	01.01.2015	04.15.2019	Retirement

## 4 Information Regarding the Company's Audit Fee and Independence

### 1. Audit Fee

The non-audit fee ratio of the Company has not reached more than one quarter of the audit fee, and the non-audit fee details are as follows.

Unit: TWD thousand

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
PwC	Lee, Hsiu-Ling Chih, Ping-Chiun, etc.	19,155	0	120	0	1,820	1,940	2019/01/01-2019/12/31	The "Other" items of non-audit fees include the following services: 1. Audit of business tax 2. Transfer pricing report 3. Master File project

**2. If the Company Changes Accounting Firm and the Audit Fees Charged by the New Firm is Less than that of the Pervious Accounting Firm, Please Disclose the Audit Fees Charged by the Two Accounting Firms and the Reason:** None

**3. Audit Fees Decreases 10% of that of Previous Year, the Decreased Audit Fees, Decreased Percentage and Reason Should be Disclosed:** None

**5 Replacement of CPA :** None

### 6 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Finance Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2019.

## 7 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2019		As of APR 26, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Evergreen Steel Corp.	0	0	0	0
	Representative: Chang, Cheng-Yung	0	0	0	0
Director	Chang Yung-Fa Charity Foundation	0	0	0	0
	Representative: Chang, Kuo-Hua	0	0	0	0
	Representative: Chang, Kuo-Ming	0	0	0	0
Director	Evergreen International S.A. (Panama)	0	0	0	0
	Representative: Ko, Lee-Ching	0	0	0	0
	Representative: Hsieh, Huey-Chuan	100,000 (50,000)	0	0	0
	Representative: Lee, Mong-Jye	0	0	0	0
Director	Evergreen Steel Corp.	0	0	0	0
	Representative: Hsieh, Huey-Chuan	100,000 (50,000)	0	0	0
Independent Director	Yu, Fang-Lai	0	0	0	0
Independent Director	Chang, Chia-Chee	0	0	0	0
Independent Director	Li, Chang-Chou	0	0	0	0
President	Hsieh, Huey-Chuan	100,000 (50,000)	0	0	0
Chief Executive Vice President (Finance Officer)	Wu, Kuang-Hui	81,121	0	0	0
Project Dept. Executive Vice President	Wei, Wei-Der	72,791	0	0	0
Project Dept. Executive Vice President	Tang, Chia-Sheng	0	0	0	0

Title	Name	2019		As of APR 26, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Finance Div. Executive Vice President	Tsai, I-Jung	0	0	0	0
Marketing Div. Executive Vice President	Wang, Pei-Chun	0	0	0	0
Logistics Div. Executive Vice President	Lin, Wen-Kuei	50,000 (9,000)	0	0 (18,000)	0
Customer Relationship Management Div. Executive Vice President	Fang, Yu-Yen	0	0	0	0
Ship Div. Executive Vice President	Huang, Tsung-Yung	0	0	0	0
Operation Coordination Dept. Executive Vice President	Su, Teng-Huan	0	0	0	0
Project Dept. Senior Vice President	Tseng, Neng-Fang	50,000 (55,000)	0	0	0
Human Resources Dept. Senior Vice President	Yang, Pi-Sao	50,250 (65,000)	0	0 (10,000)	0
Finance Div. Finance Dept. Senior Vice President	Mo, Cheng-Ping	50,000 (118,000)	0	0 (10,000)	0
Finance Div. Stocks Dept. Senior Vice President	Hsieh, Shu-Hui	0	0	0	0
Marketing Div. Latin America Dept. Senior Vice President	Su, Ming-Sung	50,000	0	0 (18,000)	0
Marketing Div. Intra Asia Dept. Senior Vice President	Wu, Yi-Min	50,000	0	0 (50,000)	0
Logistics Div. Equipment Service Dept. Senior Vice President	Wu, Chi-Hui	0	0	0	0
Logistics Div. Equipment Control Dept. Senior Vice President	Kuo, Yuan-Ping	0	0	0	0

Title	Name	2019		As of APR 26, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Ship Div. Maintenance Dept. Senior Vice President	Kung, Chir-Chieh	59,080	0	0 (14,000)	0
Ship Div. Supply Dept. Senior Vice President	Wang, Lin-Fa	0	0	0	0
Ship Div. Shipbuilding Dept. Senior Vice President	Chiang, Shou-Hsing	0	0	0	0
Operation Coordination Dept. Senior Vice President	Hwang, Wen-Yau	59,034	0	0	0
Project Dept. Deputy Senior Vice President	Jou, Kuen-Cheng	0 (5,000)	0	0	0
Project Dept. Deputy Senior Vice President	Sheu, Dong-Han	0	0	0	0
Project Dept. Deputy Senior Vice President	Chen, Chun-Yen	0	0	0 (7,000)	0
Auditing Dept. Deputy Senior Vice President	Wu, Yu-Chi	47,667 (57,000)	0	0	0
Human Resources Dept. Deputy Senior Vice President	Chien, Shen-Tai	10,000	0	0 (10,000)	0
Marketing Div. North America Dept. Deputy Senior Vice President	Hsu, Ching-Che	0	0	0	0
Marketing Div. Europe & Africa Dept. Deputy Senior Vice President	Lin, Sheng-Chia	47,000 (10,000)	0	0	0
Marketing Div. Near East Dept. Deputy Senior Vice President	Hsu, Huan-Chang	30,000	0	0	0
Customer Relationship Management Div. Customer Relationship Management Dept. Deputy Senior Vice President	Chiu, Ping-Chuan	0	0	0	0

Title	Name	2019		As of APR 26, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Ship Div. Maritech Dept. Deputy Senior Vice President	Yang, Hong-Ming	0	0	0	0
Ship Div. Seaman Dept. Deputy Senior Vice President	Li, Hua-Lung	50,190 (20,000)	0	0	0
Ship Div. Maintenance Dept. Deputy Senior Vice President	Chen, Jenn-Hwang	0	0	0	0
Ship Div. Maintenance Dept. Deputy Senior Vice President	Yeh, Ching-Rong	2,791	0	0	0
Ship Div. Maintenance Dept. Deputy Senior Vice President	Jeng, Jen-Cherng	51,790	0	0	0
Operation Dept. Deputy Senior Vice President	Hwang, Yi-Syou	0	0	0	0
Operation Coordination Dept. Deputy Senior Vice President	Chang, Chih-Chao	0	0	0	0
Operation Coordination Dept. Deputy Senior Vice President	Yeh, Cheng-Hung	1,000	0	0	0
KSG Terminal Div. Deputy Senior Vice President	Kuo, Feng-Yi	0	0	0	0
KSG Terminal Div. Deputy Senior Vice President	Hwang, Ming-Ling	49,245 (45,000)	0	0	0
Finance Div. Finance Dept. Junior Vice President (Accounting Supervisor)	Chang, Chuan-Fu	42,000 (5,000)	0	0 (32,000)	0

**Information of Stock Transfer: None**

**Information of Stock Pledged: None**

## 8 Relationship Among the Top Ten Shareholders

Name	Current Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Second Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Evergreen International S.A. (Panama)	391,786,816	8.14	-		0	0	Chang, Kuo-Hua Chang, Kuo-Ming Chang, Kuo-Cheng	Director and major shareholder
							Chang, Yung-Fa	major shareholder
							Evergreen International Corp.	Major shareholder of Evergreen International S.A. (Panama) reinvest the company
							Ko, Lee-Ching	Director
Representative: Chang, Kuo-Hua	319,646,157	6.64	47,176,327	0.98	0	0	Evergreen International S.A. (Panama)	Director and major shareholder
							Chang, Yung-Fa Chang, Kuo-Ming Chang, Kuo-Cheng	Within two degrees kinship
							Evergreen International Corp.	Director and major shareholder
Chang, Kuo-Hua	319,646,157	6.64	47,176,327	0.98	0	0	Evergreen International S.A. (Panama)	Director and major shareholder
							Chang, Yung-Fa Chang, Kuo-Ming Chang, Kuo-Cheng	Within two degrees kinship
							Evergreen International Corp.	Director and major shareholder
Evergreen International Corp.	262,411,866	5.45	-		0	0	Chang, Kuo-Hua	Director and major shareholder
							Chang, Kuo-Cheng Chang, Kuo-Ming	Major shareholder
							Evergreen International S.A. (Panama)	Major shareholder of Evergreen International Corp. reinvest the company

Name	Current Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Second Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Representative: Ko, Lee-Ching	92,563	0	0	0	0	0	Evergreen International S.A. (Panama)	Director
Chang, Yung-Fa	221,101,656	4.59	2,642,655	0.05	0	0	Evergreen International S.A. (Panama)	Major shareholder
							Chang, Kuo-Hua Chang, Kuo-Ming Chang, Kuo-Cheng	Within two degrees kinship
New Labor Pension Fund	151,256,691	3.14	-	-	0	0	-	-
Chang, Kuo-Ming	116,861,569	2.43	39,367,531	0.82	0	0	Evergreen International S.A. (Panama)	Director and major shareholder
							Chang, Yung-Fa Chang, Kuo-Hua Chang, Kuo-Cheng	Within two degrees kinship
							Evergreen International Corp.	Major shareholder
Cathy Life Insurance Co., Ltd.	115,820,890	2.41	-	-	0	0	-	-
Chang, Kuo-Cheng	95,210,549	1.98	0	0	0	0	Evergreen International S.A. (Panama)	Director and major shareholder
							Chang, Yung-Fa Chang, Kuo-Hua Chang, Kuo-Ming	Within two degrees kinship
							Evergreen International Corp.	Major shareholder
Fu, Di-Chen	88,859,445	1.85	4,489,730	0.09	0	0	-	-
Nan Shan Life Insurance Company, Ltd.	81,459,788	1.69	-	-	0	0	-	-

## 9 Ownership of Shares in Affiliated Enterprises

As of Dec 31, 2019

Unit: Thousand Shares/%

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Evergreen International Storage & Transport Corp.	430,692	40.36	38,343 (Note 2)	3.59	469,035	43.95
EVA Airways Corp.	776,541	16.00	349,977 (Note 3)	7.21	1,126,518	23.21
Taiwan Terminal Services Corp.	5,500	55.00	100	1.00	5,600	56.00
Evergreen Security Corp.	6,336	31.25	10	0.05	6,346	31.30
Charng Yang Development Corp.	58,542	40.00	0	0	58,542	40.00
Taipei Port Container Terminal Corp.	109,378	21.03	50,602	9.73	159,980	30.76
Peony Investment S.A	4,765	100.00	0	0	4,765	100.00
Evergreen Marine (Hong Kong) Ltd.	6,320	79.00	80	1.00	6,400	80.00
Everport Terminal Service Inc.	1	94.43	0	5.57	1	100.00
Evergreen Marine (Latin America), S. A.	105	17.50	198	33.00	303	50.50
VIP Greenport Joint Stock Company	13,750	21.74	0	0	13,750	21.74
Evergreen Shipping Agency (Israel) Ltd.	1,062	59	18	1	1,080	60

Note1: Investment accounted for using equity method

Note2: Information for Evergreen International Storage & Transport Corp. in September, 2019.

Note3: Information for EVA Airways Corp. in October, 2019.

## Chapter 4. Capital Overview

### 1 Capital and Shares

#### 1. Source of Capital

Month/ Year	Par Value (TWD)	Authorized Capital		Paid-in Capital		Sources of Capital (shares)	Capital Increased by Assets Other than Cash	Remark
		Shares	Amount	Shares	Amount			
05/2012	10	3,600,000,000	36,000,000,000	3,474,940,656	34,749,406,560	Corporate Bond Conversion 1,482,546	-	Jing-Shou-Shang Zi No. 10101094850
05/2013	10	3,600,000,000	36,000,000,000	3,474,946,469	34,749,464,690	Corporate Bond Conversion 5,813	-	Jing-Shou-Shang Zi No. 10201100610
08/2013	10	3,600,000,000	36,000,000,000	3,474,952,282	34,749,522,820	Corporate Bond Conversion 5,813	-	Jing-Shou-Shang Zi No. 10201178690
09/2014	10	3,600,000,000	36,000,000,000	3,477,580,184	34,775,801,840	Corporate Bond Conversion 2,627,902	-	Jing-Shou-Shang Zi No. 10301181780
08/2015	10	3,600,000,000	36,000,000,000	3,512,355,986	35,123,559,860	Capitalization of Retained Earnings 34,775,802	-	No. Financial-Supervisory-Securi- ties-Corporate-1040025135; Jing- Shou-Shang Zi No. 10401170530
12/2017	10	5,000,000,000	50,000,000,000	4,012,355,986	40,123,559,860	Cash Subscription 500,000,000	-	No. Financial-Supervisory-Securi- ties-Corporate-1060037504; Jing- Shou-Shang Zi No. 10601173790
09/2018	10	5,000,000,000	50,000,000,000	4,212,973,786	42,129,737,860	Capitalization of Retained Earnings 200,617,800	-	The approval from the FSC on Jul. 31, 2018; Jing-Shou-Shang Zi No. 10701115880

Month/ Year	Par Value (TWD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (shares)	Capital Increased by Assets Other than Cash	Other
12/2018	10	5,000,000,000	50,000,000,000	4,512,973,786	45,129,737,860	Cash Subscription 300,000,000	-	No. Financial-Supervisory-Securi- ties-Corporate-1070336402; Jing- Shou-Shang Zi No.10701157290
12/2019	10	5,000,000,000	50,000,000,000	4,812,973,786	48,129,737,860	Cash Subscription 300,000,000	-	No. Financial-Supervisory-Securi- ties-Corporate-1080332862; Jing- Shou-Shang Zi No.10801196050

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	4,812,973,786	187,026,214	5,000,000,000	Shares of TWSE Listed Companies

Information for Shelf Registration: None.

## 2. Status of Shareholders

As of 4/26/2020

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	9	20	324	143,014	571	143,938
Shareholding (shares)	317,762,809	330,445,280	525,615,507	2,523,642,978	1,115,507,212	4,812,973,786
Percentage	6.60%	6.87%	10.92%	52.43%	23.18%	100.00%

## 3. Shareholding Distribution Status

As of 4/26/2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	51,686	12,565,279	0.26%
1,000 ~ 5,000	51,792	121,593,207	2.53%
5,001 ~ 10,000	15,802	112,413,413	2.34%
10,001 ~ 15,000	7,789	93,394,243	1.94%
15,001 ~ 20,000	3,645	64,160,727	1.33%
20,001 ~ 30,000	4,343	105,248,339	2.19%
30,001 ~ 40,000	2,123	72,916,160	1.51%
40,001 ~ 50,000	1,427	64,285,775	1.34%

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
50,001 ~ 100,000	2,766	192,799,823	4.01%
100,001 ~ 200,000	1,312	179,779,227	3.74%
200,001 ~ 400,000	619	171,517,834	3.56%
400,001 ~ 600,000	215	105,152,729	2.18%
600,001 ~ 800,000	119	82,465,827	1.71%
800,001 ~ 1,000,000	54	49,346,772	1.03%
1,000,001 or over	246	3,385,334,431	70.33%
Total	143,938	4,812,973,786	100.00%

Preferred Shares: None

#### 4. List of Major Shareholders

As of 4/26/2020

Shareholder's Name	Shareholding	
	Shares	Percentage
Evergreen International S.A. (Panama)	391,786,816	8.14%
Chang, Kuo-Hua	319,646,157	6.64%
Evergreen International Corp.	262,411,866	5.45%
Chang, Yung-Fa	221,101,656	4.59%
New Labor Pension Fund	151,256,691	3.14%
Chang, Kuo-Ming	116,861,569	2.43%
Cathay Life Insurance Co. Ltd	115,820,890	2.41%
Chang, Kuo-Cheng	95,210,549	1.98%
Fu, Di-Chen	88,859,445	1.85%
Nan Shan Life Insurance Company, Ltd.	81,459,788	1.69%

## 5. Market Price, Net Worth, Earnings and Dividends per Share

Unit: TWD

Year	2018	2019	01/01/2020- 04/26/2020 (Note 2)
Items			
<b>Market Price per Share (Note 1)</b>			
Highest Market Price	18.75	14.70	13.35
Adjusted Highest Market Price	-	-	-
Lowest Market Price	11.10	11.40	8.90
Adjusted Lowest Market Price	-	-	-
Average Market Price	14.98	12.77	11.07
<b>Net Worth per Share</b>			
Before Distribution	14.82	14.55	-
After Distribution	-	-	-
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	4,240,919	4,536,809	-
Earnings Per Share	0.07	0.02	-
Adjusted Earnings Per Share	-	-	-
<b>Dividends per Share</b>			
Cash Dividends	-	-	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 3)	214	638.5	-

Items	Year	2018	2019	01/01/2020- 04/26/2020 (Note 2)
	Price / Dividend Ratio (Note 4)	-	-	-
Cash Dividend Yield Rate (Note 5)	-	-	-	-

Note 1: List the highest and lowest market prices of common stocks for each year, and calculate the average market price for each year based on the annual transaction value and volume.

Note 2: Net Worth per share and earnings per share shall be filled in with the information of the account audited by the accountant in the most recent quarter of the annual report. The remaining fields shall be filled with the annual information as of the date of publication of the annual report.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

## 6. Dividend Policy and Implementation Status

### (1) Dividend Policy

If the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset losses from previous years (if any), then set aside 10% of the balance as the statutory surplus reserve, and set aside or reverse a special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it.

The dividends shall be distributed in the combination of cash and stocks, provided that cash dividends shall not be less than 10% of the total amount of dividends.

### (2) Proposed Distribution of Dividends

The proposal for the distribution of 2019 profits was passed at the meeting of the Board of Directors on March 24, 2020. The proposal not to distribute dividends will be discussed at the annual shareholders' meeting.

## 7. Impact of Stock Dividends issuance on the Company's Business Performance and Earnings per Share: N/A (The Company does not disclose 2020 financial forecast.)

## **8. Employees' Compensation and Remuneration of Directors and Supervisors**

### **(1) Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:** \_\_\_\_\_

If the Company makes profit in a fiscal year, employees' compensation, no less than 0.5% of the profit, and remuneration of directors, no more than 2% of the profit, shall be set aside. However, in case the Company has accumulated losses, the Company shall reserve an amount to offset the accumulated losses beforehand. The employees' compensation and the remuneration of directors shall be set aside afterwards according to the principles mentioned above.

The employees' compensation shall be distributed in the form of stock or cash, while the remuneration of directors shall be distributed only in the form of cash.

The profit mentioned above refers to profit before tax without deducting employees' compensation and remuneration of directors.

### **(2) In the current period, the estimated basis of the remuneration of employees, directors and supervisors, the calculation basis of the number of employees' remuneration shares distributed by the stock and the actual distribution amount are treated as if they differ from the estimated number of entries:** \_\_\_\_\_

a. In this period, the estimated basis for the employee's remuneration and the amount of compensation for directors and supervisors and the basis for the number of shares allotted for dividends are calculated. The Company's annual earnings and operating results are used as the basis for estimating employees' compensation, directors' remuneration, and the number of shares allotted.

b. Accounting treatment if the actual allotment amount differs from the estimated number of columns:

If there is a difference between the actual number of allotments and the estimated number of columns, the Company will recognize the expenses for the current year.

### **(3) Appropriation for Employees' Compensation and Remuneration of Directors and Supervisors:** -

a. The proposal not to distribute employees' compensation and remuneration of Directors of 2019 was passed at the meeting of the Board of Directors on March 24, 2020.

b. The amount of employees' compensation distributed in the form of stock and its proportion of the Company's after-tax net profit (as reported in the financial statement of the current period) and total employees' compensation:

Not applicable since no compensation has been made to employees in the form of stock in the current period, by the resolution of the Board of Directors.

**(4) The Distribution Status of Employee Compensation and Remuneration of Directors and Supervisors of the previous year (including distributed shares, amount and market price). If the amount distributed varies from the amount recognized, the amount of the difference should be displayed, along with the reason and the status of the handling procedure: \_\_\_\_\_**

The Company distributed remuneration of employees' compensation TWD2,560,320 and directors and supervisors TWD0 of year 2018. The amounts distributed did not vary from the amount recognized.

**9. Buyback of Treasury Stock:** None

## 2 Bonds

### 1. Corporate Bonds

Corporate Bond Type		13th Secured Corporate Bonds
Issue date		April 25, 2017
Denomination		TWD1,000,000
Issuing and transaction location		Republic of China
Issue price		Par
Total price		TWD8,000,000,000
Coupon rate		1.05%
Tenor		5 years Maturity: April 25, 2022
Guarantee agency		Hua Nan Commercial Bank, Ltd., First Commercial Bank, Mega International Commercial Bank Co., Ltd., Land Bank of Taiwan, Chang Hwa Commercial Bank, Ltd., Taiwan Cooperative Bank, Bank Sinopac Co., Ltd.
Consignee		Bank of Taiwan
Underwriting institution		SinoPac Securities Corporation acts as the lead manager
Certified lawyer		Kuo, Hui-Chi
CPA		Lai, Chung-Hsi
Repayment method		Repayment of 50% of the principal in the fourth year and the remaining 50% in the fifth year
Outstanding principal		TWD8,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this an- nual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or sub- scription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		N/A

Corporate Bond Type		14th Secured Corporate Bonds
Issue date		June 27, 2018
Denomination		TWD1,000,000
Issuing and transaction location		Republic of China
Issue price		Par
Total price		TWD2,000,000,000
Coupon rate		0.86%
Tenor		5 years Maturity: June 27, 2023
Guarantee agency		First Commercial Bank
Consignee		Bank of Taiwan
Underwriting institution		First Securities Inc. acts as the lead manager
Certified lawyer		Kuo, Hui-Chi
CPA		Lee, Hsiu-Ling
Repayment method		Repayment in lump sum upon maturity
Outstanding principal		TWD2,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		N/A

**2. Corporate Bond Under Processing:** None

**3. Corporate Bonds with Warrants:** None

**3 Preferred Stock:** None

**4 Global Depository Receipts:** None

**5 Employee Stock Options:** None

**6 Status of New Shares Issuance in Connection with Mergers and Acquisitions:** None

**7 Financing Plans and Implementation**

The Implementation of uncompleted financing plans are as follows:

**1. 14th Secured Corporate Bonds (Green Bonds)**

Unit: TWD thousand

Issuance	14th Secured Corporate Bonds									
Issue amount	TWD2,000,000 thousand: Denomination: TWD1,000 thousand									
Tenor	5 years; Maturity: June 27, 2023									
Purpose	Buying shipping fuel environmental protection equipment									
Funds using schedule & Execution progress	Execution status		2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	Total
	Funds using schedule	Planning	163,025	97,517	152,030	116,900	260,755	249,636	75,008	1,114,871
		Actual	165,088	113,738	196,292	122,464	226,313	287,061	21,672	1,132,628
	Execution progress	Planning	8.15%	4.88%	7.60%	5.85%	13.04%	12.48%	3.75%	55.75%
		Actual	8.25%	5.69%	9.81%	6.12%	11.32%	14.35%	1.08%	56.62%

**2. 2019 Capital Increased by Cash**

Unit: TWD thousand

Issuance	2019 Capital Increased by Cash				
Issue amount	Issuing 300,000,000 new shares. Denomination: TWD10 dollars Issue price: TWD11 dollars Total amount: TWD3,300,000 thousand				
Purpose	Repay bank loans				
Funds using schedule & Execution progress	Execution status		2019 Q4	2020 Q1	Total
	Funds using schedule	Planning	1,450,000	1,225,000	2,675,000
		Actual	2,845,000	225,000	3,070,000
	Execution progress	Planning	43.94%	37.12%	81.06%
		Actual	86.21%	6.82%	93.03%

# Chapter 5. Business Development Outline

## 1 Business Highlights

### 1. Business Scope

#### (1) The company's main business areas

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Evergreen's core business is International Container Sea-Freight Liners. Our fleet capacity was ranked as seventh in the world at the end of 2019. All our service routes are running under a regular liner basis, also involving port stevedoring, inland transports, and comprehensive logistics services. Our clients cover various areas such as manufacturing, trading companies, and retailers located all over the world. Our business is fully related to global economic Ups and Downs, as well as fleet capacity supply and demand for all trades.

#### (2) Adjustments to our service routes in 2019

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##### Transpacific routes

Evergreen Line, COSCO, CMA CGM and OOCL established the "OCEAN Alliance" on Apr. 1, 2017. With three years of continuous cooperation, the Trans Pacific trade was enhanced to a total of 18 services in 2019, including 11 loops for US West Coast loops (PSW 8 loops, PNW 3 loops) and 7 loops for the US East Coast.

##### Far East-Europe/Mediterranean routes

1. Far East-Europe services: Effective April 2019, Evergreen offers 7 European services under OCEAN Alliance with new CES service added.
2. Far East-Mediterranean services: In 2019, OCEAN Alliance offers 5 Asia-Mediterranean services every week via slot swap arrangement.

##### Far East-Latin America/Africa routes

1. Far East-East Africa services: Joint service with COSCO and X-press on AEF service, and provide ASEA service by slot swapping with CMA CGM and Emirates, both services are provided every week. AEF service provides direct service from Shanghai, Ningbo and Shekou to Mombasa, Kenya.
2. Far East-South Africa services: Evergreen adjusted the number of deployed vessel to 1 for ASA and FAX service each at the end of 2019, both are joint service with COSCO, ONE and PIL to the ports of Durban and Cape Town, South Africa.
3. Far East-Panama/Caribbean services: Currently, there are three services, namely AUE, NUE and SAX for Far East-Panama/Caribbean trade.
4. Far East-Mexico/South American West Coast services: There are 10 vessels in WSA joint service and WSA2 joint service each, Evergreen deployed 7 vessels in WSA joint service and 1 vessel in WSA2 joint service. Slot swap arrangement with

COSCO and CMA CGM for WSA3/WSA4 service.

5. Far East-South American East Coast services: There are 12 vessels in ESA joint service, Evergreen deployed 4 vessels; 11 vessels in ESA3 joint service, Evergreen deployed 1 vessel.

#### **Far East-Middle East/Red Sea/India Subcontinent/Australia routes**

1. Far East-Middle East Services: Maintain 5 services, of which 4 services are under OCEAN Alliance, and the other one is AGI service connecting major South East Asia ports to Middle East.
2. Far East-Red Sea services: Maintain 2 regular services per week covering Red Sea major ports.
3. Far East-India Subcontinent services: Slots expansion with 2 vessels deployed in CIX2 service (North China-Taiwan/ Northwest India).
4. Far East-Australia services: Effective November 2019, CAE and NEAX services have been rationalized to CAE; 3 Australia services (CAE, NEAX & CAT) are adjusted to 2 services (CAE & CAT).

#### **Intra-Asia Routes**

1. Effective April 2019, Evergreen launches new JCH service, providing Kansai, Japan/ Shanghai to/from Ho Chi Minh, Vietnam direct service.
2. To stabilize sailing schedule of TMI service (Thailand-Malaysia-Indonesia), Evergreen decided to withdraw Surabaya and Semarang calls effective with effect from August 2019.
3. To provide clients with express service between Thailand and Indonesia, Evergreen decided to revamp LTP service (Thailand-Malaysia) and rename it TIS service by adding Surabaya and Semarang calls with effect from August 2019.
4. To provide direct service from Thailand to Qinzhou/ Zhanjiang, China, Evergreen decided to merge CVT service with SCH service from September 2019.
5. To provide Central China to/ from Thailand direct service, Evergreen decided to launch new CTX service with effect from November 2019. CIT service added Ho Chi Minh and Da Nang calls into schedule to provide direct service from Vietnam to Central China.

## **2. Container Shipping Industry Profile**

### **(1) Macroeconomic Environment**

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According to Alphaliner statistics, the global market capacity growth rate in 2019 was 4.0%. Affected by uncertainties over Sino-US trade war, Brexit and geopolitical tensions in the Middle East, the 2019 cargo volume growth rate in each market was lower than that in 2018, such as 3.2% in Mainland China (4.5% in 2018), 3.9% in Southeast Asia (7.5% in 2018), 1.6% in Northern Europe (4.0% in 2018), and 1.3% in

North America (5.6% in 2018).

However, the marine alliance integrations have gone well, so carriers have enhanced the shipping space utilization and reduced the related cost whether in optimizing the network coverage, streamlining the operation or the economies of scale of Ultra Large Container Vessels (ULCV).

Alphaliner projected market capacity growth rate at 2.9% in 2020, but cargo volume decreased by 7.3% due to COVID-19 outbreak.

## **(2) Relationships with Up-, Mid- and Downstream Companies**

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Marine shipping is the main means of transportation in international trade, covering most consumer product items which are closely related to consumer livelihood. This is summarized below:

### **A. Upstream industry**

- (1) The Shipyards
- (2) Transportation equipment manufacturers
- (3) Ship or transport equipment rental providers

### **B. Mid-stream industries**

- (1) Marine fuel suppliers
- (2) Ship and transportation equipment repairers
- (3) Terminal operators
- (4) Land transportation logistics providers
- (5) Shipping alliance or slot purchasing partners

### **C. Downstream industries**

- (1) Direct shippers (manufacturers, retailers, service providers)
- (2) Freight forwarding and logistics industry

## **(3) Product Development Trends**

### **A. Increase in market concentration**

At the end of 2019, the world's top 10 major carriers represented 82.9% of global capacity (82% in 2018), and with only 7 carriers with a market capacity over 5%.

### **B. More ULCV and mega ports**

ULCV continue to gain economies of scale, in order to cope with ULCV docking, the wharf and port operations must be upgraded to improve the efficiency and enhance the competitiveness.

### **C. Shipping digitalization and e-commerce**

To enhance information security and digitalization in the container shipping industry, the Digital Container Shipping Association (DCSA) was founded by several of the largest container shipping companies. DCSA promotes the

digitalization and standardization of the information in container shipping industry, improves operational efficiency of the upstream and downstream in the future shipping industry, and provides a global industry framework enabling end-to-end exchange of information between related industries. In addition to that, carriers have strongly promoted e-commerce, such as online booking and e-documentation.

#### D. Environmental protection and new regulations

IMO 2020 was implemented to reduce global sulfur cap for marine fuels used on board ships to 0.50% (down from 3.5%) with effect from January 1, 2020. Basically there are three ways to meet IMO 2020 standards and compliance: using low-sulfur fuel, installing scrubbers, or using liquefied natural gas.

### (4) Status of Market Competition

#### A. Top three marine alliance retain market positions

Alliance	2M	OCEAN Alliance	THE Alliance
Member	Maersk MSC	Evergreen CMA CGM COSCO OOCL	Hapag-Lloyd ONE YML HMM
Total Capacity (TEU)	7.96M	6.91M	4.33M
Cooperative Capacity (TEU)	3.1M	3.91M	2.6M
Cooperative Service	30	39	33
Cooperative vessels	260	333	280

#### B. Major marine alliance market share

The market shares are 38%, 36% and 26% for Asia-Europe trade and 20%, 41% and 27% for Asia-North America trade on major marine alliance of 2M, OCEAN Alliance and THE Alliance.

### 3. Status of Technology and R&D

#### (1) R&D expenditures and results during the reporting year

##### Green Fleet

Evergreen commits to pollution prevention, energy conservation, greenhouse gas reduction, and planetary protection in accordance with international environmental protection conventions and environmental protection regulations in various regions. Evergreen has strict standards and operational procedures for all environmental

protection and pollution prevention and control measures of ships sailing at sea, and we use the latest technology as soon as it is available so as to minimize the impact of container shipping operations on marine life, port communities, and humanity worldwide.

Providing quality services to deliver goods safely and on time to the port of destination and take into account environmental protection, energy conservation, and both greenhouse gas emissions and air pollution reduction have always been the principles and endeavor of Evergreen. The Shipbuilding Dept. is responsible for the design of new ships. New ship designs incorporate the latest international laws and conventions. The Evergreen philosophy of green ships means advanced marine technology is used to optimize each ship type in order to maximize returns and satisfy energy conservation targets.

In order to reduce both fuel consumption of new ships and greenhouse gas emission, Evergreen has built and has long-term chartered twenty units of 12,000 TEU F-type vessels. Evergreen conducted a series of discussion with the shipyard on ship design optimization after contract signing. Different designs were also put through hydrodynamic modeling and model basin testing to decide upon the hull with the minimum fuel consumption. These new ships are expected to be delivered between 2020 and 2021. With the delivery of these new buildings, Evergreen will redeliver older tonnage upon expiry of their charter agreements, in order to optimize fleet structure, improve operational competitiveness and effectively reduce the environmental impact of the fleet.

### **Maritime Certification**

Evergreen upholds the spirit and vision of sustainable development and firm commitment to professional maritime training. The Evergreen Seafarer Training Center offers comprehensive training equipment and rigorous and well-planned training courses to continuously boost the professional knowledge and skills of the Group crew so as to prevent maritime accidents and environmental pollution.

In 2019, the Evergreen Seafarer Training Center organized a total of 186 professional training courses in 29 categories, training up to 1,455 trainees.

In August 2019, Nippon Kaiji Kyokai (ClassNK) carried out an annual inspection of the Evergreen Seafarer Training Center ISO 9001:2015 quality management system and the Maritime Training Center.

To expand the cultivation of maritime professionals, Evergreen has been stepping up the cooperation with National Taiwan Ocean University and National Kaohsiung University of Science and Technology. Starting from the post-bachelor program of maritime transportation and engineering for cultivating respective professional knowledge and skill, Evergreen also supports lecturers in the industry. In addition, Evergreen offers opportunity to non-maritime undergraduates to engage in maritime

work through a series of comprehensive training courses. Other than that, Evergreen has also been subsidizing full tuition and miscellaneous fees and part of the accommodation fees to qualified students, who will be awarded an internship onboard the Evergreen fleet. Vacancies will be offered to cadets with excellent performance.

### **E-Commerce**

In the competitive business environment, real-time cargo status updates and instant control of payment flow both play important roles in maintaining the competitiveness of the enterprise. After launching two new Intelligent Services: "i-B/L (Bill of Lading)" and "i-Dispatch", which help cargo owners to simplify trade processes and improve operational efficiency, Evergreen's E-commerce platform has partnered with some of the world's best Banks to integrate business operations with digital financial services. This provides customers with financial solutions and create a comprehensive digital financial experience for enterprises, in order to enhance operational efficiency, expand the international market, and achieve a win-win situation.

Evergreen's E-commerce platform also cooperates with several Banks in Taiwan to introduce convenient trade financing services for small and medium-sized enterprises in order to speed up loan process. Evergreen Shipping members can enjoy the instant and convenient digital accounts and trade financing services on the ShipmentLink digital portal, with the direct link to the websites of several Banks in Taiwan.

### **(2) Future R&D Plans**

- (1) The company is expected to invest about TWD 14.68 million in related services expenditure on the following projects:

<b>Projects</b>	<b>Summary</b>	<b>Schedules</b>	<b>Description of Progress up to 2020/4/26</b>
i-B/L & i-Dispatch of Bolero project enhancement & optimization - Add L/C billing & financing function with related Banks	Through i-B/L (Intelligent Electronic Bill of Lading) & i-Dispatch (Intelligent Express Electronic Document), provide customers with the function of electronic bill of lading transfer and electronic file exchange on the website to increase the customer's L/C billing function through the bank.	2020/9/30	In planning

<b>Projects</b>	<b>Summary</b>	<b>Schedules</b>	<b>Description of Progress up to 2020/4/26</b>
Operational optimization of ship information system	In line with the operation of new ships, after replacing the old ones, optimize the components and spare parts database filing and management to improve navigation safety.	2020/3/31	Officially online
E-Payment system connection with foreign Banks	Conduct E-payment project computer system with JP Morgan of the United States and Bank of China respectively, providing convenience to local clients.	2020/12/31	In progress
Environmental protection, energy saving and carbon reduction management of the fleet fuel consumption	Enhancement of SOx Scrubber, IMO sulfur regulations fuel management, fuel switching management and other functional optimization of the Ship Information system.	2020/9/30	In progress
To build WEB service data exchange system	To accelerate the transfer of data with suppliers and clients in order to prevent information leakage to any third party.	2020/10/31	In progress
Information technology security solution for Evergreen Overseas Companies	By deploying an internet security risk management system, the overall security status of the company can be viewed from an external perspective, and the potential risks of overseas companies can be monitored in a timely manner.	2020/12/31	In progress

- (2) Factors leading to success in future R&D projects
  - A. Knowledge of trends
  - B. Sound planning
  - C. Coordinated execution

## 4. Short & Long Term Business Plans

### Short-Term:

- (1) Adjust the fleet capacity by making the best use of OCEAN Alliance resources, in order to meet the market demand timely.
- (2) Refine operating cost effectiveness with the use of digital technology.
- (3) Establish effective indicators to quickly response to market change.

### Long-Term:

- (1) Strengthen training programs and establish cultural heritage.
- (2) Continue to upgrade the fleet in order to enhance the operational competitiveness.
- (3) Arrange the shipping industry to improve the maritime transport ecosystem.

## 2 Market and Industry Analysis

### (1) Major Performance Indicators of Main Service Scopes (KPI)

Unit: TWD thousand

Service routes \ Year	Revenue of the Group for 2018	Revenue of the Group for 2019
America	65,814,288	69,118,979
Europe	32,141,861	37,088,233
Asia	33,672,426	38,774,061
Others	21,427,908	23,601,603

## (2) Major Domestic Competitors & their Global Market (Fleet Capacity) Shares

Year/Item Taiwan-based Shipping lines	April 2019		April 2020	
	Capacity (TEU)	Market Share (%)	Capacity (TEU)	Market Share (%)
Evergreen (Group)	1,231,130	5.4	1,236,261	5.2
Yang Ming Lines	682,318	3.0	599,538	2.5
Wan Hai Lines	253,142	1.1	262,452	1.1
TS Lines	81,162	0.4	79,041	0.3

Data Source: Alphaliner

## (3) Market Outlook for Supply-Demand and Growth

### Far East to North America Trade

US GDP Growth Rate was 2.3% in 2019. According to International Monetary Fund (IMF), although the US labor market remained stable, the impact of the Sino-US trade war diluted the effect of loose monetary policy and further suppressed the willingness of enterprises to invest, leading to a decline in economic growth momentum. In January 2020, the US and China signed the first phase of the trade agreement, and will continue the second phase of negotiation. They have reached a preliminary agreement with sign of reconciliation but due to the impact of COVID-19 outbreak, the market volume will decrease in the first half of 2020. However, if the outbreak is successfully contained by June, the economic situation in the second half of 2020 will turn positive.

### North America to Far East Trade

Affected by the Sino-US trade war, the main commodities of the North America to Far East trade such as cotton, grain, lumber, waste paper and plastic scrap, continue to be diverted to Southeast Asia countries. However, the overall volume is also affected by COVID-19 outbreak, each carrier has adjusted the flexibility of their fleet deployment to meet market demand.

### Far East to Europe/Mediterranean Trade

COVID-19 outbreak has had an impact on the global economy, trade activities and supply chain, leading to a massive contraction in consumer demand, which has further affected both the global manufacturing sector and the growth of transportation demand. The European and Mediterranean countries in the hardest-hit areas have suffered more than other regions. Since the outbreak, in response to the decline in demand, the scale of

the sailing suspension has expanded where the European market capacity has contracted by 30%-50%. It is expected that after the outbreak, the demand for replenishment inventory will be fully released, and the European routes are expected to show a trend of rising after the suppression.

### **Europe to Far East Trade**

Affected by the COVID-19 outbreak, the Eurozone economy is expected to fall into recession. A Reuters poll predicted a 3.3% contraction in the first quarter, a median 9.3% contraction in the second quarter, and a 6.0% rebound in the third quarter.

The COVID-19 pandemic continued to reduce the capacity in Europe and Asia in the second quarter which would be helpful to stabilize ocean freight rates. Meanwhile, the delays in shipping schedules became the norm.

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

Trade tariff issue between the US and China has been initiated to ease, however, the trend of US clients importing substitute products remains unchanged. Europe has been affected by COVID-19 outbreak since March, with no exception. In addition to increased shipments of daily necessities, alcoholic drinks and beverages, and medical-related products, the volume of auto parts, machinery tools, and chemicals showed a slight drop. It is estimated that the overall market volume in 2020 will be slightly less than the previous year, and the Trans-Atlantic service will maintain the same product shipping routes and shipping space to provide quality services in the market.

### **Far East – Mexico/South America West Coast Service**

In 2020, the market capacity will be reduced as a result of COVID-19 outbreak. Meanwhile, the market volume of Mexico and the West Coast of South America will decrease.

### **Far East – Panama/Caribbean Market**

In 2019, the economy and cargo volume in most Caribbean countries grew steadily, but in 2020, the market volume is expected to decrease as a result of COVID-19 outbreak.

### **Far East to East Coast South America**

In 2019, the supply of market capacity met the demand, and one extra vessel was deployed in ESA3 service. However, the currencies of Brazil, Argentina and the other major countries have depreciated due to the COVID-19 outbreak in 2020, thus a decline in the market volume of the East Coast of South American is expected.

### **Far East to Africa Trade**

In early 2020, the impact of COVID-19 has led to subdued economic activities in South Africa and Kenya, and African governments also reduced their GDP growth rates. Yet, economic activities in East Africa and South Africa are expected to recover gradually in the second half of the year after the COVID-19 outbreak has slowed down.

### **Intra-Asia Trade**

The International Monetary Fund (IMF) forecasted the global economic growth in 2020 would be lower than 2.9% in 2019 due to the COVID-19 outbreak; the economic growth of China, the largest economy of Asia, would fall below 1.2% compared to 6.0% in the previous quarter; the economies of other Asian countries would be seriously impacted owing to intensified outbreak and a sharp drop in orders from Europe and the US.

It is expected that the Asian markets will not be encouraging in 2020, thus the Intra-Asia service routes will be adjusted timely together with strict cost control in order to cater to market change, meanwhile, also strive for maximum revenue for the company by all means.

### **Reefer Business and Special Equipment Business**

#### **(1) Reefer Business**

With the population and income growth especially in the emerging market, and the shift of seaborne reefer commodity transportation from specialized reefer mode to the containerized vessel, the reefer container volume is estimated at 4% annual growth in the coming four years.

The outbreak of African swine fever in China will drive the demand for imported pork, as China and the US signed the first phase of the agreement, China will increase its meat purchases from the US. Evergreen will take the advantage of alliance networks with more port coverage to enhance the competitiveness of the reefer and reduce costs; and in line with the increasing market demand for reefer, we have placed an order of 3,800 new-built 40-foot reefers in 2020.

#### **(2) Special Equipment Business**

The outbreak of COVID-19 had an impact on global supply chain. The significant decline of consumer demand directly cause a reduction in the factory's investment in machinery and equipment. As a result, it is expected that the volume of special equipment in the market will decrease in 2020.

## **(4) A Competitive Niche**

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### **Innovative Thinking**

To cope with market change, use data analysis to improve operating efficiency of service routes, and accurately control all revenues and cost items.

### **Recognized Quality**

Evergreen has been constantly improving the quality of service, in addition to continuing to win the trust and affirmation from customers, but also sustained affirmation and certification from international media and organizations:

- (1) Taiwan International Ports Corporation, Ltd. - 2018 The Best Terminal Operator of the Year

- (2) Port of Vancouver - 2018 Blue Circle Award
- (3) Agriculture Transportation Coalition - 2019 AGTC Annual Ocean Carrier Award
- (4) New Jersey Smart Workplaces - Platinum Award 2018
- (5) Home Depot - 2018 Canadian Ocean Carrier of the Year
- (6) Santa Barbara Region Vessel Reduction Incentive Program - Protecting Blue Whales and Blue Skies Program
- (7) Dollarama - The Ocean Carrier of the Year Award for 2018
- (8) The Port Authority of New York & New Jersey - Green Ship Award 2018
- (9) Best Buy – The Ocean Carrier of the Year Award for 2018

### **E-Commerce**

In the competitive business environment, real-time cargo status updates and instant control of payment flow both play important roles in maintaining the competitiveness of the enterprise. On the e-commerce platform, Evergreen launched two new Intelligent Services: "i-B/L" (Bill of Lading) and "i-Dispatch", which help cargo owners to simplify trade processes and improve operational efficiency. Evergreen's E-commerce platform has partnered with some of the world's best banks to integrate business operations and digital financial services. This provides financial solutions to customer needs and create a comprehensive digital financial experience for enterprises, in order to enhance operational efficiency, expand the international market, and achieve a win-win situation.

Evergreen's E-commerce platform also cooperates with several banks in Taiwan to introduce convenient trade financing services for small and medium-sized enterprises in order to speed up loan process. Evergreen Shipping members can enjoy the instant and convenient digital accounts and trade financing services on the ShipmentLink digital portal, with the direct link to the websites of several banks in Taiwan.

### **Eco-Friendliness**

Evergreen Marine commits to pollution prevention, energy conservation, and greenhouse gas reduction, and planetary protection in accordance with international environmental protection conventions and environmental protection regulations in various regions. Evergreen has strict standards and operational procedures for all environmental protection and pollution prevention and control measures of ships sailing at sea, and we use the latest technology as soon as it is available so as to minimize the impact of container shipping operations on marine life, port communities, and humanity worldwide.

Providing quality services to deliver goods safely and on time to the port of destination and take into account environmental protection, energy conservation, and both greenhouse gas emissions and air pollution reduction have always been the principles and endeavor of Evergreen. The Shipbuilding Dept. is responsible for

the design of new ships. New ship designs incorporate the latest international laws and conventions. The Evergreen philosophy of green ships means advanced marine technology is used to optimize each ship type in order to maximize returns and satisfy energy conservation targets.

In order to reduce both fuel consumption of new ships and greenhouse gas emission, Evergreen has built and has long-term chartered twenty units of 12,000 TEU F-type vessels. Evergreen conducted a series of discussion with the shipyard on ship design optimization after contract signing. Different designs were also put through hydrodynamic modeling and model basin testing to decide upon the hull with the minimum fuel consumption. These new ships are expected to be delivered between 2020 and 2021. With the delivery of these new buildings, Evergreen will redeliver older tonnage upon expiry of their charter agreements, in order to optimize fleet structure, improve operational competitiveness and effectively reduce the environmental impact of the fleet.

The “Environmental Guardians” page on our website has been constantly maintained so as to proactively share our management of emissions and treatment of ballast and sludge. There are details for the latest environmental protection designs of each type vessels and other green instruments on board for the easy reference for our customers.

## **(5) Advantages, Disadvantages and Response Strategies for Future Development**

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### **Advantages**

- (1) The degree of market concentration increased.
- (2) The alliance operates well, and is cost-effective.
- (3) The signing of the Sino-US first phase trade agreement has boosted market confidence.
- (4) The container ship orderbook-to-fleet ratio has reached a new low level.

### **Disadvantages**

- (1) The impact of COVID-19 outbreak has increased market uncertainty.
- (2) Oil prices remain volatile due to geopolitical tensions.
- (3) Ultra Large Container Vessels (ULCV) enter an intensive delivery period.
- (4) International trade protectionism.
- (5) Cyber attacks persist.

### **Response strategies**

- (1) Taking advantage of alliance networks to reduce transship costs.
- (2) To improve operational efficiency by building ships with optimum hull form design.
- (3) Provide excellent customer service and enhance digitalization of business.
- (4) Strictly control information security and quickly respond to challenges.
- (5) To meet IMO environmental protection standards by installing Scrubbers.

## 2. Major usage and manufacturing process of main products

### (1) Function of Main Products

Main Products	Functions
Container Shipping	Global transportation of standard and special containerized cargo.

### (2) Manufacturing Process of Main Products

As a container shipping transportation service provider, our disclosed service string and its adjustments provide the details for processing of our main products.

## 3. Status of Supply of Main Materials

Being a container shipping transportation service provider, we do not have raw materials like manufacturers do, however we do have to use a substantial amount of fuel for transport, which can be deemed as our main raw materials. Currently fuel cost is one of the important operating costs. Except for being stably supplied by renowned vendors at major ports, we also tactically adjust fueling port rotations depending on favorable fuel prices in addition to strategic slow steaming measures for cost saving.

## 4. Main customers who account for over 10% of total sales in recent 2 years and their individual purchase amounts and share: None.

## 5. Production in the Last Two Years: None.

## 6. Shipments and Sales in the Last Two Years

Unit: TWD thousand

Revenue	Year	2018	2019
Revenue from contracts with customers- Ship-owners		157,094,786	175,574,393
Revenue from contracts with customers- Terminal		7,150,737	6,924,474
Revenue from contracts with customers- Agent		2,894,849	3,749,965
Other - ship rental and slottage income		1,589,580	2,437,988
Revenue from contracts with customers- Other		506,701	1,902,461
Total		169,236,653	190,589,281

### 3 Human Resources

Year		2018	2019	The year ended April 26, 2020
Number of Employees	Staff	5,175	5,352	5,459
	Seaman	1,413	1,374	1,315
	Total	6,588	6,726	6,774
Average Age		38.10	38.29	39.14
Average Years of Service		10.36	10.57	10.83
Education	Ph.D.	0.02%	0.03%	0.03%
	Masters	5.40%	5.52%	5.85%
	Bachelor's Degree	71.14%	72.38%	72.79%
	Senior High School	17.64%	16.85%	16.28%
	Below Senior High School	5.80%	5.22%	5.05%

### 4 Expenses for environmental protection

#### 1. Company's total expenses for environmental protection in 2019

In 2019, no major environmental pollution incidents occurred in our fleets, and there were no losses or penalties incurred. Expenses were simply for routine maintenance of equipment, and additional costs for use of low pollutant fuels. Expense details are listed below:

- (1) The cost of maintenance and parts for environmental protection equipment and SOx Scrubbers amounted to USD 63,731,055.
- (2) The cost for vessels using low-sulfur fuel for M/E, Generator Engines and Aux. boiler while sailing in emission control areas to comply with IMO regulations & California Air Resources Board (CARB) requirements of the US west coast amounted to USD 107,544,730.
- (3) The cost for vessel M/E, Generators and Aux. Boilers using Marine Gas oil when berthing at EU ports and using low-sulfur fuel oil while sailing in emission control areas amounted to USD 29,219,961.

## 2. Environmental protection policies and measures

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

- (1) Effective January 1, 2020, all ocean going vessels must use cleaner fuel (the Sulfur content shall not exceed 0.5% m/m). The IMO allows the use of substitution devices with equivalent effect on ships, such as SO<sub>x</sub> scrubbers as an alternative.
- (2) In compliance with CARB regulation, fleet vessels sailing through the West Coast of U.S., within 200 nautical miles of the California baseline, should use Marine Gas Oil for M/E, Generator Engines and Aux. Boiler.
- (3) Effective January 1, 2015, for all ocean going vessels entering Emission Control Area, ECA (Baltic Sea area, North Sea Area and English Channel, North American area), the sulfur content of fuel oil used shall not exceed 0.1% m/m.
- (4) Effective January 1, 2010, the maximum allowable sulfur content of fuel oil used by ships at berth in EU ports shall not exceed 0.1% m/m.
- (5) In line with the IMO Data Collection regulation, Evergreen had establish a monitoring plan. Starting 2019, all ships above 5,000 gross tonnage should collect and report fuel consumption annually, which should be verified.
- (6) Evergreen Line has received recognition for its excellent performance in a voluntary environmental and ecological protection program. The initiative was aimed at reducing greenhouse gas emissions of vessels and avoiding whale collisions by encouraging slow sailing speeds in California's Santa Barbara Channel region.
- (7) Conduct strict audits and corrective action for fleet and make preparation beforehand in order to prevent deficiency and pollution from occurring.
- (8) Keep all environmental equipment on board in good condition for the crew to operate smoothly.
- (9) 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.
- (10) Maintain the validity of the statutory certificates such as IOPP, IAPP and ISPP for all vessels.
- (11) Continuously join the GARD Protection and Indemnity (GARD P&I) insurance.
- (12) 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.
- (13) Carry out M/E turbocharger cut-out operation to cooperate with vessel's slow steaming in order to reduce fuel oil consumption and greenhouse gas emission.

- (14) Pay close attention to the development of international regulations for environmental protection. Complying with the new regulations allows the fleet to meet the requirements for environmental protection in ports and around the world.
- (15) 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 Nov. to Apr.) 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 it is necessary to maintain a safe maneuvering speed in areas where conditions are severely restricting a ship's maneuverability. Any deviation from the speed restriction should be entered in the logbook.
- (16) Commission AMP system and use shore power for all E-Type, S-Type and L-Type vessels berthing in ports of USLAX and USOKL. And joined the Cold Ironing running berthing in ports of CNXGA, CNSHG, CNNBO, CNXSM, CNYT and CNXHK.
- (17) All seafarers are given thorough environmental educations and training courses to acquire correct environmental awareness and knowledge.

Remarks:

- (1) IOPP - International Oil Pollution Prevention
- (2) IAPP - International Air Pollution Prevention
- (3) ISPP - International Sewage Pollution Prevention

### **3. New international environmental protection regulations**

- (1) The MEPC decided that after January 1, 2020, in addition to the other areas of the world except the Emission Control Area (using 0.1% m/m sulfur content), the maximum sulfur content of marine fuel shall not exceed 0.5% m/m. The IMO allows the use of substitution devices with equivalent effect on ships, such as SOx scrubbers as an alternative.
- (2) The IMO CO<sub>2</sub> emissions data collection and EU CO<sub>2</sub> monitoring: The annual emissions of CO<sub>2</sub> from maritime transport account for about 2.8% of global greenhouse gas emissions. The IMO proposes to incorporate increasing marine emissions into greenhouse gas emission reduction policies. The MEPC approved the Global Ship Fuel Consumption Data Collection at its 69th session and revised the MARPOL Convention Annex VI, which is the global ship fuel consumption data collection. The information collected since 2019 will be reported to the flag State after the end of each year. After verifying the data, the flag State will issue a Declaration of Conformity to the vessel and submit the data to the IMO Ship Fuel Consumption Database. The IMO will use this data to develop a roadmap for CO<sub>2</sub> emission reduction.

The IMO implements new energy efficiency design index (EEDI) requirements at the 72nd meeting of MEPC to reduce carbon emissions. The CO<sub>2</sub> emission rate of ships targeting international routes in 2030 is set to be at least 40% lower than the 2008 figure and is expected to be reduced to 70% by 2050. The total greenhouse gas emissions in 2050 should be reduced by 50% compared to the 2008 value.

## 5 Labor Relations

### 1. Benefits for employees

Holiday	Two days off a week. (Holidays are not fixed on Saturday and Sunday depending on business needs.)
Paid annual leave	As specified in the Labor Standards Act.
Pension system	As specified in the Labor Pension Statute.
Insurance	Covering labor insurance and national health insurance required by Labor Standards Act; and medical insurance covering hospitalization and injury for the employees traveling abroad for business, group term life insurance with a preferential rate.
Meals	Providing nourishing and healthy free lunch, overtime meals, and on-duty meal (or alternative overtime and on-duty meals allowance as substitution) at staff canteen.
Health care	The medical department provides medical consultations with professional physicians, general medical treatment, workplace health promotion and management, and free regular physical examinations.
Recreational activities	Employees buying tickets for a domestic flight of UNI AIR or living in a hotel of the Evergreen Group in Taiwan or overseas can enjoy a preferential discount.
Education training	Regular and ad hoc educational training, professional seminars, workshops, and subsidies for foreign language training every year.
Operating Performance Bonus	Annual bonus, employee compensation (Listed company)

Other subsidies	Birthday cash gift, wedding subsidy/cash gift from supervisor, bereavement subsidy/condolence payment from supervisor, injury or illness condolence payment, emergency assistance, relocation subsidy and family visiting subsidy for overseas assignments, Festival Grants (or gifts) (for Chinese New Year, Dragon Boat Festival and Mid-autumn festival), and subsidies for cultural and recreational activities.
Clubs	24 clubs: basketball, tennis, softball, badminton, table tennis, swimming, Taiji, yoga, golf, Latin aerobic exercises, road running, cycling, etc.
Transportation	Keelung/Taipei - Nankan commuting service to/from work

## 2. Training for staff

### Training for Shore Personnel

#### (1) Internal Training:

The annual internal training plan is proposed by each department and is implemented after approval. The subjects include ISO documentation, professional knowledge, quality improvement, AEO certification, occupational safety & health, corporate social responsibility, etc.

Total hours of training courses in year 2019: 745 hours

#### (2) Professional Training:

- A. According to laws and regulations, the colleagues from Auditing Dept., Occupational Safety & Health Dept., Insurance & Claim Dept., Finance Div. Finance Dept., and Kaohsiung Terminal Div. participated in training courses organized by external training institutions.
- B. In order to enhance the professional knowledge of damage prevention, executives and managers from various departments participated in the Danger Prevention Seminars organized by Evergreen International Corp.
- C. In view of the rapid development of Evergreen's combined transportation and chartering business, the B2B International Business Negotiation Workshops are held for executives, managers and colleagues from Project Dept. and Operation Dept.

#### (3) New Manager Training:

- A. New managers participated in the Performance Management & Appraisal Interview Courses organized by Human Resources Dept.
- B. New managers participated in various e-Learning courses recorded by relevant departments. The subjects include personnel/finance/auditing administration, information security and financial reports.

- C. In order to enhance communication skills, new managers participated in the Cross-Generational Communication Courses, which were conducted by external professional consultants.
- D. Care and assisted program courses for workers working with high-cube container: Focusing on cross-generational communication skills, planning advanced courses for field managers working with high-cube container, in addition to strengthening the communication skills of conflict management, it is expected to help them to more effectively deal with problems caused by interpersonal or work conflicts.
- E. In order to strengthen stress resistance and emotion-processing skills, first-line managers from various departments participated in the Stress and Emotion Management Courses, which were conducted by external professional consultants.
- F. In order to continue what managers have learnt in the Stress and Emotion Management courses, in addition to the needs of course training evaluation, two follow-up sharing sessions, naming 'Review the past, Examine the present, Look to the future', were respectively held for the managers who participated in the 1st training session in 2018 and the 2nd training session in 2019.
- G. In order to assist all department heads to understand their own leadership style and the characteristics of the team, and to effectively unite the team and lead the team to achieve high performance goals in the face of work challenges, two sessions of Senior Executive Trait Assessment and Team Cohesion Leadership Workshops were organized.

(4) Management-level Learning Programs:

In order to promote interdisciplinary learning, all executives and managers participated in various e-Learning courses recorded by different professional units. The subjects in year 2019 include Anti-Bribery and Anti-Corruption Policy, the brief introduction to the design of new shipbuildings, and advanced finance courses: interest rate, yield, and internal rate of return.

(5) Expatriate's orientation:

Expatriates participated in the orientation programs before taking up their new posts in overseas affiliates, which were conducted by Human Resources Dept.

(6) Newcomer's orientation:

Newcomers participated in the orientation programs before being distributed to their respective units, which were conducted by Human Resources Dept.

(7) Occupational Safety and Health Training and Health Lectures

(8) Subsidies for learning foreign languages

(9) Subsidies for TOEIC test fee

(10) The statistics of the above 2-9 trainings are as follows

Total number of participants	Total training hours in year	Total amount of cost
1,959	9,900.2	TWD1,885,126

#### Training for Sea Personnel

Training course	Number of periods	Days	Number of participants
Leadership And Bridge Resource Management (Stcw 2010 Training)	1	5	2
Leadership And Engine Room Resource Management (Stcw 2010 Training)	1	5	6
The Operational Use Of Ecdis Training (Including Tokyo Keiki Ecdis Type) (Stcw 2010 Training)	1	5	6
Security Training For Seafarers With Designated Security Duties And Security Awareness (Stcw 2010 Training)	11	2	156
Tokyo Keiki Ecdis Type Specific Upgrade Training (Ec-8600) (On Board Specific Upgrade Training)	9	2	10
Jrc Jan-9201/720 Ecdis Type Specific Training	7	1	41
The Pre-Boarding Training Course For Deck Management Level Officers	12	2	93
The Pre-Boarding Training Course For Deck Operation Level Officers	11	2	79
Practical Navigation Safety Intensive Training	7	2	79
D.G. Cargo Course Recurrent Training	4	1	53
D.G. Course Training	2	2	37
The Pre-Boarding Training Course For Engine Management Level Officers	12	2	107
The Pre-Boarding Training Course For Engine Operation Level Officers	11	3	80
M/E Remote Control System Training	6	3	23
Man Me Engine Control System	16	5	79
Marine Environment Awareness Training	33	2	275

Training course	Number of periods	Days	Number of participants
Medical Care Refresher Course	2	3	21
Introduction And Maintenance The (Carrier, Thermo-King, Daikin Reefer Containers)	1	2	5
Introduction And Maintenance The (Carrier, Thermo-King, Daikin Reefer Containers) (Foreign Crew)	3	2	11
Shipboard High Voltage Training (Operational Level)	6	1	39
Shipboard High Voltage Training (Management Level)	2	5	10
The Ship Handling And Safety Management Proficiency Check Course	11	1	42
Medical First Aid Refresher	2	2	34
Uk (Mlc 2006) Ship'S Cook Training	3	2	31
Ship Handling & Maneuvering Course Instructed By Pilot	2	1	40
Classnk Maritime Education & Training Course For Assessors	1	1	13
Classnk Maritime Education & Training Course For Trainers	1	3	12
Isps Code-Sso Training For Ship Security Personnel	1	3	12
Wingd X92 Engine Control System	7	3	59
<b>Total</b>	<b>186</b>	<b>73</b>	<b>1,455</b>
<b>Total fees for training classes</b>	<b>TWD 6,063,388</b>		

### 3. Pension plan

The Evergreen Marine Labor Pension Preparatory Fund Supervisory Committee was formed in 1986. "Employee Pension Regulations" were drawn up by the Company and pension contributions are continuing to be made each month based on the following criteria: 15% of salary for employees on the old system, and 9% of salary for employees on the new system that chose to retain their years of service under the old system. The regulation covers all full-time permanent employee. According to the pension regulation, the criteria for payment is that two bases are given for each full year of

service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The retirement pension base is six month's average wage of the worker at the time when his or her retirement is approved.

Employees that opt for the new system introduced by the Labor Pension Statute introduced on July 1, 2005, receive contributions equal to 6% of their monthly salary. In addition to monthly contributions to the pension fund, we also check the balance of the labor pension preparatory fund account to see if it is sufficient to meet all the pension obligations from all employees that will meet the conditions for retirement in the upcoming year. Any shortfalls are made up by the end of March in the following year.

#### **4. Labor Agreements:** None.

#### **5. Labor Disputes (as to the printing date)**

There was no labor dispute case occurred in 2019.

#### **6. Code of Conduct/Courtesy**

As a leading container carrier, the Company consistently upholds attitudes of integrity, transparency, and accountability while engaging in business activities.

The Company established the "Guidelines for the Adoption of Codes of Ethical Conduct". The Guidelines are adopted for the purpose of encouraging directors and managerial officers to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company. To ensure 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 to act loyally, responsibly and under supervisors' orders, directions and supervision.
- (2) Conduct themselves in an impartial, prudent and self-disciplined manner, protect the company's reputation, discard bad habits, and respect fellow staff members.
- (3) Perform their duties and responsibilities, cooperate and coordinate with interrelated departments to achieve goals set by the company.
- (4) Commit to performing all services in a conscientious without any practices that could be construed as bribery and/or corruption.
- (5) Strictly refrain from discriminating against any employee, contractor, or customer.
- (6) Comply with any and all competition law regimes that are relevant to their countries of operation.

#### **7. Protection Measures for Safe Work Environment and Worker Safety**

The company's Occupational Safety & Health Management System ( the fourth and fifth container centers in Kaohsiung) has obtained ISO 45001:2018 and CNS

45001:2018(TOSHMS) certification. The management and supervision of employee safety and health are under the responsibility of the Occupational Safety and Health Management Department. In order to prevent occupational hazards and ensure the safety of employees' working environment, the following protective measures are implemented:

- (1) Strictly abide by occupational safety and health management policies, and attach importance to safety discipline and healthy environment by providing safe and healthy working conditions and working environment to employees and those who may be affected; and prevent injuries and health impacts caused by work, including the promotion and protection of their physical and mental health; and make recommendations on the company's safety and health policies, and review, coordinate and recommend on safety and health related matters through the meetings of the Occupational Safety and Health Committee.
- (2) Comply with statutory and other compliance requirements, and establish and publicize the company's applicable safety and health codes of practice in accordance with the relevant regulations on occupational safety and health, and regulate the implementation and compliance of all employees; and establish, enforce, maintain and continuously improve occupational safety and health management system through identification of regulations that meets the requirements of the existing Occupational Safety and Health Act and other statutes.
- (3) According to the regulations on occupational safety and health, conduct safety and health education and on job training for newcomers and in-service employees.
- (4) In accordance with the regulations of the occupational safety law, formulate and implement the "prevention of abnormal workload in workplace to incur disease", "workplace maternal health protection", "prevention of sexual hazards in workplace", and "prevention of unlawful infringements while in the execution of duties" and other labor protection operations.
- (5) Eliminate hazards and reduce occupational safety and health risks, and conduct safety, health and environmental risk assessments in accordance with the requirements of occupational safety and health management system, so as to provide employees with a safe and healthy working environment, and handle employee health management and health promotion.
- (6) The office building has set up 24-hour security and has equipped entrance control card access to ensure the company's property and personnel safety.
- (7) Provide free physical examinations to employees and set up infirmaries. Doctors and nursing staff assist employees in health promotion and health management.
- (8) Carry out regular firefighting and evacuation education and training for employees in accordance with the provisions of the Fire Protection Law.

## 6 Important Agreement

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Slot Exchange Agreement	YANG MING MARINE TRANSPORT CORP.	From: Sep.04,2009 Till: Unlimited extensions; It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with YML. (Pan Asia Services)	—
Slot Charter Agreement	FUJIAN FOREIGN TRADE CENTRE SHIPPING CO.	From: Mar.01,2008 Till: Feb.28,2009 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 Service)	—
Slot Charter Agreement	CHINA UNITED LINES LTD.	From: Sep.27,2010 Till: Sep.26,2011 Can be extended. It is subject to 90 days pre-notice prior to termination.	EMC slot charterer from CUL (Central China/Taiwan Service)	—
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: Sep.01,2002 Till: Aug.31,2003 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)	—
Vessel Sharing Agreement	WAN HAI LINES LTD.	From: Sep.12,2008 Till: Sep.11,2009 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and WHL jointly. (Japan/Taiwan/Haiphong Service)	—
Vessel Sharing Agreement	1. OOCL (ASIA PACIFIC) LTD. 2. YANGMING (UK) LTD.	From: Apr.30,2006 Till: Apr.29,2007 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, OOCL, and YM (UK) Ltd. jointly. (Taiwan/Hong Kong/Vietnam Service)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Vessel Sharing Agreement	1. WAN HAI LINES LTD. 2. HAPAG-LLOYD CONTAINER LINE	From: Apr.30,2006 Till: Apr.29,2020 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, WHL and HLCL jointly. (Taiwan/China/Singapore/Malaysia/India Service)	—
Slot Exchange Agreement	WAN HAI LINES LTD.	From: Apr.10,2019 Till: Oct.10,2019 Can be extended. It is subject to 45 days pre-notice prior to termination.	EMC slot exchanges with WHL. (Japan-Taiwan/China-Vietnam Services)	—
Vessel Sharing Agreement	1. NEW GOLDEN SEA SHIPPING PTE LTD. 2. KOREA MARINE TRANSPORT CO. LTD. 3. FEEDERTECH PTE LTD.	From: Jan.20,2017 Till: Jan.20,2018 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC, NEW GOLDEN SEA SHIPPING, KOREA MARINE TRANSPORT and FEEDERTECH jointly. (ASEAN-Persian Gulf-ISC Service)	—
Slot Exchange Agreement	CNC LINE	From: Apr.04,2017 Till: Oct.04,2017 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with CNC. (South China-Taiwan/Central China-Taiwan)	—
Vessel Sharing Agreement	CNC LINE	From: Jul.02,2019 Till: Jan.22,2020 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with CNC. (Thailand-Vietnam/Taiwan-Hong Kong- Thailand Services)	—
Slot Exchange Agreement	CNC LINE	From: Dec.19,2019 Till: Jun.19,2020 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with CNC. (Taiwan-Japan-Taiwan Services)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Vessel Sharing Agreement	1. FEEDERTECH PTE LTD 2. ONE 3. YANG MING LINES 4. HAPAG-LLOYD CONTAINER LINE 5. PACIFIC INTERNATIONAL LINES PTE. LTD. 6. TS LINES	From: Jun.18,2017 Till: Aug.09,2019 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	Operated by EMC and FEEDERTECH, ONE, YML, Hapag-Lloyd, PIL and TSL. (North China-India Service)	—
Vessel Sharing Agreement	1. FEEDERTECH PTE LTD 2. ONE 3. TS LINES	From: Aug.09,2019 Till:Mar.31,2020 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	Operated by EMC and FEEDERTECH, ONE and TSL. (North China-India Service)	—
Vessel Sharing Agreement	1. YANG MING LINES 2. SINOTRANS CONTAINER LINES CO LTD. 3. TS LINES	From: Jun.07,2013 Till: Jun.07,2020 Can be extended. It is subject to 90 days pre-notice prior to termination.	Operated by EMC and YML, SINOTRANS and TSL jointly. (China-Australia Service)	—
Slot Exchange Agreement	SINOKOR MERCHANT MARINE CO., LTD.	From: Sep.18,2019 Till: Mar.18,2020 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with SKR. (Korea-Taiwan-Malaysia-Singapore-Philippines-Taiwan-Korea/Korea-Central China-Indonesia-Vietnam-Central China-Korea Service))	—
Slot Exchange Agreement	X-Press	From: Jul.13,2018 Till: Jan.13,2019 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with X-Press. (Kaohsiung-Manila-Kaohsiung / Kaohsiung-Cebu/Singapore-Thailand/Thailand-Singapore-Indonesia/Central, South China-Singapore-Malaysia Services)	—
Slot Exchange Agreement	X-Press	From: Jan.06,2020 Till: Jul.06,2020 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with X-Press (Vietnam-Hong Kong-Central China/Dalian-Pusan Services)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Slot Exchange Agreement	INTERASIA LINES LTD.	From: Nov.18,2019 Till: May.18,2020 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with INTERASIA (Hong Kong-South China-Vietnam-Cambodia-Thailand-Hong Kong / Central, South China-Vietnam-Cambodia-Hong Kong-Central China Services)	—
Slot Exchange Agreement	T.S. LINE CO., LTD.	From: May.01,2016 Till: Nov.01,2016 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC slot exchanges with TSL. (Taiwan-Shanghai/Vietnam-Singapore, Malaysia Services)	—
Slot Exchange Agreement	SEALAND MAERSK ASIA	From: Dec.20,2017 Till: Mar.20,2018 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with SEALAND (Indonesia-Japan /Japan-Thailand service )	—
Slot Exchange Agreement	SEALAND MAERSK ASIA	From: Dec.04,2019 Till: Mar.03,2020 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with SEALAND (Taiwan-Haiphong /East Malaysia Bintulu service )	—
Slot Exchange Agreement	ADVANCE CONTAINER LINES (PTE) LTD	From: Apr.21,2019 Till: Oct.20,2019 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with ACL (Singapore-Malaysia/Singapore-Indonesia service )	—
Vessel Sharing Agreement	1. NEW GOLDEN SEA SHIPPING PTE. LTD. 2. WAN HAI LINES LTD. 3. PACIFIC INTERNATIONAL LINES (PTE) LTD. 4. APL CO. PTE. LTD. 5. OCEAN NETWORK EXPRESS PTE. LTD.	From: Nov.13. 2018 Till: Nov.12. 2019 Can be extended. It is subject to 60 days pre-notice prior to termination.	Operated by EMC, NGS,WHL, PIL, APL and ONE jointly (Central, South China/Pakistan Service)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Slot Exchange Agreement	OCEAN NETWORK EXPRESS PTE. LTD.	From: Nov.20. 2019 Till: Feb.19. 2020 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with ONE (China-Korea / Taiwan-Philippines service)	—
Slot Exchange Agreement	COSCO CONTAINER LINES SHANGHAI PANASIA SHIPPING CO., LTD.	From: Sep.19.2014 Till: Mar.19. 2015 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with COSCO (China-Japan / China-Japan service)	—
Slot Exchange Agreement	NEW GOLDEN SEA SHIPPING PTE. LTD.	From: Nov.25.2017 Till: May.25. 2018 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with NGS (Taiwan-Indonesia / China-Hong Kong-Thailand Express service)	—
Slot Exchange Agreement	NEW GOLDEN SEA SHIPPING PTE. LTD.	From: Apr.18.2018 Till: Oct.18.2019 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with NGS (Indonesia- China / China-Vietnam service)	—
Slot Exchange Agreement	INTERASIA LINES LTD.	From: Aug.23.2019 Till: Feb.22.2020 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC charter slots to IAL (Hong Kong - China - Philippines service)	—
Vessel Sharing Agreement	1. APL 2. ONE 3. YANG MING LINES 4. HAPAG LLOYD CONTAINER LINE	From: May.21.2017 Till: Jan.09.2020 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	Operated by EMC, APL, ONE, YML and HPL (North EAST ASIA -Australia)	—
Slot Exchange Agreement	SITC CONTAINER LINES CO LTD	From: Sep.18.2017 Till: Dec.18.2017 Can be extended. It is subject to 30 days pre-notice prior to termination.	EMC slot exchanges with SITC (China- Indonesia Express/China-Vietnam-Indonesia service)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Vessel Sharing Agreement	1. APL 2. HYUNDAI MERCHANT MARINE CO. LTD	From: Aug.27.2018 Till: Jan.08.2020 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	Operated by EMC, APL and HMM. (China-Australia Service)	—
Slot Charter Agreement	BENGAL TIGER LINE PTE LTD	From: Dec.13.2017 Till: Mar.13.2019 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	EMC charter from BTL (Southeast Asia - East India)	—
Slot Charter Agreement	SINOTRANS CONTAINER LINES CO LTD	From: Aug.17.2018 Till: Sep.22.2019 Can be extended. It is subject to 60 days pre-notice prior to termination.	EMC charter from SNL (North China-Australia Express /South China-Australia Express service)	—
Vessel Sharing and Slot Exchange Agreement	1. CMA CGM 2. COSCO CONTAINER LINE 3. OOCL	From: Apr.01,2017 Till: Mar.31,2027 Can be extended. It is subject to 30/60/90 days pre-notice prior to termination.	Operated by OCEAN Alliance. (F.E.-EUR/F.E.-MED/F.E.-USWC/F.E.-USEC/EUR-USEC/F.E.-GULF/F.E.-RSEA Services)	—
Slot Charter Agreement	ONE	From: Apr.01,2017 Till: Subsequently extended 90 days pre-notice prior to termination	Slot Charter from ONE (Japan / USWC Service)	—
Vessel Sharing Agreement	1. CMA CGM 2. COSCO CONTAINER LINE 3. YANG MING LINE	From: Jan.20,2017 Till: Subsequently extended 90 days pre-notice prior to termination	Jointly operated by EMC, CMA, COS and YML (F.E. / East Coast of South America Service)	—
Vessel Sharing and Slot Exchange Agreement	1. PACIFIC INTERNATIONAL LINES 2. COSCO CONTAINER LINE 3. CMA CGM	From: Mar.28,2019 Till: Subsequently extended 90 days pre-notice prior to termination	Jointly operated by EMC, PIL, COS and CMA (F.E./East Coast of South America Service)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. ONE 3. PACIFIC INTERNATIONAL LINES	From: Sep.29,2014 Till: Subsequently extended 90 days pre-notice prior to termination	Jointly operated by EMC, ONE, PIL and COS (F.E./ South Africa Services)	—
Vessel Sharing Agreement	1. COSCO CONTAINER LINES 2. X-press	From: Jul.05,2018 Till: Subsequently extended 90 days pre-notice prior to termination	Jointly operated by EMC, COS and X-press (F.E./ East Africa Services)	—
Vessel Sharing Agreement	1. COSCO CONTAINER LINES 2. YANG MING LINES	From: Dec.26,2015 Till: Subsequently extended 3 month pre-notice prior to termination	Jointly operated by EMC, COS and YML (F.E./West Coast of South America Service)	—
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. PACIFIC INTERNATIONAL LINES 3. WAN HAI LINES LTD. 4. YANG MING LINE	From: Dec.25.2015 Till: Subsequently extended 3 month pre-notice prior to termination	Jointly operated by EMC, COS, PIL, WHL and YML (F.E./West Coast of South-east America Service)	—
Slot Exchange Agreement	1. COSCO CONTAINER LINES 2. CMA C GM	From: Apr.15.2018 Till: Subsequently extended 3 month pre-notice prior to termination	Slot Exchange between EMC, COS and CMA (F.E./ West Coast of Southeast America Service)	—
Slot Exchange Agreement	HYUNDAI MERCHANT MARINE CO. LTD	From:Aug.27,2018 Till:Jan.08,2020 Can be extended. It is sbject to 30/60/ 90 days pre-notice prior to termination.	EMC slot exchanges with HMM. ( China-Australia service)	—
Slot Charter Agreement	FEEDERTECH PTE LTD	From:Nov.23,2017 Till:Feb.23,2018 Can be extended. It is sbject to 30 days pre-notice prior to termination.	EMC charter from FPL. (Far East-East India service)	—

AGREEMENT	THE PARTY	DURATION	CONTENT	RESTRICTIONS
Vessel Sharing Agreement	1. BENGAL TIGER LINE PTE LTD 2. WAN HAI LINES LTD	From:Mar.06,2019 Till:Mar.05,2020 Can be extended. It is sbject to 30 days pre-notice prior to termination.	Operated by EMC ,BTL and WHL jointly. (Southeast Asia -East India service)	—
Slot Exchange Agreement	BENGAL TIGER LINE PTE LTD	From:Mar.06,2019 Till:Mar.05,2020 Can be extended. It is sbject to 30 days pre-notice prior to termination.	EMC slot exchanges with BTL.(Southeast Asia -East India service)	—
Slot Charter Agreement	ONE	From:Apr.01,2017 Till: Subsequently extended 90 days pre-notice prior to termination.	EMC charter from ONE. (Japan-West America service)	—

# Chapter 6. Financial Information

## 1 Five- Year Financial Summary

### 1. Consolidated Condensed Balance Sheet

Unit: TWD thousand

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2020 (Note)
		2015	2016	2017	2018	2019	
Current assets		52,171,999	53,977,007	60,951,228	67,898,508	66,299,076	63,052,365
Property, plant and equipment		107,619,180	99,470,430	97,687,454	117,219,185	108,393,511	111,147,375
Intangible assets		22,371	121,341	159,667	2,266,526	1,929,667	1,873,250
Other assets		32,838,657	36,184,986	41,281,548	41,627,736	129,973,384	131,400,466
Total assets		192,652,207	189,753,764	200,079,897	229,011,955	306,595,638	307,473,456
Current liabilities	Before distribution	39,356,167	42,031,169	44,760,401	50,061,985	63,449,644	63,085,247
	After distribution	-	-	45,562,872	-	-	-
Non-current liabilities		92,001,438	94,084,094	88,630,706	107,982,134	169,551,148	172,912,067
Total liabilities	Before distribution	131,357,605	136,115,263	133,391,107	158,044,119	233,000,792	235,997,314
	After distribution	-	-	134,193,578	-	-	-
Equity attributable to owners of the parent		58,001,047	50,987,493	63,398,554	66,844,230	70,045,779	68,521,840
Common stock		35,123,560	35,123,560	40,123,560	45,129,738	48,129,738	48,129,738
Capital Surplus		7,986,633	7,989,014	10,838,075	11,059,145	11,407,437	11,407,992
Retained earnings	Before distribution	11,795,067	4,985,031	11,754,606	9,462,191	9,373,982	8,935,429
	After distribution	-	-	8,945,957	-	-	-
Other equity interest		3,095,787	2,889,888	682,313	1,193,156	1,134,622	48,681
Treasury shares		-	-	-	-	-	-
Non-controlling interest		3,293,555	2,651,008	3,290,236	4,123,606	3,549,067	2,954,302
Total equity	Before distribution	61,294,602	53,638,501	66,688,790	70,967,836	73,594,846	71,476,142
	After distribution	-	-	65,886,319	-	-	-

Note: The consolidated financial statements as of March 31, 2020 have been reviewed by independent auditors.

## 2. Consolidated Condensed Statement of Comprehensive Income

Unit: TWD thousand

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2020 (Note)
		2015	2016	2017	2018	2019	
Operating revenue		133,813,687	124,467,608	150,582,692	169,236,653	190,589,281	43,475,255
Gross Profit		1,540,315	(3,494,113)	10,874,287	7,470,868	14,555,021	2,950,213
Operating income (loss)		(3,847,026)	(7,848,262)	4,817,470	926,217	4,658,270	496,411
Non-operating income and expenses		(835,470)	(960,721)	2,630,079	269,187	(3,879,370)	(1,114,051)
Profit (loss) before income tax		(4,682,496)	(8,808,983)	7,447,549	1,195,404	778,900	(617,640)
Profit (loss) from continuing operations		(4,739,297)	(8,565,311)	6,661,621	78,501	(223,013)	(733,149)
Profit (loss) from discontinued operation		-	-	-	-	-	-
Profit (loss) for the period		(4,739,297)	(8,565,311)	6,661,621	78,501	(223,013)	(733,149)
Other comprehensive income (loss), net of income tax		851,149	906,829	(2,971,907)	575,603	(427,792)	(1,133,286)
Total comprehensive income (loss)		(3,888,148)	(7,658,482)	3,689,714	654,104	(650,805)	(1,866,435)
Profit (loss), attributable to owners of the parent		(4,408,079)	(6,607,986)	7,005,171	293,919	112,519	(441,577)
Profit (loss), attributable to non-controlling interest		(331,218)	(1,957,325)	(343,550)	(215,418)	(335,532)	(291,572)
Comprehensive income (loss), attributable to owners of the parent		(3,226,155)	(7,015,935)	4,562,000	1,031,164	(143,740)	(1,524,494)
Comprehensive income (loss), attributable to non-controlling interests		(661,993)	(642,547)	(872,286)	(377,060)	(507,065)	(341,941)
Earnings per share (in dollar)		(1.26)	(1.88)	1.88	0.07	0.02	(0.09)

Note: The consolidated financial statements as of March 31, 2020 have been reviewed by independent auditors.

### 3. Condensed Balance Sheet

Unit: TWD thousand

Item	Year	Financial Summary for The Last Five Years				
		2015	2016	2017	2018	2019
Current assets		24,394,141	26,797,737	29,795,801	30,035,812	27,446,192
Property, plant and equipment		27,982,312	26,055,383	27,118,687	35,045,526	36,934,484
Intangible assets		10,080	52,203	39,071	28,730	19,599
Other assets		58,542,582	53,141,674	63,841,016	62,818,147	85,478,188
Total assets		110,929,115	106,046,997	120,794,575	127,928,215	149,878,463
Current liabilities	Before distribution	15,261,971	14,761,758	15,220,244	15,248,630	18,261,998
	After distribution	-	-	16,022,715	-	-
Non-current liabilities		37,666,097	40,297,746	42,175,777	45,835,355	61,570,686
Total liabilities	Before distribution	52,928,068	55,059,504	57,396,021	61,083,985	79,832,684
	After distribution	-	-	58,198,492	-	-
Common stock		35,123,560	35,123,560	40,123,560	45,129,738	48,129,738
Capital surplus		7,986,633	7,989,014	10,838,075	11,059,145	11,407,437
Retained earnings	Before distribution	11,795,067	4,985,031	11,754,606	9,462,191	9,373,982
	After distribution	-	-	8,945,957	-	-
Other equity interest		3,095,787	2,889,888	682,313	1,193,156	1,134,622
Treasury shares		-	-	-	-	-
Total equity	Before distribution	58,001,047	50,987,493	63,398,554	66,844,230	70,045,779
	After distribution	-	-	62,596,083	-	-

#### 4. Condensed Statement of Comprehensive Income

Unit: TWD thousand

Item	Year	Financial Summary for The Last Five Years				
		2015	2016	2017	2018	2019
Operating revenue		25,134,073	23,060,494	28,897,616	33,994,571	44,687,138
Gross Profit		1,932,085	910,018	2,011,325	1,481,708	2,606,665
Operating income (loss)		469,199	(764,840)	232,667	(418,690)	176,562
Non-operating income and expenses		(5,183,782)	(6,297,750)	6,985,241	928,194	(225,762)
Profit (loss) before income tax		(4,714,583)	(7,062,590)	7,217,908	509,504	(49,200)
Profit (loss) from continuing operations		(4,408,079)	(6,607,986)	7,005,171	293,919	112,519
Profit (loss) from discontinued operation		-	-	-	-	-
Profit (loss) for the year		(4,408,079)	(6,607,986)	7,005,171	293,919	112,519
Other comprehensive income, net of income tax		1,181,924	(407,949)	(2,443,171)	732,511	(256,259)
Total comprehensive income		(3,226,155)	(7,015,935)	4,562,000	1,026,430	(143,740)
Earnings per share (in dollar)		(1.26)	(1.88)	1.88	0.07	0.02

#### 5. Auditors' Opinions from 2015 to 2019

Year	Accounting Firm	CPA	Audit Opinion
2019	PricewaterhouseCoopers, Taiwan	Lee, Hsiu-Ling Chih, Ping-Chiun	An unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Lee, Hsiu-Ling Chih, Ping-Chiun	An unqualified opinion
2017	PricewaterhouseCoopers, Taiwan	Lai, Chung-His Chih, Ping-Chiun	An unqualified opinion
2016	PricewaterhouseCoopers, Taiwan	Lai, Chung-His Chih, Ping-Chiun	An unqualified opinion
2015	PricewaterhouseCoopers, Taiwan	Lai, Chung-His Chih, Ping-Chiun	An unqualified opinion with explanatory paragraph

## 2 Five- Year Financial Analysis

### 1. Consolidated Financial Analysis

Item	Year						As of
	2015	2016	2017	2018	2019	March 31, 2020 (Note)	
Financial structure (%)							
Debt ratio	68.18	71.73	66.67	69.01	76.00	76.75	
Long-term funds to property, plant and equipment	142.44	148.51	159.00	152.66	224.32	219.88	
Solvency (%)							
Current ratio	132.56	128.42	136.17	135.63	104.49	99.95	
Quick ratio	123.12	118.34	124.33	121.80	94.96	92.32	
Times interest earned (times)	(3.75)	(6.07)	6.39	1.64	1.14	0.53	
Operating performance							
Receivable turnover (times)	10.19	10.32	11.42	10.66	11.05	2.70	
Average collection days	36	35	32	34	33	34	
Inventory turnover (times)	-	-	-	-	-	-	
Accounts payable turnover (times)	9.48	9.94	9.81	9.08	9.61	2.64	
Average Inventory turnover days	-	-	-	-	-	-	
Property, plant and equipment turnover (times)	1.29	1.20	1.53	1.57	1.69	0.40	
Total assets turnover (times)	0.70	0.65	0.77	0.79	0.71	0.14	
Profitability							
Return on total assets (%)	(2.06)	(3.94)	4.01	0.74	1.61	0.11	
Return on total equity (%)	(7.51)	(14.90)	11.07	0.11	(0.31)	(1.01)	
Pre-tax income to paid-in capital (%)	(13.33)	(25.08)	18.56	2.65	1.62	(1.28)	
Profit ratio (%)	(3.54)	(6.88)	4.42	0.05	(0.12)	(1.69)	
Earnings per share (TWD)	(1.26)	(1.88)	1.88	0.07	0.02	(0.09)	
Cash flow (%)							
Cash flow ratio	13.26	(1.83)	25.00	6.08	31.20	3.93	
Cash flow adequacy ratio	44.45	73.34	136.20	127.32	147.34	141.99	
Cash flow reinvestment ratio	2.28	(0.36)	5.05	0.88	6.08	0.76	

Item	Year						As of
		2015	2016	2017	2018	2019	March 31, 2020 (Note)
Leverage							
Operating leverage		(2.76)	(0.63)	3.93	17.19	7.34	16.25
Financial leverage		0.80	0.86	1.40	(0.97)	(4.58)	(0.60)

The explanation for the financial ratio which increased and decreased by more than 20% in the last two years are as follows:

1. Given that IFRS 16 has been adopted since 2019, both current/non-current lease liabilities and financial liabilities for hedging purposes are recognized on the balance sheet. Accordingly, comparing to the same period last year, the ratio of long-term funds to property, plant and equipment increased, the current ratio and quick ratio decreased.
2. The time interest earned ratio is lower than in the same period last year due to the decrease in profit before tax compared to last year.
3. Owing to the adoption of IFRS 16 in 2019, interest expenses apparently increased, and resulted in an increase in return on total assets compared to same period last year.
4. Arise from the loss for the year and the decline in profit before tax of 2019, the ratio of return on stockholders' equity and profit before tax to paid-in capital, net profit and earnings per share are all less than in the same period last year. In addition, the capital stock of the Company increased by means of cash through issuance of new shares in 2019.
5. The cash flow ratio and cash reinvestment ratio increased due to the increase of the cash flow from operating activities.
6. The fluctuation in the leverage ratios stems from the increase of interest expense in 2019 due to the adoption of IFRS 16, and operating revenue.

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Note: The consolidated financial statements as of March 31, 2020 have been reviewed by independent auditors.

## 2. Non-Consolidated Financial Analysis

Item	Year	2015	2016	2017	2018	2019
Financial structure (%)						
Debt ratio		47.71	51.91	47.51	47.74	53.26
Long-term funds to property, plant and equipment		341.88	350.35	389.30	321.52	356.35
Solvency (%)						
Current ratio		159.83	181.53	195.76	196.97	150.29
Quick ratio		155.50	177.51	189.75	189.35	143.61
Times interest earned (times)		(804.44)	(1,048.67)	1,237.22	174.31	96.22
Operating performance						
Receivable turnover (times)		12.07	11.20	10.87	9.55	12.07
Average collection days		30	33	34	38	30
Inventory turnover (times)		-	-	-	-	-
Accounts payable turnover (times)		9.96	9.07	8.63	7.96	10.22
Average Inventory turnover days		-	-	-	-	-
Property, plant and equipment turnover (times)		1.03	0.85	1.08	1.09	1.24
Total assets turnover (times)		0.23	0.21	0.25	0.27	0.32
Profitability						
Return on total assets (%)		(3.69)	(5.62)	6.64	0.67	0.83
Return on total equity (%)		(7.41)	(12.12)	12.24	0.45	0.16
Pre-tax income to paid-in capital (%)		(13.42)	(20.10)	17.98	1.12	(0.10)
Profit ratio (%)		(17.53)	(28.65)	24.24	0.86	0.25
Earnings per share (TWD)		(1.26)	(1.88)	1.88	0.07	0.02
Cash flow (%)						
Cash flow ratio		2.20	4.59	16.85	5.58	18.81
Cash flow adequacy ratio		83.48	258.89	183.38	100.05	113.20
Cash flow reinvestment ratio		(0.01)	0.68	2.24	0.03	2.81

Item	Year	2015	2016	2017	2018	2019
	Leverage					
Operating leverage		7.66	(3.29)	15.85	(12.88)	38.80
Financial leverage		(9.01)	0.55	(0.57)	0.37	(0.15)

The explanation for the financial ratio which increased and decreased by more than 20% in the last two years are as follows:

1. Given that IFRS 16 has been adopted since 2019, both current/non-current lease liabilities and financial liabilities for hedging purposes are recognized on the balance sheet. Accordingly, comparing to the same period last year, the current ratio and quick ratio decreased.
2. The time interest earned ratio is lower than in the same period last year due to the decrease in profit before tax compared to last year.
3. Operating revenue is higher than last year, the fluctuation of receivable turnover increases and average collection days decreases.
4. Operating costs is higher than last year, the fluctuation of accounts payable turnover increases.
5. Arise from the loss for the year and the decline in profit before tax of 2019, the ratio of return on stockholders' equity and profit before tax to paid-in capital, net profit and earnings per share are all less than in the same period last year. In addition, the capital stock of the Company increased by means of cash through issuance of new shares in 2019.
6. The cash flow ratio and cash reinvestment ratio increased due to the increase of the cash flow from operating activities.
7. The fluctuation in the leverage ratios stems from the increase of interest expense in 2019 due to the adoption of IFRS 16, and operating revenue.

### 1. Financial structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term funds to property, plant and equipment = (Shareholders' equity + Non-current liabilities) / Net property, plant and equipment

### 2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities

(3) Times interest earned = Earnings before interest and taxes / Interest expenses

### 3. Operating performance

(1) Receivable turnover = Net sales / Average account receivables

(2) Average collection days = 365 / Receivable turnover

(3) Inventory turnover = Cost of sales / Average inventory

(4) Accounts payable turnover = Cost of sales / Average accounts payable

(5) Average inventory turnover days = 365 / Average inventory turnover

(6) Property, plant and equipment turnover = Net Sales / Average net property, plant and equipment

(7) Total assets turnover = Net sales / Average total assets

#### 4. Profitability

(1) Return on total assets = (Net income + Interest expenses \* (1 - Effective tax rate)) / Average total assets

(2) Return on total equity = Net income / Average shareholders' equity

(3) Profit ratio = Net income / Net sales

(4) Earnings per share = (Net income - Preferred stock dividend) / Weighted average number of shares outstanding

#### 5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other assets + Working capital)

#### 6. Leverage

(1) Operating leverage = (Net sales - Variable cost) / Income from operations

(2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

**3** The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2019 and as of the date of this Annual Report: None.

## **4 Audit committee's Review Report**

### **Audit committee's Review Report**

To: 2020 Annual General Shareholders' Meeting  
EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

The Board of Directors has prepared the Company's 2019 business report, financial report, and proposal for distribution of earnings. The CPA firm of PricewaterhouseCoopers, Taiwan has audited the financial report and issued the audit report. The above business report, financial report, and proposal for distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

Convener of the Audit committee: Li, Chang-Chou

March 24, 2020

## **Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, EVERGREEN MARINE CORPORATION (TAIWAN) LTD. does not prepare a separate set of Consolidated FS of Affiliates.

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

CHENG-YUNG CHANG, Chairman  
March 24, 2020

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

### ***Introduction***

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the “Company”) and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2019 and 2018, and its financial performance and cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

### ***Accuracy and cut-off of freight revenue***

#### Description

Please refer to Note 4(32) for accounting policies on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(22) for details of sales revenue.

Evergreen Marine Corporation (Taiwan) Ltd. primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. In 2019, freight revenue from contracts with customers was TWD 168,582,876 thousand, representing 88.45% of operating revenue. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the date of balance sheet. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel during the reporting period.

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

### How our audit addressed the matter

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

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

## ***Impairment of property, plant and equipment and right-of-use assets***

### Description

Please refer to Notes 4(16) and 4(17) for accounting policies on property, plant and equipment and right-of-use assets, Note 5(2) for uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment and right-of-use assets, and Notes 6(8) and 6(9) for details of property, plant and equipment and right-of-use assets.

As of December 31, 2019, property, plant and equipment amounted to TWD 108,393,511 thousand, constituting 35.35% of total assets, and ship equipment, transport equipment and cargo handling equipment amounted to TWD 100,150,433 thousand, accounting for approximately 92.40% of total property, plant and equipment; right-of-use assets amounted to TWD 82,624,186 thousand, constituting 26.95% of total assets, and ship equipment, transport equipment and cargo handling equipment amounted to TWD 69,466,851 thousand, accounting for approximately 84.08% of total right-of-use assets.

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

### How our audit addressed the matter

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

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

### ***Other matter – Report of other independent accountants***

We did not audit the financial statements of all the consolidated subsidiaries. Those statements and the information disclosed in Note 13 were performed by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein is based solely on the reports of the other independent accountants. The statements reflect that total assets in these subsidiaries amounted to TWD 64,007,665 thousand and TWD 52,567,030 thousand, constituting 20.88% and 22.95% of the total consolidated assets as of December 31, 2019, and 2018, respectively. Net operating revenues in the subsidiaries amounted to TWD 41,978,500 thousand and TWD 50,179,774 thousand, constituting 22.03% and 29.65% of the total consolidated net operating revenues of 2019 and 2018 for the years then ended.

In addition, we did not audit the financial statements of all the investee companies accounted for using equity method. Those statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 related to these long-term equity investments, is based solely on the reports of other independent accountants. Long-term equity investments in these investee companies amounted to TWD 18,297,311 thousand and TWD 17,158,367 thousand, constituting 5.97% and 7.49% of the total consolidated assets as of December 31, 2019 and 2018, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was TWD 331,944 thousand and TWD 109,172 thousand constituting (51.01%) and 16.69% of the consolidated total comprehensive income and loss for the years then ended, respectively.

### ***Other matter – Parent company only financial reports***

We have audited the parent company only financial statement of Evergreen Marine Corporation (Taiwan) Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unqualified opinion with explanatory paragraph thereon.

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

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

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

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

### ***Auditor’s responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lee, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2020

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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, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 37,871,889	12	\$ 35,836,635	16
1136	Current financial assets at amortised cost, net	6(3)	2,018,536	1	2,665,608	1
1140	Current contract assets	6(22)	1,693,497	1	2,244,065	1
1150	Notes receivable, net	6(4)	129,545	-	154,295	-
1170	Accounts receivable, net	6(4)	13,979,251	5	15,013,211	7
1180	Accounts receivable, net - related parties	6(4) and 7	780,562	-	503,638	-
1200	Other receivables		283,739	-	882,521	1
1210	Other receivables - related parties	7	743,540	-	598,931	-
1220	Current income tax assets		381,933	-	221,601	-
130X	Inventories	6(5)	4,547,919	1	5,100,897	2
1410	Prepayments		1,500,038	1	1,824,053	1
1470	Other current assets	6(6) and 8	2,368,627	1	2,853,053	1
11XX	<b>Current assets</b>		<u>66,299,076</u>	<u>22</u>	<u>67,898,508</u>	<u>30</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,719,423	-	1,650,372	1
1535	Non-current financial assets at amortised cost, net	6(3)	100,000	-	100,000	-
1550	Investments accounted for using equity method	6(7)	29,400,925	10	28,265,168	12
1600	Property, plant and equipment, net	6(8), 8 and 9	108,393,511	35	117,219,185	51
1755	Right-of-use assets	6(9)	82,624,186	27	-	-
1760	Investment property, net	6(10) and 8	5,455,070	2	5,835,074	3
1780	Intangible assets		1,929,667	1	2,266,526	1
1840	Deferred income tax assets	6(29)	1,035,398	-	835,979	-
1900	Other non-current assets	6(4)(11)(16) and 8	9,638,382	3	4,941,143	2
15XX	<b>Non-current assets</b>		<u>240,296,562</u>	<u>78</u>	<u>161,113,447</u>	<u>70</u>
1XXX	<b>Total assets</b>		<u>\$ 306,595,638</u>	<u>100</u>	<u>\$ 229,011,955</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, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2126	Current financial liabilities for hedging	6(9) and 7	\$ 1,861,026	1	\$ -	-
2130	Current contract liabilities	6(22)	2,213,538	1	1,774,392	1
2170	Accounts payable		16,169,710	5	19,813,190	9
2180	Accounts payable - related parties	7	411,102	-	253,172	-
2200	Other payables		4,406,879	2	3,622,892	2
2220	Other payables - related parties	7	706,239	-	1,184,484	-
2230	Current income tax liabilities		841,265	-	797,877	-
2280	Current lease liabilities	6(9) and 7	9,075,576	3	-	-
2300	Other current liabilities	6(12)(16)	27,764,309	9	22,615,978	10
21XX	<b>Current liabilities</b>		<u>63,449,644</u>	<u>21</u>	<u>50,061,985</u>	<u>22</u>
<b>Non-current liabilities</b>						
2511	Non-current financial liabilities for hedging	6(9) and 7	18,327,916	6	-	-
2530	Corporate bonds payable	6(13)	10,000,000	3	10,000,000	4
2540	Long-term loans	6(14)	83,859,972	27	83,010,375	36
2570	Deferred income tax liabilities	6(29)	2,027,378	1	1,970,567	1
2580	Non-current lease liabilities	6(9) and 7	51,967,317	17	-	-
2600	Other non-current liabilities	6(15)(16)(17)	3,368,565	1	13,001,192	6
25XX	<b>Non-current liabilities</b>		<u>169,551,148</u>	<u>55</u>	<u>107,982,134</u>	<u>47</u>
2XXX	<b>Total liabilities</b>		<u>233,000,792</u>	<u>76</u>	<u>158,044,119</u>	<u>69</u>
<b>Equity attributable to owners of the parent</b>						
<b>Capital</b>						
3110	Common stock	6(18)	48,129,738	16	45,129,738	20
<b>Capital surplus</b>						
3200	Capital surplus	6(19)	11,407,437	4	11,059,145	5
<b>Retained earnings</b>						
3310	Legal reserve	6(20)	5,714,940	2	5,685,548	2
3350	Unappropriated retained earnings		3,659,042	1	3,776,643	2
<b>Other equity interest</b>						
3400	Other equity interest	6(21)	1,134,622	-	1,193,156	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>70,045,779</u>	<u>23</u>	<u>66,844,230</u>	<u>29</u>
36XX	<b>Non-controlling interest</b>		<u>3,549,067</u>	<u>1</u>	<u>4,123,606</u>	<u>2</u>
3XXX	<b>Total equity</b>		<u>73,594,846</u>	<u>24</u>	<u>70,967,836</u>	<u>31</u>
<b>Significant Contingent Liabilities And Unrecognized Contract Commitments</b>						
<b>Significant Events After The Balance Sheet Date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 306,595,638</u>	<u>100</u>	<u>\$ 229,011,955</u>	<u>100</u>

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

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

Items	Notes	Years ended December 31				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(22) and 7	\$ 190,589,281	100	\$ 169,236,653	100
5000	<b>Operating costs</b>	6(27)(28) and 7	( 176,071,661)	( 92)	( 161,771,163)	( 95)
5900	<b>Gross profit</b>		14,517,620	8	7,465,490	5
5910	Unrealized loss (profit) from sales		25,181	-	( 8,131)	-
5920	Realized profit on from sales		12,220	-	13,509	-
5950	<b>Gross profit</b>		14,555,021	8	7,470,868	5
	<b>Operating expenses</b>	6(27)(28) and 7				
6100	Selling expenses		( 1,585,738)	( 1)	( 1,533,425)	( 1)
6200	General and administrative expenses		( 8,703,296)	( 5)	( 6,520,083)	( 4)
6450	Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9		16,336	-	( 1,473)	-
6000	<b>Operating expenses</b>		( 10,272,698)	( 6)	( 8,054,981)	( 5)
6500	<b>Other gains - net</b>	6(23) and 7	375,947	-	1,510,330	1
6900	<b>Operating profit</b>		4,658,270	2	926,217	1
	<b>Other non-operating income and expenses</b>					
7010	Other income	6(24)	1,204,076	1	1,473,164	1
7020	Other gains and losses	6(25)	( 74,671)	-	( 77,900)	-
7050	Finance costs	6(26) and 7	( 5,675,837)	( 3)	( 1,880,424)	( 1)
7060	Share of loss of associates and joint ventures accounted for using equity method		667,062	-	754,347	-
7000	<b>Total non-operating income and expenses</b>		( 3,879,370)	( 2)	269,187	-
7900	<b>Profit before income tax</b>		778,900	-	1,195,404	1
7950	Income tax expense	6(29)	( 1,001,913)	-	( 1,116,903)	( 1)
8200	<b>(Loss) profit for the year</b>		(\$ 223,013)	-	\$ 78,501	-

(Continued)

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

Items	Notes	Years ended December 31				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income (loss)</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Actuarial loss on defined benefit plan	6(17)	(\$ 133,101)	-	(\$ 32,228)	-
8316	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(2)	82,688	-	( 316,044)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 11,977)	-	( 44,100)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	32,918	-	23,136	-
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		( 29,472)	-	( 369,236)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences on translating the financial statements of foreign operations		( 918,876)	-	839,342	-
8368	Gains on hedging instrument	6(9)	460,138	-	-	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		148,372	-	104,751	-
8399	Income tax relating to the components of other comprehensive (loss) income	6(29)	( 87,954)	-	746	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		( 398,320)	-	944,839	-
8300	<b>Other comprehensive (loss) income for the year, net of income tax</b>		( \$ 427,792)	-	\$ 575,603	-
8500	<b>Total comprehensive (loss) income for the year</b>		( \$ 650,805)	-	\$ 654,104	-
<b>Profit (loss), attributable to:</b>						
8610	Owners of the parent		\$ 112,519	-	\$ 293,919	-
8620	Non-controlling interest		( \$ 335,532)	-	( \$ 215,418)	-
<b>Comprehensive (loss) income attributable to:</b>						
8710	Owners of the parent		( \$ 143,740)	-	\$ 1,031,164	-
8720	Non-controlling interest		( \$ 507,065)	-	( \$ 377,060)	-
<b>Basic earnings per share (in dollars) 6(30)</b>						
9750	<b>Basic earnings per share</b>		\$ 0.02		\$ 0.07	
9850	<b>Diluted earnings per share</b>		\$ 0.02		\$ 0.07	

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

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

Notes	Equity attributable to owners of the parent										Total	Non-controlling interest	Total equity
	Retained earnings					Other equity interest							
	Common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments				
<b>Year 2018</b>													
6(21)	\$ 40,123,560	\$ 10,838,075	\$ 4,985,031	\$ 6,769,575	\$ (1,135,114)	\$ -	\$ 1,833,339	\$ (15,912)	\$ -	\$ 63,398,554	\$ 3,290,236	\$ 66,688,790	
6(21)	-	-	-	276,681	-	1,553,662	(1,833,339)	15,912	(15,912)	(2,996)	(1,231)	(4,227)	
6(21)	40,123,560	10,838,075	4,985,031	7,046,256	(1,135,114)	1,553,662	-	-	(15,912)	63,395,558	3,289,005	66,684,563	
6(21)	-	-	-	293,919	-	-	-	-	-	293,919	(215,418)	78,501	
6(21)	-	-	-	(71,341)	1,152,694	(301,371)	-	-	(42,737)	737,245	(161,642)	575,603	
6(20)	-	-	-	222,578	1,152,694	(301,371)	-	-	(42,737)	1,031,164	(377,060)	654,104	
Distribution of 2017 earnings:													
	-	-	700,517	(700,517)	-	-	-	-	-	-	-	-	
	2,006,178	-	(2,006,178)	-	-	-	-	-	-	-	-	-	
	-	-	(802,471)	-	-	-	-	-	-	(802,471)	-	(802,471)	
6(18)(19)	3,000,000	226,890	-	-	-	-	-	-	-	3,226,890	-	3,226,890	
6(19)	-	17,610	-	-	-	-	-	-	-	17,610	-	17,610	
6(19)(20)(21)	-	20,412	-	3,537	(4,628)	-	-	-	-	19,321	-	19,321	
6(20)	-	-	-	13,438	(13,438)	-	-	-	-	-	-	-	
6(19)(31)	-	(43,842)	-	-	-	-	-	-	-	(43,842)	-	55,857	
	-	-	-	-	-	-	-	-	-	-	-	1,155,804	
	\$ 45,129,738	\$ 11,059,145	\$ 5,685,548	\$ 3,776,643	\$ 17,580	\$ 1,234,225	\$ -	\$ -	\$ (58,649)	\$ 66,844,230	\$ 4,123,606	\$ 70,967,836	
6(21)	\$ 45,129,738	\$ 11,059,145	\$ 5,685,548	\$ 3,776,643	\$ 17,580	\$ 1,234,225	\$ -	\$ -	\$ (58,649)	\$ 66,844,230	\$ 4,123,606	\$ 70,967,836	
6(21)	-	-	-	112,519	-	-	-	-	-	112,519	(335,533)	(223,013)	
6(21)	-	-	-	(197,673)	(874,353)	177,361	-	-	638,406	(256,259)	(171,533)	(427,792)	
6(20)	-	-	-	(85,154)	(874,353)	177,361	-	-	638,406	(143,740)	(507,065)	(650,805)	
Distribution of 2018 earnings:													
	-	-	29,392	(29,392)	-	-	-	-	-	-	-	-	
6(18)(19)	3,000,000	333,934	-	-	-	-	-	-	-	3,333,934	-	3,333,934	
6(19)	-	17,066	-	-	-	-	-	-	-	17,066	-	17,066	
6(19)(20)(21)	-	(4,077)	-	(49)	-	52	-	-	-	(4,074)	-	(4,074)	
6(19)(20)(31)	-	1,369	-	(3,006)	-	-	-	-	-	(1,637)	(67,474)	(69,111)	
	\$ 48,129,738	\$ 11,407,437	\$ 5,714,940	\$ 3,659,042	\$ (856,773)	\$ 1,411,638	\$ -	\$ -	\$ 579,757	\$ 70,045,779	\$ 3,549,067	\$ 73,594,846	
<b>Year 2019</b>													
Balance at January 1, 2019													
Profit (loss) for the year													
Other comprehensive income (loss) for the year													
Total comprehensive income (loss)													
Distribution of 2018 earnings:													
Legal capital reserve													
Issuance of common stock for cash													
Employee stock options exercised													
Adjustments to share of changes in equity of associates and joint ventures													
Net change in non-controlling interests													
Balance at December 31, 2019													

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 778,900	\$ 1,195,404
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)(10)(25)(27)	20,450,038	8,803,540
Amortization	6(27)	313,635	69,348
(Gain on expected credit loss) impairment loss	12(2)	( 16,336 )	1,473
Interest income	6(24)	( 749,147 )	( 563,604 )
Interest expense	6(26)	5,675,837	1,880,424
Dividend income	6(24)	( 112,966 )	( 109,996 )
Loss on disposal of investments accounted for using equity method	6(25)	-	122,834
Share of profit of associates and joint ventures accounted for using equity method		( 667,062 )	( 754,347 )
Gain recognised in bargain purchase transaction	6(24)	-	( 138,571 )
Gains arising from lease modification	6(25)	( 8,937 )	-
Net gains on disposal of property, plant and equipment	6(23)	( 375,947 )	( 1,510,330 )
Net gains on disposal of right-of-use assets	6(25)	( 47,716 )	-
Net losses on disposal of investments	6(25)	49,117	-
Realized income with affiliated companies		( 12,220 )	( 13,509 )
Unrealized (loss) income with affiliated companies		( 25,181 )	( 8,131 )
Employee stock options exercised	6(18)	17,066	17,610
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		189	-
Current contract assets		513,065	( 358,513 )
Notes receivable, net		21,037	( 85,537 )
Accounts receivable, net		684,785	( 2,505,861 )
Accounts receivable, net - related parties		( 283,302 )	299,056
Other receivables		578,926	( 428,644 )
Other receivables - related parties		( 154,690 )	( 98,659 )
Inventories		452,022	( 1,274,022 )
Prepayments		105,010	( 189,060 )
Other current assets		355,601	( 210,846 )
Other non-current assets		( 8,685 )	47,085
Net changes in liabilities relating to operating activities			
Current contract liabilities		471,486	( 748,709 )
Accounts payable		( 3,285,621 )	( 3,779,538 )
Accounts payable - related parties		163,421	50,260
Other payables		353,008	199,638
Other payables - related parties		36,917	( 788,583 )
Other current liabilities		837,394	( 1,178,807 )
Other non-current liabilities		( 6,017 )	( 239,764 )
Cash inflow generated from operations		26,103,627	5,276,979
Interest received		749,147	563,604
Interest paid		( 5,776,049 )	( 2,019,771 )
Income tax paid		( 1,283,463 )	( 830,758 )
Net cash flows from operating activities		19,793,262	2,990,054

(Continued)

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

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ 641,814	\$ 2,134,711
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	-	342,661
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	924
Acquisition of investments accounted for using equity method	6(33)	( 1,248,694 )	( 980,574 )
Proceeds from capital reduction of investments accounted for using equity method		66	43,904
Acquisition of property, plant and equipment	6(33)	( 6,731,119 )	( 10,065,416 )
Proceeds from disposal of property, plant and equipment		1,172,365	2,161,292
Proceeds from disposal of right-of-use assets		174,944	-
Acquisition of intangible assets		( 23,758 )	( 29,380 )
Increase in guarantee deposits paid		( 7,283 )	( 7,295 )
Increase in other non-current assets	6(33)	( 12,371,737 )	( 14,455,798 )
Proceeds from capital reduction of investments accounted for using equity method		-	5
Effect of initial consolidation of subsidiaries	6(33)	-	( 2,635,830 )
Cash dividend received		923,614	717,798
Net cash flows used in investing activities		( 17,469,788 )	( 22,772,998 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		200,000	-
Decrease in short-term loans		( 200,000 )	-
(Decrease) increase in other payables		( 477,872 )	939,354
Increase in long-term loans	6(34)	32,954,862	43,572,441
Decrease in long-term loans	6(34)	( 24,186,530 )	( 27,312,244 )
Repayments of principal portion of lease liabilities	6(9)(34)	( 11,628,066 )	-
Increase in corporate bonds payable		-	2,000,000
Net change in non-controlling interest	6(31)(33)	( 69,111 )	1,215,982
Decrease in other non-current liabilities		-	( 1,050,945 )
(Decrease) increase in guarantee deposits received	6(34)	( 13,068 )	122,898
Issuance of common stock for cash	6(17)	3,333,934	3,226,890
Cash dividends paid	6(19)	-	( 802,471 )
Net cash flows (used in) from financing activities		( 85,851 )	21,911,905
Effect of exchange rate changes		( 202,369 )	72,892
Net increase in cash and cash equivalents		2,035,254	2,201,853
Cash and cash equivalents at beginning of year		35,836,635	33,634,782
Cash and cash equivalents at end of year		\$ 37,871,889	\$ 35,836,635

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

A. IFRS 16, ‘Leases’

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

account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

- (b) The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by \$74,284,901 and ‘lease liability’ by \$72,202,777, and decreased prepayments by \$182,711, lease assets by \$13,539,111 and lease payable (including current portion) by \$11,639,698 with respect to the lease contracts of lessees on January 1, 2019.
- (c) The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- i. Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
  - ii. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - iii. The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$6,227,119 was recognised in 2019.
  - iv. The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- (d) The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 1% to 10%.
- (e) The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 130,964,797
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018	11,639,698
Less: Short-term leases	( 3,550,755)
Less: Low-value assets	( 49,970)
Less: Contracts reassessed as service agreements	( 22,715,097)
Less: Lease contracts contracted but the construction not yet finished	( 33,049,430)
Add: Adjustments as a result of a different treatment of extension and termination options	<u>24,432</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	83,263,675
Incremental borrowing interest rate at the date of initial application	<u>1%~10%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 72,202,777</u>

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

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

## C. Annual improvements to IFRSs 2015-2017 cycle

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

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

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

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

### A. Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’

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

B. Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’

The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. Also, the amendment requires disclosure about how the entity is impacted by IBOR reform and is managing the transition process.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2022

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

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

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

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

B. Amendments to IAS 1, ‘Classification of liabilities as current or non-current’

The amendments clarify that classification of liabilities depends on the rights that exist at the end of the reporting period. An entity shall classify a liability as current when it does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. Also, the amendments define ‘settlement’ as the extinguishment of a liability with cash, other economic resources or an entity’s own equity instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
The Company	Peony	Investments in transport-related business	100.00	100.00	
The Company	ETS	Terminal Services	94.43	94.43	(k)
The Company	EGH	Container shipping and agency services dealing with port formalities	79.00	79.00	
The Company	EIL	Agency services dealing with port formalities	59.00	-	(j)
Peony	GMS	Container shipping	100.00	100.00	
Peony	Clove	Investments in container yards and port terminals	100.00	100.00	
Peony	EMU	Container shipping	51.00	51.00	
Peony	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	84.44	
Peony	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Peony	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	
Peony	MBPI	Containers storage and inspections of containers at the customs house	95.03	95.03	
Peony	MBT	Inland transportation, repairs and cleaning of containers	17.39	17.39	
Peony	EGS	Agency services dealing with port formalities	-	-	(i)
Peony	EGK	Agency services dealing with port formalities	100.00	100.00	
Peony	EGT	Agency services dealing with port formalities	85.00	85.00	
Peony	EGI	Agency services dealing with port formalities	99.99	99.99	
Peony	EMA	Agency services dealing with port formalities	100.00	100.00	(a)
Peony	EIT	Agency services dealing with port formalities	55.00	55.00	
Peony	EES	Agency services dealing with port formalities	100.00	100.00	
Peony	ERU	Agency services dealing with port formalities	51.00	51.00	
Peony	EEU	Agency services dealing with port formalities	100.00	100.00	(b)
Peony	EGD-WWX	Agency services dealing with port formalities	-	-	(b)
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	
Peony	EGB	Real estate leasing	95.00	95.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Peony	EGM	Agency services dealing with port formalities	100.00	100.00	
Peony	EGH	Container shipping and agency services dealing with port formalities	1.00	1.00	
Peony	EGV	Agency services dealing with port formalities	100.00	100.00	(l)
EGH	Ever shine (Shanghai)	Management consultancy and self-owned property leasing	100.00	100.00	
EGH	Ever shine (Ningbo)	Management consultancy and self-owned property leasing	100.00	100.00	
EGH	EKH	Agency services dealing with port formalities	100.00	100.00	
EGH	EPE	Agency services dealing with port formalities	60.00	60.00	(d)
EGH	ECO	Agency services dealing with port formalities	75.00	100.00	(e)
EGH	ECL	Agency services dealing with port formalities	60.00	60.00	(f)
EGH	EMX	Agency services dealing with port formalities	60.00	60.00	(g)
EGH	EGRC	Agency services dealing with port formalities	60.00	-	(c)
EGH	HMH	Agency services dealing with port formalities	-	-	(h)
EGH	Ever shine (Shenzhen)	Management consultancy and self-owned property leasing	100.00	100.00	(h)
EGH	Ever shine (Qingdao)	Management consultancy and self-owned property leasing	100.00	100.00	(h)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
EGH	MAC	Agency services dealing with port formalities	52.00	49.00	(h) - (m)
EGH	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	(h)
EGH	EIL	Agency services dealing with port formalities	1.00	-	(j)
ETS	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	100.00	(k)
EMU	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	
Clove	ETS	Terminal Services	5.57	5.57	(k)
Armand N.V.	Armand B.V.	Investments in container yards and port terminals	100.00	100.00	
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	72.95	

- (a) On December 21, 2018, the Board of Directors resolved to have the subsidiary, Peony Investment, acquire 32.5% of the shares of EMA from the original shareholders of the joint venture. The effective date of ownership transfer was December 28, 2018.
- (b) The proposal of reorganisation of the subsidiary, Peony, has been approved by the Board of Directors on May 12, 2017 to transfer EGDW's business to the sub-subsidiary, EEU, beginning on August 1, 2017. The liquidation process of EGDW was completed by June 12, 2018.
- (c) On December 21, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EGRC, in Greece. The capital for establishment is EUR 400 (approx. USD 450), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.
- (d) On July 31, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EPE, in Peru. The capital for establishment is PEN 1,500 (approx. USD 462), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.

- (e) On August 14, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, ECO, in Columbia. The capital for establishment is COP 80,000 (approx. USD 27), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities. However, EGH did not participate in the capital increase and EGH's share interest was decreased to 75%.
- (f) On October 1, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, ECL, in Chile. The capital for establishment is CLP 350,000 (approx. USD 531), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.
- (g) On October 15, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, EMX, in Mexico. The capital for establishment is MXN 7,400 (approx. USD 382), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.
- (h) On August 13, 2018, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired a 100% equity interest of HMH and its indirect investees, wholly-owned Ever Shine (Shenzhen), wholly-owned Ever Shine (Qingdao), 49% owned MAC and 20% owned KTIL from the joint ventures, Chestnut Estate B.V.. The transaction amount was US \$105,808. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 14, 2018. On December 21, 2018, shareholders of EGH during their meeting resolved to merge its subsidiary, HMH. EGH will be the surviving companies and HMH will be dissolved after the merger. The liquidation process of HMH was completed by January 10, 2020.
- (i) The liquidation process of the sub-subsidiary, EGS was completed by December 19, 2018.
- (j) On March 22, 2019, the Board of Directors of the Company and the subsidiary, EGH, resolved to establish a subsidiary, EIL, in Israel. The capital for establishment is ILS 1,800 (approx. USD 500), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.
- (k) On December 20, 2017, shareholders of the subsidiary, ETS, during their meeting resolved to make an equity transaction. ETS acquired a 100% equity interest of Island from the joint ventures, Clove and EMU, of which the transaction made with Clove is through issuing new shares totaling 59 shares with par value of US\$100 per share in exchange for a 36% equity interest of Island with Clove. On January 1, 2018, shareholders of ETS during their meeting resolved to merge its subsidiary, Island, and its second-tier subsidiaries, Hemlock and Whitney, when the equity transaction made with Clove and EMU was completed. Under the merger, ETS and Whitney are the surviving companies, and Island and Hemlock will be dissolved.

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

(m) On October 28, 2019, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired the 3% ownership of MAC from Ningbo Jiang Dong Ever Elite Investment Consulting Ltd.. The transaction amount was RMB \$150. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 10, 2019.

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

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

E. Significant restrictions: None.

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

As of December 31, 2019 and 2018, the non-controlling interest amounted to \$3,549,067 and \$4,123,606, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2019		December 31, 2018		
		Amount	Ownership (%)	Amount	Ownership (%)	
EMU	U.K.	\$ 768,414	49%	\$ 1,469,422	49%	
EGH	Hong Kong	2,021,999	20%	1,903,321	20%	

Summarised financial information of the subsidiaries:

Balance sheets

	EMU	
	December 31, 2019	December 31, 2018
Current assets	\$ 6,866,440	\$ 9,362,266
Non-current assets	46,043,283	37,184,025
Current liabilities	( 16,584,869)	( 17,239,612)
Non-current liabilities	( 34,756,663)	( 26,307,858)
Total net assets	\$ 1,568,191	\$ 2,998,821

	EGH	
	December 31, 2019	December 31, 2018
Current assets	\$ 12,300,364	\$ 9,396,355
Non-current assets	29,181,330	21,515,148
Current liabilities	( 12,496,762)	( 8,315,106)
Non-current liabilities	( 19,659,040)	( 13,383,103)
Total net assets	\$ 9,325,892	\$ 9,213,294

### Statements of comprehensive income

	EMU	
	Year ended	Year ended
	December 31, 2019	December 31, 2018
Revenue	\$ 42,008,989	\$ 50,304,493
Loss before income tax	(\$ 1,366,023)	(\$ 1,297,028)
Income tax expense	( 26,245)	( 23,795)
Loss for the period from continuing operations	( 1,392,268)	( 1,320,823)
Other comprehensive (loss) income, net of tax	( 6,763)	7,518
Total comprehensive loss for the period	(\$ 1,399,031)	(\$ 1,313,305)
Comprehensive loss attributable to non-controlling interest	(\$ 685,525)	(\$ 643,519)

	EGH	
	Year ended	Year ended
	December 31, 2019	December 31, 2018
Revenue	\$ 27,131,993	\$ 11,014,069
Profit before income tax	\$ 720,884	\$ 1,194,785
Income tax expense	( 454,748)	( 215,462)
Profit for the period from continuing operations	266,136	979,323
Other comprehensive loss, net of tax	-	( 2,263)
Total comprehensive income for the period	\$ 266,136	\$ 977,060
Comprehensive income attributable to non-controlling interest	\$ 53,227	\$ 195,412

### Statements of cash flows

	EMU	
	Year ended	Year ended
	December 31, 2019	December 31, 2018
Net cash provided by (used in) operating activities	\$ 3,346,892	(\$ 953,448)
Net cash (used in) provided by investing activities	( 949,263)	1,098,202
Net cash used in financing activities	( 2,541,998)	( 256,283)
Effect of exchange rates on cash and cash equivalents	( 32,005)	58,194
Decrease in cash and cash equivalents	( 176,374)	( 53,335)
Cash and cash equivalents, beginning of period	1,787,358	1,840,693
Cash and cash equivalents, end of period	\$ 1,610,984	\$ 1,787,358

	EGH	
	Year ended	Year ended
	December 31, 2019	December 31, 2018
Net cash provided by operating activities	\$ 4,638,610	\$ 2,565,400
Net cash used in investing activities	( 7,349,565)	( 12,950,639)
Net cash provided by financing activities	4,207,514	12,471,803
Effect of exchange rates on cash and cash equivalents	( 119,673)	75,867
Increase in cash and cash equivalents	1,376,886	2,162,431
Cash and cash equivalents, beginning of period	3,166,065	1,003,634
Cash and cash equivalents, end of period	\$ 4,542,951	\$ 3,166,065

#### (4) Foreign currency translation

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

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

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

##### B. Translation of foreign operations

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

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
  - (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
  - (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Notes, accounts and other receivables

- A. Notes and account receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. Receivables arising from transactions other than the sale of goods or service are classified as other receivables.
- B. The Group initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

(13) Operating leases (lessor) - operating leases

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

(14) Inventories

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

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

(15) Investments accounted for using equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease

of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

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

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 135 years
Loading and unloading equipment	5 ~ 20 years
Ships (Except for docking repair and scrubber)	10 ~ 25 years
Ship (Docking repair)	2.5 ~ 5 years
Ship (Scrubber)	10 years
Transportation equipment	6 ~ 10 years
Lease assets	2 ~ 90 years
Other equipment	1.5 ~ 20 years

The ships (Docking repair and Scrubber) mentioned above are significant components of ships.

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

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate; and
- (c) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

(18) Leased assets/ operating leases (lessee)

Prior to 2019

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.
- (a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
- (b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- (c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.
- B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.
- C. The accounting treatment of sale and leaseback transactions depends on the substance of the transaction. If sale and finance leaseback is in substance a financing transaction, the difference between the sales proceeds and the carrying value of the asset is deferred and amortised to the income statement over the lease term. If the sale price is below the fair value, the difference between sale price and carrying amount should be recognised immediately except that, if a loss arising is compensated by future rent at below market price, it should be deferred and amortised in proportion to the rent payments over the period for which the asset is expected to be used. If the sale price is above the fair value, the excess of proceeds over fair value should be deferred and amortised over the period for which the asset is expected to be used.

(19) Investment property

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

(20) Intangible assets

A. Computer software

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

## B. Goodwill

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

## C. Customer relationship

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

### (21) Impairment of non-financial assets

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

### (22) Borrowings

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

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

### (23) Accounts payable

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

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

### (24) Financial liabilities at fair value through profit or loss

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

(a) Hybrid (combined) contracts; or

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

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

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

(25) Bonds payable

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

(26) Derecognition of financial liabilities

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

(27) Offsetting financial instruments

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

(28) Hedge accounting

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

B. The Group designates the hedging relationship as follows:

Cash flow hedge:

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

C. Cash flow hedges

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

- i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ii. the cumulative change in fair value of the hedged item from inception of the hedge.

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

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

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
  - ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
  - iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

#### C. Termination benefits

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

#### D. Employees' compensation and directors' remuneration

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

### (30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and

laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Dividends

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

(32) Revenue recognition

A. Sales of goods

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

B. Sales of services

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

reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

#### C. Rental revenue

The Group leases ships and shipping spaces under IAS 17, 'Leases' and IFRS 16, 'Leases'. Lease assets are classified as finance leases or operating leases based on the transferred proportion of the risks and rewards incidental to ownership of the leased asset, and recognised in revenue over the lease term.

#### (33) Business combinations

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

#### (34) Operating segments

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

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

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

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

None.

### (2) Critical accounting estimates and assumptions

#### A. Revenue recognition

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

#### B. Impairment assessment of tangible assets

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

As of December 31, 2019, the Group recognised property, plant, equipment and right-of-use asset amounting to \$100,150,433 and \$69,466,851, respectively.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and petty cash	\$ 28,964	\$ 22,713
Checking accounts and demand deposits	6,903,864	7,192,906
Time deposits	30,939,061	28,621,016
	<u>\$ 37,871,889</u>	<u>\$ 35,836,635</u>

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

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

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Listed (TSE) stocks	\$ 490,801	\$ 490,801
Unlisted stocks	208,570	211,476
	699,371	702,277
Valuation adjustment	1,020,052	948,095
	\$ 1,719,423	\$ 1,650,372

- A. The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,719,423 and \$1,650,372 as at December 31, 2019 and 2018, respectively.
- B. For the year ended December 31, 2018, for the consideration of operations, the Group sold shares of listed stocks with a fair value of \$342,661, of which a cumulative disposal gain of \$13,332 was recognised.
- C. For the year ended December 31, 2018, for the consideration of operations, the Group acquired 11.1074% of the unlisted shares of Ics Depot Services Snd. Bhd. from other related parties. As a result, the Group directly and indirectly hold its 28.65% shares. Because of having significant influence on it, the Group transferred this target to investments accounted for using equity method according to fair value and reclassified the recognised unrealised gains or losses on valuation of investments in equity instruments measured at fair value through other comprehensive income to retained earnings amounting to \$111.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2019	Year ended December 31, 2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 82,688	(\$ 316,044)
Income tax recognised in other comprehensive income	\$ 7,716	\$ 6,210
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 13,438
Dividend income recognised in profit or loss held at end of period	\$ 112,966	\$ 99,467

- E. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$1,719,423 and \$1,650,372, respectively.

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

(3) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits exceeding 3 months	\$ 1,727,796	\$ 2,393,887
Pledged time deposits	290,740	271,721
	\$ 2,018,536	\$ 2,665,608
Non-current items:		
Financial bonds	\$ 100,000	\$ 100,000

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

	Year ended December 31, 2019	Year ended December 31, 2018
Interest income	\$ 43,028	\$ 36,077

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$2,118,536 and \$2,765,608, respectively.

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

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

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	\$ 129,547	\$ 154,299
Less: Allowance for bad debts	( 2)	( 4)
	\$ 129,545	\$ 154,295
Accounts receivable (including related parties)	\$ 14,772,158	\$ 15,613,317
Less: Allowance for bad debts	( 12,345)	( 96,468)
	\$ 14,759,813	\$ 15,516,849
Overdue receivables (recorded as other non-current assets)	\$ 269,506	\$ 202,654
Less: Allowance for bad debts	( 269,506)	( 202,654)
	\$ -	\$ -

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not impaired	\$ 12,094,901	\$ 12,448,692
Up to 30 days	2,450,297	2,694,557
31 to 180 days	226,960	470,068
Over 180 days	269,506	202,654
	<u>\$ 15,041,664</u>	<u>\$ 15,815,971</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Notes receivable</u>	<u>Notes receivable</u>
Not impaired	\$ 129,547	\$ 154,299
Up to 30 days	-	-
31 to 180 days	-	-
	<u>\$ 129,547</u>	<u>\$ 154,299</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2019, December 31, 2018 and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to \$13,084,484, \$14,202,068 and \$14,855,913, respectively.

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

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$129,545 and \$154,295 respectively; and the amount that best represents the Group's accounts receivable were \$14,759,813 and \$15,516,849, respectively.

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

#### (5) Inventories

	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Ship fuel	\$ 4,273,258	\$ -	\$ 4,273,258
Steel and others	274,661	-	274,661
	<u>\$ 4,547,919</u>	<u>\$ -</u>	<u>\$ 4,547,919</u>
	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Ship fuel	\$ 4,715,175	\$ -	\$ 4,715,175
Steel and others	385,722	-	385,722
	<u>\$ 5,100,897</u>	<u>\$ -</u>	<u>\$ 5,100,897</u>

(6) Other current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Shipowner's accounts	\$ 28,957	\$ 624,748
Agency accounts	1,502,487	894,341
Temporary debits	837,183	1,333,964
	<u>\$ 2,368,627</u>	<u>\$ 2,853,053</u>

A. 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.

B. Agency accounts:

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

C. Temporary debits are mainly subject to the account of settlements between other carriers and the OCEAN Alliance, which the Group formed in response to market competition and enhancement of global transportation network to provide better logistics services to customers with Cosco Container Lines Co., Ltd., CMA CGM, Ltd., and the Orient Overseas Container Line, Ltd. on March 31, 2017 for trading of shipping space.

(7) Investments accounted for using equity method

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Evergreen International Storage and Transport Corporation	\$ 9,039,677	\$ 8,884,659
EVA Airways Corporation	11,399,909	10,334,116
Taipei Port Container Terminal Corporation	1,583,427	1,500,384
Charng Yang Development Co., Ltd.	553,210	544,057
Luanta Investment (Netherlands) N.V.	1,884,647	1,933,828
Balsam Investment (Netherlands) N.V.	525,226	658,599
Colon Container Terminal S.A.	3,193,300	3,261,433
Others	1,221,529	1,148,092
	<u>\$ 29,400,925</u>	<u>\$ 28,265,168</u>

## B. Associates

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

Company name	Principal place of business	Ownership(%)		Nature of relationship	Methods of measurement
		December 31, 2019	December 31, 2018		
Evergreen International Storage and Transport Corporation	TW	40.36%	40.36%	With a right over 20% to vote	Equity method
EVA Airways Corporation	TW	16.00%	16.31%	Have a right to vote in the Board of Directors	Equity method

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

### Balance sheet

	Evergreen International Storage and Transport Corporation	
	December 31, 2019	December 31, 2018
Current assets	\$ 6,121,815	\$ 6,066,455
Non-current assets	28,889,987	27,152,629
Current liabilities	( 2,703,450)	( 2,418,658)
Non-current liabilities	( 9,485,576)	( 8,269,749)
Total net assets	\$ 22,822,776	\$ 22,530,677
Share in associate's net assets	\$ 9,098,692	\$ 8,982,546
Unrealized income with affiliated companies	( 59,015)	( 97,887)
Carrying amount of the associate	\$ 9,039,677	\$ 8,884,659

	EVA Airways Corporation	
	December 31, 2019	December 31, 2018
Current assets	\$ 77,199,776	\$ 75,996,433
Non-current assets	279,051,918	165,197,470
Current liabilities	( 82,441,715)	( 60,922,876)
Non-current liabilities	( 195,667,963)	( 110,151,292)
Total net assets	\$ 78,142,016	\$ 70,119,735
Share in associate's net assets	\$ 11,399,909	\$ 10,334,116

Statement of comprehensive income

	Evergreen International Storage and Transport Corporation	
	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	\$ 7,730,682	\$ 7,742,438
Profit for the period	\$ 845,274	\$ 870,248
Other comprehensive (loss) income, net of tax	( 180,711)	351,587
Total comprehensive income	\$ 664,563	\$ 1,221,835
Dividends received from associates	\$ 150,742	\$ 148,422

	EVA Airways Corporation	
	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	\$ 181,275,258	\$ 179,907,332
Profit for the period	\$ 4,851,875	\$ 7,214,513
Other comprehensive income (loss), net of tax	1,800,103	( 543,495)
Total comprehensive income	\$ 6,651,978	\$ 6,671,018
Dividends received from associates	\$ 374,935	\$ 136,157

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

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$8,961,339 and \$9,046,393, respectively.

	Year ended December 31, 2019	Year ended December 31, 2018
Loss for the period	(\$ 342,769)	(\$ 992,621)
Other comprehensive loss, net of tax	( 6,245)	( 3,309)
Total comprehensive loss	(\$ 349,014)	(\$ 995,930)

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

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

	December 31, 2019	December 31, 2018
Evergreen International Storage and Transport Corporation	\$ 6,180,433	\$ 5,814,345
EVA Airways Corporation	10,677,440	11,294,242
	\$ 16,857,873	\$ 17,108,587

- E. On December 21, 2017, the Board of Directors of the subsidiary, Evergreen Marine (Hong Kong) Ltd., during their meeting resolved to acquire a 9% equity interest of Colon Container Terminal S.A. from its original shareholder, Marubeni Corporation, in the amount of USD 15,600, and gain from bargain purchase amounted to USD 4,300 thousand (TWD 129,724) was recognised. The shareholding ratio will be increased to 49% when the transaction is completed.
- F. On August 29, 2018, the Company resolved to acquire 6,629 thousand shares of Evergreen International Storage and Transport Corporation's shares from the stock exchange market. The transaction price was \$86,894, and the ownership percentage was increased to 40.36% after the purchase.
- G. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, subscription price of \$13 (in dollars) per share, whose total price of \$508,944. In addition, the effective date was set on January 24, 2019 and after the acquisition, the Company's share interest was decreased to 16.10%. Moreover, the Company purchased 70 thousand shares by specific person, the purchasing proceeds amounted to \$700, and the share interest further decreased to 16% as of December 31, 2019 after many conversions from corporate bonds to stocks took place in EVA Airways Corporation for the year ended December 31, 2019.
- H. On November 10, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam Investment (Netherlands) N.V., as the original shareholder. The amount of capital increase was USD 24,500. After the capital increase, Peony's shareholding ratio is still 49%.

(8) Property, plant and equipment, net

2019

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1	\$ 822,076	\$ 7,436,436	\$ 640,766	\$ 10,823,844	\$ 1,245,653	\$ 22,567,926	\$ 126,866,151	\$ 543,931	\$ 20,242,368	\$ 605,782	\$ 166,460	\$ 191,961,393
Cost	-	( 1,258,082)	( 511,626)	( 7,327,291)	( 617,547)	( 7,371,302)	( 50,041,877)	( 423,622)	( 6,703,192)	( 480,658)	( 7,011)	( 74,742,208)
Accumulated depreciation	\$ 822,076	\$ 6,178,354	\$ 129,140	\$ 3,496,553	\$ 628,106	\$ 15,196,624	\$ 76,824,274	\$ 120,309	\$ 13,539,176	\$ 125,124	\$ 159,449	\$ 117,219,185
Opening net book amount as at January 1	\$ 822,076	\$ 6,178,354	\$ 129,140	\$ 3,496,553	\$ 628,106	\$ 15,196,624	\$ 76,824,274	\$ 120,309	\$ 13,539,176	\$ 125,124	\$ 159,449	\$ 117,219,185
Additions	-	30,341	14,653	139,693	39,841	6,356,102	377,434	47,376	-	11,552	135,296	7,152,288
Disposals	-	-	( 195)	( 1,000)	( 777)	( 20,837)	( 774,222)	( 516)	-	-	-	( 797,547)
Reclassifications	-	263,361	5,786	361,870	86,951	425,182	7,032,421	12,806	( 13,539,176)	232,359	( 74,174)	( 5,192,614)
Depreciation	-	( 162,211)	( 13,767)	( 558,934)	( 234,355)	( 2,182,031)	( 5,057,609)	( 51,346)	-	( 100,284)	( 4,347)	( 8,364,884)
Net exchange differences	1,301	( 141,107)	( 1,207)	( 32,423)	( 9,041)	( 376,922)	( 1,055,742)	( 1,679)	-	( 91)	( 6,006)	( 1,622,917)
Closing net book amount as at December 31	\$ 823,377	\$ 6,168,738	\$ 134,410	\$ 3,405,759	\$ 510,725	\$ 19,398,118	\$ 77,346,556	\$ 126,950	\$ -	\$ 268,660	\$ 210,218	\$ 108,393,511
At December 31	\$ 823,377	\$ 7,589,613	\$ 653,005	\$ 11,587,972	\$ 1,317,804	\$ 28,726,237	\$ 122,361,439	\$ 581,306	\$ -	\$ 852,610	\$ 221,576	\$ 174,714,939
Cost	-	( 1,420,875)	( 518,595)	( 8,182,213)	( 807,079)	( 9,328,119)	( 45,014,883)	( 454,356)	-	( 583,950)	( 11,358)	( 66,321,428)
Accumulated depreciation	\$ 823,377	\$ 6,168,738	\$ 134,410	\$ 3,405,759	\$ 510,725	\$ 19,398,118	\$ 77,346,556	\$ 126,950	\$ -	\$ 268,660	\$ 210,218	\$ 108,393,511

2018

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

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

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

(9) Leasing arrangements – lessee/ Financial liabilities for hedging

Effective 2019

- A. The Group leases various assets including land, buildings, loading and unloading equipment, transportation equipment, ships, and business vehicles. Rental contracts are typically made for periods of 1.3 to 90 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings and ships. Low-value assets comprise office equipment and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 12,228,498	\$ 1,940,936
Buildings	865,940	275,930
Loading and unloading equipment	101,493	129,289
Transportation equipment	2,230,717	996,046
Ships	67,134,641	8,536,432
Office equipment	39,930	17,290
Other equipment	22,967	23,560
	<u>\$ 82,624,186</u>	<u>\$ 11,919,483</u>

- D. For the year ended December 31, 2019, the additions to right-of-use assets was \$23,270,343.
- E. For the year ended December 31, 2019, the disposals to right-of-use assets was \$127,228.
- F. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 2,844,157
Expense on short-term lease contracts	6,227,119
Expense on leases of low-value assets	18,299
Expense on variable lease payments	2,808

- G. For the year ended December 31, 2019, the Group's total cash outflow for leases amounted to \$20,720,449.
- H. To hedge the impact of expected variable exchange rate risk arising from US dollar denominated lease liabilities payable, the Company designated US dollar denominated lease contracts as the hedging instruments for hedging the foreign exchange variation of future US dollar denominated marine freight income and adopted cash flow hedge accounting. Moreover, the effective portion with respect to the changes in cash flows of the hedging instruments is deferred to recognise in gains (loss) on hedging instruments, which is under other equity interest, and will be directly

included in the marine freight income when the hedged items are subsequently recognised in the income. Details of relevant transactions are as follows:

December 31, 2019			
Hedged items	Designated as hedging instruments	Contract period	Book value
Expected US dollar denominated marine freight income transaction	US dollar denominated lease liabilities	2019.1.1~2034.8.15	\$ <u>20,188,942</u>

(a) Lease liabilities designated as hedges (recorded as financial liabilities for hedging)

December 31, 2019	
Cash flow hedges :	
<u>Exchange rate risk</u>	
Lease liability contracts designated as hedges	
Current liabilities	\$ 1,861,026
Non-current liabilities	<u>18,327,916</u>
	<u>\$ 20,188,942</u>

(b) Other equity - cash flow hedge reserve

2019	
At January 1	\$ -
Add : Gains on hedge effectiveness-amount recognised in other comprehensive income	447,499
Add : Reclassified to freight revenue as the hedged item has affected profit or loss	<u>12,639</u>
At December 31	<u>\$ 460,138</u>

(c) For the year ended December 31, 2019, there are no cash flow hedges transactions of ineffective portion should be recognised in profit or loss.

(d) Information relating to the fair values of abovementioned hedging financial liabilities is provided in Note 12(3).

H. The amounts of lease liabilities (net of the lease liabilities designated as hedges) of the Group on December 31, 2019 are as follows:

December 31, 2019	
Current lease liabilities	\$ 8,479,576
Current lease liabilities - related parties	596,000
Non-current lease liabilities	51,284,350
Non-current lease liabilities - related parties	<u>682,967</u>
	<u>\$ 61,042,893</u>

(10) Investment property, net

	2019		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 1,415,054	\$ 5,048,676	\$ 6,463,730
Accumulated depreciation	<u>-</u>	<u>( 628,656)</u>	<u>( 628,656)</u>
	<u>\$ 1,415,054</u>	<u>\$ 4,420,020</u>	<u>\$ 5,835,074</u>
Opening net book amount as at January 1	\$ 1,415,054	\$ 4,420,020	\$ 5,835,074
Reclassifications	-	( 135,738)	( 135,738)
Depreciation	-	( 165,671)	( 165,671)
Net exchange differences	( 25)	( 78,570)	( 78,595)
Closing net book amount as at December 31	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>
At December 31			
Cost	\$ 1,415,029	\$ 4,788,141	\$ 6,203,170
Accumulated depreciation	<u>-</u>	<u>( 748,100)</u>	<u>( 748,100)</u>
	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>
	2018		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 1,414,757	\$ 4,066,438	\$ 5,481,195
Accumulated depreciation	<u>-</u>	<u>( 511,923)</u>	<u>( 511,923)</u>
	<u>\$ 1,414,757</u>	<u>\$ 3,554,515</u>	<u>\$ 4,969,272</u>
Opening net book amount as at January 1	\$ 1,414,757	\$ 3,554,515	\$ 4,969,272
Reclassifications	270	-	270
Depreciation	-	( 132,980)	( 132,980)
Acquired from business combinations	-	962,109	962,109
Net exchange differences	27	36,376	36,403
Closing net book amount as at December 31	<u>\$ 1,415,054</u>	<u>\$ 4,420,020</u>	<u>\$ 5,835,074</u>
At December 31			
Cost	\$ 1,415,054	\$ 5,048,676	\$ 6,463,730
Accumulated depreciation	<u>-</u>	<u>( 628,656)</u>	<u>( 628,656)</u>
	<u>\$ 1,415,054</u>	<u>\$ 4,420,020</u>	<u>\$ 5,835,074</u>

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

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Rental revenue from the lease of the investment property	<u>\$ 154,330</u>	<u>\$ 273,868</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 158,378</u>	<u>\$ 134,783</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	<u>\$ 769</u>	<u>\$ 734</u>

B. The fair value of the investment property held by the Group as at December 31, 2019 and 2018 was \$7,195,945 and \$7,801,498, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

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

(11) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayments for equipment	\$ 9,308,236	\$ 4,619,738
Refundable deposits	229,095	226,760
Others	101,051	94,645
	<u>\$ 9,638,382</u>	<u>\$ 4,941,143</u>

Movement analysis of prepayments for equipment are as follows:

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
At January 1	\$ 4,619,738	\$ 6,080,908
Additions	12,565,222	14,606,580
Reclassification to property, plant and equipment	( 7,521,096)	( 16,168,617)
Net exchange differences	( 355,628)	100,867
At December 31	<u>\$ 9,308,236</u>	<u>\$ 4,619,738</u>

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

	Year ended December 31, 2019	Year ended December 31, 2018
Amount capitalised	\$ 193,678	\$ 155,226
Interest rate	0.86%~4.70%	0.86%~4.12%

(12) Other current liabilities

	December 31, 2019	December 31, 2018
Receipt in advance	\$ 56,522	\$ 15,127
Long-term liabilities - current portion	22,841,596	16,350,126
Shipowner's accounts	2,366,770	1,804,031
Agency accounts	2,453,406	2,385,780
Long-term leases payable - current	-	1,941,251
Others	46,015	119,663
	<u>\$ 27,764,309</u>	<u>\$ 22,615,978</u>

(13) Corporate bonds payable

	December 31, 2019	December 31, 2018
Domestic secured corporate bonds	\$ 10,000,000	\$ 10,000,000
Less: Current portion or exercise of put options	-	-
	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>

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

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

(b) Coupon rate: 1.05% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

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

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

(b) Coupon rate: 0.86% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(14) Long-term loans

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Secured bank loans	\$ 55,633,704	\$ 63,430,488
Unsecured bank loans	51,053,234	35,729,010
Add : Unrealised foreign exchange losses	49,713	223,179
Less: Hosting fee credit	( 35,083)	( 22,176)
	106,701,568	99,360,501
Less: Current portion (recorded as other current liabilities)	( 22,841,596)	( 16,350,126)
	<u>\$ 83,859,972</u>	<u>\$ 83,010,375</u>
Borrowing period	2020.01~2029.11	2019.01~2028.12
Interest rate	1.12%~5.15%	1.12%~5.15%

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, 2019</u>	<u>December 31, 2018</u>
Long-term leases payable - non-current	\$ -	\$ 9,698,447
Accrued pension liabilities	3,028,061	2,935,589
Guarantee deposits received	325,987	347,115
Unrealised gain on sale and leaseback	14,517	20,041
	<u>\$ 3,368,565</u>	<u>\$ 13,001,192</u>

(16) Finance lease liabilities

Prior to 2019

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

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

(17) Pension

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

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

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations (\$	4,406,518)	(\$ 4,240,280)
Fair value of plan assets	1,378,457	1,304,691
Net defined benefit liability	<u>(\$ 3,028,061)</u>	<u>(\$ 2,935,589)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 4,240,280)	\$ 1,304,691	(\$ 2,935,589)
Current service cost	( 187,564)	-	( 187,564)
Interest (expense) income	( 54,636)	19,024	( 35,612)
Past service cost	665	-	665
Curtailement (Settlement)	335	( 8,537)	( 8,202)
	<u>( 4,481,480)</u>	<u>1,315,178</u>	<u>( 3,166,302)</u>
Remeasurements:			
Return on plan assets			
(excluding amounts included in			
interest income or expense)			
	-	10,740	10,740
Change in demographic assumptions	( 1,494)	-	( 1,494)
Change in financial assumptions	( 100,010)	-	( 100,010)
Experience adjustments	( 42,337)	-	( 42,337)
	<u>( 143,841)</u>	<u>10,740</u>	<u>( 133,101)</u>
Pension fund contribution	55	173,986	174,041
Paid settlement	6,056	-	6,056
Paid pension	179,969	( 93,848)	86,121
Exchange difference	32,723	( 27,599)	5,124
Balance at December 31	<u>(\$ 4,406,518)</u>	<u>\$ 1,378,457</u>	<u>(\$ 3,028,061)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2018</u>			
Balance at January 1	(\$ 4,236,061)	\$ 1,182,719	(\$ 3,053,342)
Current service cost	( 157,857)	-	( 157,857)
Interest (expense) income	( 56,362)	19,780	( 36,582)
Past service cost	121	-	121
Curtailment (Settlement)	344	( 8,470)	( 8,126)
	<u>( 4,449,815)</u>	<u>1,194,029</u>	<u>( 3,255,786)</u>
Remeasurements:			
Return on plan assets			
(excluding amounts included in			
interest income or expense)			
	-	24,053	24,053
Change in demographic assumptions	( 9,184)	-	( 9,184)
Change in financial assumptions	( 41,007)	-	( 41,007)
Experience adjustments	( 6,090)	-	( 6,090)
	<u>( 56,281)</u>	<u>24,053</u>	<u>( 32,228)</u>
Pension fund contribution	10,349	246,597	256,946
Paid pension	247,051	( 152,800)	94,251
Exchange difference	8,416	( 7,188)	1,228
Balance at December 31	<u>(\$ 4,240,280)</u>	<u>\$ 1,304,691</u>	<u>(\$ 2,935,589)</u>

- (e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries-TTSC's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2019	Year ended December 31, 2018
Discount rate	1%~8%	0%~8%
Future salary increases	1%~10%	0%~10%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%~1.00%	Decrease 0.25%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	( 166,156)	172,062	117,149	( 110,937)
	Discount rate		Future salary increases	
	Increase 0.015%~1.00%	Decrease 0.015%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	( 147,753)	157,779	104,371	( 94,424)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (g) Expected contributions to the defined benefit pension plans of the Company and its subsidiary-TTSC for the year ending December 31, 2019 amounts to \$122,042.
- (h) As of December 31, 2019, the weighted average duration of the retirement plan is 10~28 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiary-TTSC have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary-TTSC contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were \$300,962 and \$241,026, respectively.

(18) Capital stock

- A. As of December 31, 2019, the Company's authorized capital was \$50,000,000, and the paid-in capital was \$48,129,738, consisting of 4,812,974 thousand shares of common stocks with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On August 13, 2019, the Board of Directors of the Company resolved to increase capital by \$3,000,000 by issuing 300,000 thousand shares at a par value of TWD 10. Of which 30,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on December 3, 2019. The total amount of shares was \$3,333,934. All proceeds from share issuance was completed on December 31, 2019.
- C. On August 13, 2018, the Board of Directors of the Company resolved to increase capital by \$3,000,000 by issuing 300,000 thousand shares at a par value of TWD 10. Of which 30,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on November 28, 2018. The total amount of shares was \$3,226,890. All proceeds from share issuance was completed on December 21, 2018.
- D. The stockholders at their annual stockholders meeting on June 21, 2018, resolved to issue 200,618 thousand shares through capitalization of unappropriated retained earnings of \$2,006,178. The proposal of the capitalisation of earnings was filed online with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect on July 31, 2018. The Company had filed registration of the capital increase through capitalisation of earnings with the Ministry of Economic Affairs on September 18, 2018.

(19) Capital surplus

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

	2019				
	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 8,833,283	\$ 93,890	\$ 2,124,813	\$ 446	\$ 6,713
Issuance of common stock for cash	333,934	17,066	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	( 2,708)	-	-
At December 31	<u>\$ 9,167,217</u>	<u>\$ 110,956</u>	<u>\$ 2,122,105</u>	<u>\$ 446</u>	<u>\$ 6,713</u>

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

(20) Retained earnings

	December 31, 2019	December 31, 2018
At January 1	\$ 3,776,643	\$ 6,769,575
Retrospective application	-	276,681
Balance at 1 January after adjustments	3,776,643	7,046,256
Profit for the year	112,519	293,919
Distribution of earnings	( 29,392)	( 3,509,166)
Remeasurement on post employment benefit obligations, net of tax	( 197,673)	( 71,341)
Adjustments to share of changes in equity of associates and joint ventures	( 49)	3,537
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	13,438
Net change in non-controlling interests	( 3,006)	-
At December 31	<u>\$ 3,659,042</u>	<u>\$ 3,776,643</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 all taxes and cover prior years' losses and then appropriate 10% of the residual amount as legal reserve. The Company shall set aside or reserve a certain amount as special reserve according to relevant regulations. After the distribution of earnings, the remaining earnings and prior year's unappropriated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders.

B. Dividend policy

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

C. Legal reserve

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

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

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

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

(b) The appropriation of earnings of year 2018 as resolved by the Board of Directors on June 21, 2019 is as follows:

	<u>Year ended December 31, 2018</u>
	<u>Amount</u>
Accrual of legal reserve	\$ 29,392

F. For the year ended December 31, 2019, the Company's net income after tax plus other items including current unappropriated retained earnings are negative, thus the Company will not provision legal reserve. Additionally, the Company will retain attributable earnings for future operating plan, thus the Company will not appropriate shareholders' bonus.

As of the reporting date, the distribution of earnings for the year of 2019 has not been resolved by the shareholders.

G. For information relating to employees' and directors' remuneration, please refer to Note 6(28).

(21) Other equity items

	2019			
	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1	\$ 1,234,225	(\$ 58,649)	\$ 17,580	\$ 1,193,156
Revaluation – gross	82,688	-	-	82,688
Revaluation – tax	7,716	-	-	7,716
Revaluation – associates	86,957	-	-	86,957
Revaluation transferred to retained earnings – associates	52	-	-	52
Cash flow hedges:				
– Fair value gains in the period				
– Group	-	460,138	-	460,138
– Group – tax	-	( 87,972)	-	( 87,972)
– Associates	-	266,240	-	266,240
Currency translation differences:				
– Group	-	-	( 755,051)	( 755,051)
– Group – tax	-	-	18	18
– Associates	-	-	( 119,320)	( 119,320)
At December 31	<u>\$ 1,411,638</u>	<u>\$ 579,757</u>	<u>(\$ 856,773)</u>	<u>\$ 1,134,622</u>

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

(22) Operating revenue

	Year ended	Year ended
	December 31, 2019	December 31, 2018
Revenue from contracts with customers	\$ 188,151,293	\$ 167,647,073
Other - ship rental and slottage income	2,437,988	1,589,580
	<u>\$ 190,589,281</u>	<u>\$ 169,236,653</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended					
December 31, 2019	Ship-owners	Agent	Terminal	Other	Total
Total segment revenue	\$202,781,182	\$3,749,965	\$6,924,474	\$ 1,902,461	\$215,358,082
Inter-segment revenue	( 27,206,789)	-	-	-	( 27,206,789)
Revenue from external customer contracts	<u>\$175,574,393</u>	<u>\$3,749,965</u>	<u>\$6,924,474</u>	<u>\$ 1,902,461</u>	<u>\$188,151,293</u>
Year ended					
December 31, 2018	Ship-owners	Agent	Terminal	Other	Total
Total segment revenue	\$181,390,664	\$2,894,849	\$7,150,737	\$ 506,701	\$191,942,951
Inter-segment revenue	( 24,295,878)	-	-	-	( 24,295,878)
Revenue from external customer contracts	<u>\$157,094,786</u>	<u>\$2,894,849</u>	<u>\$7,150,737</u>	<u>\$ 506,701</u>	<u>\$167,647,073</u>

#### B. Contract assets and liabilities

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

	December 31, 2019	December 31, 2018	January 1, 2018
Contract assets:			
Contract assets relating to marine freight income	\$ <u>1,693,497</u>	\$ <u>2,244,065</u>	\$ <u>1,881,693</u>
Contract liabilities:			
Contract liabilities – unearned marine freight income	(\$ <u>2,213,538</u> )	(\$ <u>1,774,392</u> )	(\$ <u>2,523,101</u> )

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

	Year ended December 31, 2019	Year ended December 31, 2018
Marine freight income	\$ <u>1,774,392</u>	\$ <u>2,523,101</u>

#### (23) Other income and expenses, net

	Year ended December 31, 2019	Year ended December 31, 2018
Net gains on disposal of property, plant and equipment	\$ <u>375,947</u>	\$ <u>1,510,330</u>

(24) Other income

	Year ended December 31, 2019	Year ended December 31, 2018
Interest income :		
Interest income from bank deposits	\$ 706,119	\$ 527,527
Interest income from financial assets measured at amortised cost	43,028	36,077
Rent income	200,561	284,183
Dividend income	112,966	109,996
Gain recognised in bargain purchase transaction	-	138,571
Other income, others	141,402	376,810
	<u>\$ 1,204,076</u>	<u>\$ 1,473,164</u>

(25) Other gains and losses

	Year ended December 31, 2019	Year ended December 31, 2018
Net losses on disposal of investments	(\$ 49,117)	(\$ 122,834)
Gains arising from lease modifications	8,937	-
Net currency exchange gains	217,597	308,013
Net gains on disposal of right-of-use assets	47,716	-
Depreciation on investment property	( 165,671)	( 132,980)
Other non-operating expenses	( 134,133)	( 130,099)
	<u>(\$ 74,671)</u>	<u>(\$ 77,900)</u>

(26) Finance costs

	Year ended December 31, 2019	Year ended December 31, 2018
Interest expense:		
Bank loans	\$ 2,924,158	\$ 1,942,785
Corporate bonds	101,200	92,859
Lease liabilities	2,844,157	-
Other	-	6
	<u>5,869,515</u>	<u>2,035,650</u>
Less: Capitalisation of qualifying assets	( 193,678)	( 155,226)
	<u>\$ 5,675,837</u>	<u>\$ 1,880,424</u>

(27) Expenses by nature

	Year ended December 31, 2019	Year ended December 31, 2018
Employee benefit expense	\$ 9,469,734	\$ 7,823,668
Depreciation charges on property, plant and equipment	8,364,884	8,670,560
Depreciation charges on right-of-use assets	11,919,483	-
Amortisation charges on intangible assets	313,635	69,348
Other operating costs and expenses	156,276,623	153,262,568
	<u>\$ 186,344,359</u>	<u>\$ 169,826,144</u>

(28) Employee benefit expense

	Year ended December 31, 2019	Year ended December 31, 2018
Wages and salaries	\$ 7,707,224	\$ 6,442,981
Labor and health insurance fees	728,494	534,619
Pension costs	531,675	443,470
Directors' remuneration	9,074	9,303
Other personnel expenses	493,267	393,295
	<u>\$ 9,469,734</u>	<u>\$ 7,823,668</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for no less than 0.5% and pay remuneration to the directors and supervisors that account for no more than 2% of the total distributed amount. Aforementioned earnings was current income before tax without reducing employees' compensation and directors' remuneration.

B. (a) For the year ended December 31, 2019, the Company generated loss and thus did not accrue employees' and supervisors' remuneration.

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

Employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended</u> <u>December 31, 2019</u>	<u>Year ended</u> <u>December 31, 2018</u>
Current tax:		
Current tax on profits for the period	\$ 1,182,535	\$ 907,890
Tax on undistributed surplus earnings	-	283,973
Prior year income tax overestimation	( 7,319)	( 8,780)
Total current tax	<u>1,175,216</u>	<u>1,183,083</u>
Deferred tax:		
Origination and reversal of temporary differences	( 173,303)	( 108,897)
Impact of change in tax rate	-	42,717
Total deferred tax	<u>( 173,303)</u>	<u>( 66,180)</u>
Income tax expense	<u>\$ 1,001,913</u>	<u>\$ 1,116,903</u>

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

	<u>Year ended</u> <u>December 31, 2019</u>	<u>Year ended</u> <u>December 31, 2018</u>
Changes in fair value of financial assets at fair value through other comprehensive (loss) income	\$ 7,716	\$ 12,465
Exchange differences on translating the financial statements of foreign operations	18	( 33)
Remeasurement of defined benefit obligations	25,202	5,063
Cash flow hedges	( 87,972)	-
Impact of change in tax rate	-	6,387
	<u>(\$ 55,036)</u>	<u>\$ 23,882</u>

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

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	(\$ 86)	(\$ 115)
Reduction in retained earnings caused by recognition of foreign investees based on the shareholding ratio	2	146
Effects of retrospective application	-	182
Impact of change in tax rate	-	95
	<u>(\$ 84)</u>	<u>\$ 308</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 1,184,504	\$ 1,051,440
Expenses disallowed by tax regulation	32,554	29,891
Tax exempt income by tax regulation	( 183,747)	( 324,906)
Effect from investment tax credits	-	41,966
Change in assessment of realisation of deferred tax assets	- (	246)
Prior year income tax overestimation	( 7,319)	( 8,780)
Effect from changes in tax regulation	-	42,717
Tax on undistributed earnings	-	283,973
Effect from income tax deduction from prior years	2,152	21,272
Other	( 26,231)	( 20,424)
Income tax expense	<u>\$ 1,001,913</u>	<u>\$ 1,116,903</u>

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

	2019					
	January 1	Recognised			Translation differences	December 31
		Recognised in profit or loss	in other comprehensive income	Recognised in equity		
Temporary differences:						
– Deferred tax assets:						
Bad debts expense	\$ 18,517	(\$ 997)	\$ -	\$ -	(\$ 22)	\$ 17,498
Loss on valuation of financial assets	-	-	743	-	-	743
Deferred profit	14,589	( 1,788)	-	-	-	12,801
Unrealized expense	35,892	59,537	-	-	( 2,318)	93,111
Unrealized exchange loss	28,968	( 3,118)	-	-	79	25,929
Pension expense and actuarial losses/(gains)	391,317	( 12,088)	23,226	-	( 2,480)	399,975
Others	1,079	54,091	-	-	( 140)	55,030
Tax losses	<u>345,617</u>	<u>84,905</u>	<u>-</u>	<u>-</u>	<u>( 211)</u>	<u>430,311</u>
Subtotal	<u>\$ 835,979</u>	<u>\$ 180,542</u>	<u>\$ 23,969</u>	<u>\$ -</u>	<u>(\$ 5,092)</u>	<u>\$ 1,035,398</u>
– Deferred tax liabilities:						
Temporary differences:						
Gain on valuation of financial assets	(\$ 4,371)	\$ -	\$ 4,371	\$ -	\$ -	\$ -
Unrealized exchange gain	( 118)	114	-	-	4	-
Unrealized gain	( 5,016)	( 104)	-	-	206	( 4,914)
Pension expense and actuarial losses/(gains)	( 491)	-	( 47)	-	22	( 516)
Foreign investment income	( 799,551)	72,701	8,698	( 84)	( 215)	( 718,451)
Gains (losses) on hedging instruments	-	-	( 92,027)	-	-	( 92,027)
Others	<u>( 1,161,020)</u>	<u>( 79,950)</u>	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>( 1,211,470)</u>
Subtotal	<u>(\$ 1,970,567)</u>	<u>(\$ 7,239)</u>	<u>(\$ 79,005)</u>	<u>(\$ 84)</u>	<u>\$ 29,517</u>	<u>(\$ 2,027,378)</u>
Total	<u>(\$ 1,134,588)</u>	<u>\$ 173,303</u>	<u>(\$ 55,036)</u>	<u>(\$ 84)</u>	<u>\$ 24,425</u>	<u>(\$ 991,980)</u>

## 2018

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

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

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax	
			assets	Expiry year
2019	\$ 392,576	\$ 392,576	\$ -	2029
2018	671,047	671,047	-	2028
2017	12,894	12,894	-	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	<u>\$ 2,093,349</u>	<u>\$ 2,093,349</u>	<u>\$ -</u>	

December 31, 2018

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

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were \$12,524,548 and \$13,656,982, respectively.

F. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

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

(30) Earnings per share

	Year ended December 31, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 112,519	4,536,809	\$ 0.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 112,519	4,536,809	\$ 0.02

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

(31) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

- (a) Subsidiary, Peony, purchased 32.5% of outstanding shares of EMA for cash of \$44,940 (approx. USD 1,461) on December 28, 2018. The carrying amount of non-controlling interest in EMA was \$41,019 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$41,019 and a decrease in the equity attributable to owners of the parent by \$3,921.
- (b) Subsidiary, Everport Terminal Service Inc., purchased 49% of outstanding shares of Island for cash of \$262,927 (approx. USD 8,853) on January 1, 2018. The carrying amount of non-controlling interest in Island was \$223,006 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$223,006 and a decrease in the equity attributable to owners of the parent by \$39,921.
- (c) Subsidiary, EGH, purchased 3% of outstanding shares of MAC for cash of \$650 (approx. USD 21) on December 10, 2019. The carrying amount of non-controlling interest in MAC was \$2,019 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$2,019 and an increase in the equity attributable to owners of the parent by \$1,369.

B. The effect of changes in interests in MAC, EMA and Island on the equity attributable to owners of the parent for the years ended December 31, 2019 and 2018 are shown below:

	Year ended December 31, 2019	Year ended December 31, 2018
Carrying amount of non-controlling interest acquired	\$ 2,019	\$ 264,025
Consideration paid to non-controlling interest	( 650)	( 307,867)
Capital surplus		
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	\$ 1,369	(\$ 43,842)

C. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

Indirect subsidiary ECO of the Group increased its capital by issuing new shares on May 31, 2019. The subsidiary EGH did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 25%. The transaction increased non-controlling interest by \$6,387 and decreased the equity attributable to owners of parent by \$3,006. The effect of changes in interests in ECO on the equity attributable to owners of the parent for the year ended December 31, 2019 is shown below:

	Year ended December 31, 2019
Cash	\$ 3,381
Increase in the carrying amount of non-controlling interest	6,387
Retained earnings	
- recognition of changes in ownership interest in subsidiaries	(\$ 3,006)

(32) Business combinations

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

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

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

	HMH	EGV
Purchase consideration		
Cash paid	\$ 3,265,341	\$ 10,603
Fair value of equity interest in EGV held before the business combination	-	10,187
	<u>3,265,341</u>	<u>20,790</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	489,234	150,880
Accounts receivable	922,433	103,402
Prepayments	15,057	3,549
Other receivables	55,777	3,471
Other current assets	17,210	89,482
Investments accounted for using equity method	87,092	-
Property, plant and equipment, net	178,126	33,096
Investment property, net	962,109	-
Intangible assets	2,144,086	-
Other non-current assets	10,936	4,841
Accounts payable	( 226,261)	( 41,965)
Other payables	( 12,199)	( 223,234)
Current income tax liabilities	( 20,195)	( 7,267)
Other current liabilities	( 842,902)	( 102,077)
Long-term loans	( 131,261)	-
Deferred income tax liabilities	( 150,280)	-
Other non-current liabilities	( 224,773)	-
Total identifiable net assets	<u>3,274,189</u>	<u>14,178</u>
Goodwill / Gain from bargain purchase	<u>(\$ 8,848)</u>	<u>\$ 6,612</u>

D. As at December 14, 2018, the fair value of the acquired identifiable intangible assets – customer relationship was estimated to be \$2,144,086.

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

F. The subsidiary, EGH, consolidated HMH as of December 14, 2018, and HMH contributed operating income and pre-tax loss of \$6,807 and \$115,535, respectively. Had EGH been consolidated from January 1, 2018, the consolidated statement of comprehensive income for the year ended December 31, 2018 would show operating revenue and profit before income tax of \$1,183,972 and \$712,310, respectively.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

(a) Property, plant and equipment

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Purchase of property, plant and equipment	\$ 7,152,288	\$ 10,041,327
Add: Opening balance of payable on equipment	34,258	58,347
Less: Ending balance of payable on equipment	( 455,427)	( 34,258)
Cash paid during the period	<u>\$ 6,731,119</u>	<u>\$ 10,065,416</u>

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

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Purchase of prepayments for equipment	\$ 12,565,222	\$ 14,606,580
Add: Opening balance of payable on prepayments for equipment	194	4,638
Less: Ending balance of payable on prepayments for equipment	-	( 194)
Capitalisation of qualifying assets	( 193,678)	( 155,226)
Cash paid during the period	<u>\$ 12,371,738</u>	<u>\$ 14,455,798</u>

(c) Investments accounted for using equity method

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Purchase of investments accounted for using equity method	\$ 1,248,694	\$ 1,003,740
Add: Opening balance of payable on capital stock	-	( 23,166)
Less: Ending balance of payable on capital stock	<u>-</u>	<u>-</u>
Cash paid during the period	<u>\$ 1,248,694</u>	<u>\$ 980,574</u>

(d) The balances of the assets and liabilities of consolidated subsidiaries for the current period are as follows:

	<u>January 1, 2018</u>
Cash and cash equivalents	\$ 640,114
Accounts receivable	1,025,835
Prepayments	18,606
Other receivables	59,248
Other current assets	106,692
Investments accounted for using equity method	87,092
Property, plant and equipment, net	211,222
Investment property, net	962,109
Intangible assets	2,144,086
Other non-current assets	15,777
Accounts payable	( 268,226)
Other payables	( 235,433)
Current income tax liabilities	( 27,462)
Other current liabilities	( 944,979)
Long-term loans	( 131,261)
Deferred income tax liabilities	( 150,280)
Other non-current liabilities	( 224,773)
Goodwill/Gain from bargain purchase	( 2,236)
	<u>\$ 3,286,131</u>
Cash paid for the acquisition	\$ 3,275,944
Cash and cash equivalents	( 640,114)
Net cash paid for the acquisition	<u>\$ 2,635,830</u>

(e) Change in non-controlling interest

	Year ended December 31, 2019	Year ended December 31, 2018
Change in transactions with non-controlling interest	(\$ 69,111)	\$ 1,167,819
Add: Opening balance of payable on investments	-	-
Less: Ending balance of payable on investments	-	-
Add: Acquired from business combinations	-	48,163
Cash paid during the period	<u>(\$ 69,111)</u>	<u>\$ 1,215,982</u>

(34) Changes in liabilities from financing activities

	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (lease payable) and Financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2019	\$ 99,360,501	\$ 347,115	\$ 11,639,698	\$ 111,347,314
Adjustments under new standards	-	-	60,563,079	60,563,079
Changes in cash flow from financing activities	8,768,332	( 13,068)	( 11,628,066)	( 2,872,802)
Changes in other non-cash items	-	-	21,996,710	21,996,710
Impact of changes in foreign exchange rate	( 1,427,265)	( 8,060)	( 1,339,586)	( 2,774,911)
At December 31, 2019	<u>\$ 106,701,568</u>	<u>\$ 325,987</u>	<u>\$ 81,231,835</u>	<u>\$ 188,259,390</u>

	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (lease payable) and Financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2018	\$ 81,487,631	\$ 37,608	\$ 10,381,197	\$ 91,906,436
Changes in cash flow from financing activities	16,260,197	122,898	( 1,050,945)	15,332,150
Changes in acquisition of subsidiaries	131,261	185,703	141	317,105
Impact of changes in foreign exchange rate	1,481,412	906	368,054	1,850,372
At December 31, 2018	<u>\$ 99,360,501</u>	<u>\$ 347,115</u>	<u>\$ 9,698,447</u>	<u>\$ 109,406,063</u>

## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Group
Evergreen International Storage and Transport Corp. (EITC)	Associate
Eva Airways Corp. (EVA)	Associate
Evergreen Security Corp. (ESC)	Associate
Charng Yang Development Co., Ltd. (CYD)	Associate
Taipei Port Container Terminal Corp. (TPCT)	Associate
Ningbo Victory Container Co. Ltd. (NVC)	Associate
Qingdao Evergreen C&T Co., Ltd. (QECT)	Associate
Evergreen Marine (Latin America) S.A. (ELA)	Associate
Green Properties Sdn. Bhd. (GPP)	Associate
Luanta Investment (Netherlands) N.V. (Luanta)	Associate
Balsam Investment (Netherlands) N.V. (Balsam)	Associate
Italia Marittima S.p.A. (ITS)	Associate
Colon Container Terminal S.A. (CCT)	Associate
PT. Evergreen Shipping Agency Indonesia (EMI)	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC (UAE)	Associate
Evergreen Shipping Agency Lanka (Private) Limited (ELK)	(An associate since March 1,2019)
VIP Greenport Joint Stock Company (VGP)	Associate
Ics Depot Services Sdn. Bhd. (IDS)	Associate
Evergreen International Corp. (EIC)	Other related party
Evergreen Airline Service Corp. (EGAS)	Other related party
Chang Yung-Fa Charity Foundation (CYFC)	Other related party
Chang Yung-Fa Foundation (CYFF)	Other related party
Eever Accord Construction Corporation (EAC)	Other related party
Evergreen Aviation Technologies Corporation (EGAT)	Other related party
Evergreen Sky Catering Corporation (EGSC)	Other related party
Evergreen Air Cargo Services Corporation (EGAC)	Other related party
Evergreen Aviation Precision Corporation (EGAP)	(Has been merged with EGAT on February 28,2019)
Evergreen International S.A. (EIS)	Other related party
Evergreen Marine (Singapore) Pte. Ltd. (EMS)	Other related party
Gaining Enterprise S.A. (GESA)	Other related party
Eevergreen Insurance Company Limited (EINS)	Other related party
Evergreen Shipping Agency (America) Corporation (EGA)	Other related party
Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related party
Evergreen Shipping Agency Philippines Corporation (EGP)	Other related party
Evergreen International Myanmar Co., Ltd. (EIM)	Other related party
Chestnut Estate B.V. (Chestnut)	Other related party
Advanced Business Process, Inc. (ABPI)	Other related party
Directors, General manager and Vice General Manager	Key management

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2019</u>	<u>Year ended</u> <u>December 31, 2018</u>
Sales of services:		
Associates	\$ 1,859,166	\$ 2,830,008
Other related parties	<u>13,772,984</u>	<u>10,452,502</u>
	<u>\$ 15,632,150</u>	<u>\$ 13,282,510</u>

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

B. Purchases:

	<u>Year ended</u> <u>December 31, 2019</u>	<u>Year ended</u> <u>December 31, 2018</u>
Purchases of services:		
Associates	\$ 3,476,170	\$ 3,293,741
Other related parties	<u>7,720,670</u>	<u>7,481,533</u>
	<u>\$ 11,196,840</u>	<u>\$ 10,775,274</u>

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

C. Receivables from related parties:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable:		
Associates	\$ 121,156	\$ 115,875
Other related parties	<u>659,406</u>	<u>387,763</u>
Subtotal	<u>\$ 780,562</u>	<u>\$ 503,638</u>
Other receivables:		
Associates		
-Other	\$ 1,818	\$ 1,626
Other related parties		
-EIC	-	179,661
-Other	<u>18,796</u>	<u>8,402</u>
Subtotal	<u>\$ 20,614</u>	<u>\$ 189,689</u>
Total	<u>\$ 801,176</u>	<u>\$ 693,327</u>

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

D. Payables to related parties:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable:		
Associates	\$ 143,074	\$ 61,940
Other related parties	<u>268,028</u>	<u>191,232</u>
Subtotal	<u>\$ 411,102</u>	<u>\$ 253,172</u>
Other payables:		
Associates	\$ 31,825	\$ 25,548
Other related parties	<u>149,671</u>	<u>156,320</u>
Subtotal	<u>\$ 181,496</u>	<u>\$ 181,868</u>
Total	<u><u>\$ 592,598</u></u>	<u><u>\$ 435,040</u></u>

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

E. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Associates	\$ 4,446	\$ -
Other related parties	<u>172</u>	<u>4,805</u>
	<u><u>\$ 4,618</u></u>	<u><u>\$ 4,805</u></u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2019</u>		<u>Year ended December 31, 2018</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Other related parties	<u>\$ 149</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>

F. Leasing arrangements - lessee

(a) The Group leases buildings, ships as well as loading and unloading equipment from associates and other related parties. Rental contracts are typically made for periods of 2 to 9 years, rents are paid in accordance with the contract terms.

(b) Acquisition of right-of-use assets:

The Group leases buildings, ships as well as loading and unloading equipment from associates and other related parties under IFRS 16 'Leases'. Accordingly, on January 1, 2019, the Group increased 'right-of-use asset' by \$3,196,381.

(c) Lease liabilities:

i. Outstanding balance:

	<u>December 31, 2019</u>
Associates	\$ 791,302
Other related parties	487,665
	<u>\$ 1,278,967</u>

ii. Interest expense:

	<u>Year ended December 31, 2019</u>
Associates	\$ 42,655
Other related parties	19,682
	<u>\$ 62,337</u>

(d) Lease liabilities designated as hedges:

	<u>December 31, 2019</u>
Associates	\$ 94,049
Other related parties	610,456
	<u>\$ 704,505</u>

G. Agency accounts:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Debit balance of agency accounts:		
Associates	\$ 513	\$ -
Other related parties		
-EIC	337,038	-
-Other	98,580	-
	<u>\$ 436,131</u>	<u>\$ -</u>
Credit balance of agency accounts:		
Associates	(\$ 135,281)	(\$ 170,132)
Other related parties		
-EIC	-	( 382,642)
-EGA	-	( 648,750)
-EGJ	( 523,778)	( 441,941)
-Other	( 49,274)	( 57,287)
	<u>(\$ 708,333)</u>	<u>(\$ 1,700,752)</u>

H. Shipowner's accounts:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Debit balance of shipowner's accounts:		
Associates		
-ITS	\$ -	\$ 133,072
Other related parties		
-EIS	-	471,267
-GESA	28,957	20,409
	<u>\$ 28,957</u>	<u>\$ 624,748</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Credit balance of shipowner's accounts:		
Associates		
-ITS	(\$ 277,877)	\$ -
Other related parties		
-EIS	( 1,027,141)	-
-EMS	( 1,061,752)	( 1,804,031)
	<u>(\$ 2,366,770)</u>	<u>(\$ 1,804,031)</u>

I. Loans to/from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	\$ 722,926	\$ 409,242

ii. Interest income

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Associates	\$ 19,784	\$ 10,314

The loans to associates carry interest at floating rates for the years ended December 31, 2019 and 2018.

(b) Loans from related parties:

i. Outstanding balance:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other related parties	\$ 524,743	\$ 1,002,616

ii. Interest expense:

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Other related parties	\$ 30,485	\$ 40,026

The loans from associates carry interest at floating rates for the years ended December 31, 2019 and 2018.

J. Endorsements and guarantees provided to related parties:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	\$ 3,674,191	\$ 3,646,750

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

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

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

N. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, subscription price of \$13 (in dollars) per share, whose total price of \$508,944. The effective date was set on January 24, 2019. Moreover, the Company purchased 70 thousand shares by specific person, the purchasing proceeds amounted to \$700.

O. On November 11, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam, the investment accounted for using equity method, as the original shareholder. The amount of capital increase was USD 24,500. The effective date was set on November 14, 2019.

(3) Key management compensation

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Salaries and other short-term employee benefits	\$ 179,520	\$ 150,727
Post-employment benefits	2,530	3,704
	<u>\$ 182,050</u>	<u>\$ 154,431</u>

## 8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2019	December 31, 2018	
Financial assets at amortised cost			Performance guarantee
- Pledged time deposits	\$ 290,740	\$ 271,721	
Refundable deposits			
- Pledged time deposits	2,000	2,000	"
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	5,631,364	5,760,284	"
-Loading and unloading equipment	1,900,801	1,971,185	"
-Ships	71,742,174	71,813,444	"
-Computer and communication equipment	314,161	502,283	"
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	3,972,653	4,393,746	"
	<u>\$ 85,653,986</u>	<u>\$ 86,514,756</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

- A. As of December 31, 2019, the Company had delegated DBS Bank to issue Standby Letter of Credit amounting to USD 5,000.
- B. As of December 31, 2019, 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 \$126,988,260 and the unutilized credit was \$ 20,251,608.
- C. As of December 31, 2019, the amount of guaranteed notes issued by the Company for loans borrowed was \$72,607,919.
- D. To meet its operational needs, the Company signed the shipbuilding contracts with Samsung Heavy Industries, Hyundai Mipo Dockyard Co., td, Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Company Ltd.. As of December 31, 2019, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 2,487,592, USD 2,209,589 of which remain unpaid.

E. To meet its operational needs, the Company signed the transportation equipment purchase contracts. As of December 31, 2019, the total price of the contracts, wherein the equipment have not yet been delivered, amounted to USD 111,591, USD 55,455 of which remain unpaid.

F. In response to international regulations on sulfur content in shipping fuel, the Group entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy, China Shipbuilding & Offshore International Co., Ltd. and Alfa Laval Nijmegen B.V.. The total contract prices are USD 54,950 and EUR 1,383, respectively, and USD 37,360 and EUR 277 remain unpaid. The Group signed installation contracts with Huarun Dadong Dockyard Co., Ltd., COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd., Liftech Consultants Inc., China Shipbuilding & Offshore International Co., Ltd., Yiu Lian Dockyards (Shekou) Ltd. and Global Oil And Gas Services. As of December 31, 2019, the total price of the contracts amounted to USD 63,652, USD 56,523 of which remain unpaid.

G. To cooperate with the construction in Kaohsiung Port 7th container center, the Company entered into the technique plan service contract for bridge crane with Liftech Consultants Inc., the total contract amount was USD235 and the unpaid amount was USD196.

H. For the Group's lease contract which was entered into but not completed construction, the expected minimum lease payment in the future was \$116,050,362.

#### 10. SIGNIFICANT DISASTER LOSS

None.

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

(1) For details of appropriation of earnings as proposed by the Board of Directors on March 24, 2020, please refer to Note 6(20).

(2) To simplify investment structure, on November 11, 2019, the Board of Directors of the Company resolved to acquire 35,421,358 shares of the investee, Taipei Port, the investment accounted for using equity method, held by the sub-subsidiary, Armand B.V. The transaction amount per share is approximately \$9.941 (in dollars) and the expected transaction amount is \$352,123. The shareholding ratio of Taipei Port held by the Company will be increased from 21.03% to 27.85% after the transaction. As of the reporting date, the registration for the transfer has been completed.

(3) Due to the impact of the spread of COVID-19 virus, the Group's operation in some locations and shipping lines were affected. The degree of impact to the Group's operating income would depend on the subsequent control of the spread of COVID-19 virus.

(4) On March 24, 2020, to meet the operation needs, the Board of Directors of the Company resolved to order 3,800 set freezers with 40-feet from China International Marine Containers Ltd., Dongfang International Container Co., Ltd., Guangdong Fuwa Engineering Group Co., Ltd. and Maersk Container Industry, the total transaction amount was USD26,460. As of the reporting date, the related transaction payments have not been settled.

(5) On December 20, 2019, the Board of Directors of the subsidiary, EGH, resolved to acquire 501,000 shares of the investee, ELA, which is accounted for using equity method, from the Company, the

sub-subsidiary, EMU, the associate ITS and the other related parties, EIS and EMS. The transaction price was USD1.0859 (in dollars) per share, and the total transaction amount was USD544. After the transaction, EGH's shareholding ratio was increased from 16.50% to 100%. As of the reporting date, the related transaction payments were settled, and the transfer was completed.

## 12. OTHERS

### (1) Capital management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,719,423	\$ 1,650,372
Financial assets at amortised cost		
Cash and cash equivalents	37,871,889	35,836,635
Financial assets at amortised cost	2,118,536	2,765,608
Notes receivables	129,545	154,295
Accounts receivable	14,759,813	15,516,849
Other accounts receivable	1,027,279	1,481,452
Guarantee deposits paid	229,095	226,760
	<u>\$ 56,136,157</u>	<u>\$ 55,981,599</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 16,580,812	\$ 20,066,362
Other accounts payable	5,113,118	4,807,376
Bonds payable	10,000,000	10,000,000
Lease payable (including current portion)	61,042,893	-
Long-term borrowings (including current portion)	106,701,568	99,360,501
Guarantee deposits received	325,987	347,115
	<u>\$ 199,764,378</u>	<u>\$ 134,581,354</u>
Financial liabilities for hedging (including current portion)	<u>\$ 20,188,942</u>	<u>\$ -</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

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.
- ii. The Group's management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group's Finance Department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: USD, GBP, EUR, RMB 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, 2019			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	\$ 582,814	30.0130	\$ 17,491,997
GBP:USD	2,889	1.3118	113,743
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	407,490	30.0130	12,229,997
HKD:USD	97,479	0.1284	375,652
GBP:USD	3,807	1.3118	149,886
EUR:USD	4,190	1.1233	141,260
RMB:USD	225,390	0.1431	968,019

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

iv. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to \$217,597 and \$308,013, respectively.

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

Year ended December 31, 2019			
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:TWD	1%	\$ 174,920	\$ -
GBP:USD	1%	1,137	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 122,300	\$ -
HKD:USD	1%	3,757	-
GBP:USD	1%	1,499	-
EUR:USD	1%	1,413	-
RMB:USD	1%	9,680	-
Year ended December 31, 2018			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 300,048	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 294,003	\$ -
HKD:USD	1%	4,021	-
GBP:USD	1%	2,292	-
RMB:USD	1%	9,395	-
EUR:USD	1%	1,551	-

#### Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity would have increased/decreased by \$16,845

and \$16,071 for the years ended December 31, 2019 and 2018, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were denominated in the TWD, USD and GBP.
  - ii. At December 31, 2019 and 2018, 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, 2019 and 2018 would have been \$946,578 and \$866,151 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
  - ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
  - iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - iv. If the default rate of an investment target exceeds 0.03%, there has been a significant increase in credit risk on that instrument since initial recognition.
  - v. The Group classifies customers' contract assets, notes receivable, accounts receivable (including related parties) and overdue receivable in accordance with the nature of segments. The Group applies the modified approach using probability of default to estimate expected credit loss under the provision matrix basis.
  - vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2019 and 2018, the Group has no written-off financial assets that are still under recourse procedures.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable (including related parties), contract assets and overdue receivable. As of December 31, 2019 and 2018, the loss rate methodology is as follows:

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At December 31, 2019</u>			
Expected loss rate	100%	0.08%	
Total book value	\$ 269,506	\$ 16,595,777	\$ 16,865,283
Loss allowance	<u>\$ 269,506</u>	<u>\$ 12,922</u>	<u>\$ 282,428</u>
	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At December 31, 2018</u>			
Expected loss rate	100%	0.17%	
Total book value	\$ 269,567	\$ 17,945,460	\$ 18,215,027
Loss allowance	<u>\$ 269,567</u>	<u>\$ 30,251</u>	<u>\$ 299,818</u>

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

	<u>2019</u>			
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivable</u>
At January 1	(\$ 4)	(\$ 96,468)	(\$ 692)	(\$ 202,654)
Provision for impairment	-	( 1,312)	( 126)	-
Reversal of impairment loss	2	17,534	238	-
Reclassifications	-	66,913	-	( 66,913)
Write-offs	-	665	-	-
Effect of foreign exchange	-	323	5	61
At December 31	<u>(\$ 2)</u>	<u>(\$ 12,345)</u>	<u>(\$ 575)</u>	<u>(\$ 269,506)</u>
	<u>2018</u>			
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivable</u>
At January 1_IAS 39	\$ -	(\$ 96,283)	\$ -	(\$ 195,715)
Adjustments under new standards	( 5)	( 909)	( 4,467)	-
At January 1_IFRS 9	( 5)	( 97,192)	( 4,467)	( 195,715)
Provision for impairment	-	( 15,524)	-	-
Reversal of impairment loss	1	10,192	3,858	-
Write-offs	-	1,114	-	-
Effect of foreign exchange	-	4,942	( 83)	( 6,939)
At December 31	<u>(\$ 4)</u>	<u>(\$ 96,468)</u>	<u>(\$ 692)</u>	<u>(\$ 202,654)</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities:

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	\$16,165,426	\$ 4,284	\$ -	\$ -	\$ -	\$16,169,710
Accounts payable - related parties	369,044	42,058	-	-	-	411,102
Other payables	4,115,041	288,335	3,503	-	-	4,406,879
Other payables - related parties	696,438	-	-	-	9,801	706,239
Bonds payable	-	101,200	4,101,200	6,076,400	-	10,278,800
Long-term loans (including current portion)	4,063,463	21,210,732	23,999,762	47,550,813	17,454,788	114,279,558
Lease payable and financial liabilities for hedging (including current portion)	3,815,715	9,799,502	12,274,193	34,201,995	34,848,315	94,939,720

Non-derivative financial liabilities:

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

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

(3) Fair value estimation

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

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

	December 31, 2019	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,154,063
Long-term loans (including current portion)	106,701,568	114,134,001
	<u>\$ 116,701,568</u>	<u>\$ 124,288,064</u>
	December 31, 2018	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,156,197
Long-term loans (including current portion)	99,360,501	108,243,508
	<u>\$ 109,360,501</u>	<u>\$ 118,399,705</u>

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

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

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 989,850</u>	<u>\$ -</u>	<u>\$ 729,573</u>	<u>\$ 1,719,423</u>
<b>Liabilities:</b>				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,188,942</u>
December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 850,223</u>	<u>\$ -</u>	<u>\$ 800,149</u>	<u>\$ 1,650,372</u>

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

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

- iii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
At January 1	\$ 800,149	\$ 1,137,645
Issued in the period	-	-
Sold in the period	-	(924)
Gains and losses recognised in other comprehensive income (Note 1)	( 70,576)	( 336,572)
At December 31	<u>\$ 729,573</u>	<u>\$ 800,149</u>

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

G. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

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

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

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 722,800	Market comparable companies	Price to earnings ratio multiple	8.82~46.24	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.54~3.06	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

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

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

				December 31, 2019			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
				change	change	change	change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 7,228	\$ 7,228	
	Net asset value	±1%	-	-	68	68	
			\$ -	\$ -	\$ 7,296	\$ 7,296	

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

(4) The Group initially classified time deposits exceeding 3 months as “cash and cash equivalents” and initially classified pledged time deposits as “other current-assets”. However, considering the categories of financial instruments, the Group recorded those time deposits exceeding 3 months and pledged time deposits as “current financial assets at amortised cost” for this period and reclassified accounts of prior period at the same time for comparison. This reclassification had no effect on either earnings (losses) per share for the year ended December 31, 2018 or total assets and total liabilities as of December 31, 2018.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company’s paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

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

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Segment information

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

	Year ended December 31, 2019			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	\$ 188,686,820	\$ 1,902,461	\$ -	\$ 190,589,281
Revenue from internal customers	30,651,874	-	( 30,651,874)	-
Segment revenue	219,338,694	1,902,461	( 30,651,874)	190,589,281
Interest income	712,617	36,530	-	749,147
Interest expense	( 5,660,355)	( 15,482)	-	( 5,675,837)
Depreciation and amortisation	( 20,507,958)	( 255,715)	-	( 20,763,673)
Share of income (loss) of associates and joint ventures accounted for using equity method	1,177,998	( 510,936)	-	667,062
Other items	( 162,787,475)	( 1,999,605)	-	( 164,787,080)
Segment profit (loss)	<u>\$ 32,273,521</u>	<u>(\$ 842,747)</u>	<u>(\$ 30,651,874)</u>	<u>\$ 778,900</u>
Recognizable assets	\$ 268,786,834	\$ 8,407,879	\$ -	\$ 277,194,713
Investments accounted for using equity method	23,096,965	6,303,960	-	29,400,925
Segment assets	<u>\$ 291,883,799</u>	<u>\$ 14,711,839</u>	<u>\$ -</u>	<u>\$ 306,595,638</u>
Segment liabilities	<u>\$ 232,051,920</u>	<u>\$ 948,872</u>	<u>\$ -</u>	<u>\$ 233,000,792</u>

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

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that in the balance sheet.
- C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that in the balance sheet.
- D. The amounts provided to the chief operating decision-maker with respect to segment profit (loss) are measured in a manner consistent with the income (loss) before tax from continuing operations.

(4) Trading information

Service routes	Year ended December 31, 2019		Year ended December 31, 2018	
	Amount	% of Account Balance	Amount	% of Account Balance
North America	\$ 69,118,979	41	\$ 65,814,288	43
Europe	37,088,233	22	32,141,861	21
Asia	38,774,061	23	33,672,426	22
Others	23,601,603	14	21,427,908	14
	\$ 168,582,876	100	\$ 153,056,483	100

(5) Geographical information

<u>Service routes</u>	<u>Year ended December 31, 2019</u>		<u>Year ended December 31, 2018</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 40,933,013	\$ 62,437,652	\$ 31,626,116	\$ 37,861,813
America	84,672,217	69,085,976	77,426,330	32,747,591
Europe	38,952,059	46,765,549	49,069,897	37,558,867
Asia	25,531,053	29,719,173	10,516,436	22,086,161
Others	500,939	32,466	597,874	7,496
	<u>\$ 190,589,281</u>	<u>\$ 208,040,816</u>	<u>\$ 169,236,653</u>	<u>\$ 130,261,928</u>

(6) Major customer information

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Loans to others  
For the year ended December 31, 2019

Expressed in thousands of TWD

Table 1

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	Penny Investment S.A.	Luanta Investment (Netherlands) N.V.	Receivables from related parties	Yes	\$ 65,877	\$ 63,027	\$ 60,026	2.80275~ 2.90475	2	\$ -	Working capital requirement	\$ -	None	\$ -	5,324,819	\$ 13,312,047	
1	Penny Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	903,456	774,335	759,329	2.70800~ 2.88513	2	-	Working capital requirement	-	None	-	10,649,638	13,312,047	(Note 9)
2	Clove Holding Ltd.	Whitney Equipment LLC.	Receivables from related parties	Yes	94,818	-	-	-	2	-	Working capital requirement	-	None	-	1,091,584	1,364,480	(Note 9)
2	Clove Holding Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	534,231	534,231	534,231	2.80800~ 2.89200	2	-	Working capital requirement	-	None	-	545,792	1,364,480	
3	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	125,637	120,202	120,202	2.80800~ 3.50438	2	-	Working capital requirement	-	None	-	970,872	1,941,744	

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

(1)The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2019

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction' 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 period.

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

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

1. According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statements.

PEONY : USD 887,085\*30.0130\*50%=5,324,819

Clove Holding Ltd. : USD 90,926\* 30.0130\*20%=545,792

Evergreen Marine (Hong Kong) Ltd. : USD 161,742\*30.0130\*20%=970,872

The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the latest financial statements.

PEONY : USD887,085\*30.0130\*40%=10,649,638

Clove Holding Ltd. : USD90,926\*30.0130\*40%=1,091,584

2. According to the Company's credit policy, the total amount of loans granted should not exceed 40% of the net worth stated in the latest financial statements.

Evergreen Marine (Hong Kong) Ltd. : USD 161,742\*30.0130\*40%=1,941,744

The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted should not exceed 50% of the net worth stated in the latest financial statements.

PEONY : USD 887,085\*30.0130\*50%=13,312,047

Clove Holding Ltd. : USD 90,926\*30.0130\*50%=1,364,480

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2019

Expressed in thousands of TWD

Table 2

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, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of 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 company (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Evergreen Marine Corporation	Greencompass Marine S.A.	2	\$ 140,091,559	\$ 50,948,939	\$ 50,948,939	\$ 27,206,575	\$ -	72.74%	\$ 175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	140,091,559	158,030	150,065	-	-	0.21%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	2	140,091,559	36,968,619	33,761,794	29,402,635	-	48.20%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	2	140,091,559	158,312	103,195	65,965	-	0.15%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	35,022,890	2,300,917	2,300,196	2,184,946	-	3.28%	175,114,448	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	35,022,890	929,216	882,382	830,910	-	1.26%	175,114,448	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	140,091,559	2,630,781	2,630,781	1,163,602	-	3.76%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	2	140,091,559	33,248,483	33,248,483	17,909,502	-	47.47%	175,114,448	Y	N	N	

Evergreen Marine Corporation (Taiwan) Ltd.  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2019

Expressed in thousands of TWD

Table 2

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)										
1	Evergreen Marine (Hong Kong) Ltd.	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	2	38,357	\$ 35,869	\$ 4,882	\$ -	0.74%	\$ 12,135,903	Y	N	Y	
1	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	6	517,706	491,613	491,613	-	10.13%	12,135,903	N	N	N	

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and

Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

The calculation is as follows:

The Company:  $70,045,779 \times 250\% = 175,114,448$

Limit on endorsement or guarantees provided by the Company for a single entity is \$35,022,890 (Amounting to 50% of its net worth).

(When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to \$140,091,559.)

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

Ceiling on total amount of endorsements/guarantees: USD 161,742\*30.013\*250% = 12,135,903

Limit on endorsements or guarantees provided for a single entity : USD 161,742\*30.013\*50% = 2,427,181

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
For the year ended December 31, 2019

Expressed in thousands of shares/thousands of TWD/thousands of foreign currency

Table 3

Securities held by Evergreen Marine Corporation	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2019			Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	
Stock:							
Power World Fund Inc.			Financial asset measured at fair value through other comprehensive income - non-current	677	\$ 6,772	5.68%	\$ 6,772
Linden Technologies, Inc.			"	50	5,253	1.44%	5,253
TopLogis, Inc.			"	2,464	28,503	17.48%	28,503
Ever Accord Construction Corp.		Other related party	"	10,500	125,921	17.50%	125,921
Central Reinsurance Corp.			"	49,866	989,849	8.45%	989,849
Financial bonds:							
Stony Bank 2nd Subordinate Financial Debentures-B Issue in 2015			Financial asset measured at amortised cost - non-current	-	50,000	-	50,000
Stony Bank 3rd Subordinate Financial Debentures-B Issue in 2017			"	-	50,000	-	50,000
Hutchison Inland Container Depots Ltd.			Financial asset measured at fair value through other comprehensive income - non-current	0.75	USD 252	7.50%	USD 252
South Asia Gateway Terminals (Private) Ltd.			"	18,942	USD 18,500	5.00%	USD 18,500
Evergreen Shipping Agency (Europe) GmbH			"	10	EUR 10	2.86%	EUR 10
Zoll Pool Hafen Hamburg AG			"	10	EUR 10	2.86%	EUR 10

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2019

Table 4

Expressed in thousands of TWD/thousands of foreign currency

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)	
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Evergreen Marine Corporation	Everport Terminal Services Inc.	Subsidiary	Purchases	\$ 1,311,928	3%	30-60 days	\$ -	- (\$ 86,796)	2%	(Note)	
	Greencompass Marine S.A.	Subsidiary	Purchases	1,950,986	4%	30-60 days	-	( 191)	-	(Note)	
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Sales	2,553,434	6%	30-60 days	-	11,594	-	(Note)	
	Italia Marittima S.p.A.	Associates	Purchases	857,235	2%	30-60 days	-	( 74,747)	2%	(Note)	
	Evergreen International Storage and Transport Corp.	Associates	Purchases	262,779	1%	30-60 days	-	-	-		
	Evergreen Shipping Agency (America) Corporation	Other related parties	Sales	356,295	1%	30-60 days	-	44,561	1%		
	Evergreen International Corp.	Other related parties	Purchases	409,054	1%	30-60 days	-	( 17,046)	-		
	Evergreen Marine (UK) Limited	Subsidiary	Purchases	387,580	1%	30-60 days	-	-	-		
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Purchases	681,428	2%	30-60 days	-	( 41,725)	1%		
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Purchases	447,975	1%	30-60 days	-	( 9,941)	-	(Note)	
	Evergreen International S.A.(EIS)	Other related parties	Sales	756,168	2%	30-60 days	-	10,796	-	(Note)	
				Purchases	346,574	1%	30-60 days	-	( 7,277)	-	
				Sales	1,777,185	4%	30-60 days	-	17,214	1%	
				Purchases	686,310	2%	30-60 days	-	-	-	(Note)
				Sales	450,977	1%	30-60 days	-	3,569	-	(Note)
				Sales	352,427	1%	30-60 days	-	860	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Gaining Enterprise S.A.	Other related parties	Purchases	\$ 830,410	2%	30-60 days	\$ -	-	-	-	
	Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related parties	Purchases	105,148	-	30-60 days	-	-	-	-	
	Taipei Port Container Terminal Corp.	Associates	Purchases	156,550	-	30-60 days	-	-	-	-	
Taiwan Terminal Services Co., Ltd.	Evergreen Marine Corp.	The parent	Sales	857,235	100%	30-60 days	-	-	74,747	100%	(Note)
	Evergreen Marine Corp.	The parent	Sales	42,443	10%	30-60 days	-	-	USD 2,892	9%	(Note)
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	99,579	23%	30 days	-	-	USD 6,223	19%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	63,053	15%	30 days	-	-	USD 3,015	9%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	80,963	19%	30 days	-	-	USD 4,897	15%	(Note)
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	33,074	8%	30 days	-	-	USD 2,453	8%	(Note)
	Evergreen Marine Corp.	The parent	Sales	22,203	3%	30-60 days	-	-	-	-	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Purchases	14,590	2%	30-60 days	-	-	(USD 119)	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (Netherlands) N.V.	Sales	38,304	5%	30-60 days	-	-	-	-	(Note)
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	20,596	3%	30-60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	9,287	1%	30-60 days	-	-	-	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	27,787	4%	30-60 days	-	-	USD 1,393	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Sales	42,980	5%	30-60 days	-	-	-	-	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	6,585	1%	30-60 days	-	-	(USD 151)	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Sales	11,032	1%	30-60 days	-	-	USD 973	-	
Evergreen Marine (Hong Kong) Ltd.	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	19,960	3%	30-60 days	-	-	-	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	19,960	3%	30-60 days	-	-	-	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)	
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 17,438	2%	30-60 days	\$ -	-	USD 31	-	(Note)	
			Purchases	USD 84,825	11%	30-60 days	-	-	(USD 252)	-	(Note)	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 33,074	4%	30 days	-	-	(USD 2,453)	-	(Note)	
			Purchases	USD 6,875	1%	30-60 days	-	-	(USD 1)	-	(Note)	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 5,350	1%	30-60 days	-	-	(USD 571)	-	(Note)	
			Purchases	USD 33,253	4%	30-60 days	-	-	(USD 3,536)	-	(Note)	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Sales	USD 44,749	2%	30-60 days	-	-	USD 387	-	(Note)	
			Purchases	USD 28,893	1%	30-60 days	-	-	(USD 1,074)	-	(Note)	
	Master International Shipping Agency Co., Ltd.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 63,118	2%	30-60 days	-	-	USD 6	-	(Note)
				Purchases	USD 82,608	3%	30-60 days	-	-	(USD 386)	-	(Note)
Greencompass Marine S.A.	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 63,053	2%	30 days	-	-	(USD 3,015)	1%	(Note)	
			Sales	USD 91,804	3%	30-60 days	-	-	USD 975	-	(Note)	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 27,730	1%	30-60 days	-	-	(USD 669)	-	(Note)	
			Sales	USD 22,637	1%	30-60 days	-	-	-	-	(Note)	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 37,889	1%	30-60 days	-	-	-	-	(Note)	
			Purchases	USD 16,815	1%	30-60 days	-	-	-	-	(Note)	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 13,295	-	30-60 days	-	-	-	-	(Note)	
			Purchases	USD 7,458	-	30-60 days	-	-	-	-	(Note)	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 12,189	-	30-60 days	-	-	-	-	(Note)	
			Purchases	USD 12,189	-	30-60 days	-	-	-	-	(Note)	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencompass Marine S.A.	Evergreen Marine Co. (Malaysia) SDN.BHD.	Indirect subsidiary of the Parent Company	Purchases	USD 5,313	-	30-60 days	\$	-	USD -	-	(Note)
	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 5,546	-	30-60 days	-	-	(USD 1,047)	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 20,596	1%	30-60 days	-	-	-	-	(Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 38,304	1%	30-60 days	-	-	-	-	(Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Indirect subsidiary of the Parent Company	Purchases	USD 3,649	-	30-60 days	-	-	(USD 311)	-	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 28,893	2%	30-60 days	-	-	USD 1,074	-	(Note)
	Evergreen Marine Corp.	The Parent	Purchases	USD 44,749	3%	30-60 days	-	-	(USD 387)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Sales	USD 14,493	1%	30-60 days	-	-	USD 331	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 24,463	2%	30-60 days	-	-	(USD 360)	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 80,963	6%	30 days	-	-	(USD 4,897)	3%	(Note)
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Sales	USD 4,544	-	30-60 days	-	-	USD 931	1%	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Purchases	USD 8,943	1%	30-60 days	-	-	(USD 2)	-	
	Evergreen International Corporation	Investee of the Parent Company's major shareholder	Sales	USD 28,806	2%	30-60 days	-	-	USD 679	1%	
	Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 10,798	1%	30-60 days	-	-	(USD 511)	-	
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 23,399	2%	30-60 days	-	-	-	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Sales	USD 84,825	6%	30-60 days	-	-	USD 252	-	(Note)	
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 17,438	1%	30-60 days	-	-	(USD 31)	-	(Note)	
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 4,970	-	30-60 days	-	-	-	-		

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (UK) Limited	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 3,464	-	30-60 days	\$ -	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 4,864	-	30-60 days	-	-	-	(Note)	
Evergreen Heavy Industrial Corp.(Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 255,110	100%	45 days	-	-	MYR 40,919	100%	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Sales	EUR 10,889	28%	30-60 days	-	-	-	(Note)	
Evergreen Marine Co. (Malaysia)	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	EUR 4,345	11%	30-60 days	-	-	-	(Note)	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 4,779	12%	30-60 days	-	-	EUR 571	1%	
Evergreen Marine Co. (Malaysia) SDN.BHD.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	EUR 12,011	30%	30-60 days	-	-	EUR 1,278	3%	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 5,313	26%	30-60 days	-	-	-	(Note)	
Evergreen Shipping Agency (Thailand) Co., Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 3,649	38%	30-60 days	-	-	USD 381	3%	
	Evergreen Shipping Agency (Vietnam) Corp.	Indirect subsidiary of the Parent Company	Sales	USD 3,944	32%	30-60 days	-	-	USD 284	5%	
Master International Shipping Agency Co. Ltd.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	CNY 229,922	100%	30-60 days	-	-	CNY 24,704	100%	

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Receivables from related parties reaching TWD 100 million or 20% of paid-in capital or more  
December 31, 2019

Expressed in thousands of TWD/thousands of foreign currency

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 17,990	-	\$ -	-	\$ -	-	
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaming Enterprise S.A.	Investee of EITC	MYR 40,919	-	-	-	MYR 40,919	-	
Peony Investment S.A.	Clove Holding Ltd.	Subsidiary	USD 25,490	-	-	-	-	-	Note
Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	Indirectly subsidiary of the Parent Company	USD 4,897	-	-	-	USD 4,467	-	Note
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Other related party	USD 6,223	-	-	-	USD 5,676	-	
Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal, S.A.	Investee of Evergreen Marine (Hong Kong) Limited accounted for using equity method	USD 4,069	-	-	-	-	-	

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

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

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.  
 Significant inter-company transactions during the reporting periods  
 For the year ended December 31, 2019

Expressed in thousands of TWD

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 Services Co., Ltd.	1	Operating cost	\$ 857,235	Note 4	0.45
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Shipowner's account - credit	409,522	"	0.13
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	2,553,434	"	1.34
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	1,950,986	"	1.02
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Shipowner's account - debit	770,731	"	0.25
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	756,168	"	0.40
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	447,975	"	0.24
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	318,823	"	0.10
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating revenue	450,977	"	0.24
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating cost	686,310	"	0.36
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	1,311,928	"	0.69
0	Evergreen Marine Corporation	Evergreen Shipping Agency (Europe) GmbH	1	Shipowner's account - debit	131,820	"	0.04
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	131,325	"	0.04
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	1,183,973	"	0.62
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	1,948,991	"	1.02
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating revenue	893,081	"	0.47
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating cost	1,383,212	"	0.73
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	2,621,964	"	1.38
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	539,021	"	0.28
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	116,961	"	0.04
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Europe) GmbH	3	Operating cost	150,359	"	0.08
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	2,502,580	"	1.31

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating cost	\$ 636,615	Note 4	0.33
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Shipowner's account - credit	591,699	"	0.19
3	Evergreen Marine (Hong Kong) Ltd.	Everport Terminal Services Inc.	3	Operating cost	1,022,321	"	0.54
4	Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	3	Account receivables	146,987	"	0.05
5	Master International Shipping Agency Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	1,027,114	"	0.54
5	Master International Shipping Agency Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	3	Account receivables	106,119	"	0.03
6	Evergreen Shipping Agency (Thailand) Co., Ltd.	Greencompass Marine S.A.	3	Operating revenue	112,806	"	0.06
7	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	765,019	"	0.25
8	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Operating revenue	376,761	"	0.20
8	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Shipowner's account - debit	254,147	"	0.08
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (UK) Limited	3	Shipowner's account - credit	145,076	"	0.05
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	165,358	"	0.09
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	244,451	"	0.08
9	Evergreen Marine Corp. (Malaysia) SDN BHD	Greencompass Marine S.A.	3	Operating revenue	164,218	"	0.09
10	Evergreen Shipping Agency (Vietnam) Corp.	Greencompass Marine S.A.	3	Operating revenue	121,904	"	0.06

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

(1) Parent company is '0'.

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

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

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.);

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Information on investees (not including investee company of Mainland China)  
For the year ended December 31, 2019

Expressed in thousands of shares/thousands of TWD

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019				Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value				
Evergreen Marine Corp.	Peony Investment S.A.	Republic of Panama	Investment activities	\$ 14,301,195	\$ 14,301,195	4,765	100.00	\$ 26,519,504	(\$ 1,603,401)	(\$ 1,550,830)	Subsidiary of the Company (Note)	
	Taiwan Terminal Services Co., Ltd.	Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	54,526	12,247	6,736	" (Note)	
	Everport Terminal Services Inc.	U.S.A.	Terminal services	3,001	3,001	1	94.43	1,703,680	747,660	706,006	" (Note)	
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	6,283,222	6,283,222	6,320	79.00	7,212,594	266,135	210,247	" (Note)	
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	9,103	-	1,062	59.00	21,213	20,617	12,164	" (Note)	
	Chang Yang Development Co., Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	553,210	177,382	70,953	Investee accounted for using equity method	
	Evergreen International Storage and Transport Corporation	Taiwan	Container transportation and gas stations	4,840,408	4,753,514	430,692	40.36	9,039,677	838,194	339,762	"	
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	113,705	43,185	13,495	"	
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	11,276,823	10,767,879	776,541	16.00	11,399,909	3,982,467	641,590	"	
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,094,073	1,094,073	109,378	21.03	1,083,116	269,933	56,778	"	
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,151	3,151	105	17.50	3,383	1,365	239	"	
	VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	178,750	13,750	21.74	277,274	174,369	37,906	"	
	Peony Investment S.A.	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,577,161	1,577,161	10	100.00	2,728,960	43,543	43,543	Indirect subsidiary of the Company (Note)
		Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	249,588	249,588	-	100.00	292,941	14,966	14,966	" (Note)
Evergreen Shipping Agency (Korea) Corporation		South Korea	Shipping agency	72,812	72,812	121	100.00	50,507	18,113	18,113	" (Note)	
Greencompass Marine S.A.		Republic of Panama	Marine transportation	10,609,596	10,609,596	3,535	100.00	13,831,622	( 1,400,706)	1,400,706	" (Note)	
Evergreen Shipping Agency (India) Pvt. Ltd.		India	Shipping agency	35,316	35,316	100	99.99	190,302	55,763	55,762	" (Note)	
Evergreen Argentina S.A.		Argentina	Leasing	4,202	4,202	150	95.00	51,311	( 3,960)	3,762	" (Note)	

Table 7

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	PT. Multi Bina Pura International	Indonesia	Loading and discharging operations of container yards and inland transportation	\$ 235,330	\$ 235,330	17	95.03	\$ 576,208	\$ 128,162	\$ 121,793	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	24,139	24,139	2	17.39	14,828	1,321	230	" (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	819,200	819,200	42,120	84.44	955,957	( 44,552)	( 37,620)	" (Note)
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	345,525	345,525	4	70.00	340,034	23,010	16,107	" (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	202,447	202,447	6	100.00	228,655	139,040	139,040	" (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	70,591	70,591	0.55	55.00	72,216	39,933	21,963	" (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	4,024,823	4,024,823	765	51.00	799,778	( 1,392,268)	( 710,056)	" (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	51,274	51,274	1	100.00	125,096	121,265	121,265	" (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	25,451	25,451	-	51.00	22,836	75,981	38,750	" (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	67,319	67,319	680	85.00	77,943	47,296	40,202	" (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,438	17,438	5,500	55.00	95,275	94,673	52,070	" (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	36,946	36,946	-	100.00	347,219	188,456	188,456	" (Note)
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	29,203	29,203	0.441	49.00	114,346	95,005	46,553	Investee company of Peony accounted for using equity method
	Luanta Investment (Netherlands) N.V.	Curacao	Investment holding company	1,426,796	1,426,796	460	50.00	1,884,647	( 5,391)	( 2,695)	"
	Balsam Investment (Netherlands) N.V.	Curacao	Investment holding company	12,536,023	11,800,704	0.451	49.00	525,226	( 1,626,212)	( 796,844)	"
	Green Peninsula Agencies SDN. BHD.	Malaysia	Investment holding company	-	217,744	-	-	-	-	-	"
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	62,487	62,487	-	49.00	101,804	132,073	64,716	"
Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	12,787	12,787	1,500	30.00	37,814	18,576	5,573	"	
Evergreen Marine Corp. (Malaysia) SDN.BHD.	Malaysia	Shipping agency	282,548	282,548	500	100.00	858,959	276,583	276,583	Indirect subsidiary of the Company (Note)	
Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	79,534	79,534	80	1.00	91,299	266,135	2,661	Investee company of Peony accounted for using equity method	

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Ics Depot Services Snd. Bhd.	Malaysia	Depot services	\$ 33,434	\$ 33,434	286	28.65	\$ 69,208	\$ 46,292	Investee company of Peony accounted for using equity method	
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Netherlands	Investment holding company	508,298	508,298	0.045	100.00	490,501	23,988	Indirect subsidiary of the Company (Note)	
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	506,019	506,019	50,602	9.73	500,311	269,933	Investee company of Armand Estate B.V. accounted for using equity method	
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	686,097	686,097	22,860	40.00	2,590,094	26,450	Investee company of Clove Holding Ltd. accounted for using equity method	
	Everport Terminal Services Inc.	U.S.A	Terminal services	195,203	195,203	0.059	5.57	260,177	747,660	Indirect subsidiary of the Company (Note)	
Evergreen Marine (UK) Limited	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	2,971	2,971	99	16.50	3,190	1,365	Investee company of Evergreen Marine (UK) Limited accounted for using equity method	
Everport Terminal Services Inc.	Whitney Equipment LLC.	U.S.A	Equipment Leasing Company	6,003	6,003	-	100.00	217,885	35,279	Indirect subsidiary of the Company (Note)	
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	99,085	99,085	8	72.95	62,204	1,321	" (Note)	
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	468,203	468,203	5,144	9.00	603,206	26,450	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method	
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	2,971	2,971	99	16.50	3,190	1,365	"	
	Evergreen Shipping Service (Cambodia) Co., Ltd.	Cambodia	Shipping agency	6,003	6,003	200	100.00	36,772	31,689	Indirect subsidiary of the Company (Note)	

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote	
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value				
Evergreen Marine (Hong Kong) Limited	Evergreen Shipping Agency (Peru) S.A.C.	Peru	Shipping agency	\$ 8,332	\$ 8,332	900	60.00	\$ 97,927	\$ 150,517	\$ 90,310	Indirect subsidiary of the Company (Note)	
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	10,536	10,536	80	75.00	58,432	77,365	64,279	" (Note)	
	Evergreen Shipping Agency Mexico S.A. de C.V.	Mexico	Shipping agency	6,880	6,880	44	60.00	42,738	53,992	32,395	" (Note)	
	Evergreen Shipping Agency (Chile) SPA.	Chile	Shipping agency	9,568	9,568	2	60.00	47,642	70,786	42,472	" (Note)	
	Evergreen Shipping Agency (Greece) Societe Anonyme.	Greece	Shipping agency	8,112	-	2	60.00	17,828	16,438	9,863	" (Note)	
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	153	-	18	1.00	360	20,691	206	" (Note)	
	Evergreen Shipping Agency Lanka (Private) Ltd.	Lanka	Shipping agency	3,638	-	2,160	40.00	17,105	35,208	14,083	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method	

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, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Evergreen Marine Corporation (Taiwan) Ltd.  
Information on investments in Mainland China  
For the year ended December 31, 2019

Table 8

Expressed in thousands of TWD

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income (loss) of the investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company. For the year ended December 31, 2019 (Note 2(2B))	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	\$ 536,851	(2)	\$ 214,938	\$ -	\$ -	\$ 214,938	\$ 161,561	40.00	\$ 64,624	\$ 322,754	\$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	182,567	(2)	42,524	-	-	42,524	142,581	40.00	57,032	157,756	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	334,761	(2)	284,081	-	-	284,081	46,305	56.00	25,931	249,603	-	(Note)
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	1,866,381	(2)	2,444,870	-	-	2,444,870	14,167	80.00	( 64,538)	3,165,041	-	(Note)
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	184,715	(2)	270,474	-	-	270,474	27	80.00	80	146,122	-	(Note)
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	263,526	(2)	470,619	-	-	470,619	2,512	80.00	( 6,206)	397,818	-	(Note)
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	215,668	(2)	383,638	-	-	383,638	3,140	80.00	( 243)	241,530	-	(Note)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remitance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remitance from Taiwan to Mainland China as of December 31, 2019	Net income (loss) of the investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company. For the year ended December 31, 2019 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Master International Shipping Agency Co., Ltd.	Shipping agency	\$ 21,479	(2)	\$ 82,860	\$ 630	\$ -	\$ 83,490	\$ 27,241	41.60	\$ 10,783	\$ 33,908	\$ -	(Note)

Company name	Accumulated amount of remitance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Evergreen Marine Corp.	\$ 4,194,634	\$ 4,748,109	\$ 44,156,908

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

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

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

Note 2: In the "Investment income (loss) recognised by the Company for the year ended December 31, 2019" column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

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

## 6 Parent Company Only 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.

#### ***Opinion***

We have audited the accompanying parent company only balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the “Company”) as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other Matter* section of our report), the accompanying financial statements present fairly, in all material respects, the *financial* position of Evergreen Marine Corporation (Taiwan) Ltd. as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” .

#### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained along with the report of other independent auditors are sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements for the year ended December 31, 2019 are as follows:

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

Description

Please refer to Note 4(31) for accounting policy on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(21) for details of sales revenue, Note 6(7) for details of investments accounted for using equity method, and Table 7 for information on investees accounted for using equity method.

The Company, the Company's directly held subsidiary, Peony Investment S.A., which is recognised in investments accounted for using equity method, and the subsidiary, Evergreen Marine (Hong Kong) Ltd., which is directly and indirectly held an 80% equity interest by the Company, primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the balance sheet date. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel of which the service has been provided during the reporting period.

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

### How our audit addressed the matter

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

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

### **Impairment of property, plant and equipment and right-of-use assets**

#### Description

Please refer to Notes 4(15) and 4(16) for accounting policies on property, plant and equipment and right-of-use asset, Note 5(2) for uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment and right-of-use asset, Note 6(8) for details of property, plant and equipment, Note 6(9) for details of right-of-use asset, Note 6(7) for details of investments accounted for using equity method, and Table 7 for information on investees accounted for using equity method.

The Company, the Company's directly held subsidiary, Peony Investment S.A., which is recognised in investments accounted for using equity method, and the subsidiary, Evergreen Marine (Hong Kong) Ltd., which is directly and indirectly held an 80% equity interest by the Company, primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. As new ships have been built and put into operation by many carriers around the world, market supply has exceeded demand. Therefore, the market imbalance led to price competition, resulting to significant changes in profit for the industry and raising the risk of impairment on ship equipment, transport equipment and cargo handling equipment, which are recognised in property, plant and equipment, and ship equipment, which is recognised in right-of-use asset. The valuation of impairment and recoverable amounts are evaluated by the Company using the present value of the future cash flows expected to be derived from an asset or cash-generating unit compared to the book value. The main assumptions of discounts rates used in recoverable amounts, and expected operating revenue growth rates, gross profit, operating profit rates, capital expenditures and discount rates used in future cash flow estimates are subject to management's judgement and involve high uncertainty, and the estimated results are material to the financial statements. Given the conditions as described above exist in the Company and its investee companies, we consider the impairment assessment of ship equipment, transport equipment and cargo handling equipment in the property, plant and equipment and ship equipment in the right-of-use asset under the Company and its investee companies as a key audit matter.

#### How our audit addressed the matter

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

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

### **Other matter – Audit by other independent accountants**

We did not audit the financial statements of all the investee companies accounted for using equity method. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these long-term equity investments, is based solely on the reports of the other independent accountants. Long-term equity investments in these investee companies amounted to NT\$ 23,545,990 thousand and NT\$ 21,850,693 thousand, constituting 15.71% and 17.08% of the total assets as of December 31, 2019 and 2018, respectively, and comprehensive income(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\$ 428,025 thousand and (NT\$ 261,959) thousand, constituting (297.78%) and (25.52%) of the total comprehensive income (loss) as of December 31, 2019 and 2018, respectively.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2020

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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, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 18,767,848	12	\$ 19,471,486	15
Current financial assets at amortised cost	6(3) and 8	1,588,797	1	2,322,603	2
Current contract assets	6(21)	372,492	-	682,327	-
Notes receivable - net	6(4)	166	-	43	-
Accounts receivable - net	6(4)	2,877,284	2	3,258,807	3
Accounts receivable, net - related parties	6(4) and 7	112,150	-	99,623	-
Other receivables		69,102	-	205,230	-
Other receivables - related parties	7	5,160	-	180,937	-
Current income tax assets		29,012	-	-	-
Inventories	6(5)	972,539	1	908,122	1
Prepayments		246,391	-	254,205	-
Other current assets	6(6) and 7	2,405,251	2	2,652,429	2
<b>Current Assets</b>		<b>27,446,192</b>	<b>18</b>	<b>30,035,812</b>	<b>23</b>
<b>Non-current assets</b>					
Non-current financial assets at fair value	6(2)				
through other comprehensive income		1,156,298	1	1,021,582	1
Non-current financial assets at amortised cost	6(3)	100,000	-	100,000	-
Investments accounted for using equity	6(7)				
method		57,888,371	39	58,145,047	45
Property, plant and equipment - net	6(8) and 8	36,934,484	25	35,045,526	27
Right-of-use assets	6(9) and 7	22,497,764	15	-	-
Investment property - net	6(10) and 8	1,869,412	1	1,888,557	2
Intangible assets		19,599	-	28,730	-
Deferred income tax assets	6(28)	794,122	-	686,350	1
Other non-current assets	6(11)	1,172,221	1	976,611	1
<b>Non-current assets</b>		<b>122,432,271</b>	<b>82</b>	<b>97,892,403</b>	<b>77</b>
<b>Total assets</b>		<b>\$ 149,878,463</b>	<b>100</b>	<b>\$ 127,928,215</b>	<b>100</b>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Current financial liabilities for hedging	6(9) and 7	\$ 1,861,026	1	\$ -	-
Current contract liabilities	6(21)	536,774	-	431,290	-
Accounts payable		3,370,023	2	4,383,686	4
Accounts payable - related parties	7	283,199	-	193,831	-
Other payables		1,207,403	1	928,636	1
Other payables - related parties	7	9,110	-	6,683	-
Current income tax liabilities		-	-	263,684	-
Current lease liabilities	6(9) and 7	717,363	1	-	-
Other current liabilities	6(12)(14) and 7	10,277,100	7	9,040,820	7
<b>Current Liabilities</b>		<b>18,261,998</b>	<b>12</b>	<b>15,248,630</b>	<b>12</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities for hedging	6(9) and 7	18,327,916	12	-	-
Corporate bonds payable	6(13)	10,000,000	7	10,000,000	8
Long-term loans	6(14)	29,818,885	20	33,708,791	26
Deferred income tax liabilities	6(28)	798,998	-	792,971	1
Non-current lease liabilities	6(9) and 7	1,322,625	1	-	-
Other non-current liabilities	6(15)(16)	1,302,262	1	1,333,593	1
<b>Non-current liabilities</b>		<b>61,570,686</b>	<b>41</b>	<b>45,835,355</b>	<b>36</b>
<b>Total Liabilities</b>		<b>79,832,684</b>	<b>53</b>	<b>61,083,985</b>	<b>48</b>
<b>Equity</b>					
<b>Capital</b>					
Common stock	6(17)	48,129,738	32	45,129,738	35
<b>Capital surplus</b>					
Capital surplus	6(18)	11,407,437	7	11,059,145	9
<b>Retained earnings</b>					
Legal reserve	6(19)	5,714,940	4	5,685,548	4
Unappropriated retained earnings		3,659,042	3	3,776,643	3
<b>Other equity interest</b>					
Other equity interest	6(20)	1,134,622	1	1,193,156	1
<b>Total equity</b>		<b>70,045,779</b>	<b>47</b>	<b>66,844,230</b>	<b>52</b>
<b>Significant Contingent Liabilities And Unrecognised Contract Commitments</b>	9				
<b>Significant Events After The Balance Sheet</b>	11				
<b>Date</b>					
<b>Total liabilities and equity</b>		<b>\$ 149,878,463</b>	<b>100</b>	<b>\$ 127,928,215</b>	<b>100</b>

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

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

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
<b>Operating revenue</b>	6(21) and 7	\$ 44,687,138	100	\$ 33,994,571	100
<b>Operating costs</b>	6(26)(27) and 7	( 42,080,473)	( 94)	( 32,512,863)	( 96)
<b>Gross profit</b>		<u>2,606,665</u>	<u>6</u>	<u>1,481,708</u>	<u>4</u>
<b>Operating expenses</b>	6(26)(27) and 7				
Selling expenses		( 308,162)	( 1)	( 301,462)	( 1)
General and administrative expenses		( 2,126,796)	( 5)	( 1,606,233)	( 4)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		<u>206</u>	<u>-</u>	<u>( 297)</u>	<u>-</u>
<b>Total operating expenses</b>		<u>( 2,434,752)</u>	<u>( 6)</u>	<u>( 1,907,992)</u>	<u>( 5)</u>
<b>Other gains - net</b>	6(22) and 7	<u>4,649</u>	<u>-</u>	<u>7,594</u>	<u>-</u>
<b>Operating profit (loss)</b>		<u>176,562</u>	<u>-</u>	<u>( 418,690)</u>	<u>( 1)</u>
<b>Non-operating income and expenses</b>					
Other income	6(23)	516,626	1	580,784	2
Other gains and losses	6(24)	17,131	-	19,481	-
Finance costs	6(25)	( 1,304,925)	( 3)	( 685,636)	( 2)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		<u>545,406</u>	<u>2</u>	<u>1,013,565</u>	<u>3</u>
<b>Total non-operating income and expenses</b>		<u>( 225,762)</u>	<u>-</u>	<u>928,194</u>	<u>3</u>
<b>Profit before income tax</b>		<u>( 49,200)</u>	<u>-</u>	<u>509,504</u>	<u>2</u>
Income tax expense	6(28)	161,719	-	( 215,585)	( 1)
<b>Profit for the year</b>		<u>\$ 112,519</u>	<u>-</u>	<u>\$ 293,919</u>	<u>1</u>
<b>Other comprehensive income (loss)</b>	6(20)				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Losses on remeasurements of defined benefit plans	6(16)	( \$ 75,241)	-	( \$ 47,522)	-
Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(2)	<u>134,715</u>	<u>-</u>	<u>67,238</u>	<u>-</u>
Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 101,401)	-	( 409,055)	( 1)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u>20,163</u>	<u>-</u>	<u>11,944</u>	<u>-</u>
<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>		<u>( 21,764)</u>	<u>-</u>	<u>( 377,395)</u>	<u>( 1)</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Other comprehensive (loss) income, before tax, exchange differences on translation		( 755,051)	( 2)	1,004,409	3
Gains on hedging instrument	6(9)	460,138	1	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>152,428</u>	<u>1</u>	<u>104,751</u>	<u>-</u>
Income tax relating to the components of other comprehensive income		<u>( 92,010)</u>	<u>-</u>	<u>746</u>	<u>-</u>
<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>		<u>( 234,495)</u>	<u>-</u>	<u>1,109,906</u>	<u>3</u>
<b>Other comprehensive (loss) income for the year</b>		<u>( \$ 256,259)</u>	<u>-</u>	<u>\$ 732,511</u>	<u>2</u>
<b>Total comprehensive (loss) income for the year</b>		<u>( \$ 143,740)</u>	<u>-</u>	<u>\$ 1,026,430</u>	<u>3</u>
<b>Basic earnings per share (in dollars)</b>	6(29)				
Basic earnings per share		<u>\$ 0.02</u>		<u>\$ 0.07</u>	
Diluted earnings per share		<u>\$ 0.02</u>		<u>\$ 0.07</u>	

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

**EVERGREEN MARINE CORPORATION (TAIWAN) LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest				Total equity		
		Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges		Gains (losses) on hedging instruments	
<b>Year 2018</b>												
Balance at January 1, 2018		\$ 40,123,560	\$ 10,838,075	\$ 4,985,031	\$ 6,769,575	(\$ 1,135,114)	\$ -	\$ 1,833,339	(\$ 15,912)	\$ -	\$ 63,398,554	
Retrospective application	6(19)(20)				276,681		1,553,662	(1,833,339)	15,912	(15,912)	(2,996)	
Balance at 1 January after adjustments		40,123,560	10,838,075	4,985,031	7,046,256	(1,135,114)	1,553,662	-	-	(15,912)	63,395,558	
Profit for the year		-	-	-	293,919	-	-	-	-	-	293,919	
Other comprehensive income (loss) for the year	6(19)(20)	-	-	-	(71,341)	1,152,694	(306,105)	-	-	(42,737)	732,511	
Total comprehensive income (loss)		-	-	-	222,578	1,152,694	(306,105)	-	-	(42,737)	1,026,430	
Distribution of 2017 earnings	6(17)(19)	-	-	-	(700,517)	-	-	-	-	-	-	
Legal capital reserve		2,006,178	-	-	(2,006,178)	-	-	-	-	-	-	
Stock dividends		-	-	-	(802,471)	-	-	-	-	-	(802,471)	
Cash dividends		3,000,000	226,890	-	-	-	-	-	-	-	3,226,890	
Issuance of common stock	6(17)(18)	-	17,610	-	-	-	-	-	-	-	17,610	
Cash capital increase reserved for employee preemption	6(18)	-	-	-	-	-	-	-	-	-	-	
Adjustments to share of changes in equity of subsidiaries, associates and joint ventures	6(18)(19)	-	(23,430)	-	3,643	-	-	-	-	-	(19,787)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(2)(19)	-	-	-	13,332	-	(13,332)	-	-	-	-	
Balance at December 31, 2018		\$ 45,129,738	\$ 11,059,145	\$ 5,685,548	\$ 3,776,643	\$ 17,580	\$ 1,234,225	\$ -	\$ -	(\$ 58,649)	\$ 66,844,230	
<b>Year 2019</b>												
Balance at January 1, 2019		\$ 45,129,738	\$ 11,059,145	\$ 5,685,548	\$ 3,776,643	\$ 17,580	\$ 1,234,225	\$ -	\$ -	(\$ 58,649)	\$ 66,844,230	
Profit for the year	6(19)(20)	-	-	-	112,519	(874,353)	177,361	-	-	638,406	112,519	
Other comprehensive income		-	-	-	(197,673)	(874,353)	177,361	-	-	638,406	(256,259)	
Total comprehensive income (loss)		-	-	-	(85,154)	(874,353)	177,361	-	-	638,406	(143,740)	
Distribution of 2018 earnings	6(17)(19)	-	-	-	(29,392)	-	-	-	-	-	-	
Legal capital reserve		3,000,000	333,934	-	-	-	-	-	-	-	3,333,934	
Issuance of common stock	6(17)(18)	-	17,066	-	-	-	-	-	-	-	17,066	
Cash capital increase reserved for employee preemption	6(18)	-	-	-	-	-	-	-	-	-	-	
Adjustments to share of changes in equity of subsidiaries, associates and joint ventures	6(18)(19)	-	(2,708)	-	(3,055)	-	52	-	-	-	(5,711)	
Balance at December 31, 2019		\$ 48,129,738	\$ 11,407,437	\$ 5,714,940	\$ 3,659,042	(\$ 856,773)	\$ 1,411,638	\$ -	\$ -	(\$ 579,757)	\$ 70,045,779	

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

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

	Notes	Years ended December 31	
		2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) profit before tax		(\$ 49,200 )	\$ 509,504
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)(26)	4,813,032	2,052,106
Amortization	6(26)	16,458	20,572
Expected credit (gain) loss	12(2)	( 206 )	297
Interest expense	6(25)	1,304,925	685,636
Interest income	6(23)	( 316,320 )	( 259,184 )
Dividend income	6(23)	( 45,631 )	( 58,560 )
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		( 545,406 )	( 1,013,565 )
Loss on disposal of investments	6(24)	36	-
Gains arising from lease modification	6(24)	( 1,237 )	-
Net gain on disposal of property, plant and equipment	6(22)	( 4,649 )	( 7,594 )
Cash capital increase reserved for employee preemption	6(18)	17,066	17,610
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		130	-
Current contract assets		309,929	( 303,183 )
Notes receivable		( 123 )	29
Accounts receivable		375,219	( 771,436 )
Accounts receivable - related parties		( 12,529 )	113,797
Other receivables		142,547	146,416
Other receivables - related parties		175,777	79,851
Inventories		( 64,417 )	( 219,245 )
Prepayments		( 19,315 )	( 28,271 )
Other current assets		247,178	( 640,504 )
Other non-current assets		1,170	( 846 )
Changes in operating liabilities			
Current contract liabilities		105,484	( 21,918 )
Accounts payable		( 1,013,663 )	913,624
Accounts payable - related parties		89,368	68,936
Other payables		292,559	382,575
Other payables - related parties		2,427	( 8,235 )
Other current liabilities		( 972,239 )	( 173,585 )
Other non-current liabilities		( 106,393 )	( 179,516 )
Cash inflow generated from operations		4,741,977	1,305,311
Interest received		316,320	259,184
Interest paid		( 1,326,972 )	( 701,416 )
Income tax paid		( 295,973 )	( 12,137 )
Net cash flows from operating activities		<u>3,435,352</u>	<u>850,942</u>

(Continued)

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

	Notes	Years ended December 31	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	\$ -	\$ 342,661
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	924
Decrease in financial assets at amortised cost		733,806	2,093,604
Acquisition of investments accounted for using equity method	6(7)	( 518,999 )	( 86,894 )
Acquisition of property, plant and equipment	6(30)	( 949,140 )	( 1,418,425 )
Proceeds from disposal of property, plant and equipment		901	1,260
Acquisition of intangible assets		( 7,327 )	( 10,231 )
Increase in other non-current assets	6(30)	( 3,413,205 )	( 6,276,066 )
Cash dividends received		<u>657,152</u>	<u>406,556</u>
Net cash flows used in investing activities		<u>( 3,496,812 )</u>	<u>( 4,946,611 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term loans	6(31)	11,791,553	16,065,620
Decrease in long-term loans	6(31)	( 13,472,670 )	( 15,668,231 )
Increase in corporate bonds payable		-	2,000,000
Proceeds from issuance of common stock	6(17)	3,333,934	3,226,890
Payments of lease liabilities	6(9)(31)	( 2,294,815 )	-
Increase in guarantee deposits received	6(31)	( 180 )	316
Cash dividends paid		<u>-</u>	<u>( 802,471 )</u>
Net cash flows (used in) from financing activities		<u>( 642,178 )</u>	<u>4,822,124</u>
Net (decrease) increase in cash and cash equivalents		( 703,638 )	726,455
Cash and cash equivalents at beginning of year		<u>19,471,486</u>	<u>18,745,031</u>
Cash and cash equivalents at end of year		<u>\$ 18,767,848</u>	<u>\$ 19,471,486</u>

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

A. IFRS 16, ‘Leases’

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

- (b) The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Company increased ‘right-of-use asset’ by \$14,748,566, increased ‘lease liability’ by \$14,721,437 and decreased prepayments by \$27,129 with respect to the lease contracts of lessees on January 1, 2019.
- (c) The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- i. Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
  - ii. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - iii. The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$6,355 was recognised in the 4th quarter of 2019.
  - iv. The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- (d) The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 1.23% to 3.57%.
- (e) The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 40,534,431
Less: Short-term leases	( 269,585)
Less: Low-value assets	( 9,307)
Less: Contracts reassessed as service agreements	( 9,453,209)
Less: Lease contracts contracted but the construction not yet finished	<u>( 13,246,280)</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	17,556,050
Incremental borrowing interest rate at the date of initial application	<u>1.23%~3.57%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 14,721,437</u>

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

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

### C. Annual improvements to IFRSs 2015-2017 cycle

#### (a) Amendments to IFRS 3, 'Business combinations'

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

#### (b) Amendments to IAS 12, 'Income taxes'

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

#### (c) Amendments to IAS 23, 'Borrowing costs'

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

#### B. Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'

The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. Also, the amendment requires disclosure about how the entity is impacted by IBOR reform and is managing the transition process.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2022

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

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

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

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

B. Amendments to IAS 1, ‘Classification of liabilities as current or non-current’

The amendments clarify that classification of liabilities depends on the rights that exist at the end of the reporting period. An entity shall classify a liability as current when it does not have a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. Also, the amendments define ‘settlement’ as the extinguishment of a liability with cash, other economic resources or an entity’s own equity instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

### (3) Foreign currency translation

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

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

### (4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Notes, accounts and other receivables

- A. Notes and accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables.
- B. The Company initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

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

(12) Leasing arrangements (lessor) – operating leases

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

(13) Inventories

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

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

- A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.
- B. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.
- E. If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost and recognizes any resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains or loss on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. According to “Rules Governing the Preparations of Financial Statements by Securities Issuers”, 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 ~ 55 years
Loading and unloading equipment	6 ~ 20 years
Ships ( Except for docking repairs and scrubbers)	18 ~ 25 years
Docking repairs	3 ~ 5 years
Scrubbers	10 years
Transportation equipment	6 ~ 10 years
Other equipment	3 ~ 5 years

The above docking repairs and scrubbers are significant components of ships.

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

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

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

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

(17) Leased assets/ operating leases (lessee)

Prior to 2019

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

- (a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
- (b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- (c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

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

(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 ~ 60 years.

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Borrowings

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

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

(22) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The Company initially measures accounts payable at fair value and subsequently amortises the interest expense in profit or loss over the period of circulation using the effective interest method.

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

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

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

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

(24) Bonds payable

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

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Hedge accounting

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

B. The Company designates the hedging relationship as follows:

Cash flow hedge:

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

C. Cash flow hedges

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

- i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ii. the cumulative change in fair value of the hedged item from inception of the hedge.

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

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

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
- ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

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

(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 recognised as expense in that period when the employees render service.

## B. Pensions

### (a) Defined contribution plans

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

### (b) Defined benefit plans

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

## C. Termination benefits

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

## D. Employees' compensation and directors' remuneration

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

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Dividends

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

(31) Revenue recognition

A. Sales of services

Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the number of days the vessel has sailed as of the financial reporting date to the total number of days to sail. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Rental revenue

The Company leases ships and shipping spaces under IAS 17, 'Leases' and IFRS 16, 'Leases'. Lease assets are classified as finance leases or operating leases based on the transferred proportion of the risks and rewards incidental to ownership of the leased asset, and recognised in revenue over the lease term.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company and the subsidiaries, Peony Investment S.A. and Evergreen Marine (Hong Long) Ltd., which are recognized in investments accounted for using equity method, generate revenue from delivering services and related costs are recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed.

## B. Impairment assessment of tangible assets

The Company and the subsidiaries, Peony Investment S.A. and Evergreen Marine (Hong Long) Ltd., which are recognized in investments accounted for using equity method assess impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

As at December 31, 2019, the Company recognised ship equipment, transport equipment and cargo handling equipment, which are recognised in property, plant and equipment, and ship equipment, which is recognised in right-of-use asset, amounting to \$36,045,096 and \$20,469,615, respectively.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and petty cash	\$ 16,017	\$ 14,807
Checking accounts and demand deposits	2,673,264	2,594,385
Time deposits	16,078,567	16,862,294
	<u>\$ 18,767,848</u>	<u>\$ 19,471,486</u>

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

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

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

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 490,801	\$ 490,801
Unlisted stocks	91,058	91,058
	<u>581,859</u>	<u>581,859</u>
Valuation adjustment	574,439	439,723
	<u>\$ 1,156,298</u>	<u>\$ 1,021,582</u>

A. The Company has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,156,298 and \$1,021,582 at December 31, 2019 and 2018, respectively.

B. For the year ended December 31, 2018, for the consideration of operations, the Company sold shares of listed stocks with a fair value of \$342,661 of which a cumulative disposal gain of \$13,332 was recognised.

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

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>134,715</u>	\$ <u>53,906</u>
Income tax recognised in other comprehensive income	\$ <u>5,115</u>	\$ <u>6,699</u>
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>-</u>	\$ <u>13,332</u>
Dividend income recognised in profit or loss held at end of period	\$ <u>45,631</u>	\$ <u>48,031</u>

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$1,156,298 and \$1,021,582, respectively.

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

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Time deposits with maturity over three months	\$ 1,401,856	\$ 2,200,971
Pledged time deposits	<u>186,941</u>	<u>121,632</u>
	<u>\$ 1,588,797</u>	<u>\$ 2,322,603</u>
Non-current items:		
Financial bonds	<u>\$ 100,000</u>	<u>\$ 100,000</u>

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

	Year ended <u>December 31, 2019</u>	Year ended <u>December 31, 2018</u>
Interest income	\$ <u>32,030</u>	\$ <u>28,547</u>

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$1,688,797 and \$2,422,603, respectively.

C. Information relating to financial assets at amortised cost pledged as collaterals is provided in Note 8.

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

(4) Notes and accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 166	\$ 43
Less: Allowance for bad debts	-	-
	<u>\$ 166</u>	<u>\$ 43</u>
Accounts receivable (including related parties)	\$ 2,990,323	\$ 3,423,679
Less: Allowance for bad debts	( 889)	( 65,249)
	<u>\$ 2,989,434</u>	<u>\$ 3,358,430</u>
Overdue receivables (recorded as other non-current assests)	\$ 69,130	\$ -
Less: Allowance for bad debts	( 69,130)	-
	<u>\$ -</u>	<u>\$ -</u>

A. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable are as follows:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not impaired	\$ 2,668,512	\$ 166	\$ 2,432,278	\$ 43
Up to 30 days	321,811	-	638,199	-
31 to 180 days	-	-	329,594	-
Over 181 days	69,130	-	23,608	-
	<u>\$ 3,059,453</u>	<u>\$ 166</u>	<u>\$ 3,423,679</u>	<u>\$ 43</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2019, December 31, 2018 and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to \$1,769,896, \$2,075,935 and \$2,321,098, respectively.

C. The Company has no notes and accounts receivable held by the Company pledged to others.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$166 and \$43, respectively; and the amount that best represents the Company's accounts receivable (including notes receivable) were \$2,989,434 and \$3,358,430, respectively.

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

(5) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 972,539	\$ -	\$ 972,539

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 908,122	\$ -	\$ 908,122

(6) Other current assets

	December 31, 2019	December 31, 2018
Shipowner's accounts	\$ 849,660	\$ 1,270,841
Agent accounts	843,942	417,986
Temporary debits	711,649	963,602
	<u>\$ 2,405,251</u>	<u>\$ 2,652,429</u>

A. Shipowner's 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.

B. Agency accounts

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

C. Temporary debits are mainly subject to the account of settlements between other carriers and the OCEAN Alliance, which the Company formed in response to market competition and enhancement of global transportation network to provide better logistics services to customers with Cosco Container Lines Co., Ltd., CMA CGM, Ltd., and the Orient Overseas Container Line, Ltd. on March 31, 2017 for trading of shipping space.

(7) Investments accounted for using equity method

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiary of the Company:		
Peony Investment S.A.	\$ 26,367,069	\$ 28,571,763
Evergreen Marine (Hong Kong) Ltd.	7,212,594	7,218,598
Everport Terminal Services Inc.	1,703,680	1,047,007
Taiwan Terminal Services Co., Ltd.	54,526	53,286
Evergreen Shipping Agency (Israel) Ltd.	21,213	-
Associates of the Company:		
EVA Airways Corporation	11,399,909	10,334,116
Evergreen International Storage and Transport Corporation	9,098,692	8,981,075
Taipei Port Container Terminal Corporation	1,083,116	1,026,338
Chang Yang Development Co., Ltd.	553,210	544,057
VIP Greenport Joint Stock Company	277,274	253,668
Evergreen Security Corporation	113,705	111,665
Evergreen Marine (Latin America), S.A.	3,383	3,474
	<u>\$ 57,888,371</u>	<u>\$ 58,145,047</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Evergreen International Storage and Transport Corporation	\$ 6,180,433	\$ 5,814,345
EVA Airways Corporation	10,677,440	11,294,242
	<u>\$ 16,857,873</u>	<u>\$ 17,108,587</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. Subsidiary:

(a) For information on the subsidiaries, please refer to Note 4(3) of the consolidated financial statements as of December 31, 2019.

(b) On August 13, 2018, the Board of Directors of the subsidiary, Evergreen Marine (Hong Kong) Ltd., resolved to acquire Hatsu Marine (Hong Kong) Limited. On December 14, 2018, the Company purchased 100% of the shares of Hatsu Marine (Hong Kong) Limited. for cash of \$3,265,341 (approx. USD 105,808) from other related party Chestnut Estate B.V.. Please refer to Note 6(33) to the consolidated financial statements of 2019.

D. The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Ownership(%)		Nature of relationship	Methods of measurement
		December 31, 2019	December 31, 2018		
		Evergreen International Storage and Transport Corporation	TW		
EVA Airways Corporation	TW	16.00%	16.31%	Have a right to vote in the Board of Directors	Equity method

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

Balance sheet

	Evergreen International Storage and Transport Corporation	
	December 31, 2019	December 31, 2018
Current assets	\$ 6,121,815	\$ 6,066,455
Non-current assets	28,889,987	27,152,629
Current liabilities	( 2,703,450)	( 2,418,658)
Non-current liabilities	( 9,485,576)	( 8,269,749)
Total net assets	<u>\$ 22,822,776</u>	<u>\$ 22,530,677</u>
Share in associate's net assets	\$ 9,098,692	\$ 8,982,546
Unrealized income with affiliated companies	( 2,394)	( 1,471)
Carrying amount of the associate	<u>\$ 9,096,298</u>	<u>\$ 8,981,075</u>
	EVA Airways Corporation	
	December 31, 2019	December 31, 2018
Current assets	\$ 77,199,776	\$ 75,996,433
Non-current assets	279,051,918	165,197,470
Current liabilities	( 82,441,715)	( 60,922,876)
Non-current liabilities	( 195,667,963)	( 110,151,292)
Total net assets	<u>\$ 78,142,016</u>	<u>\$ 70,119,735</u>
Share in associate's net assets	<u>\$ 11,399,909</u>	<u>\$ 10,334,116</u>

Statement of comprehensive income

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2019</u>	<u>31, 2018</u>
Revenue	\$ 7,730,682	\$ 7,742,438
Profit for the period from continuing operations	\$ 845,274	\$ 870,248
Other comprehensive income (loss), net of tax	( 180,711)	351,587
Total comprehensive income	<u>\$ 664,563</u>	<u>\$ 1,221,835</u>
Dividends received from associates	<u>\$ 150,742</u>	<u>\$ 148,422</u>

	<u>EVA Airways Corporation</u>	
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2019</u>	<u>31, 2018</u>
Revenue	\$ 181,275,258	\$ 179,907,332
Profit for the period from continuing operations	\$ 4,851,875	\$ 7,214,513
Other comprehensive income (loss), net of tax	1,800,103	( 543,495)
Total comprehensive income	<u>\$ 6,651,978</u>	<u>\$ 6,671,018</u>
Dividends received from associates	<u>\$ 374,935</u>	<u>\$ 136,157</u>

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

As of December 31, 2019 and 2018, the carrying amount of the Company's individually immaterial associates amounted to \$2,030,688 and \$1,939,202, respectively.

	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2019</u>	<u>31, 2018</u>
Profit for the period from continuing operations	\$ 666,234	\$ 676,960
Other comprehensive loss, net of tax	( 6,245)	( 3,309)
Total comprehensive income	<u>\$ 659,989</u>	<u>\$ 673,651</u>

- G. On October 8, 2018, the Board of Directors during their meeting resolved to acquire 6,629 thousand shares of Evergreen International Storage and Transport Corporation's shares from stock exchange market, the transaction price was \$86,894, and the ownership percentage was increased to 40.36% after the purchase.
- H. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, subscription price of \$13 (in dollars) per share, whose total price of \$508,944. In addition, the effective date was set on January 24, 2019 and after the acquisition, the Company's share interest was decreased to 16.10%. Moreover, the share interest further decreased to 16% as of December 31, 2019 after many conversions from corporate bonds to stocks took place in EVA Airways Corporation for the year ended December 31, 2019.
- I. On March 20, 2019, the Board of Directors of the Company resolved to establish a subsidiary, Evergreen Shipping Agency (Israel) Ltd., in Israel. The capital for establishment is ILS 1,800 (approx. USD 500), and the Company holds 59% of its equity in cash of approximately \$ 9,355.

(8) Property, plant and equipment

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Other	Total
<u>At January 1, 2019</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,079,916	\$ 143,644	\$ 6,356,030	\$ 33,861,484	\$ 206,679	\$ 565,838	\$ 77,909	\$ 48,252,988
Accumulated depreciation	-	( 214,894)	( 4,310,231)	( 117,118)	( 2,103,788)	( 5,808,751)	( 183,793)	( 461,876)	( 7,011)	( 13,207,462)
	<u>\$ 558,532</u>	<u>\$ 188,062</u>	<u>\$ 1,769,685</u>	<u>\$ 26,526</u>	<u>\$ 4,252,242</u>	<u>\$ 28,052,733</u>	<u>\$ 22,886</u>	<u>\$ 103,962</u>	<u>\$ 70,898</u>	<u>\$ 35,045,526</u>
<u>2019</u>										
Opening net book amount as at January 1	\$ 558,532	\$ 188,062	\$ 1,769,685	\$ 26,526	\$ 4,252,242	\$ 28,052,733	\$ 22,886	\$ 103,962	\$ 70,898	\$ 35,045,526
Additions	-	-	58,283	10,515	799,399	62,992	6,361	8,899	917	947,366
Disposals	-	-	-	( 267)	( 4,920)	-	( 1)	-	-	( 5,188)
Reclassifications	-	-	-	17,500	-	3,207,348	-	1,335	-	3,226,183
Depreciation	-	( 7,748)	( 178,715)	( 17,718)	( 542,776)	( 1,431,175)	( 15,284)	( 81,640)	( 4,347)	( 2,279,403)
Closing net book amount as at December 31	<u>\$ 558,532</u>	<u>\$ 180,314</u>	<u>\$ 1,649,253</u>	<u>\$ 36,556</u>	<u>\$ 4,503,945</u>	<u>\$ 29,891,898</u>	<u>\$ 13,962</u>	<u>\$ 32,556</u>	<u>\$ 67,468</u>	<u>\$ 36,934,484</u>
<u>At December 31, 2019</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,138,199	\$ 154,030	\$ 7,145,872	\$ 37,131,824	\$ 212,315	\$ 576,073	\$ 78,826	\$ 52,398,627
Accumulated depreciation	-	( 222,642)	( 4,488,946)	( 117,474)	( 2,641,927)	( 7,239,926)	( 198,353)	( 543,517)	( 11,358)	( 15,464,143)
	<u>\$ 558,532</u>	<u>\$ 180,314</u>	<u>\$ 1,649,253</u>	<u>\$ 36,556</u>	<u>\$ 4,503,945</u>	<u>\$ 29,891,898</u>	<u>\$ 13,962</u>	<u>\$ 32,556</u>	<u>\$ 67,468</u>	<u>\$ 36,934,484</u>

	Land	Buildings	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Other	Total
<u>At January 1, 2018</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,043,080	\$ 137,898	\$ 5,034,842	\$ 25,314,393	\$ 207,819	\$ 555,741	\$ 73,690	\$ 38,328,951
Accumulated depreciation	-	( 207,146)	( 4,149,926)	( 115,362)	( 1,654,349)	( 4,566,856)	( 169,263)	( 344,009)	( 3,553)	( 11,210,264)
	<u>\$ 558,532</u>	<u>\$ 195,810</u>	<u>\$ 1,893,154</u>	<u>\$ 22,536</u>	<u>\$ 3,380,493</u>	<u>\$ 20,747,537</u>	<u>\$ 38,556</u>	<u>\$ 211,732</u>	<u>\$ 70,337</u>	<u>\$ 27,118,687</u>
<u>2018</u>										
Opening net book amount as at January 1	\$ 558,532	\$ 195,810	\$ 1,893,154	\$ 22,536	\$ 3,380,493	\$ 20,747,537	\$ 38,556	\$ 211,732	\$ 70,337	\$ 27,118,687
Additions	-	-	4,038	17,682	1,323,549	56,301	2,214	10,097	389	1,414,270
Disposals	-	-	( 1)	( 106)	( 2,478)	-	( 9)	-	-	( 2,594)
Reclassifications	-	-	50,697	818	1,989	8,490,790	-	-	3,830	8,548,124
Depreciation	-	( 7,748)	( 178,203)	( 14,404)	( 451,311)	( 1,241,895)	( 17,875)	( 117,867)	( 3,658)	( 2,032,961)
Closing net book amount as at December 31	<u>\$ 558,532</u>	<u>\$ 188,062</u>	<u>\$ 1,769,685</u>	<u>\$ 26,526</u>	<u>\$ 4,252,242</u>	<u>\$ 28,052,733</u>	<u>\$ 22,886</u>	<u>\$ 103,962</u>	<u>\$ 70,898</u>	<u>\$ 35,045,526</u>
<u>At December 31, 2018</u>										
Cost	\$ 558,532	\$ 402,956	\$ 6,079,916	\$ 143,644	\$ 6,356,030	\$ 33,861,484	\$ 206,679	\$ 565,838	\$ 77,909	\$ 48,252,988
Accumulated depreciation	-	( 214,894)	( 4,310,231)	( 117,118)	( 2,103,788)	( 5,808,751)	( 183,793)	( 461,876)	( 7,011)	( 13,207,462)
	<u>\$ 558,532</u>	<u>\$ 188,062</u>	<u>\$ 1,769,685</u>	<u>\$ 26,526</u>	<u>\$ 4,252,242</u>	<u>\$ 28,052,733</u>	<u>\$ 22,886</u>	<u>\$ 103,962</u>	<u>\$ 70,898</u>	<u>\$ 35,045,526</u>

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

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

(9) Leasing arrangements – lessee/ Financial liabilities for hedging

Effective 2019

A. The Company leases various assets including land, buildings, and ships. Rental contracts are typically made for periods of 3 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise ships. Low-value assets comprise office equipment and other equipment.

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

	Year ended	
	<u>December 31, 2019</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 1,939,568	\$ 671,620
Buildings	88,581	44,291
Ships	<u>20,469,615</u>	<u>1,798,573</u>
	<u>\$ 22,497,764</u>	<u>\$ 2,514,484</u>

D. For the year ended December 31, 2019, the additions to right-of-use assets was \$10,654,719.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended
	<u>December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 542,509
Expense on short-term lease contracts	6,355
Expense on leases of low-value assets	3,996

F. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$2,847,675.

G. To hedge the impact of expected variable exchange rate risk arising from US dollar denominated lease liabilities payable, the Company designated US dollar denominated lease contracts as the hedging instruments for hedging the foreign exchange variation of future US dollar denominated marine freight income and adopted cash flow hedge accounting. Moreover, the effective portion with respect to the changes in cash flows of the hedging instruments is deferred to recognise in gains (loss) on hedging instruments, which is under other equity interest, and will be directly included in the marine freight income when the hedged items are subsequently recognised in the income. Details of relevant transactions are as follows:

December 31, 2019			
Hedged items	Designated as hedging instruments	Contract period	Book value
Expected US dollar denominated marine freight income transaction	US dollar denominated lease liabilities	2019.1.1~2034.8.15	<u>\$ 20,188,942</u>

(a) Lease liabilities designated as hedges (recorded as financial liabilities for hedging)

	<u>December 31, 2019</u>
Cash flow hedges:	
<u>Exchange rate risk</u>	
Lease liability contracts designated as hedges	
Current liabilities	\$ 1,861,026
Non-current liabilities	18,327,916
	<u>\$ 20,188,942</u>

(b) Other equity - cash flow hedge reserve

	<u>2019</u>
At January 1	\$ -
Add: income on hedge effectiveness-amount recognised in other comprehensive income	447,499
Add: Reclassified to freight revenue as the hedged item has affected profit or loss	12,639
At December 31	<u>\$ 460,138</u>

(c) For the year ended December 31, 2019, there are no cash flow hedges transactions of ineffective portion should be recognised in profit or loss.

(d) Information relating to the fair values of abovementioned hedging financial liabilities is provided in Note 12(3).

H. The amounts of lease liabilities (net of the lease liabilities designated as hedges) of the Company on December 31, 2019 are as follows:

	<u>December 31, 2019</u>
Current lease liabilities	\$ 673,042
Current lease liabilities - related parties	44,321
Non-current lease liabilities	1,277,837
Non-current lease liabilities - related parties	44,788
	<u>\$ 2,039,988</u>

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 500,638)	( 500,638)
	<u>\$ 1,414,008</u>	<u>\$ 474,549</u>	<u>\$ 1,888,557</u>
<u>2019</u>			
Opening net book amount as at January 1	\$ 1,414,008	\$ 474,549	\$ 1,888,557
Depreciation charge	-	( 19,145)	( 19,145)
Closing net book amount as at December 31	<u>\$ 1,414,008</u>	<u>\$ 455,404</u>	<u>\$ 1,869,412</u>
<u>At December 31, 2019</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 519,783)	( 519,783)
	<u>\$ 1,414,008</u>	<u>\$ 455,404</u>	<u>\$ 1,869,412</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 481,493)	( 481,493)
	<u>\$ 1,414,008</u>	<u>\$ 493,694</u>	<u>\$ 1,907,702</u>
<u>2018</u>			
Opening net book amount as at January 1	\$ 1,414,008	\$ 493,694	\$ 1,907,702
Depreciation charge	-	( 19,145)	( 19,145)
Closing net book amount as at December 31	<u>\$ 1,414,008</u>	<u>\$ 474,549</u>	<u>\$ 1,888,557</u>
<u>At December 31, 2018</u>			
Cost	\$ 1,414,008	\$ 975,187	\$ 2,389,195
Accumulated depreciation	-	( 500,638)	( 500,638)
	<u>\$ 1,414,008</u>	<u>\$ 474,549</u>	<u>\$ 1,888,557</u>

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

	Year ended December 31, 2019	Year ended December 31, 2018
Rental income from investment property	\$ 103,058	\$ 101,447
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 19,145	\$ 19,145
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ -	\$ -

B. The fair value of the investment property held by the Company as at December 31, 2019 and 2018 was \$3,390,912 and \$3,566,686, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property, which is categorised within Level 2 in the fair value hierarchy.

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

(11) Other non-current assets

	December 31, 2019	December 31, 2018
Prepayments for equipment	\$ 1,154,130	\$ 957,350
Refundable deposits	18,091	19,261
	\$ 1,172,221	\$ 976,611

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

	Year ended December 31, 2019	Year ended December 31, 2018
Amount capitalised	\$ 9,912	\$ 31,368
Interest rate	0.86%~1.59%	0.86%~1.59%

B. Movement in prepayments for equipment for the years ended December 31, 2019 and 2018 are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
At January 1	\$ 957,350	\$ 3,235,888
Additions	3,422,963	6,269,586
Reclassified to property, plant and equipment	( 3,226,183)	( 8,548,124)
At December 31	\$ 1,154,130	\$ 957,350

(12) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Long-term liabilities - current portion	\$ 8,584,919	\$ 6,376,400
Shipowner's accounts	1,075,906	1,609,680
Agency accounts	609,288	1,047,237
Others	6,987	7,503
	<u>\$ 10,277,100</u>	<u>\$ 9,040,820</u>

(13) Corporate bonds payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Domestic secured corporate bonds	\$ 10,000,000	\$ 10,000,000
Less: Current portion or exercise of put options	-	-
	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>

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

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

(b) Coupon rate: 1.05% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

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

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

(b) Coupon rate: 0.86% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(14) Long-term loans

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Secured bank loans	\$ 20,326,895	\$ 22,579,047
Unsecured bank loans	18,040,883	17,296,382
Add: Unrealized foreign exchange loss	49,713	223,179
Less: Deferred expenses - hosting fee credit	( 13,687)	( 13,417)
	38,403,804	40,085,191
Less: Current portion (recorded as other current liabilities)	( 8,584,919)	( 6,376,400)
	<u>\$ 29,818,885</u>	<u>\$ 33,708,791</u>
Maturity range	2020.04~2027.03	2019.03~2027.03
Interest rate	1.12%~3.80%	1.12%~3.80%

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, 2019</u>	<u>December 31, 2018</u>
Accrued pension liabilities	\$ 1,290,072	\$ 1,321,223
Guarantee deposits received	12,190	12,370
	<u>\$ 1,302,262</u>	<u>\$ 1,333,593</u>

(16) Pension

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 1,876,357)	(\$ 1,847,634)
Fair value of plan assets	<u>586,285</u>	<u>526,411</u>
Net defined benefit liability	<u>(\$ 1,290,072)</u>	<u>(\$ 1,321,223)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 1,847,634)	\$ 526,411	(\$ 1,321,223)
Current service cost	( 13,614)	-	( 13,614)
Interest (expense) income	( 17,990)	5,296	( 12,694)
Past service cost	425	-	425
Curtailment(Settlement)	<u>336</u>	<u>-</u>	<u>336</u>
	<u>( 1,878,477)</u>	<u>531,707</u>	<u>( 1,346,770)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	18,489	18,489
Change in financial assumptions	( 44,395)	-	( 44,395)
Experience adjustments	<u>( 49,335)</u>	<u>-</u>	<u>( 49,335)</u>
	<u>( 93,730)</u>	<u>18,489</u>	<u>( 75,241)</u>
Pension fund contribution	-	108,505	108,505
Paid settlement	6,056	-	6,056
Paid pension	<u>89,794</u>	<u>( 72,416)</u>	<u>17,378</u>
Balance at December 31	<u>(\$ 1,876,357)</u>	<u>\$ 586,285</u>	<u>(\$ 1,290,072)</u>

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2019	Year ended December 31, 2018
Discount rate	<u>0.75%</u>	<u>1.00%</u>
Future salary increases	<u>2.00%</u>	<u>2.00%</u>

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	<u>(\$ 44,328)</u>	<u>\$ 45,979</u>	<u>\$ 30,979</u>	<u>(\$ 29,999)</u>
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	<u>(\$ 44,122)</u>	<u>\$ 45,798</u>	<u>\$ 29,815</u>	<u>(\$ 28,837)</u>

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 amounts to \$101,978.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 10 years.

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

Within 1 year	\$	99,293
1~2 years		95,590
2~5 years		312,160
Over 5 years		1,496,938
	<u>\$</u>	<u>2,003,981</u>

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

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were \$87,980 and \$52,913, respectively.

(17) Capital stock

- A. As of December 31, 2019, the Company's authorised capital was \$50,000,000, and the paid-in capital was \$48,129,738, divided into 4,812,974 thousand shares of common stocks with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On August 13, 2019, the Board of Directors of the Company resolved to increase capital of \$3,000,000 by issuing 300,000 thousand shares at a par value of \$10 (in dollars) per share. Of which 30,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on December 3, 2019. The amount of shares was \$3,333,934. All proceeds from share issuance was completed on December 31, 2019.
- C. On August 13, 2018, the Board of Directors of the Company resolved to increase capital of \$3,000,000 by issuing 300,000 thousand shares at a par value of \$10 (in dollars) per share. Of which 50,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on November 28, 2018. The amount of shares was \$3,226,890. All proceeds from share issuance was completed on December 21, 2018.
- D. The stockholders at their annual stockholders meeting on June 21, 2018, resolved to issue 200,618 thousand shares through capitalization of unappropriated retained earnings of \$2,006,178. The proposal of the capitalisation of earnings was filed online with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect on July 31, 2018. The Company had filed registration of the capital increase through capitalisation of earnings with the Ministry of Economic Affairs on September 18, 2018.

(18) Capital surplus

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

Year ended December 31, 2019

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	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 8,833,283	\$ 93,890	\$ 2,124,813	\$ 446	\$ 6,713
Issuance of common stock for cash	333,934	17,066	-	-	-
Recognition of change in equity of associates in portion to the Company's ownership	-	-	( 2,708)	-	-
At December 31	<u>\$ 9,167,217</u>	<u>\$ 110,956</u>	<u>\$ 2,122,105</u>	<u>\$ 446</u>	<u>\$ 6,713</u>

Year ended December 31, 2018

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

(19) Retained earnings

	Year ended December 31, 2019	Year ended December 31, 2018
At January 1	\$ 3,776,643	\$ 6,769,575
Retrospective application	-	276,681
Balance at 1 January after adjustments	\$ 3,776,643	\$ 7,046,256
Profit for the year	112,519	293,919
Legal reserve used to cover accumulated deficit	-	-
Distribution of earnings	( 29,392)	( 3,509,166)
Remeasurement on post employment benefit obligations, net of tax	( 197,673)	( 71,341)
Adjustments to share of changes in equity of associates and joint ventures	( 3,055)	3,643
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	13,332
At December 31	<u>\$ 3,659,042</u>	<u>\$ 3,776,643</u>

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

B. Dividend policy

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

C. Legal reserve

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

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

E. The appropriation of 2017 earnings was adopted by the stockholders on June 21, 2018 is as follows:

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

F. The appropriation of 2018 earnings was adopted by the stockholders on June 21, 2019 is as follows:

	<u>Year ended December 31, 2018</u>
	<u>Amount</u>
Accrual of legal reserve	<u>\$ 29,392</u>

G. For the year ended December 31, 2019, the Company's net income after tax plus other items including current unappropriated retained earnings are negative, thus the Company will not provision legal reserve. Additionally, the Company will retain attributable earnings for future operating plan, thus the Company will not appropriate shareholders' bonus.

As of the reporting date, the distribution of earnings for the year of 2019 has not been resolved by the shareholders.

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

(20) Other equity items

	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1, 2019	\$ 1,234,225	(\$ 58,649)	\$ 17,580	\$ 1,193,156
Revaluation – gross	134,715	-	-	134,715
Revaluation – tax	5,115	-	-	5,115
Revaluation – associates	37,531	-	-	37,531
Revaluation transferred to retained earnings – associates	52	-	-	52
Cash flow hedges:				
– Fair value gain in the period				
– Parent	-	460,138	-	460,138
– Parent – tax	-	( 92,028)	-	( 92,028)
– Associates	-	270,296	-	270,296
Currency translation differences:				
– Parent	-	-	( 755,051)	( 755,051)
– Parent – tax	-	-	18	18
– Associates	-	-	( 119,320)	( 119,320)
At December 31, 2019	<u>\$ 1,411,638</u>	<u>\$ 579,757</u>	<u>(\$ 856,773)</u>	<u>\$ 1,134,622</u>
	Unrealised			
	gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1, 2018	\$ 1,833,339	(\$ 15,912)	(\$ 1,135,114)	\$ 682,313
Effects of retrospective application	( 279,677)	-	-	( 279,677)
Balance at January 1 after retrospective adjustments	\$ 1,553,662	(\$ 15,912)	(\$ 1,135,114)	\$ 402,636
Revaluation – gross	67,238	-	-	67,238
Revaluation – tax	( 6,350)	-	-	( 6,350)
Revaluation – associates	( 362,259)	-	-	( 362,259)
Revaluation transferred to retained earnings – gross	( 13,332)	-	-	( 13,332)
Revaluation transferred to retained earnings – associates	( 4,734)	-	-	( 4,734)
Cash flow hedges:				
– Fair value loss in the period				
– Associates	-	( 42,737)	-	( 42,737)
Currency translation differences:				
– Parent	-	-	1,004,409	1,004,409
– Parent – tax	-	-	746	746
– Associates	-	-	147,539	147,539
At December 31, 2018	<u>\$ 1,234,225</u>	<u>(\$ 58,649)</u>	<u>\$ 17,580</u>	<u>\$ 1,193,156</u>

(21) Operating revenue

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from contracts with customers	\$ 44,081,161	\$ 33,747,653
Other - ship rental and slottage income	605,977	246,918
	<u>\$ 44,687,138</u>	<u>\$ 33,994,571</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2019	Asia	America	Europe	Other	Total
Revenue from external customer contracts	\$ 14,551,189	\$ 15,931,117	\$ 9,175,988	\$ 665,486	\$ 40,323,780
Inter-segment revenue	1,164,695	2,007,692	584,994	-	3,757,381
Total segment revenue	<u>\$ 15,715,884</u>	<u>\$ 17,938,809</u>	<u>\$ 9,760,982</u>	<u>\$ 665,486</u>	<u>\$ 44,081,161</u>

Year ended December 31, 2018	Asia	America	Europe	Other	Total
Revenue from external customer contracts	\$ 10,056,018	\$ 14,570,446	\$ 5,788,675	\$ 1,002,475	\$ 31,417,614
Inter-segment revenue	112,805	1,493,799	723,435	-	2,330,039
Total segment revenue	<u>\$ 10,168,823</u>	<u>\$ 16,064,245</u>	<u>\$ 6,512,110</u>	<u>\$ 1,002,475</u>	<u>\$ 33,747,653</u>

B. Contract assets and liabilities

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

	December 31, 2019	December 31, 2018	January 1, 2018
Contract assets:			
Contract assets relating to marine freight income	<u>\$ 372,492</u>	<u>\$ 682,327</u>	<u>\$ 379,349</u>
Contract liabilities:			
Contract liabilities – unearned marine freight income	<u>\$ 536,774</u>	<u>\$ 431,290</u>	<u>\$ 453,208</u>

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

	Year ended December 31, 2019	Year ended December 31, 2018
Marine freight income	\$ 431,290	\$ 453,208
(22) <u>Other gains -net</u>		
	Year ended December 31, 2019	Year ended December 31, 2018
Gains on disposal of property, plant and equipment	\$ 4,649	\$ 7,594
(23) <u>Other income</u>		
	Year ended December 31, 2019	Year ended December 31, 2018
Interest income:		
Interest income from bank deposits	\$ 284,290	\$ 230,637
Interest income from financial assets other than financial assets at fair value through profit or loss	32,030	28,547
Rental revenue	115,918	102,599
Dividend income	45,631	58,560
Other income – others	38,757	160,441
	\$ 516,626	\$ 580,784
(24) <u>Other gains and losses</u>		
	Year ended December 31, 2019	Year ended December 31, 2018
Net currency exchange gains	\$ 125,466	\$ 123,543
Losses on disposal of investments	( 36)	-
Gains arising from lease modifications	1,237	-
Depreciation charges on investment property	( 19,145)	( 19,145)
Other non-operating expenses	( 90,391)	( 84,917)
	\$ 17,131	\$ 19,481
(25) <u>Finance costs</u>		
	Year ended December 31, 2019	Year ended December 31, 2018
Interest expense:		
Bank borrowings	\$ 671,128	\$ 624,139
Corporate bonds	101,200	92,859
Lease liabilities	542,509	-
Other	-	6
	1,314,837	717,004
Less: Capitalisation of qualifying assets	( 9,912)	( 31,368)
Finance costs	\$ 1,304,925	\$ 685,636

(26) Expenses by nature

	Year ended December 31, 2019	Year ended December 31, 2018
Employee benefit expense	\$ 2,687,938	\$ 2,057,266
Depreciation charges on property, plant and equipment	2,279,403	2,032,961
Depreciation charges on right-of-use assets	2,514,484	-
Amortisation charges on intangible assets	16,458	20,572
Stevedorage	12,622,384	10,489,596
Inland haulage and canal due	9,164,021	7,230,512
Bunker fuel	7,036,586	5,780,146
Operating lease payments	284,512	3,078,682
Commission	1,980,339	1,617,074
Port charge	1,595,565	1,289,220
Ship supplies and lubricant oil	285,814	276,155
Professional service and data service expenses	1,665,179	223,548
Other operating costs and expenses	2,382,542	325,123
	<u>\$ 44,515,225</u>	<u>\$ 34,420,855</u>

(27) Employee benefit expense

	Year ended December 31, 2019	Year ended December 31, 2018
Wages and salaries	\$ 2,272,371	\$ 1,740,534
Labor and health insurance fees	175,721	131,854
Pension costs	113,527	83,441
Directors' remuneration	9,074	9,303
Other personnel expenses	117,245	92,134
	<u>\$ 2,687,938</u>	<u>\$ 2,057,266</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.5% for employees' compensation and shall not be higher than 2% for directors' remuneration. Aforementioned earnings was current income before tax without reducing employees' compensation and directors' remuneration.

B.(a)For the year ended December 31, 2019, the Company generated loss and thus did not accrue employees' and supervisors' remuneration.

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

Employees' compensation and directors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2018.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax (benefit) expense:

	Year ended December 31, 2019	Year ended December 31, 2018
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Tax on undistributed earnings	-	283,973
Prior year income tax overestimation	3,277	(4,738)
Total current tax	<u>3,277</u>	<u>279,235</u>
Deferred tax:		
Origination and reversal of temporary differences	(164,996)	(110,609)
Impact of change in tax rate	-	46,959
Total deferred tax	<u>(164,996)</u>	<u>(63,650)</u>
Income tax (benefit) expense	<u>(\$ 161,719)</u>	<u>\$ 215,585</u>

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

	Year ended December 31, 2019	Year ended December 31, 2018
Changes in fair value of available -for-sale financial assets	\$ 5,115	(\$ 6,699)
Currency translation differences	18	(33)
Remeasurement of defined benefit obligations	15,048	9,504
Cash flow hedges	(92,028)	-
Share of other comprehensive income of associates	8,680	18,392
Impact of change in tax rate	-	4,891
	<u>(\$ 63,167)</u>	<u>\$ 26,055</u>

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

	Year ended December 31, 2019	Year ended December 31, 2018
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	(\$ 86)	(\$ 115)
Reduction in retained earnings caused by recognition of foreign not based on the shareholding ratio	2	146
Effects of retrospective application	-	182
Impact of change in tax rate	-	95
	<u>(\$ 84)</u>	<u>\$ 308</u>

B. Reconciliation between income tax (benefit) expense and accounting profit

	Year ended December 31, 2019	Year ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	(\$ 9,840)	\$ 101,901
Expenses disallowed by tax regulation	21,472	18,293
Tax exempt income by tax regulation	( 182,090)	( 299,273)
Prior year income tax overestimation	3,277	( 4,738)
Effect from investment tax credits	-	42,068
Effect from tax losses	5,462	26,647
Tax on undistributed earnings	-	283,973
Change in assessment of realisation of deferred tax assets	-	( 245)
Impact of change in tax rate	-	46,959
Income tax (benefit) expense	<u>(\$ 161,719)</u>	<u>\$ 215,585</u>

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

	2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
— Deferred tax assets:					
Temporary differences:					
Bad debts expense	\$ 16,417	(\$ 41)	\$ -	\$ -	\$ 16,376
Loss on valuation of financial assets	-	-	744	-	744
Deferred profit from disposal of loading and unloading equipment	14,588	( 1,787)	-	-	12,801
Unrealized expense	14,338	44,546	-	-	58,884
Unrealized exchange loss	31,146	( 2,513)	-	-	28,633
Pension fund contribution	196,145	( 21,278)	-	-	174,867
Remeasurements of defined benefit obligation	68,099	-	15,048	-	83,147
Net operating loss carryforward	<u>345,617</u>	<u>73,053</u>	<u>-</u>	<u>-</u>	<u>418,670</u>
	<u>686,350</u>	<u>91,980</u>	<u>15,792</u>	<u>-</u>	<u>794,122</u>
— Deferred tax liabilities:					
Temporary differences:					
Gain on valuation of financial assets	(\$ 4,371)	\$ -	\$ 4,371	\$ -	\$ -
Equity-accounted investment income	( 788,600)	73,016	8,698	( 84)	(\$ 706,970)
Cash flow hedges	-	-	( 92,028)	-	( 92,028)
	<u>( 792,971)</u>	<u>73,016</u>	<u>( 78,959)</u>	<u>( 84)</u>	<u>( 798,998)</u>
	<u>(\$ 106,621)</u>	<u>\$ 164,996</u>	<u>(\$ 63,167)</u>	<u>(\$ 84)</u>	<u>(\$ 4,876)</u>

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

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

December 31, 2019					
Year incurred	Amount filed	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due	
2019	\$ 392,576	\$ 392,576	\$ -	2029	
2018	671,047	671,047	-	2028	
2017	12,894	12,894	-	2027	
2016	747,045	747,045	-	2026	
2015	269,787	269,787	-	2025	
	<u>\$ 2,093,349</u>	<u>\$ 2,093,349</u>	<u>\$ -</u>		

December 31, 2018

Year incurred	Amount filed	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
2018	\$ 671,047	\$ 671,047	\$ -	2028
2017	40,204	40,204	-	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	<u>\$ 1,728,083</u>	<u>\$ 1,728,083</u>	<u>\$ -</u>	

- E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were \$12,524,548 and \$13,656,982, respectively.
- F. As of December 31, 2019, the Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.
- G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(29) Earnings (loss) per share

	Year ended December 31, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 112,519	4,536,809	\$ 0.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 112,519	4,536,809	\$ 0.02

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

(30) Supplemental cash flow information

Investing activities with partial cash payments

A. Property, plant and equipment

	Year ended December 31, 2019	Year ended December 31, 2018
Purchase of property, plant and equipment	\$ 947,366	\$ 1,414,270
Add: Opening balance of payable on equipment	4,274	8,429
Less: Ending balance of payable on equipment	(2,500)	(4,274)
Cash paid during the year	\$ 949,140	\$ 1,418,425

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

	Year ended December 31, 2019	Year ended December 31, 2018
Purchase of prepayments for equipment	\$ 3,422,963	\$ 6,269,586
Add: Opening balance of payable on prepayments for equipment	154	38,001
Less: Ending balance of payable on prepayments for equipment	- (	154)
Capitalisation of qualifying assets	( 9,912)	( 31,368)
Cash paid during the year	<u>\$ 3,413,205</u>	<u>\$ 6,276,065</u>

(31) Changes in liabilities from financing activities

	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities and financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2019	\$ 40,085,191	\$ 12,370	\$ -	\$ 40,097,561
Retrospective application	-	-	14,721,437	14,721,437
Changes in cash flow from financing activities	( 1,681,117)	( 180)	( 2,294,815)	( 3,976,112)
Hosting fee credit	( 270)	-	-	( 270)
Changes in other non-cash items	-	-	9,802,308	9,802,308
At December 31, 2019	<u>\$ 38,403,804</u>	<u>\$ 12,190</u>	<u>\$ 22,228,930</u>	<u>\$ 60,644,924</u>

	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2018	\$ 39,690,592	\$ 12,054	\$ 39,702,646
Changes in cash flow from financing activities	397,389	316	397,705
Hosting fee credit	( 2,790)	-	( 2,790)
At December 31, 2018	<u>\$ 40,085,191</u>	<u>\$ 12,370</u>	<u>\$ 40,097,561</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
Evergreen Marine (Hong Kong) Ltd. (EGH)	Subsidiary
Evergreen Shipping Agency (Israel) Ltd. (EIL)	Subsidiary
Evergreen Marine Corp. (Malaysia) SDN BHD (EGM)	Indirect subsidiary
Kingtrans International Logistics (Tianjin) Co., Ltd. (KTIL)	Indirect subsidiary
Clove Holding Ltd. (CLOVE)	Indirect subsidiary
PT. Multi Bina Transport (MBT)	Indirect subsidiary
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary
Greencompass Marine S.A. (GMS)	Indirect subsidiary
Evergreen Heavy Industrial Corp. (Malaysia) Berhad. (EHIC(M))	Indirect subsidiary
Evergreen Marine (UK) Limited (EMU)	Indirect subsidiary
Evergreen Shipping Agency (Europe) GmbH (EEU)	Indirect subsidiary
Evergreen Argentina S.A. (EGB)	Indirect subsidiary
Evergreen Shipping (Spain) S.L. (EES)	Indirect subsidiary
Evergreen Shipping Agency (Italy) S.p.A. (EIT)	Indirect subsidiary
Island Equipment LLC. (Island)	Indirect subsidiary
Armand Investment (Netherlands) N.V. (Armand N.V.)	Indirect subsidiary
Evergreen Shipping Agency (Australia) Pty. Ltd. (EMA)	Indirect subsidiary
Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT)	Indirect subsidiary
Evergreen Shipping Agency (India) Pvt. Ltd. (EGI)	Indirect subsidiary
Evergreen Shipping Agency (Russia) Ltd. (ERU)	Indirect subsidiary
Evergreen Agency (South Africa) (Pty) Ltd. (ESA)	Indirect subsidiary
Evergreen Shipping Agency (Korea) Corporation (EGK)	Indirect subsidiary
Armand Estate B.V. (Armand B.V.)	Indirect subsidiary
Whitney Equipment LLC. (Whitney)	Indirect subsidiary
Hemlock Equipment LLC. (Hemlock)	Indirect subsidiary
Evergreen Shipping Agency (Vietnam) Corp. (EGV)	Indirect subsidiary

Names of related parties	Relationship with the Company
Evergreen Shipping Services (Cambodia) Co., Ltd. (EKH)	Indirect subsidiary
Evergreen Shipping Agency (Chile) SPA. (ECL)	Indirect subsidiary
Evergreen Shipping Agency (PERU) S.A.C. (EPE)	Indirect subsidiary
Evergreen Shipping Agency (Colombia) S.A.S. (ECO)	Indirect subsidiary
Evergreen Shipping Agency Mexico S.A. DE C.V. (EMX)	Indirect subsidiary
Evergreen Shipping Agency (Greece) Societe Anonyme (EGRC)	Indirect subsidiary
Master International Shipping Agency Co., Ltd. (MAC)	Indirect subsidiary
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd. (EVSSHG)	Indirect subsidiary
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd. (EVSNBO)	Indirect subsidiary
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd. (EVSXZN)	Indirect subsidiary
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd. (EVSQND)	Indirect subsidiary
Evergreen International Storage and Transport Corporation (EITC)	Associate
EVA Airways Corporation (EVA)	Associate
Evergreen Security Corporation (ESC)	Associate
Charng Yang Development Co., Ltd. (CYD)	Associate
Taipei Port Container Terminal Corporation (TPCT)	Associate
Ningbo Victory Container Co., Ltd. (NVC)	Associate
Qingdao Evergreen C&T Co., Ltd. (QECT)	Associate
Evergreen Marine (Latin America), S.A. (ELA)	Associate
Evergreen Shipping Agency Lanka (Private) Limited (ELK)	(An Associate since March 1, 2019)
Greenpen Properties Sdn. Bhd. (GPP)	Associate
Luanta Investment (Netherlands) N.V. (Luanta)	Associate
Balsam Investment (Netherlands) N.V. (Balsam)	Associate
Italia Marittima S.p.A. (ITS)	Associate
Colon Container Terminal S.A. (CCT)	Associate
PT. Evergreen Shipping Agency Indonesia (EMI)	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC (UAE)	Associate
VIP Greenport Joint Stock Company (VGP)	Associate
Ics Depot Services Sdn. Bhd. (IDS)	Associate

Names of related parties	Relationship with the Company
Evergreen International Corporation (EIC)	Other related party
Evergreen Airline Services Corporation (EGAS)	Other related party
Chang Yung-Fa Charity Foundation (CYFC)	Other related party
Chang Yung-Fa Foundation (CYFF)	Other related party
Ever Accord Construction Corporation (EAC)	Other related party
Evergreen Aviation Technologies Corporation (EGAT)	Other related party
Evergreen Sky Catering Corporation (EGSC)	Other related party
Evergreen Air Cargo Services Corporation (EGAC)	Other related party
Evergreen Aviation Precision Corporation (EGAP)	Other related party merged into Evergreen Aviation Technologies Corporation on February 28, 2019
Evergreen International S.A. (EIS)	Other related party
Evergreen Marine (Singapore) Pte. Ltd. (EMS)	Other related party
Gaining Enterprise S.A. (GESA)	Other related party
Evergreen Insurance Company Ltd. (EINS)	Other related party
Evergreen Shipping Agency (America) Corporation (EGA)	Other related party
Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related party
Evergreen Shipping Agency Philippines Corporation (EGP)	Other related party
Evergreen International Myanmar Co., Ltd. (EIM)	Other related party
Chestnut Estate B.V. (Chestnut)	Other related party
Advanced Business Process, Inc. (ABPI)	Other related party
Directors, president and vice president	Key management
Note: For information on the subsidiaries, please refer to Note 4(3) of the consolidated financial statements as of December 31, 2019.	

## (2) Significant related party transactions and balances

### A. Sales of services:

	Year ended December 31, 2019	Year ended December 31, 2018
Sales of services:		
Subsidiaries	\$ 3,760,679	\$ 2,343,257
Associates	444,876	501,188
Other related parties	2,186,282	2,875,697
	<u>\$ 6,391,837</u>	<u>\$ 5,720,142</u>

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

B. Purchases of services:

	Year ended December 31, 2019	Year ended December 31, 2018
Purchases of services:		
Subsidiaries	\$ 5,691,253	\$ 5,048,484
Associates	943,669	967,256
Other related parties	2,500,202	2,552,882
	<u>\$ 9,135,124</u>	<u>\$ 8,568,622</u>

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

C. Receivables from related parties:

	December 31, 2019	December 31, 2018
Accounts receivable:		
Subsidiaries	\$ 25,959	\$ 19,082
Associates	66,164	31,688
Other related parties	20,027	48,853
	<u>\$ 112,150</u>	<u>\$ 99,623</u>

	December 31, 2019	December 31, 2018
Other receivables:		
Subsidiaries	\$ 933	\$ 552
Associates	857	627
Other related parties		
— EIC	3,132	179,593
— Others	238	165
	<u>\$ 5,160</u>	<u>\$ 180,937</u>

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

D. Payables to related parties:

	December 31, 2019	December 31, 2018
Accounts payable:		
Subsidiaries	\$ 201,959	\$ 168,691
Associates	32,166	22,679
Other related parties	49,074	2,461
	<u>\$ 283,199</u>	<u>\$ 193,831</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other payables:		
Subsidiaries	\$ -	\$ 28
Associates	6,363	4,224
Other related parties	<u>2,747</u>	<u>2,431</u>
	<u>\$ 9,110</u>	<u>\$ 6,683</u>

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

E. Agency accounts:

(a) Debit balance of agency accounts

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
— EEU	\$ 131,820	\$ -
— EGI	7,310	72,695
— MAC	-	44,944
— Others	53,879	16,060
Associates	50	-
Other related parties		
— EIC	219,154	-
— Others	<u>905</u>	<u>-</u>
	<u>\$ 413,118</u>	<u>\$ 133,699</u>

(b) Credit balance of agency accounts

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
— EGV	\$ 68,694	\$ 46,171
— Others	12,434	53,362
Associates		
— EMI	118,424	101,153
— Others	2,901	3,200
Other related parties		
— EGA	75,997	441,655
— EGJ	233,639	185,565
— Others	<u>3,547</u>	<u>90,464</u>
	<u>\$ 515,636</u>	<u>\$ 921,570</u>

F. Shipowner's accounts:

(a) Debit balance of shipowner's accounts

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
— EMU	\$ 770,731	\$ 675,749
— GMS	-	114,568
Associates		
— ITS	-	279,431
Other related parties		
— EIS	49,973	180,684
— GESA	28,956	20,409
	<u>\$ 849,660</u>	<u>\$ 1,270,841</u>

(b) Credit balance of shipowner's accounts

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries		
— GMS	\$ 409,522	\$ -
— EGH	318,823	613,053
Associates		
— ITS	133,319	-
Other related parties		
— EMS	214,242	996,627
	<u>\$ 1,075,906</u>	<u>\$ 1,609,680</u>

G. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31, 2019</u>	<u>Year ended December 31, 2018</u>
Associates	\$ 4,446	\$ -
Other related parties	172	-
	<u>\$ 4,618</u>	<u>\$ -</u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2019</u>		<u>Year ended December 31, 2018</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Other related parties	<u>\$ 149</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>

H. Lease transactions — lessee

(a) The Company leases buildings and ships from associates and other related parties. Rental contracts are typically made for periods of 2.7 to 3 years. Rents are paid in accordance with the contract terms.

(b) Acquisition of right-of-use assets:

The Company leases buildings and ships from associates and other related parties under IFRS 16 ‘Leases’. Accordingly, on January 1, 2019, the Company increased ‘right-of-use asset’ by \$1,443,795.

(c) Lease liabilities

i Outstanding balance:

	<u>December 31, 2019</u>
Other related parties	\$ 89,109

ii Interest expense

	<u>Year ended December 31, 2019</u>
Other related parties	\$ 1,374

(d) Lease liabilities designated as hedges:

	<u>December 31, 2019</u>
Associates	\$ 94,050
Other related parties	610,456
	<u>\$ 704,506</u>

I. Endorsements and guarantees provided to related parties:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries	\$ 120,843,257	\$ 100,417,641
Associates	3,182,578	3,143,008
	<u>\$ 124,025,835</u>	<u>\$ 103,560,649</u>

J. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, subscription price of \$13 (in dollars) per share, whose total price of \$508,944. In addition, the effective date was set on January 24, 2019. Moreover, the Company purchased 70 thousand shares by specific person, the purchasing proceeds amounted to \$700.

(3) Key management compensation

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and other short-term employee benefits	\$ 37,112	\$ 47,772
Post-employment benefits	2,141	3,138
	<u>\$ 39,253</u>	<u>\$ 50,910</u>

8. PLEGGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2019	December 31, 2018	
Financial assets at amortised cost			
- Pledged time deposits	\$ 186,941	\$ 121,632	Guarantee
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	173,638	181,001	"
-Ships	27,438,884	28,052,733	"
-Loading and unloading equipment	1,030,546	1,094,929	"
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	434,095	452,502	"
	<u>\$ 31,064,197</u>	<u>\$ 31,702,890</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2019, the Company had delegated DBS Bank to issue Standby Letter of Credit amounting to USD 5,000.
- B. As of December 31, 2019, 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 \$38,917,899 and the unutilized credits was \$500,408.
- C. As of December 31, 2019, the amount of guaranteed notes issued by the Company for loans borrowed was \$72,607,919.
- D. To meet operational needs, the Company signed the shipbuilding contracts with Samsung Heavy Industries and Hyundai Mipo Dockyard Co., Ltd. As of December 31, 2019, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 408,800, USD378,200 of which remain unpaid.

- E. In response to international regulations on sulfur content in shipping fuel, the Company entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy and Alfa Laval Nijmegen B.V.. As of December 31, 2019, the total contract prices are USD 16,350 and EUR 1,383, respectively, and USD 10,520 and EUR 277 remain unpaid. Moreover, the Company signed following installation contracts with Huarun Dadong Dockyard Co., Ltd., Globe Oil and Gas Services., as well as Yiu Lian Dockyards (Shekou) Ltd.. As of December 31, 2019, the total price of the contracts amounted to USD 25,277, USD 24,343 of which remain unpaid.
- F. To cooperate with the construction in Kaohsiung Port 7th container center, the Company entered into the technique plan service contract for bridge crane with Liftech Consultants Inc., the total price of the contracts amounted to USD235, USD196 of which remain unpaid.
- G. For the Company's lease contract which was entered into but not completed construction, the expected minimum lease payment in the future was \$14,495,000.

#### 10. SIGNIFICANT DISASTER LOSS

None.

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

- A. To simplify investment structure, on November 11, 2019, the Board of Directors of the Company resolved to acquire 35,421,358 shares of the investee, Taipei Port Container Terminal Corporation, the investment accounted for using equity method, held by the sub-subsidiary, Armand B.V. The transaction amount per share is approximately \$9.941 (in dollars) and the expected transaction amount is \$352,123. The shareholding ratio of Taipei Port Container Terminal Corporation held by the Company will be increased from 21.03% to 27.85% after the transaction. As of the reporting date, the registration for the transfer has been completed.
- B. On March 24, 2020, the proposal to appropriate the accumulated earnings was approved by the Board of Directors. Please refer to Note 6(19) for the details.
- C. Due to the impact of the spread of COVID-19 virus, the Company's operation in some locations and shipping lines were affected. The degree of impact to the Company's operating income would depend on the subsequent control of the spread of COVID-19 virus.
- D. On March 24, 2020, to meet the operation needs, the Board of Directors of the Company resolved to order 3,800 set freezers with 40-feet from China International Marine Containers Ltd., Singamas Container Holdings Ltd., Guangdong Fuwa Engineering Group Co., Ltd. and Maersk Container Industry, the total price of the contracts amounted to USD26,460. As of the reporting date, the related transaction payments have not been settled.
- E. Taken into consideration the group structure adjustment and taxes, on December 24, 2019, the Board of Directors of the Company resolved to sell 17.5% equity interests of investee accounted for using equity method, ELA, to the subsidiary, EGH. The expected selling price is USD1.0859 (in dollars) per share, and the total transaction amount was USD114. As of the reporting date, the related considerations were collected and the transfer of those shares was completed.

## 12. OTHERS

### (1) Capital risk management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,156,298	\$ 1,021,582
Financial assets at amortised cost		
Cash and cash equivalents	\$ 18,767,848	\$ 19,471,486
Financial assets at amortised cost	1,688,797	2,422,603
Notes receivable	166	43
Accounts receivables	2,989,434	3,358,430
Other accounts receivable	74,262	386,167
Guarantee deposits paid	18,091	19,261
	<u>\$ 24,694,896</u>	<u>\$ 26,679,572</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 3,653,222	\$ 4,577,517
Other accounts payable	1,216,513	935,319
Bonds payable (including current portion)	10,000,000	10,000,000
Lease liabilities (including current portion)	2,039,988	-
Long-term borrowings (including current portion)	38,403,804	40,085,192
Guarantee deposits received	12,190	12,370
	<u>\$ 55,325,717</u>	<u>\$ 55,610,398</u>
Financial liabilities for hedging (including current portion)	<u>\$ 20,188,942</u>	<u>\$ -</u>

#### B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	December 31, 2019		
	Foreign currency amount		Book value
	(In Thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 755,004	30.0130	\$ 22,659,935
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 710,266	30.0130	\$ 21,317,213

				December 31, 2018		
				Foreign currency amount		Book value
				(In Thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$	1,024,952	30.7535	\$	31,520,861
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	\$	959,193	30.7535	\$	29,498,542

iv. The total net exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to \$123,543 and \$125,466, respectively.

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

				Year ended December 31, 2019		
				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%	\$ 226,599	\$	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD		1%	\$ 213,172	\$	-

				Year ended December 31, 2018		
				Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD		1%	\$ 315,209	\$	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD		1%	\$ 294,985	\$	-

### Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company .
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity would have increased/decreased by \$11,495 and \$10,097 for the years ended December 31, 2019 and 2018, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were denominated in the NTD and USD.
  - ii. At December 31, 2019 and 2018, 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, 2019 and 2018 would have been \$307,340 and \$320,789 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
 If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the default rate of an investment target exceeds 0.03%, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customers' notes receivable, accounts receivable(including related parties), contract assets and overdue receivables in accordance with the nature of segments. The Company applies the modified approach using probability of default to estimate expected credit loss under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2019 and 2018, the Company has no written-off financial assets that are still under recourse procedures.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable (including related parties), contract assets and overdue receivables. As of December 31, 2019 and 2018, the loss rate methodology is as follows:

	Individual	Group	Total
<u>At December 31, 2019</u>			
Expected loss rate	0.03%	100%	
Total book value	\$ 3,363,093	\$ 69,130	\$ 3,432,223
Loss allowance	<u>\$ 1,001</u>	<u>\$ 69,130</u>	<u>\$ 70,131</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.03%	100%	
Total book value	\$ 4,042,007	\$ 64,247	\$ 4,106,254
Loss allowance	<u>\$ 1,207</u>	<u>\$ 64,247</u>	<u>\$ 65,454</u>

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

	2019		
	Accounts receivable	Contract assets	Overdue receivables
At January 1	(\$ 65,249)	(\$ 205)	\$ -
Reclassification	64,247	-	( 64,247)
Provision for impairment	( 2)	-	-
Reversal of impairment loss	115	93	-
Effect of foreign exchange	-	-	( 4,883)
At December 31	<u>(\$ 889)</u>	<u>(\$ 112)</u>	<u>(\$ 69,130)</u>
		2018	
		Accounts receivable	Contract assets
At January 1_IAS 39		(\$ 68,482)	\$ -
Adjustments under new standards		( 796)	( 114)
At January 1_IFRS 9		( 69,278)	( 114)
Provision for impairment		( 206)	( 91)
Effect of foreign exchange		4,235	-
At December 31		<u>(\$ 65,249)</u>	<u>(\$ 205)</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities:

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	\$ 3,370,023	\$ -	\$ -	\$ -	\$ -	\$ 3,370,023
Accounts payable - related parties	283,199	-	-	-	-	283,199
Other payables	1,136,288	71,115	-	-	-	1,207,403
Other payables - related parties	9,110	-	-	-	-	9,110
Bonds payable	-	101,200	4,101,200	6,076,400	-	10,278,800
Long-term loans (including current portion)	680,330	8,432,493	7,590,577	19,568,290	3,700,411	39,972,101
Lease payable and financial liabilities for hedging(including current portion)	794,937	2,420,080	3,069,933	6,738,665	13,374,787	26,398,402

Non-derivative financial liabilities:

December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	\$ 4,383,686	\$ -	\$ -	\$ -	\$ -	\$ 4,383,686
Accounts payable - related parties	193,831	-	-	-	-	193,831
Other payables	857,410	71,226	-	-	-	928,636
Other payables - related parties	6,683	-	-	-	-	6,683
Bonds payable	-	101,200	101,200	10,177,600	-	10,380,000
Long-term loans (including current portion)	498,172	6,514,509	11,703,964	18,770,047	4,647,345	42,134,037

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

(3) Fair value estimation

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

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

	December 31, 2019	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,154,063
Long-term loans (including current portion)	38,403,804	39,972,101
	<u>\$ 48,403,804</u>	<u>\$ 50,126,164</u>
	December 31, 2018	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,156,197
Long-term loans (including current portion)	40,085,191	42,134,037
	<u>\$ 50,085,191</u>	<u>\$ 52,290,234</u>

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

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

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 989,850</u>	<u>\$ -</u>	<u>\$ 166,448</u>	<u>\$ 1,156,298</u>
<b>Liabilities:</b>				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,188,942</u>

December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through other comprehensive				
income				
Equity securities	\$ 850,223	\$ -	\$ 171,359	\$ 1,021,582

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

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

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
At January 1	\$ 171,359	\$ 152,955
Acquired in the period	-	-
Decreased in the period	-	( 924)
Gains and losses recognised in other comprehensive income (Note)	( 4,911)	19,328
At December 31	\$ 166,448	\$ 171,359

Note: Recorded as unrealised valuation gain or loss on valuation of investments in equity instruments measured at fair value through other comprehensive income.

- G. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.
- H. The Company is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 159,676	Market comparable companies	Price to earnings ratio multiple	25.39~46.24	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	1.02~3.06	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,772	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 164,587	Market comparable companies	Price to earnings ratio multiple	69.55~70.77	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.89~2.36	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,772	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

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

				December 31, 2019			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 1,597	\$ 1,597	
	Net asset value	±1%	-	-	68	68	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,665</u>	<u>\$ 1,665</u>	
				December 31, 2018			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 1,646	\$ 1,646	
	Net asset value	±1%	-	-	68	68	
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,714</u>	<u>\$ 1,714</u>	

K. The Company initially classified pledged time deposits recorded within 3 months and time deposits exceeding 3 months as “other current-assets” and “cash and cash equivalents”, respectively. However, considering the categories of financial instruments, the Company recorded those pledged time deposits and time deposits exceeding 3 months as “current financial assets at amortised cost” for this period and reclassified accounts of prior period at the same time for comparison. This reclassification had no effect on either earnings (losses) per share for the year ended December 31, 2018 or total assets and total liabilities as of December 31, 2018.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

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

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

### 14. SEGMENT INFORMATION

None.

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of cash and cash equivalents  
December 31, 2019

Expressed in thousands of TWD

Item	Description	Amount	
		Subtotal	Total
Cash			\$ 16,017
	Cash on hand	\$ 134	
	Petty cash		
	TWD	1,330	
	USD	14,785	
	Add : Unrealised gains or losses	( 232)	
Cash in banks			
Checking accounts			14,945
TWD demand deposits			1,436,982
Foreign demand deposits			1,221,337
	EUR	1,436	48,160
	GBP	702	27,624
	HKD	31	120
	INR	85	36
	JPY	12,704	3,492
	SGD	197	4,387
	USD	37,894	1,150,985
	VND	17,646	23
	Add : Unrealised gains or losses	( 13,490)	
TWD time deposits	Interest rate:0.55%~0.66%		10,887,000
Foreign time deposits	Interest rate:2.18%~2.41%		5,191,567
	USD	172,977	5,294,134
	Add : Unrealised gains or losses	( 102,567)	
			<u>\$ 18,767,848</u>

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of accounts receivable  
December 31, 2019

Expressed in thousands of TWD

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties			
	CMA CGM S.A.	\$ 543,628	1) Foreign freight are translated into the functional currency at the dates of the transactions and retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.
	Cosco Container Lines Co.,Ltd.	436,626	
	Orient Overseas Containers Line Limited	204,867	
	Others	1,713,340	
	Less : Unrealised gains or losses	( 20,314)	
	Less : Allowance for bad debts	( 863)	
		<u>2,877,284</u>	
Related parties			
	Evergreen International Storage and Transport Corporation	21,603	2) The amount of individual client included in others does not exceed 5% of the account balance
	Italia Marittima S.p.A	44,561	
	Evergreen Marine (Singapore) Pte. Ltd.	17,214	
	Greencompass Marine S.A.	11,594	
	Evergreen Marine (UK) Ltd.	10,796	
	Others	6,382	
		<u>112,150</u>	
		<u>\$ 2,989,434</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other receivables  
December 31, 2019

Expressed in thousands of TWD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties			
Accrued interest	Interest income	\$ 42,662	
Tax refund receivable		16,882	
Evergreen Logistics Corporation		1,103	
Kingway Industrial Co.,Ltd.		891	
SMS-SME PTE,LTD.		7,503	
Others		61	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>69,102</u>	
Related parties			
Evergreen International Corporation		3,132	
EVA Airways Corporation		275	
Evergreen International Storage and Transport Corporation		443	
Greencompass Marine S.A.		711	
Others		599	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>5,160</u>	
		<u>\$ 74,262</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of ship fuel  
December 31, 2019

Expressed in thousands of TWD

<u>Item</u>	<u>Description</u>	<u>Cost</u> <u>(in thousands)</u>	<u>Net Realisable</u> <u>Value</u>	<u>Footnote</u>
Fuel	GIVE	USD 3,808	\$ 114,301	1)Fuel inventories of each ship are recorded at cost and retranslated at the exchange rates prevailing at the balance sheet date.
	LIVN	USD 2,233	67,032	
	TPET	USD 2,088	62,659	
	LOGC	USD 2,070	62,126	
	LUCD	USD 1,939	58,184	
	LRIC	USD 1,817	54,540	
	GLOR	USD 1,782	53,481	
	GREE	USD 1,758	52,771	
	LBRA	USD 1,662	49,877	
	Others	USD 13,247	397,568	
		<u>USD 32,404</u>	<u>\$ 972,539</u>	2)The amount of individual client included in others does not exceed 5% of the account balance

(blank part below)

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other current assets  
December 31, 2019

Expressed in thousands of TWD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Agency accounts			1) Agency accounts are translated into the functional currency at the dates of the transactions and retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.
	Evergreen Shipping Agency (Europe) GMBH	\$ 131,820	
	Arabian Gulf Marine Trading Co.	79,916	
	Evergreen International Corporation	219,154	
	Others	<u>413,052</u>	2) The amount of individual client included in others does not exceed 5% of the account balance
		<u>843,942</u>	
Shipowner's accounts			
	Evergreen Marine (UK) Limited	\$ 770,731	
	Evergreen International S.A.	49,973	
	Gaining Enterprise S.A.	<u>28,956</u>	
		849,660	
Others	Temporary payments for others	<u>711,649</u>	
		<u>\$ 2,405,251</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in investment accounted for using equity method  
For the year ended December 31, 2019

Investees	Balance at January 1, 2019		Additions in Investment		Decrease in Investment		Balance at December 31, 2019		Market Value or Net Assets Value		Footnote	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Ownership	Amount	Price (TWD)		Total Amount
Peony Investment S.A.	4,765	\$ 28,571,763	-	\$ -	-	\$ 2,204,694	4,765	100.00	\$ 26,367,069	\$ -	-	No
Everport Terminal Services Inc.	1	1,047,007	-	706,006	-	49,333	1	94.43	1,703,680	-	-	"
Taiwan Terminal Services Co., Ltd.	5,500	53,286	-	6,736	-	5,496	5,500	55.00	54,526	-	-	"
Charng Yang Development Co., Ltd.	58,542	544,058	-	70,952	-	61,800	58,542	40.00	553,210	-	-	"
Evergreen International Storage and Transport Corporation	430,692	8,981,075	-	339,762	-	222,145	430,692	40.36	9,098,692	14.35	6,180,433	"
Evergreen Security Corporation	6,336	111,665	-	13,495	-	11,455	6,336	31.25	113,705	-	-	"
EVA Airways Corporation	714,825	10,334,116	61,716	1,440,728	-	374,935	776,541	16.00	11,399,909	13.75	10,677,440	"
Taipei Port Container Terminal Corporation	109,378	1,026,338	-	56,778	-	-	109,378	21.03	1,083,116	-	-	"
Evergreen Marine (Latin America) S.A.	105	3,474	-	238	-	329	105	17.50	3,383	-	-	"
VIP Greenport Joint Stock Company	13,750	253,667	-	37,907	-	14,300	13,750	21.74	277,274	-	-	"
Evergreen Marine (Hong Kong) Ltd.	6,320	7,218,598	-	210,247	-	216,251	6,320	79.00	7,212,594	-	-	"
Evergreen Shipping Agency (Israel) Ltd.	-	-	1,062	21,518	-	305	-	59.00	21,213	-	-	"
		<u>\$ 58,145,047</u>		<u>\$ 2,904,367</u>		<u>\$ 3,161,043</u>			<u>\$ 57,888,371</u>			

Expressed in thousands of shares/TWD

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in ships  
For the year ended December 31, 2019

Item	Expressed in thousands of TWD					
	Balance at January 1, 2019	Increased in this period	Transferred in this period	Decreased in this period	Balance at December 31, 2019	Footnote
Ships:						
LOYL	\$ 3,203,573	\$ 24,530	\$ 234,466	\$ -	3,462,569	
LUCD	3,158,384	20,736	-	-	3,179,120	
LOGC	3,163,557	-	-	-	3,163,557	
LIVN	3,234,121	-	-	-	3,234,121	
LBRA	3,205,662	-	-	-	3,205,662	
LUNR	3,316,821	3,446	-	-	3,320,267	
LRIC	3,305,403	504	-	-	3,305,907	
PRMT	573,133	-	-	-	573,133	
PRBT	522,705	2,308	-	-	525,013	
PRSP	492,298	11,468	-	-	503,766	
BLOM	1,192,257	-	82,507	-	1,274,764	
BLOM	1,259,843	-	-	-	1,259,843	
BEMY	1,258,471	-	150	-	1,258,621	
BASS	1,255,394	-	161	-	1,255,555	
BEFT	1,170,750	-	81,724	-	1,252,474	
BORD	1,192,681	-	45,807	-	1,238,488	
BEDY	1,162,769	-	83,773	-	1,246,542	
BENG	1,193,662	-	81,664	-	1,275,326	
BLES	-	-	1,292,586	-	1,292,586	
BLNK	-	-	1,304,510	-	1,304,510	
	\$ 33,861,484	\$ 62,992	\$ 3,207,348	\$ -	\$ 37,131,824	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of changes in ships(continue)  
For the year ended December 31, 2019

Item	Expressed in thousands of TWD					
	Balance at January 1, 2019	Increased in this period	Transferred in this period	Decreased in this period	Balance at December 31, 2019	Footnote
Accumulated depreciation						
LOYL	\$ 578,821	\$ 131,588	\$ -	\$ -	710,409	
LUCD	591,889	123,755	-	-	715,644	
LOGC	685,403	124,942	-	-	810,345	
LIVN	699,322	127,617	-	-	826,939	
LBRA	759,195	127,381	-	-	886,576	
LUNR	496,989	125,182	-	-	622,171	
LRIC	462,538	124,710	-	-	587,248	
PRMT	507,329	32,901	-	-	540,230	
PRBT	431,922	45,647	-	-	477,569	
PRSP	400,631	49,554	-	-	450,185	
BLOM	51,879	49,172	-	-	101,051	
BLOM	19,832	46,855	-	-	66,687	
BEMY	25,459	48,263	-	-	73,722	
BASS	36,565	48,252	-	-	84,817	
BEFT	21,565	46,316	-	-	67,881	
BORD	583	43,689	-	-	44,272	
BEDY	29,308	47,657	-	-	76,965	
BENG	9,521	46,051	-	-	55,572	
BLES	-	26,901	-	-	26,901	
BLNK	-	14,742	-	-	14,742	
	\$ 5,808,751	\$ 1,431,175	\$ -	\$ -	\$ 7,239,926	
Net Amount	\$ 28,052,733				\$ 29,891,898	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of accounts payable  
December 31, 2019

Expressed in thousands of TWD

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Non-related parties			
CMA CGM S.A.		\$ 325,037	
Orient Overseas Containers Line Limited		316,257	
COSCO Shipping Lines Co., Ltd.		397,923	
Estimated expense payable		1,152,702	
Others		912,504	The amount of individual client included in others does not exceed 5% of the account balance.
Add: Unrealised gains or losses		265,600	
		<u>3,370,023</u>	
Related parties			
Taiwan Terminal Services Co., Ltd.		74,747	
Evergreen International Corporation		41,725	
Evergreen International Storage and Transport Corporatio		17,046	
Everport Terminal Services Inc.		86,796	
Others		62,885	The amount of individual client included in others does not exceed 5% of the account balance.
		<u>283,199</u>	
		<u>\$ 3,653,222</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other payables  
December 31, 2019

Expressed in thousands of TWD

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Other payables		\$ 915,408	
Accrued expenses		186,387	
Interest payable		103,107	
Payable on equipment		<u>2,501</u>	
		<u>\$ 1,207,403</u>	

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Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of other current liabilities  
December 31, 2019

Expressed in thousands of TWD

Item	Description	Amount	Footnote
Agency accounts			1) Agency accounts are translated into the functional currency at the dates of the transactions and retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.
	Evergreen Shipping Agency (America) Corporation	\$ 75,997	
	Evergreen Shipping Agency (Japan) Corporation	233,639	
	PT.Evergreen Shipping Agency Indonesia	118,424	
	Evergreen Shipping Agency (Vietnam) Corporation	68,694	
	Others	<u>112,535</u>	2) The amount of individual client included in others does not exceed 5% of the account balance
		<u>609,289</u>	
Shipowner's accounts			
	Evergreen Marine (Singapore) Pte Ltd.	214,242	
	Evergreen Marine (Hong Kong) Ltd.	318,823	
	Greencompass Marine S.A.	409,522	
	Italia Marittima S.p.A	<u>133,319</u>	
		<u>1,075,906</u>	
Unearned Receipts	Base station revenue	36	
Receipts under custody	Withholding tax	6,950	
Long-term liabilities - current portion		<u>8,584,919</u>	
		<u>\$ 10,277,100</u>	

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of corporate bonds payable  
December 31, 2019

Expressed in thousands of TWD

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Rate (%)	Total Amount	Repayment paid	Amount		Repayment	Collateral	Footnote
							Balance at December 31, 2019	Unamortised Premiums (Discounts)			
Thirteenth domestic secured corporate bonds	Bank of Taiwan	106.04.25	111.04.25	1.05	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	Note 1	Yes	Note 2
Fourteenth domestic secured corporate bonds	Bank of Taiwan	107.06.27	112.06.27	0.86	2,000,000	-	2,000,000	-	Note 3	"	Note 4
Less: current portion								-			
Non-current portion								\$ 10,000,000			

Note 1 : Except for conversion, proceeds and redemption, half the principal of the Bond must be paid at the end of the fourth year, and another half at the maturity date.  
Please refer to Note 6(13) for details of principal repayment and interest payment.

Note 2 : The Bonds are secured and are guaranteed by Hua Nan Bank, First Bank, Mega International Commercial Bank, Land Bank of Taiwan, Chang Hwa Bank,  
Please refer to Note 6(13) for details of principal repayment and interest payment.

Note 3 : Except for conversion, proceeds and redemption, the principal of the Bonds shall be repaid in lump sum at maturity  
Please refer to Note 6(13) for details of principal repayment and interest payment.

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of long-term loans  
December 31, 2019

Creditor	Description	Amount	Term of Contract	Rate(%)	Collateral	Footnote
Long-term bank loans:						
Bank of Taiwan	Secured bank loans	\$ 1,600,000	104.12.28~109.12.28	1.23%		
Bank of Taiwan	"	688,312	102.11.19~111.11.19	1.5%	Minsheng Building	
Bank of Taiwan and other banks	"	1,780,137	103.01.15~112.10.14	1.58%	Loading and unloading equipment	
Bank of Taiwan and other banks	"	1,897,309	104.01.09~112.10.14	1.58%	Ships	
Bank of Taiwan and other banks	"	1,855,780	104.04.15~112.10.14	1.58%	"	
Bank of Taiwan	"	1,023,895	105.03.28~116.03.28	1.37%	"	
Land Bank of Taiwan	"	954,864	108.10.23~115.09.25	1.59%	"	
First Commercial Bank	"	1,360,335	102.04.22~114.04.22	2.91%	"	Including foreign loans
Hua Nan Commercial Bank	"	733,489	107.08.31~114.06.28	1.39%	"	
Hua Nan Commercial Bank	"	1,648,704	101.01.04~115.03.20	2.86%	"	Including foreign loans
Chang Hwa Commercial Bank	"	802,118	107.08.31~114.03.31	1.5%	"	
Chang Hwa Commercial Bank	"	812,146	107.11.30~114.09.28	1.5%	"	
Cathay United Bank	"	723,775	105.09.23~114.12.28	1.34%	"	
Mega International Commercial Bank and other banks	"	1,214,102	102.04.30~109.04.30	2.84%	"	Including foreign loans
Bank of China	"	858,391	105.06.29~115.06.29	1.34%	"	
Bank of China	"	856,334	107.04.19~115.06.29	1.34%	"	
Bank SinoPac	"	734,085	107.04.17~114.03.02	1.39%	"	
The Export-Import Bank of the Republic of China	"	783,120	107.04.20~115.04.20	1.37%	"	
Taipei Star Bank	Unsecured bank loans	200,000	107.01.23~110.01.23	1.2%	None	
Bank of Taiwan	"	600,000	104.12.28~109.12.28	1.29%	"	
Jih Sun International Bank	"	500,000	107.08.02~110.03.29	1.25%	"	
Yuanta Commercial Bank (Previous name refer to Ta Chong Commercial Bank)	"	1,500,000	107.05.30~112.05.30	1.23%	"	
E.Sun Commercial Bank	"	300,000	107.07.26~110.07.26	1.14%	"	
Agricultural Bank of Taiwan	"	700,000	104.12.29~109.12.29	1.29%	"	
Land Bank of Taiwan	"	400,000	104.12.28~109.11.23	1.34%	"	

Expressed in thousands of TWD

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of long-term loans(continue)  
December 31, 2019

Creditor	Description	Amount	Term of Contract	Rate(%)	Collateral	Footnote
O-Bank	Unsecured bank loans	\$ 1,000,000	105.05.24~110.05.24	1.34%	None	
Taiwan Business Bank	"	1,000,000	107.12.20~112.12.20	1.23%	"	
Cathay United Bank	"	1,500,000	107.12.12~112.12.12	1.23%	"	
Taiwan Cooperative Bank	"	500,000	105.12.12~110.12.12	1.4%	"	
The Export-Import Bank of the Republic of China	"	400,000	107.09.28~110.09.28	1.13%	"	
First Commercial Bank	"	1,250,000	108.04.18~111.04.18	1.2%	"	
Hua Nan Commercial Bank	"	300,000	108.08.15~113.08.15	1.19%	"	
Chang Hwa Commercial Bank	"	1,500,000	107.02.09~114.02.09	1.22%	"	
Cathay United Bank	"	1,000,000	108.12.03~113.12.03	1.18%	"	
Taishin International Bank	Commercial paper	2,550,000	105.08.26~112.05.15	1.14%~1.24%	"	
Chang Hwa Commercial Bank	Container secured bank loans	766,882	108.10.24~115.10.24	1.22%	"	
Taiwan Cooperative Bank	"	444,000	103.05.20~110.05.20	1.5%	"	
Bank of Taiwan	"	1,000,000	108.01.29~115.01.29	1.29%	"	
Chang Hwa Commercial Bank	"	630,000	108.10.24~115.10.24	1.22%	"	
		38,367,778		1.13-2.91		
Add: Unrealised losses		49,713				
Less: Deferred expenses - hosting fee credit		( 13,687)				
		38,403,804				
Less: current portion		( 8,584,919)				
Non-current portion		\$ 29,818,885				

Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of lease liabilities  
December 31, 2019

Expressed in thousands of TWD

Item	Term of Contract (year)	Discount Rate(%)	Balance at December 31, 2019
Land	14~15	1.4950%	\$ 1,950,878
Buildings	3	1.2317%	89,110
Ships	6~19	2.7710~3.5688%	20,188,942
Total			<u>\$ 22,228,930</u>

Note : Please refer to Note 6(9) for details of lease liabilities.

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Evergreen Marine Corporation (Taiwan) Ltd.  
Statement of labor, depreciation and amortisation by function  
For the year ended December 31, 2019

Expressed in thousands of TWD

By nature By function	Year ended December 31, 2019			Year ended December 31, 2018		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	\$ 818,277	\$ 1,454,094	\$ 2,272,371	\$ 660,115	\$ 1,080,419	\$ 1,740,534
Wages and salaries	50,914	124,807	175,721	41,050	90,804	131,854
Labor and health insurance fees	35,496	78,031	113,527	28,191	55,250	83,441
Pension costs	-	9,074	9,074	-	9,303	9,303
Directors' remuneration	53,501	63,744	117,245	42,180	49,954	92,134
Other personnel expenses	958,188	1,729,750	2,687,938	771,536	1,285,730	2,057,266
Total	4,688,609	105,278	4,793,887	1,996,682	36,279	2,032,961
Depreciation expenses	-	16,458	16,458	10,323	10,249	20,572
Amortisation expenses	-	-	-	-	-	-

Note :

1. As of December 31, 2019 and 2018, the Company had 1,852 and 1,776 employees, respectively. There were 7 non-employee directors for both years.
  2. Average employee benefit expense for the years ended December 31, 2019 and 2018 were NT\$1,452 thousand and NT\$1,158 thousand, respectively.
  3. Average wages and salaries for the years ended December 31, 2019 and 2018 were NT\$1,232 thousand and NT\$984 thousand, respectively.
- The average salary and bonus increased by 25.20% year over year.

Evergreen Marine Corporation (Taiwan) Ltd.  
Loans to others

For the year ended December 31, 2019

Expressed in thousands of TWD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 5)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	Peony Investment S.A.	Luana Investment (Netherlands) N.V.	Receivables from related parties	Yes	\$ 65,877	\$ 63,027	\$ 60,026	2.80275~ 2.90475	2	\$ -	Working capital requirement	\$ -	None	\$ -	5,324,819	\$ 13,312,047	
1	Peony Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	903,456	774,335	759,329	2.70800~ 2.88513	2	-	Working capital requirement	-	None	-	10,649,638	13,312,047	
2	Clove Holding Ltd.	Whiney Equipment LLC.	Receivables from related parties	Yes	94,818	-	-	-	2	-	Working capital requirement	-	None	-	1,091,584	1,364,480	
2	Clove Holding Ltd.	Coton Container Terminal S.A.	Receivables from related parties	Yes	558,386	534,231	534,231	2.80800~ 2.89200	2	-	Working capital requirement	-	None	-	545,792	1,364,480	
3	Evergreen Marine (Hong Kong) Ltd.	Coton Container Terminal S.A.	Receivables from related parties	Yes	125,637	120,202	120,202	2.80800~ 3.50438	2	-	Working capital requirement	-	None	-	970,872	1,941,744	

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2019

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction' 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 period.

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

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

the calculation for ceiling on total loans granted in the footnote.

1. According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statements.

PEONY : USD 887,085\*30.0130\*40%=5,324,819

Clove Holding Ltd. : USD 90,926\* 30.0130\*20%=545,792

Evergreen Marine (Hong Kong) Ltd. : USD 161,742\*30.0130\*20%=970,872

The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the latest financial statements.

PEONY : USD887,085\*30.0130\*40%= 10,649,638

Clove Holding Ltd. : USD90,926\*30.0130\*40%= 1,091,584

2. According to the Company's credit policy, the total amount of loans granted should not exceed 40% of the net worth stated in the latest financial statements.

Evergreen Marine (Hong Kong) Ltd. : USD 161,742\*30.0130\*40%=1,941,744

The Company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted should not exceed 50% of the net worth stated in the latest financial statements.

PEONY : USD 887,085\*30.0130\*50%=13,312,047

Clove Holding Ltd. : USD 90,926\*30.0130\*50%=1,364,480

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 that they could be loaned again thereafter.

Evergreen Marine Corporation (Taiwan) Ltd.  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2019

Expressed in thousands of TWD

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, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Evergreen Marine Corporation	Greencoast Marine S.A.	2	\$ 140,091,559	\$ 50,948,939	\$ 50,948,939	\$ 27,206,575	\$ -	72.74%	\$ 175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	140,091,559	158,030	150,065	-	-	0.21%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	2	140,091,559	36,968,619	33,761,794	29,402,635	-	48.20%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	2	140,091,559	158,312	103,195	65,965	-	0.15%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	35,022,890	2,300,917	2,300,196	2,184,946	-	3.28%	175,114,448	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	35,022,890	929,216	882,382	830,910	-	1.26%	175,114,448	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	140,091,559	2,630,781	2,630,781	1,163,602	-	3.76%	175,114,448	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	2	140,091,559	33,248,483	33,248,483	17,909,502	-	47.47%	175,114,448	Y	N	N	

Evergreen Marine Corporation (Taiwan) Ltd.  
Provision of endorsements and guarantees to others  
For the year ended December 31, 2019

Expressed in thousands of TWD

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, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
1	Evergreen Marine (Hong Kong) Ltd.	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	2	\$ 9,708,722	\$ 38,357	\$ 35,869	\$ 4,882	\$ -	0.74%	\$ 12,135,903	Y	N	Y	
1	Evergreen Marine (Hong Kong) Ltd.	Colton Container Terminal S.A.	6	2,427,181	517,706	491,613	491,613	-	10.13%	12,135,903	N	N	N	

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

(1) The Company is '0'.

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

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed parent company directly and indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
- (5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

The calculation is as follows:

The Company:  $70,045,779 * 250\% = 175,114,448$

Limit on endorsement or guarantee provided by the Company for a single entity is \$35,022,890 (Amounting to 50% of its net worth).

(When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to \$140,091,559.)

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

Limit on total amount of endorsements/guarantees: USD 161,742 \* 30.013 \* 250% = 12,135,903

Limit on endorsements or guarantees provided for a single entity: USD 161,742 \* 30.013 \* 50% = 2,427,181

(When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to \$9,708,722.)

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
For the year ended December 31, 2019

Expressed in thousands of shares/thousands of TWD/thousands of foreign currency

Securities held by Evergreen Marine Corporation	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2019			Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	
Stock:							
Power World Fund Inc.			Financial asset measured at fair value through other comprehensive income - non-current	677	\$ 6,772	5.68%	\$ 6,772
Linden Technologies, Inc.			"	50	5,253	1.44%	5,253
TopLogis, Inc.			"	2,464	28,503	17.48%	28,503
Ever Accord Construction Corp.		Other related party	"	10,500	125,921	17.50%	125,921
Central Reinsurance Corp.			"	49,866	989,849	8.45%	989,849
Financial bonds:							
Sunny Bank 2nd Subordinate Financial Debentures-B Issue in 2015			Financial asset measured at amortised cost - non-current	-	50,000	-	50,000
Sunny Bank 3rd Subordinate Financial Debentures-B Issue in 2017			"	-	50,000	-	50,000
Hutchison Inland Container Depots Ltd.			Financial asset measured at fair value through other comprehensive income - non-current	0.75	USD 252	7.50%	USD 252
South Asia Gateway Terminals (Private) Ltd.			"	18,942	USD 18,500	5.00%	USD 18,500
Zoell Pool Hafen Hamburg AG			"	10	EUR 10	2.86%	EUR 10

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2019

Expressed in thousands of TWD/thousands of foreign currency

Table 4

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	
Evergreen Marine Corporation	Everport Terminal Services Inc.	Subsidiary	Purchases	\$ 1,311,928	3%	30-60 days	\$ -	-	( \$ 86,796)	2%
	Greencompass Marine S.A.	Subsidiary	Purchases	1,950,986	4%	30-60 days	-	-	( 191)	-
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	2,553,434	6%	30-60 days	-	-	11,594	-
	Italia Marittima S.p.A.	Associates	Purchases	857,235	2%	30-60 days	-	-	( 74,747)	2%
	Evergreen International Storage and Transport Corp.	Associates	Purchases	262,779	1%	30-60 days	-	-	-	-
	Evergreen Shipping Agency (America) Corporation	Other related parties	Purchases	356,295	1%	30-60 days	-	-	44,561	1%
	Evergreen International Corp.	Other related parties	Purchases	409,054	1%	30-60 days	-	-	( 17,046)	-
	Evergreen Marine (UK) Limited	Subsidiary	Purchases	387,580	1%	30-60 days	-	-	-	-
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Purchases	681,428	2%	30-60 days	-	-	( 41,725)	1%
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Purchases	447,975	1%	30-60 days	-	-	( 9,941)	-
	Evergreen International S.A.(EIS)	Other related parties	Sales	756,168	2%	30-60 days	-	-	10,796	-
	Evergreen International S.A.(EIS)	Other related parties	Purchases	346,574	1%	30-60 days	-	-	( 7,277)	-
	Evergreen International S.A.(EIS)	Other related parties	Sales	1,777,185	4%	30-60 days	-	-	17,214	1%
	Evergreen International S.A.(EIS)	Other related parties	Purchases	686,310	2%	30-60 days	-	-	-	-
	Evergreen International S.A.(EIS)	Other related parties	Sales	450,977	1%	30-60 days	-	-	3,569	-
	Evergreen International S.A.(EIS)	Other related parties	Sales	352,427	1%	30-60 days	-	-	860	-

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Gaining Enterprise S.A.	Other related parties	Purchases	\$ 830,410	2%	30-60 days	\$ -	-	\$ -	-	
	Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related parties	Purchases	105,148	-	30-60 days	-	-	-	-	
Taiwan Terminal Services Co., Ltd.	Taipei Port Container Terminal Corp.	Associates	Purchases	156,550	-	30-60 days	-	-	-	-	
	Evergreen Marine Corp.	The parent	Sales	857,235	100%	30-60 days	-	-	74,747	100%	
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	42,443	10%	30-60 days	-	-	USD 2,892	9%	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	99,579	23%	30 days	-	-	USD 6,223	19%	
Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	63,053	15%	30 days	-	-	USD 3,015	9%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	80,963	19%	30 days	-	-	USD 4,897	15%	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	33,074	8%	30 days	-	-	USD 2,453	8%	
	Evergreen Marine Corp.	The parent	Sales	22,203	3%	30-60 days	-	-	-	-	
Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Purchases	14,590	2%	30-60 days	-	-	(USD 119)	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	38,304	5%	30-60 days	-	-	-	-	
Evergreen Marine (Singapore) Pte. Ltd.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	20,596	3%	30-60 days	-	-	-	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	9,287	1%	30-60 days	-	-	-	-	
Evergreen Marine (Singapore) Pte. Ltd.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	27,787	4%	30-60 days	-	-	USD 1,393	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	42,980	5%	30-60 days	-	-	-	-	
Evergreen International Corp.	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	6,585	1%	30-60 days	-	-	(USD 151)	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Sales	11,032	1%	30-60 days	-	-	USD 973	-	
Evergreen International Corp.	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	19,960	3%	30-60 days	-	-	-	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 17,438	2%	30-60 days	\$ -	-	USD 31	-	
			Purchases	USD 84,825	11%	30-60 days	-	-	(USD 252)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 33,074	4%	30 days	-	-	(USD 2,453)	-	
			Purchases	USD 6,875	1%	30-60 days	-	-	(USD 1)	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 5,350	1%	30-60 days	-	-	(USD 571)	-	
			Purchases	USD 33,253	4%	30-60 days	-	-	(USD 3,536)	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 44,749	2%	30-60 days	-	-	USD 387	-	
			Purchases	USD 28,893	1%	30-60 days	-	-	(USD 1,074)	-	
	Master International Shipping Agency Co., Ltd.	Indirect subsidiary of the Parent Company	Sales	USD 63,118	2%	30-60 days	-	-	USD 6	-	
			Purchases	USD 82,608	3%	30-60 days	-	-	(USD 386)	-	
	Evergreen Marine (UK) Limited	The parent	Purchases	USD 63,053	2%	30 days	-	-	(USD 3,015)	1%	
			Sales	USD 91,804	3%	30-60 days	-	-	USD 975	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 27,730	1%	30-60 days	-	-	(USD 669)	-	
			Sales	USD 22,637	1%	30-60 days	-	-	-	-	
Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 37,889	1%	30-60 days	-	-	-	-		
		Sales	USD 16,815	1%	30-60 days	-	-	-	-		
Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 13,295	-	30-60 days	-	-	-	-		
		Purchases	USD 7,458	-	30-60 days	-	-	-	-		
Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 12,189	-	30-60 days	-	-	-	-		
		Purchases	USD 7,458	-	30-60 days	-	-	-	-		
Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 7,458	-	30-60 days	-	-	-	-		
		Purchases	USD 12,189	-	30-60 days	-	-	-	-		
Evergreen Shipping Agency (Japan)	Investee of the Parent Company's major shareholder	Purchases	USD 7,458	-	30-60 days	-	-	-	-		
		Purchases	USD 12,189	-	30-60 days	-	-	-	-		
Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 7,458	-	30-60 days	-	-	-	-		
		Purchases	USD 12,189	-	30-60 days	-	-	-	-		

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencoast Marine S.A.	Evergreen Marine Co. (Malaysia) SDN.BHD.	Indirect subsidiary of the Parent Company	Purchases	USD 5,313	-	30-60 days	\$	-	-	-	
	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 5,546	-	30-60 days	-	-	(USD 1,047)	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 20,596	1%	30-60 days	-	-	-	-	
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 38,304	1%	30-60 days	-	-	-	-	
	Evergreen Shipping Agency (Vietnam) Corp.	Indirect subsidiary of the Parent Company	Purchases	USD 3,649	-	30-60 days	-	-	(USD 311)	-	
	Greencoast Marine S.A.	Indirect subsidiary of the Parent Company	Purchases	USD 3,944	-	30-60 days	-	-	(USD 284)	-	
	Evergreen Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 28,893	2%	30-60 days	-	-	USD 1,074	-	
	Evergreen Marine Corp.	The Parent	Purchases	USD 44,749	3%	30-60 days	-	-	(USD 387)	-	
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 14,493	1%	30-60 days	-	-	USD 331	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 24,463	2%	30-60 days	-	-	(USD 360)	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Purchases	USD 80,963	6%	30 days	-	-	(USD 4,897)	3%	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Sales	USD 4,544	-	30-60 days	-	-	USD 931	1%	
Evergreen International Corporation	Subsidiary of the Parent Company	Purchases	USD 8,943	1%	30-60 days	-	-	(USD 2)	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 28,806	2%	30-60 days	-	-	USD 679	1%		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 10,798	1%	30-60 days	-	-	(USD 511)	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 23,399	2%	30-60 days	-	-	-	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Sales	USD 84,825	6%	30-60 days	-	-	USD 252	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 17,438	1%	30-60 days	-	-	(USD 31)	-		
Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 4,970	-	30-60 days	-	-	-	-		

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (UK) Limited	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 3,464	-	30-60 days	\$	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 4,864	-	30-60 days	-	-	-	-	
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 255,110	100%	45 days	-	-	MYR 40,919	100%	
Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	EUR 10,889	28%	30-60 days	-	-	-	-	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 4,345	11%	30-60 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	EUR 4,779	12%	30-60 days	-	-	EUR 571	1%	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	EUR 12,011	30%	30-60 days	-	-	EUR 1,278	3%	
Evergreen Marine Co. (Malaysia) SDN.BHD.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 5,313	26%	30-60 days	-	-	-	-	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 3,649	38%	30-60 days	-	-	USD 311	3%	
Evergreen Shipping Agency (Thailand) Co., Ltd.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 3,944	32%	30-60 days	-	-	USD 284	5%	
	Evergreen Shipping Agency (Vietnam) Corp.	Indirect subsidiary of the Parent Company	Sales	CNY 229,922	100%	30-60 days	-	-	CNY 24,704	100%	

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2019

Expressed in thousands of TWD/thousands of foreign currency

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 17,990	-	\$ -	-	\$ -	-	
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	MYR 40,919	-	-	-	MYR 40,919	-	
Peony Investment S.A.	Clove Holding Ltd.	Subsidiary	USD 25,490	-	-	-	-	-	
Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	Indirectly subsidiary of the Parent Company	USD 4,897	-	-	-	USD 4,467	-	
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Other related party	USD 6,223	-	-	-	USD 5,676	-	
Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal, S.A.	Investee of Evergreen Marine (Hong Kong) Limited accounted for using equity method	USD 4,069	-	-	-	-	-	

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

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.  
Significant inter-company transactions during the reporting periods  
For the year ended December 31, 2019

Expressed in thousands of TWD

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 Services Co., Ltd.	1	Operating cost	\$ 857,235	Note 4	0.45
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Shipowner's account - credit	409,522	"	0.13
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	2,553,434	"	1.34
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	1,950,986	"	1.02
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Shipowner's account - debit	770,731	"	0.25
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	756,168	"	0.40
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	447,975	"	0.24
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	318,823	"	0.10
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating revenue	450,977	"	0.24
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating cost	686,310	"	0.36
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	1,311,928	"	0.69
0	Evergreen Marine Corporation	Evergreen Shipping Agency (Europe) GmbH	1	Shipowner's account - debit	131,820	"	0.04
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	131,325	"	0.04
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	1,183,973	"	0.62
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	1,948,991	"	1.02
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating revenue	893,081	"	0.47
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating cost	1,383,212	"	0.73
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	2,621,964	"	1.38
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	539,021	"	0.28
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	116,961	"	0.04
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Europe) GmbH	3	Operating cost	150,359	"	0.08
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	2,502,580	"	1.31

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating cost	\$ 636,615	Note 4	0.33
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Shipowner's account - credit	591,699	"	0.19
3	Evergreen Marine (Hong Kong) Ltd.	Everport Terminal Services Inc.	3	Operating cost	1,022,321	"	0.54
4	Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	3	Account receivables	146,987	"	0.05
5	Master International Shipping Agency Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	1,027,114	"	0.54
5	Master International Shipping Agency Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	3	Account receivables	106,119	"	0.03
6	Evergreen Shipping Agency (Thailand) Co., Ltd.	Greencompass Marine S.A.	3	Operating revenue	112,806	"	0.06
7	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	765,019	"	0.25
8	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Operating revenue	376,761	"	0.20
8	Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	3	Shipowner's account - debit	254,147	"	0.08
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (UK) Limited	3	Shipowner's account - credit	145,076	"	0.05
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	165,358	"	0.09
8	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	244,451	"	0.08
9	Evergreen Marine Corp. (Malaysia) SDN BHD	Greencompass Marine S.A.	3	Operating revenue	164,218	"	0.09
10	Evergreen Shipping Agency (Vietnam) Corp.	Greencompass Marine S.A.	3	Operating revenue	121,904	"	0.06

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.  
Information on investees (not including investee company of Mainland China)  
For the year ended December 31, 2019

Expressed in thousands of shares/thousands of TWD

Table 7

Investor	Investee (Note 1 + Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	Republic of Panama	Investment activities	\$ 14,301,195	\$ 14,301,195	4,765	100.00	\$ 26,519,504	1,603,401	\$ 1,550,830	Subsidiary of the Company (Note)
	Taiwan Terminal Services Co., Ltd.	Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	54,526	12,247	6,736	" (Note)
	Everport Terminal Services Inc.	U.S.A	Terminal services	3,001	3,001	1	94.43	1,703,680	747,660	706,006	" (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	6,283,222	6,283,222	6,320	79.00	7,212,594	266,135	210,247	" (Note)
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	9,103	-	1,062	59.00	21,213	20,617	12,164	" (Note)
	Chang Yang Development Co., Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	553,210	177,382	70,953	Investee accounted for using equity method
	Evergreen International Storage and Transport Corporation	Taiwan	Container transportation and gas stations	4,840,408	4,753,514	430,692	40.36	9,039,677	838,194	339,762	"
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	113,705	43,185	13,495	"
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	11,276,823	10,767,879	776,541	16.00	11,399,909	3,982,467	641,590	"
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,094,073	1,094,073	109,378	21.03	1,083,116	269,933	56,778	"
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,151	3,151	105	17.50	3,383	1,365	239	"
	VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	178,750	13,750	21.74	277,274	174,369	37,906	"
	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,577,161	1,577,161	10	100.00	2,728,960	43,543	43,543	Indirect subsidiary of the Company (Note)
	Peony Investment S.A.	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	249,588	249,588	-	100.00	292,941	14,966	14,966
Evergreen Shipping Agency (Korea) Corporation		South Korea	Shipping agency	72,812	72,812	121	100.00	50,507	18,113	18,113	" (Note)
Greencoast Marine S.A.		Republic of Panama	Marine transportation	10,609,596	10,609,596	3,535	100.00	13,831,622	( 1,400,706)	( 1,400,706)	" (Note)
Evergreen Shipping Agency (India) Pvt. Ltd.		India	Shipping agency	35,316	35,316	100	99.99	190,302	55,763	55,762	" (Note)
Evergreen Argentina S.A.		Argentina	Leasing	4,202	4,202	150	95.00	51,311	( 3,960)	( 3,762)	" (Note)

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019 \$	Balance as of December 31, 2018 \$	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	PT. Multi Bina Pura Internasional	Indonesia	Loading and discharging operations of container yards and inland transportation	\$ 235,330	\$ 235,330	17	95.03	\$ 576,208	\$ 128,162	\$ 121,793	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	24,139	24,139	2	17.39	14,828	1,321	230	" (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	819,200	819,200	42,120	84.44	955,957	( 44,552)	( 37,620)	" (Note)
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	345,525	345,525	4	70.00	340,034	23,010	16,107	" (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	202,447	202,447	6	100.00	228,655	139,040	139,040	" (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	70,591	70,591	0.55	55.00	72,216	39,933	21,963	" (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	4,024,823	4,024,823	765	51.00	799,778	( 1,392,268)	( 710,056)	" (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	51,274	51,274	1	100.00	125,096	121,265	121,265	" (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	25,451	25,451	-	51.00	22,836	75,981	38,750	" (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	67,319	67,319	680	85.00	77,943	47,296	40,202	" (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,438	17,438	5,500	55.00	95,275	94,673	52,070	" (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	36,946	36,946	-	100.00	347,219	188,456	188,456	" (Note)
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	29,203	29,203	0.441	49.00	114,346	95,005	46,553	Investee company of Peony accounted for using equity method
	Luaanta Investment (Netherlands) N.V.	Curacao	Investment holding company	1,426,796	1,426,796	460	50.00	1,884,647	( 5,391)	( 2,695)	"
	Balsam Investment (Netherlands) N.V.	Curacao	Investment holding company	12,536,023	11,800,704	0.451	49.00	525,226	( 1,626,212)	( 796,844)	"
	Green Peninsula Agencies SDN. BHD.	Malaysia	Investment holding company	-	217,744	-	-	-	-	-	"
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	62,487	62,487	-	49.00	101,804	132,073	64,716	"
	Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	12,787	12,787	1,500	30.00	37,814	18,576	5,573	"
	Evergreen Marine Corp. (Malaysia) SDN. BHD.	Malaysia	Shipping agency	282,548	282,548	500	100.00	858,959	276,583	276,583	Indirect subsidiary of the Company (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	79,534	79,534	80	1.00	91,299	266,135	2,661	Investee company of Peony accounted for using equity method

Investor	Investee (Note 1 + Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Ics Depot Services Snd. Bhd.	Malaysia	Depot services	\$ 33,434	\$ 33,434	286	28.65	\$ 69,208	\$ 46,292	Investee company of Peony accounted for using equity method	
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Netherlands	Investment holding company	508,298	508,298	0.045	100.00	490,501	23,988	Indirect subsidiary of the Company (Note)	
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	506,019	506,019	50,602	9.73	500,311	26,265	Investee company of Armand Estate B.V. accounted for using equity method	
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	686,097	686,097	22,860	40.00	2,590,094	10,580	Investee company of Clove Holding Ltd. accounted for using equity method	
	Everport Terminal Services Inc.	U.S.A	Terminal services	195,203	195,203	0.059	5.57	260,177	41,654	Indirect subsidiary of the Company (Note)	
Evergreen Marine (UK) Limited	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	2,971	2,971	99	16.50	3,190	225	Investee company of Evergreen Marine (UK) Limited accounted for using equity method	
Everport Terminal Services Inc.	Whitney Equipment LLC.	U.S.A	Equipment Leasing Company	6,003	6,003	-	100.00	217,885	35,279	Indirect subsidiary of the Company (Note)	
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	99,085	99,085	8	72.95	62,204	963	" (Note)	
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	468,203	468,203	5,144	9.00	603,206	2,381	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method	
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	2,971	2,971	99	16.50	3,190	225	"	
	Evergreen Shipping Service (Cambodia) Co., Ltd.	Cambodia	Shipping agency	6,003	6,003	200	100.00	36,772	31,689	Indirect subsidiary of the Company (Note)	

Investor	Investee (Note 1 - Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2019			Net profit (loss) of the investee For the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(3))	Footnote
				Balance as of December 31, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Book value			
Evergreen Marine (Hong Kong) Limited	Evergreen Shipping Agency (Peru) S.A.C.	Peru	Shipping agency	\$ 8,332	\$ 8,332	900	60.00	\$ 97,927	\$ 150,517	\$ 90,310	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	10,536	10,536	80	75.00	58,432	77,365	64,279	" (Note)
	Evergreen Shipping Agency Mexico S.A. de C.V.	Mexico	Shipping agency	6,880	6,880	44	60.00	42,738	53,992	32,395	" (Note)
	Evergreen Shipping Agency (Chile) S.P.A.	Chile	Shipping agency	9,568	9,568	2	60.00	47,642	70,786	42,472	" (Note)
	Evergreen Shipping Agency (Greece) Anonimi Eteria	Greece	Shipping agency	8,112	-	2	60.00	17,828	16,438	9,863	" (Note)
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	153	-	18	1.00	360	20,691	206	" (Note)
	Evergreen Shipping Agency Lanka (Private) Ltd.	Lanka	Shipping agency	3,638	-	2,160	40.00	17,105	35,208	14,083	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method

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, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Evergreen Marine Corporation (Taiwan) Ltd.  
Information on investments in Mainland China  
For the year ended December 31, 2019

Table 8

Expressed in thousands of TWD

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income (loss) of the investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company, For the year ended December 31, 2019 (Note 2,2(B))	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	\$ 536,851	(2)	\$ 214,938	\$ -	\$ -	\$ 214,938	\$ 161,561	40.00	\$ 64,624	\$ 322,754	\$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	182,567	(2)	42,524	-	-	42,524	142,581	40.00	57,032	157,756	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	334,761	(2)	284,081	-	-	284,081	46,305	56.00	25,931	249,603	-	
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	1,866,381	(2)	2,444,870	-	-	2,444,870	14,167	80.00	( 64,538)	3,165,041	-	
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	184,715	(2)	270,474	-	-	270,474	27	80.00	80	146,122	-	
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	263,526	(2)	470,619	-	-	470,619	2,512	80.00	( 6,206)	397,818	-	
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	213,668	(2)	385,638	-	-	383,638	3,140	80.00	( 243)	241,530	-	

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, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income (loss) of the investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company For the year ended December 31, 2019 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Master International Shipping Agency Co., Ltd.	Shipping agency	\$ 21,479	(2)	\$ 82,860	\$ 630	\$ -	\$ 83,490	\$ 27,241	41.60	\$ 10,783	\$ 33,908	\$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Evergreen Marine Corp.	\$ 4,194,634	\$ 4,748,109	\$ 44,156,908

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

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

# Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management

## 1 Comparison of Financial Positions in the Last Two Years

Unit: TWD thousand

Item	Year	2019	2018	Difference	
				Amount	%
Current Assets		66,299,076	67,898,508	(1,599,432)	-2.36%
Non-current assets		240,296,562	161,113,447	79,183,115	49.15%
<b>Total Assets</b>		306,595,638	229,011,955	77,583,683	33.88%
Current Liabilities		63,449,644	50,061,985	13,387,659	26.74%
Non-current liabilities		169,551,148	107,982,134	61,569,014	57.02%
<b>Total Liabilities</b>		233,000,792	158,044,119	74,956,673	47.43%
Common stock		48,129,738	45,129,738	3,000,000	6.65%
Capital surplus		11,407,437	11,059,145	348,292	3.15%
Retained Earnings		9,373,982	9,462,191	(88,209)	-0.93%
Other equity interest		1,134,622	1,193,156	(58,534)	-4.91%
Equity attributable to owners of the parent		70,045,779	66,844,230	3,201,549	4.79%
Non-controlling interest		3,549,067	4,123,606	(574,539)	-13.93%
<b>Total equity</b>		73,594,846	70,967,836	2,627,010	3.70%

The main reasons for the major changes (those with a change of more than 20% and a change of TWD10 million) in the Company's assets, liabilities and shareholders' equity in the last two years, their impacts and future corresponding plans:

- (1) The increase in non-current assets principally resulted from the increase in right-of-use assets, as a result of IFRS 16 Leases adoption since Jan. 1, 2019.
- (2) The increase in current liabilities principally resulted from the increase in current lease liabilities, as a result of IFRS 16 Leases adoption since Jan. 1, 2019.
- (3) The increase in non-current liabilities principally resulted from the increase in non-current lease liabilities, as a result of IFRS 16 Leases adoption since Jan.1, 2019.

## 2 Comparison of Financial Performance in the Last Two Years

Unit: TWD thousand

Item	Year	2019	2018	Difference	
				Amount	%
Operating revenue		190,589,281	169,236,653	21,352,628	12.62%
Operating costs		176,071,661	161,771,163	14,300,498	8.84%
Gross profit		14,517,620	7,465,490	7,052,130	94.46%
Unrealized profit from sales		25,181	(8,131)	33,312	409.69%
Realized profit on from sales		12,220	13,509	(1,289)	-9.54%
Gross profit		14,555,021	7,470,868	7,084,153	94.82%
Operating expenses		10,272,698	8,054,981	2,217,717	27.53%
Other gains - net		375,947	1,510,330	(1,134,383)	-75.11%
Operating profit (loss)		4,658,270	926,217	3,732,053	402.94%
non-operating income and expenses		(3,879,370)	269,187	(4,148,557)	-1,541.14%
Profit (loss) before income tax		778,900	1,195,404	(416,504)	-34.84%
Income tax expense		1,001,913	1,116,903	(114,990)	-10.30%
Profit (loss)		(223,013)	78,501	(301,514)	-384.09%
Owners of the parent		112,519	293,919	(181,400)	-61.72%
Non-controlling interest		(335,532)	(215,418)	(120,114)	-55.76%
Other comprehensive income (loss)		(427,792)	575,603	(1,003,395)	-174.32%
Comprehensive income (loss)		(650,805)	654,104	(1,304,909)	-199.50%
Owners of the parent		(143,740)	1,031,164	(1,174,904)	-113.94%
Non-controlling interest		(507,065)	(377,060)	(130,005)	-34.48%

The main reasons for the major changes in gross profit, net unrealized profit, operating expenses, the net amount of other gains or losses, and non-operating income and expenses:

- (1) Given that the ocean freight volume was greater than last year, the operating revenue went up by 12.62%, which brought about the increase of gross profit compared to the same period last year.
- (2) The total net unrealized loss was higher than last year, as a result of which was mainly due to the gross loss of the cargo containers manufacturing company of Peony in 2019.
- (3) The operating expenses were higher than in the same period last year since the group established new subsidiary companies from 2018 to 2019 in succession.
- (4) The net amount of other gains was lower than in the same period last year, owing to the decrease of net gains on the disposal of property, plant and equipment.
- (5) The total net non-operating expenses was higher than last year on account of the adoption of IFRS 16 since 2019, which resulted in the rise in interest expenses.

### 3 Analysis of Cash Flow

#### 1. Cash Flow Analysis for the Current Year

Unit: TWD thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Net Cash Inflow (Outflow) from Investment and Financing (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
35,836,635	19,793,262	(17,758,008)	37,871,889	-	-

Analysis of deviation:

- A. Operating activities: Net cash inflow from operating activities throughout the year.
- B. Investing activities: The net cash outflow is due to the purchase of the vessels, containers and equipment.
- C. Financing activities: The net cash outflow from repayment of borrowing.

Remedy Measures of Inadequate Liquidity: None.

#### 2. Cash Flow Analysis for the Coming Year

Unit: TWD thousand

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Inflow (Outflow) from Investment and Financing (3)	Estimated Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
37,871,889	6,631,823	(3,234,770)	41,268,942	-	-

Analysis of cash flow deviation:

- A. Cash balance at the beginning of the period: Cash and cash equivalents for Dec. 31, 2019.
- B. Net cash flow from operating activities throughout the year: Estimated cash flow from operating activities.
- C. Net cash flow from investment and financing throughout the year: Repayment of bank borrowing and purchase of fixed assets.

### 4 Effects of Major Capital Expenditure on Finance and Business Operations

#### 1. Major Capital Expenditure Items and Source of Capital

- (1) Shipbuilding and improvement of ship: The actual or expected source of funds

is self-owned funds and mortgages after obtaining ownership of the assets. The following table shows the delivery date of both new shipbuilding and the ship which underwent improvement program, the total amount of funds required, and the use of funds.

Unit: USD thousand

Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure			
		2019	2020	2021	2022
2019	396,992	298,142			
2020	615,833	82,212	474,876		
2021	1,089,077	92,655	261,310	700,802	
2022	887,200	45,130	135,390	72,650	634,030

(2) Leased improvements: From 2019 to 2020, chartered container vessels have had SOx scrubbers installed. It has been estimated that the total amount will be



USD33,548 thousand.

(3) Containers Procurement: The Company purchased 34,000 containers from Guangdong Fuwa Equipment Engineering Group Manufacturing Co., Ltd., Singamas Container Holdings Limited, Dong Fang International Container (Hong Kong) Ltd.imited and China International Marine Containers (Group) Co., Ltd. in 2019. The transaction price totaled USD 95,876 thousand.

The Company will purchase 1,500 containers from China International Marine Containers (Group) Co., Ltd. in 2020. The total transaction price is USD 9,975 thousand.

## 2. Expected Benefits

As new energy-efficient vessels and new containers join the operation, this will not only optimize fleet capacity, increase slot supply and provide customers with a wider range of services, but also reduce the Company's operating costs.

## 5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

In order to seek the best interests for the Company and its shareholders, the Company has undergone careful evaluation in investment and is not limited to the shipping industry. The Company continues to require indirect investees to seize market opportunities and increase profits. The profit of investment accounted for using equity method is TWD545,406 thousand in 2019.

## 6 Analysis of Risk Management

### 1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### (1) Interest rate

##### A. The impact of interest fluctuation on the consolidated company:

Item	2019 (TWD thousand,%)
Net amount of interest	(4,926,690)
Ratio of net amount of interest and sale revenue	2.58%
Ratio of net amount of interest and income before tax	632.52%

At the end of 2019, the financial assets and financial liabilities with cash flow interest rate risk were TWD20,215,102 thousand and TWD100,278,594 thousand. If the market interest rate changes, the effective interest rate of such financial products will change accordingly; if the market rate increases by 1%, the annual interest expense of the Company will increase by approximately TWD800,635 thousand and accounts for 0.43% of the operating costs and expenses.

**B. Corresponding measure**

For the purpose of improving the financial structure, increasing mid-term and long-term working capital and reducing the risk of interest rate changes, EMC issued TWD8 billion worth of 5-year secured corporate bond on Apr. 25, 2017 and TWD2 billion worth of 5-year secured corporate bond on June 27, 2018 with a fixed rate. It also fixed mid-term and long-term capital costs and avoided the risk of an increase in the future market rate. The conditions of secured corporate bonds issuance are as follows:

<b>Content</b>	<b>Secured Corporate Bonds</b>
Total price	TWD8,000,000,000
Coupon rate	Fixed rate
Tenor	5 years
Repayment method	Repayment of 50% of the principal in the fourth year and the remaining 50% in the fifth year
Issue date	April 25, 2017
Unused principal	None

<b>Content</b>	<b>Secured Corporate Bonds</b>
Total price	TWD2,000,000,000
Coupon rate	Fixed rate
Tenor	5 years
Repayment method	Repayment in lump sum upon maturity
Issue date	June 27, 2018
Unused principal	None

## (2) Foreign exchange rates

### A. The impact of exchange rates fluctuation to net income :

Item	2019 (TWD thousand,%)
Net foreign currency exchange gains	217,597
Ratio of net foreign exchange gains to operating revenue	0.11%
Ratio of net foreign exchange gains to profit (loss) before income tax	27.94%

For the year ending Dec. 31, 2019, net foreign exchange gains was TWD217,597 thousand, accounted for 0.11% of operating revenue and 27.94% of profit before tax.

The information on assets and liabilities denominated in certain subsidiaries' functional currency whose values would be materially affected by the exchange rate fluctuations held by the Group for the year ended Dec. 31, 2019 amounted to TWD17,605,740 thousand and TWD13,864,814 thousand respectively. In terms of monetary items of financial assets, if the exchange rate of USD: TWD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD174,920 thousand; if the exchange rate of GBP:USD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD1,137 thousand. In terms of monetary items of financial liabilities, if the exchange rate of USD: TWD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD122,300 thousand; if the exchange rate of HKD:USD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD3,757 thousand; if the exchange rate of GBP:USD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD1,499 thousand; if the exchange rate of EUR:USD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD1,413 thousand; if the exchange rate of RMB:USD increases/decreases by 1%, foreign exchange gains will increase/decrease by TWD 9,680 thousand.

### B. Corresponding measure

As the freight income is mainly in USD, the Company pays attention to the exchange rate fluctuation all the time and continue to implement the following measures:

- a. Use a professional financial information system to monitor the international exchange rate fluctuations. The financial department maintains close contact with financial institutions and request them to provide the information on foreign

exchange market, so as to get the most updated exchange rate information and act proactively.

- b. Use the same currency of revenue to pay the expenses if possible in order to perform natural hedging to prevent exchange rate risks. Whereas, the freight revenue in foreign currency is used to meet foreign currency payables generated in various countries to avoid most of the foreign exchange risks by taking advantage of natural hedging.
- c. Open foreign currency savings accounts to buy or sell the foreign currencies according to the actual fund demand and the exchange rate trends.

### **(3) Inflation**

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The global economic growth momentum was weakened and the international raw material prices generally slowed down in 2019 resulted from Sino-US trade war, the rising geopolitical risk and the poor performance in emerging market economies. These have also weakened the situations that include foreign trade, investment and operation, and manufacturing industry in major countries. According to the prediction of IHS Markit, the global inflation will slightly decrease to 2.6% from 2.9% in 2018.

In 2020, the recent outbreak of COVID-19 in China has heavily affected the global economy. Some of the institutions engaging in economic forecasting have revised down the performance of global growth for 2020. However, if the outbreak is brought under control in the second half of the year, together with the gradual lifting of various anti-epidemic measures which curb the economy development, economic activities are expected to return to normal. In addition, with the active use of fiscal and monetary easing policies in many countries to stimulate the economy, the performances of emerging markets and developing economies are expected to improve over time.

In response to the outbreak of COVID-19, both the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA) have lowered their forecasts for global oil demand growth. For the time being, OPEC and its allies have decided to implement production cuts from May 1, 2020, in order to maintain oil prices; major institutions predict the average Brent oil price of USD31~USD35/bbl for 2020. At the beginning of the year, IHS Markit predicted global inflation rate to be about 2.7% in 2020. Whereas, with the sharp drop in crude oil prices and the timing for the global outbreak to be controlled is still under observation, IHS Markit is widely expected to revise down the global inflation rate for 2020.

Since the Company's service routes cover all over the world, it regularly signs contracts with suppliers to reduce the volatility of main operating costs, such as port charges, stevedoring charges and inland freight. Furthermore, it charges customers on fuel surcharges to subsidize fuel costs and regularly review market conditions so as to reduce the risk of fuel prices volatility.

## **2. Policies, Main Causes of Gain or Loss with Respect to High-risk Investments, High-leveraged Investments, Lending, Endorsement, and Derivatives Transactions, and Future Corresponding Measures:**

All lendings and endorsements are provided to the subsidiaries and affiliates. All related transactions are handled according to the Company's guidelines of providing loans and endorsements to other parties.

All derivatives transactions are dealt with for hedging purposes. Interest rates and fuel swaps agreements are to hedge risk derived from market volatilities. All related transactions are handled according to the Company's guidelines of engaging in derivatives transactions.

## **3. Future Research & Development Projects and Corresponding Budget:**

- (1) i-B/L & i-Dispatch of Bolero project enhancement & Optimization - Add L/C billing & financing function with related banks
- (2) Operational optimization of ship information system
- (3) E-Payment system connection with foreign banks
- (4) Environmental protection, energy saving and carbon reduction management of the fleet fuel consumption
- (5) To build WEB service data exchange system
- (6) Information technology security solution for Evergreen overseas companies

The company is expected to invest about TWD 14.68 million in related services expenditure on the above projects.

## **4. Effects of Major Policy at Home and Abroad and Legal Changes on the Corporate Finance and Business Operations, and Corresponding Measures:**

The Company has complied with the relevant laws and regulations set by the competent authorities, and is always aware of the adjustments and changes of the relevant laws and regulations. The information disclosed by the Company and its reporting operations are in compliance with the laws and regulations. Changes in the relevant laws and regulations had no significant impact on finance and business operations of the Company in 2019.

## **5. The Impacts of Changes in Technology and the Industry on Corporate Finance and Business Operations, and Corresponding Measures: None.**

## **6. The Impacts of Changes in Corporate Image on Corporate Risk Management, and Corresponding Measures:**

The Company has established comprehensive emergency response measures, and holds simulation exercises from time to time, which can effectively respond to various emergencies and avoid the corporate image from being affected.

**7. Expected Benefits and Potential Risks Relating to Mergers and Acquisitions:**  
None.

**8. Expected Benefits and Potential Risks Relating to Factory Expansion:**  
N/A

**9. Risks Relating to Excessive Concentration of Purchasing Goods and Excessive Customer Concentration:** None.

**10. The Impacts and Risks Relating to Massive Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:** : None.

**11. The Impacts and Risks Relating to the Changes in Management Rights:**  
None.

**12. Litigation or Non-litigation Matters,** shall list the material litigation, non-litigation and administrative litigation cases which have been decided or are still pending of the Company, its subsidiary companies, and the directors, supervisors, senior executive, person in charge, shareholders with Shareholdings of over 10%; for cases of which may have a significant impact on shareholders' equity or securities prices, shall disclose the facts, amount, and the major parties involved, the commencement date of the litigation, and the settlement as of the date of publication of the annual report: None.

### **13. Other Major Risks and Corresponding Countermeasures**

#### **(1) Strategies and operational risks assessment and corresponding countermeasures** \_\_\_\_\_

In addition to the dedication from each department and each special cross-department team to reduce risks, the Project Department is assigned to consolidate operating strategies and risks management, in order to plan and coordinate the implementation of relevant strategies.

#### **(2) Evaluation of market risks and corresponding countermeasures** \_\_\_\_\_

##### **A. Risks of market management**

In running each service string, the Company pays attention to territorial economic changes, customer demand for service quality, and business impact from industry competitions. Its headquarters keeps close contact with each

overseas branch and agencies on market information. In addition, a Line Manager is specially assigned to regulate operations of each service string. Based on the changes of business volume, the Manager orderly adjusts the service route, port and bay, flexibly adjusts the slots of each port, timely adjust the quotation to optimize the cargo structure, so as to improve the utilization of shipping space, maximize the best operating performance of each service route and reduce operational risks.

**B. Risks of cost variation**

In running each service string, the Company pays attention to flexibly managing diversified fixed and variable costs. It has set up a dedicated Cost Control Team and Fuel Purchase Team across departments to coordinate with the Line Manager in enhancing operation performance to quickly fine-tune cost variations.

**C. Risks of operation**

In running each service string, the Company's ensures stability, safety, and international regulatory compliance of sailing schedules and ship and shipping operations. Aside from personnel dedicated to individual ship operations in operation departments, it also sets up a Schedule Coordination Center to work closely with the Fleet Deployment Team to keep its fleet safe and agile.

**(3) Legal risk assessment and corresponding countermeasures** \_\_\_\_\_

The Legal Department, under its jurisdiction, conducts the risk assessment by identifying and managing the legal risks which the Company may encounter, such as the risks related to violating domestic and international regulatory compliance programs, and the contract risks. The Department arranges training and education courses regularly and requests to review the contract before executing to effectively manage domestic and international regulatory compliance and contractual liability assignment, so as to mitigate the possible legal risks which Company may have.

**(4) Financial risks assessment and corresponding countermeasures** \_\_\_\_\_

**A. Foreign exchange risk**

The Group operates internationally and the relevant foreign exchange risks mainly come from transaction risk and accounting risk. The corresponding countermeasures are money market hedging, forward foreign exchange hedging, centralized fund management, risk positions offsetting, and exchange rate information controlling.

**B. Interest rate risk**

The Company has undertaken floating rate loans, and the interest rate risk comes from the possible increase in interest expenses. The corresponding countermeasures are the issuance of fixed-rate corporate bonds or fixed-rate bank borrowings to lock

in the medium and long-term cost of capital; undertake interest rate swap timely to avoid the interest rate risk of long-term liabilities with floating interest rates; and use floating rate loans to offset part of the risks arising from interest rate changes through the time deposits undertaken.

C. Credit Risk

Credit risk refers to the risk of financial loss to the Company arising from accounts receivable of clients who could not repay in full based on the agreed collection terms; and default by counterparties to a financial instruments for not fulfilling their contractual obligations. The corresponding countermeasures are to establish a system of credit risk management, evaluate the credit worthiness of clients, and financial instruments only accept financial institutions with good credit ratings as trading partners.

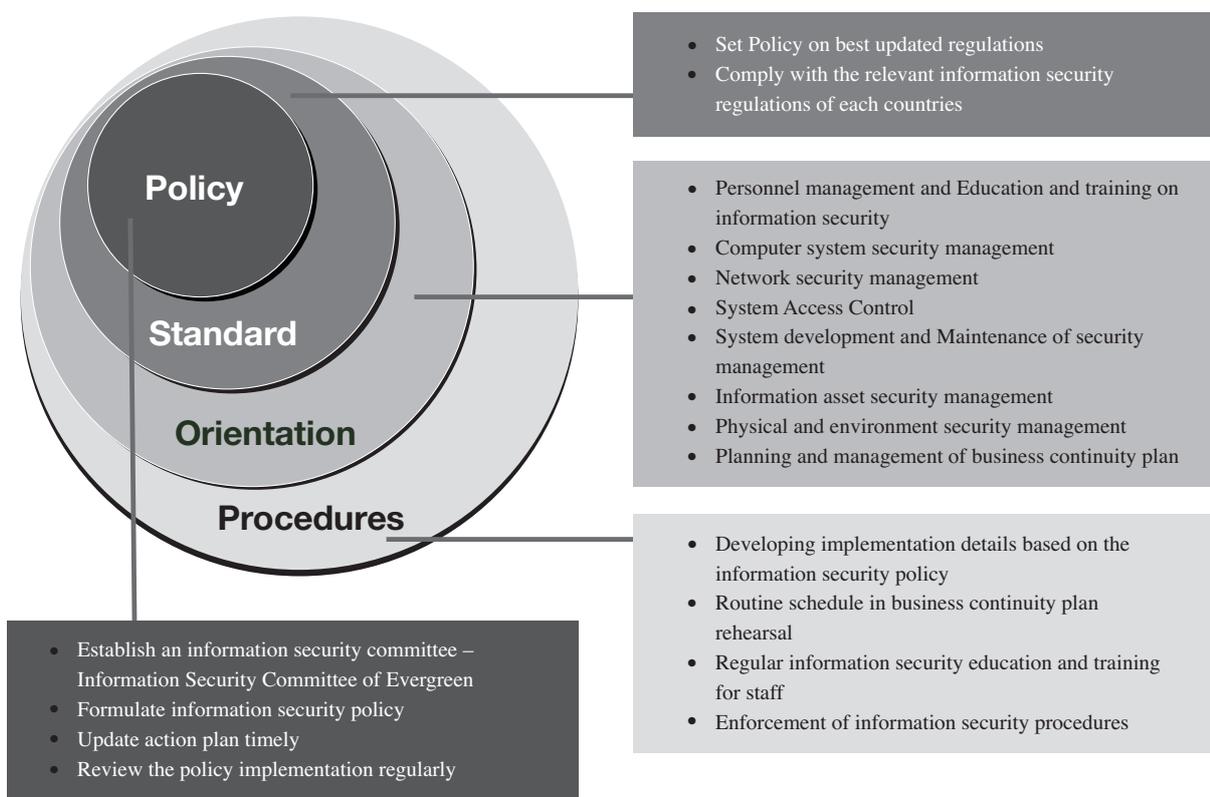
D. Liquidity Risk

The Company has financial liabilities maturing on different dates. If it is not easy to realize the assets or there is insufficient liquidity to meet the financial liabilities due, the Company will be exposed to liquidity risk. The corresponding countermeasures are to only use surplus funds as time deposits of less than 3 months tenure to improve liquidity; prepare monthly cash flow projections for the coming year to ensure that sufficient funds are available to meet operational needs and to cover against maturing financial liabilities; apply for credit line from financial institutions to cope with various temporary conditions; and increase capital by subscriptions in cash or issue convertible bonds to raise the required funds in the capital market according to market conditions.

**(5) Information security risks assessment and corresponding countermeasures** \_\_\_\_\_

To enhance information security management, the Company has established "Information Security Committee" and formulates information security policies and specific management programs, including information security policies, information security organizations and responsibilities, security classification of information assets, personnel management and education and training, computer system security management, network security management, system access control, system development and maintenance of security management, physical and environmental security management, planning, management and internal audit of business continuity plan, and regularly reports to the Board of Directors.

The Information Security Architecture of the Company is shown below:



## (6) Hazard risk assessment and corresponding countermeasures

The Operations Department, under its jurisdiction, conducts the training and propaganda of Company personnel for the misdeclaration and concealment of dangerous goods, including any omission of the goods which are actually dangerous goods but are not declared, any concealment of the goods which are actually dangerous goods but are declared as non-dangerous goods, concealment of the dangerous goods classes and the concealment, omission and misstatement of UN numbers, etc. At the same time, the Department strengthens the clients awareness on the standards and responsibilities of dangerous goods cargo shipping and improves the quality and vigilance of the operating personnel as a whole.

The Maritech Department, under its jurisdiction, uses the Fleet Safety Management System (FMS safety) provided by WNI, a meteorological navigation company, to monitor the dynamic information of tropical disturbances on a daily basis for extreme climates such as hurricanes and typhoons; and study the typhoon formation probability and its future trends. Each typhoon is examined based on three sections: transoceanic section, coastal section, and berth ships. In the daily interdepartmental meeting, the Department will respond in accordance with the sequential order of impact, in order to prevent typhoon damage to fleet's vessels under the condition of navigating safety and minimizing shipping delays as well as the fuel consumption cost.

The Occupational Safety & Health Department, under its jurisdiction, organizes Emergency Response Team in response to emergency needs such as fire accident, earthquake, emergency treatment, etc. The Team members attend the training courses at least once every half year. The Company organizes First Aid Team and all first aid personnel have completed the trainings and refresher trainings pursuant to the regulations. Meanwhile, the facilities maintenance suppliers and mechanics conduct regular maintenance and repair for all kinds of the emergency equipment and facilities in the building.

#### 14. Organizational Structure of Risk Management and In-charge Departments

An Auditing Department is set up to schedule annual auditing plans, in order to inspect and evaluate the implementation of various control measures in each department to ensure effective implementation of risk management policies. The organizational structure of the Company's risk management is as follows:

Risk Management	In-charge Department	Functions
Strategies & Operational Risks	Project Department	To formulate the Company's operating policies, evaluate the cost effectiveness, design service strings and fleet, supervise business operations, etc.
Market Risks	Project Department Line Manager Cost Control Team Fuel Purchase Team Schedule Coordination Center All Department Heads	Specific to the scope of business, plan strategies and evaluate risks within and across each in-charge department.
Legal Risks	Legal Division (Competition Compliance Team Included)	Responsible for the study of laws and regulations related to global competition laws, establish the Company's principles of regulatory compliance, provide education and training and monitor each execution of business processes to ensure compliance with competition regulations.

<b>Risk Management</b>	<b>In-charge Department</b>	<b>Functions</b>
Financial risks	Finance Department	Responsible for foreign exchange risk, interest rate risk, credit risk or liquidity risk which may cause losses to the Company.
Information security risk	Information Security Committee	Responsible for risks caused by improper security control, operation, and backup of information systems.
Hazard risk	Operations Department Maritech Department Occupational Safety & Health Department	Responsible for risks caused by natural disasters, global/ regional financial crises, terrorist attack, or major communicable diseases which may cause losses to the Company.

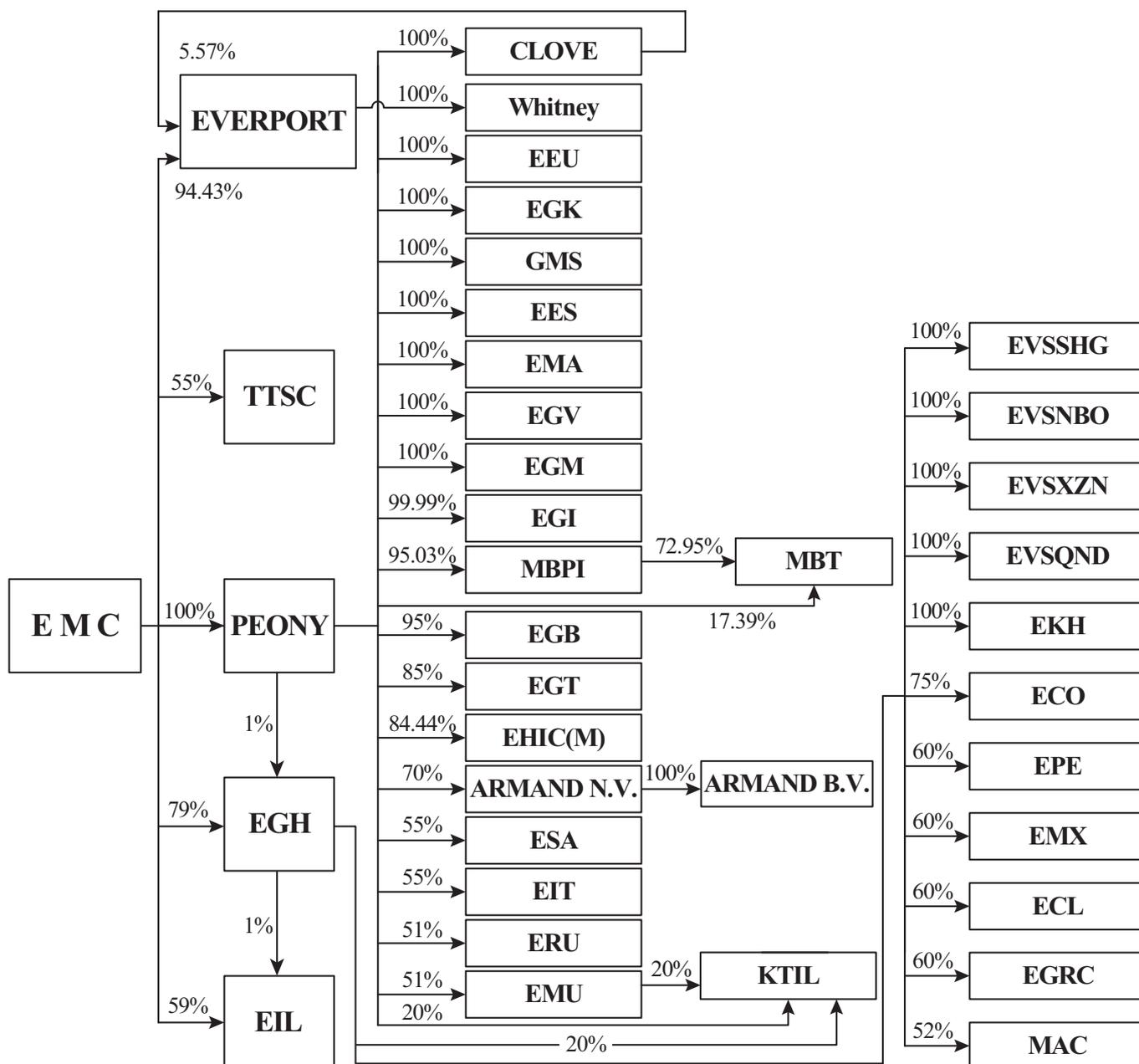
**7 Other important issues:** None.

# Chapter 8. Special Disclosure

## 1 Summary of Affiliated Companies

### 1. Subsidiaries business report

#### (1) EMC Subsidiaries Chart



EMC	: Evergreen Marine Corporation (Taiwan) Ltd.
PEONY	: Peony Investment S.A.
EVERPORT	: Everport Terminal Services Inc.
EGH	: Evergreen Marine (Hong Kong) Ltd.
TTSC	: Taiwan Terminal Services Corp. Ltd.
EIL	: Evergreen Shipping Agency (Israel) Ltd.
CLOVE	: Clove Holding Ltd.
Whitney	: Whitney Equipment LLC.
EEU	: Evergreen Shipping Agency (Europe) GmbH
EGK	: Evergreen Shipping Agency (Korea) Corporation
GMS	: Greencompass Marine S.A.
EES	: Evergreen Shipping (Spain) S.L .
EMA	: Evergreen Shipping Agency (Australia) Pty. Ltd.
EGV	: Evergreen Shipping Agency (Vietnam) Corp.
EGM	: Evergreen Marine Co. (Malaysia) SDN. BHD.
EGI	: Evergreen Shipping Agency (India) Pvt. Ltd.
MBPI	: PT. Multi Bina Pura International
MBT	: PT. Multi Bina Transport
EGB	: Evergreen Argentina S.A.
EGT	: Evergreen Shipping Agency (Thailand) Co., Ltd.
EHIC (M)	: Evergreen Heavy Industrial Corp. (Malaysia) Berhad
ARMAND N.V.	: Armand Investment (Netherlands) N.V.
ARMAND B.V.	: Armand Estate B.V.
ESA	: Evergreen Agency (South Africa) (Pty) Ltd.
EIT	: Evergreen Shipping Agency (Italy) S.p.A.
ERU	: Evergreen Shipping Agency (Russia) Ltd.
EMU	: Evergreen Marine (UK) Limited
KTIL	: Kingtrans Intl. Logistics (Tianjin) Co., Ltd.
EVSSHG	: Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.
EVSNBO	: Ever Shine (Ningbo) Enterprise Management Consulting Co.,Ltd.
EVSXZN	: Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd
EVSQND	: Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.
EKH	: Evergreen Shipping Services (Cambodia) Co., Ltd.
ECO	: Evergreen Shipping Agency (Colombia) S.A.S.
EPE	: Evergreen Shipping Agency (Peru) S.A.C.
EMX	: Evergreen Shipping Agency Mexico S.A. de C.V.
ECL	: Evergreen Shipping Agency (Chile) Spa
EGRC	: Evergreen Shipping Agency (Greece) Anonimi Eteria
MAC	: Master International Shipping Agency Co., Ltd.

**(2) Basic information of Subsidiaries (As of DEC. 31, 2019)**

Expressed in thousands of local currency

<b>Company</b>	<b>Date Founded</b>	<b>Location</b>	<b>Capital</b>	<b>Main Business Activities</b>
Peony Investment S.A.	01/04/1993	East 53rd Street, Marbella, Humboldt Building, 2 <sup>nd</sup> Floor, Panama, Republic of Panama	USD 476,500	Investment holding company
Everport Terminal Services Inc.	04/29/2011	1209 Orange Street in the City of Wilmington, County of New Castle.	USD 105.9	Terminal services
Evergreen Marine (Hong Kong) Ltd.	10/31/1991	22-23/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.	HKD 8,000	Container shipping
Taiwan Terminal Services Corp. Ltd.	12/27/1997	No. 6, Qijin 1 <sup>st</sup> Rd., Qijin Dist., Kaohsiung City 805, Taiwan (R.O.C.)	TWD 100,000	Cargo loading and discharging
Evergreen Shipping Agency (Israel) Ltd.	06/24/2019	8 HABANKIM STREET, HAIFA, ISRAEL, 3326301	ILS 1,800	Shipping agency
Clove Holding Ltd.	11/16/2000	Craigmuir Chambers, P. O. Box71, Road Town, Tortola, B. V. I.	USD 10	Investment holding company
Whitney Equipment LLC.	03/15/2005	23864 Hawthorne Blvd., Suite 201, Torrance, CA 90505	USD 200	Equipment Leasing Company
Evergreen Shipping Agency (Europe) GmbH	10/02/1986	Amsinckstrasse 55, 20097 Hamburg, Germany	EUR 61	Shipping agency
Evergreen Shipping Agency (Korea) Corporation	01/01/2001	12F, 19, SAEMUNAN-RO 5-GIL, JONGNO-GU, SEOUL, REPUBLIC OF KOREA	KRW 606,000	Shipping agency
Greencoast Marine S.A.	08/16/1993	2 <sup>nd</sup> Floor, Humboldt Tower, East 53rd Street, Urb. Marbella, Panama City, Rep. of Panama	USD 353,500	Container shipping
Evergreen Shipping (Spain) S.L.	01/01/2007	Calle Siete Aguas, 11-entlo., Valencia 46023, Spain	EUR 600	Shipping agency

Company	Date Founded	Location	Capital	Main Business Activities
Evergreen Shipping Agency (Australia) Pty. Ltd.	05/27/2002	SUITE 1101 , LEVEL 11, 77 PACIFIC HIGHWAY , NORTH SYDNEY , NEW SOUTH WALES 2060 , AUSTRALIA.	AUD 1	Shipping agency
Evergreen Shipping Agency (Vietnam) Corp.	01/01/2003	FL 30, Pearl Plaza, 561A Dien Bien Phu Str., Ward 25, Binh Thanh Dist., HCMC, Vietnam	USD 1,120	Shipping agency
Evergreen Marine Co. (Malaysia) SDN.BHD.	06/24/2000	NO.7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA.	MYR 500	Shipping agency
Evergreen Shipping Agency (India) Pvt. Ltd.	01/19/2004	Marathon Nextgen Innova 'A' G-01, Opp. Peninsula Corporate Park, Off G. K. Marg, Lower Parel (W) , Mumbai - 400013, India	INR 1,000	Shipping agency
PT. Multi Bina Pura International	09/10/1992	Jl. Raya Cakung Cilincing, KM. 4 Jakarta Utara 14260, Indonesia	IDR 39,760,500	Cargo loading and discharging, inland transportation
PT. Multi Bina Transport	01/01/1994	Jl. Raya Cakung Cilincing, KM. 4 Jakarta Utara 14260, Indonesia	IDR 10,350,000	Repairs and cleaning of containers, inland transportation
Evergreen Argentina S.A.	10/31/1997	PJE. CARABELAS 344 (ZIP CODE:C1009AAD) BUENOS AIRES, ARGENTINA.	ARS 1,580	Leasing
Evergreen Shipping Agency (Thailand) Co., Ltd.	02/14/2001	3656/81, 24-25th Floor, Green Tower, Rama 4 Road, Klongton, Klongtoey, Bangkok 10110	THB 40,000	Shipping agency
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	06/06/1989	Lot 139, Jalan Cecair, Phase 2, Free Trade Zone, Johor Port Authority, 81700 Pasir Gudang, Johor, Malaysia	MYR 65,641	Container manufacturing
Armand Investment (Netherlands) N.V.	12/29/2000	Van Engelenweg 23, Curacao	USD 6	Investment holding company
Armand Estate B.V.	04/18/2000	Waalhaven Z.z. 19, Portcity II, 3089JH Rotterdam	EUR 20.42	Investment holding company

Company	Date Founded	Location	Capital	Main Business Activities
Evergreen Agency (South Africa) (Pty) Ltd.	04/01/2009	9B Riley Road, Bedfordview, Johannesburg 2007, South Africa	ZAR 10,000	Shipping agency
Evergreen Shipping Agency (Italy) S.p.A.	11/09/2005	Scali Cerere 9 - 57122 Livorno, Italy	EUR 2,000	Shipping agency
Evergreen Shipping Agency (Russia) Ltd.	09/01/2005	Business Centre Atrium, 3rd floor, office 316-B No. 1/25 litera A, Kazanskaya Street Saint-Petersburg, 191186 Russia	RUB 6,000	Shipping agency
Evergreen Marine (UK) Limited	04/30/2001	160 Euston Road, London NW1 2DX,U.K.	GBP 1,500	Container shipping
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	11/23/2006	NO.295, JI YUN EAST ROAD, TIANJIN PORT CONTAINER LOGISTICS CENTER,BINHAI NEW DISTRICT, TIANJIN, CHINA	USD 10,000	Loading, discharging, storage, repairs and cleaning of containers
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	05/22/2007	11th FL, No. 2, Lane 1199, Minsheng RD., Pudong New Area, Shanghai, China ZIP code : 200135	USD 58,850	Management consultancy, self-owned property leasing
Ever Shine (Ningbo) Enterprise Management Consulting Co.,Ltd.	04/05/2016	34F, Global Shipping Plaza, No.269, Ningdong Road, Yinzhou District of Ningbo City	RMB 43,000	Management consultancy, self-owned property leasing
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	03/27/2008	16F, GOLDEN CENTURY BUILDING, NO.6033 SHENNAN ROAD, FUTIAN DISTRICT, SHENZHEN	USD 8,800	Management consultancy, self-owned property leasing
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	05/15/2008	NO.31 DONGHAI WEST ROAD, QINGDAO, CHINA	USD 7,300	Management consultancy, self-owned property leasing
Evergreen Shipping Services (Cambodia) Co., Ltd.	10/18/2017	#292CD E2,street. Mao Tse Young (245) corner street. 205, Sangkat Tumnub Teuk, Khan Chamkarmorn, Phnom Penh, Cambodia.	USD 200	Shipping agency

Company	Date Founded	Location	Capital	Main Business Activities
Evergreen Shipping Agency (Colombia) S.A.S.	05/18/2018	Calle 97 AN° 9A - 50 Piso 4to, Bogota, Colombia	COP 106,668	Shipping agency
Evergreen Shipping Agency (Peru) S.A.C.	08/23/2018	AV Javier Prado Este No. 480-488-492, Oficina 502 San Isidro, Lima, Peru Lima 27	PEN 1,500	Shipping agency
Evergreen Shipping Agency Mexico S.A. de C.V.	05/21/2018	AV. BENJAMIN FRANKLIN, 204, PISO 1, ESCANDON, MIGUEL HIDALGO, 11800, CIUDAD DE MEXICO, MEXICO	MXN 7,400	Shipping agency
Evergreen Shipping Agency (Chile) Spa	10/01/2018	Alcántara 200, of 501, Las Condes, Santiago, Chile	CLP 350,000	Shipping agency
Evergreen Shipping Agency (Greece) Anonimi Eteria	02/13/2019	3, K. Paleologou Str, GR 18535 Piraeus, Greece	EUR 400	Shipping agency
Master International Shipping Agency Co., Ltd.	01/31/2005	16F, GOLDEN CENTURY BUILDING, NO.6033 SHENNAN ROAD, FUTIAN DISTRICT, SHENZHEN	RMB 5,000	Shipping agency

Note : The foreign exchange rates

USD : TWD=1:30.0130	1:30.9102	IDR : TWD=1:0.0022	1:0.0022	RMB : TWD=1:4.2957	1:4.4704
MYR : TWD=1:7.3247	1:7.4574	GBD : TWD=1:39.3716	1:39.4062	EUR : TWD=1:33.7149	1:34.6023
KRW : TWD=1:0.0259	1:0.0265	INR : TWD=1:0.4208	1:0.4390	ARS : TWD=1:0.5012	1:0.6389
AUD : TWD=1:21.0234	1:21.4654	RUB : TWD=1:0.4840	1:0.4778	SGD : TWD=1:22.2615	1:22.6515
THB : TWD=1:1.0034	1:0.9957	VND : TWD=1:0.0013	1:0.0013	ZAR : TWD=1:2.1267	1:2.1358
PLN : TWD=1:7.9069	1:8.0481	CHF : TWD=1:30.9924	1:31.1124	ILS : TWD=1:8.6765	1:8.8926
PEN : TWD=1:9.0496	1:9.2598	COP : TWD=1:0.0091	1:0.0094	MXN : TWD=1:1.5851	1:1.6047
CLP : TWD=1:0.0398	1:0.0439	HKD : TWD=1:3.8538	1:3.9452		

**(3) The EMC's shareholders representing both the holding company and subordinates:** None.

**(4) The affiliates scope of labor and division of labor** \_\_\_\_\_

Among the overall affiliated companies are mostly in transportation service industry. These affiliated companies aims at increasing overall revenue through working in the worldwide transportation network. The companies operates supporting services to maximize performance and provide global customers with the best service.

**(5) The Directors, Supervisors and President of Subsidiaries (As of DEC. 31, 2019)** \_\_\_\_\_

Expressed in local currency

Country	Company	Director	President and Supervisor	Capital
United States	Whitney Equipment LLC.	Ko, Lee-Ching Wu, Kuang-Hui Kuo, Feng-Yi	President: Ko, Lee-Ching	USD 200,000
	Everport Terminal Services Inc.	Chang, Cheng-Yung Hsieh, Huey-Chuan Wang, Jiing-Huei	President: George Lang	USD 105,900
Curacao	Armand Investment (Netherlands) N.V.	Chang, Cheng-Yung Sun Reliance Management B.V.		USD 6,000
British Virgin Islands	Clove Holding Ltd.	Chang, Cheng-Yung Ko, Lee-Ching		USD 10,000
China	Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Chen, Kong-Ling Chang, Cheng-Yung Lian, Chung-Te Chang, Da-Chih Yu, Ming-Jiang	President: Chen, Ching-Wen Supervisor: Lin, Yuan-Cheng	USD 10,000,000
	Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Lin, Yuan-Cheng	President: Hsieh, Huey-Chuan Supervisor: Ko, Lee-Ching	RMB 43,000,000
	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Lin, Yuan-Cheng	President: Hsieh, Huey-Chuan Supervisor: Ko, Lee-Ching	USD 58,850,000
	Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Lin, Yuan-Cheng	President: Hsieh, Huey-Chuan Supervisor: Ko, Lee-Ching	USD 8,800,000

Country	Company	Director	President and Supervisor	Capital
China	Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Lin, Yuan-Cheng	President: Hsieh, Huey-Chuan Supervisor: Ko, Lee-Ching	USD 7,300,000
	Master International Shipping Agency Co., Ltd.	Chang, Shin-Yie Chao, Chien-Hsin Liu, Jeng-Chung Huang Jian Chen, Hong-Hui	President: Huang Jian Supervisor: Wu, Kuang-Hui	RMB 5,000,000
Netherlands	Armand Estate B.V.	Chang, Kuo-Hua Shih, Wang-Yi		EUR 20,420
Indonesia	PT. Multi Bina Pura International	Chang, Cheng-Yung Hsieh, Huey-Chuan Wu, Mao-Lin Chan, Cheng-Chi M. F. Permadi	President: Chang, Cheng-Yung & Wu, Mao-Lin	IDR 39,760,500,000
	PT. Multi Bina Transport	Chang, Cheng-Yung Hsieh, Huey-Chuan Wu, Mao-Lin Chan, Cheng-Chi M. F. Permadi	President: Chang, Cheng-Yung	IDR 10,350,000,000
Malaysia	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Chang, Cheng-Yung Wu, Kuang-Hui Wang, Kuo-Chin Lee, Ting-Ming Dato' Dr. Kenny Ong Kean Lee		MYR 65,640,550
	Evergreen Marine Corp. (Malaysia) SDN. BHD.	Chang, Cheng-Yung Yen, Chia-Cheng Lin, Hung-Yu		MYR 500,000
Panama	Peony Investment S.A.	Chang, Kuo-Hua Chang, Cheng-Yung Wu, Kuang-Hui	President: Chang, Kuo-Hua	USD 476,500,000
	Greencompass Marine S.A.	Chang, Cheng-Yung Hsieh, Huey-Chuan Ko, Lee-Ching	President: Chang, Cheng-Yung	USD 353,500,000
United Kingdom	Evergreen Marine (UK) Limited	Chang, Kuo-Cheng Tsai, Chih-Ho Maurice Storey	President: Tsai, Chih-Ho	GBP 1,500,000

Country	Company	Director	President and Supervisor	Capital
Germany	Evergreen Shipping Agency (Europe) GmbH	Chang, Cheng-Yung Hsieh, Huey-Chuan	President: Huang, Sheng-Peng	EUR 61,335
South Korea	Evergreen Shipping Agency (Korea) Corporation	Chang, Cheng-Yung Hsieh, Huey-Chuan Wu, Yaw-Hwang	President: Wu, Yaw-Hwang Supervisor: Wu, Kuang-Hui	KRW 606,000,000
India	Evergreen Shipping Agency (India) Pvt. Ltd.	Chang, Cheng-Yung Chuang, Chao-Wei Lin, Hsin-Tsung	President: Chuang, Chao-Wei	INR 1,000,000
Argentina	Evergreen Argentina S.A.	Cheng, Ming-Feng Alternate Director: Tsai, Chi-Sheng	President: Cheng, Ming-Feng	ARS 1,580,000
Spain	Evergreen Shipping (Spain) S.L.	Chang, Cheng-Yung Hsieh, Huey-Chuan Ko, Ching-Lin	President: Ko, Ching-Lin	EUR 600,000
Italy	Evergreen Shipping Agency (Italy) S.P.A.	Chang, Cheng-Yung Hsieh, Huey-Chuan Cheng, Chi-Yi Alessandro Andreani Antonio Maneschi	President: Cheng, Chi-Yi	EUR 2,000,000
Australia	Evergreen Shipping Agency (Australia) Pty. Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Hung, Tsu-Li	President: Hung, Tsu-Li	AUD 1,000
Russia	Evergreen Shipping Agency (Russia) Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Liu, Day-Tzong Komarov Alexander Ivanovitch Laitinen Jouni Olli-Pekka	President: Liu, Day-Tzong	RUB 6,000,000
Thailand	Evergreen Shipping Agency (Thailand) Co., Ltd.	Chang, Cheng-Yung Tsai, Wen-Jung Mr. Nivat Changariyavong		THB 40,000,000

Country	Company	Director	President and Supervisor	Capital
South Africa	Evergreen Agency (South Africa) (Pty) Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Tsai, Ming-Feng Wu, Kuang-Hui Chen, Chih-Yi Chen, Lee-Chun Moegamat Zain Davids		ZAR 10,000,000
Taiwan	Taiwan Terminal Services Corp. Ltd.	Chang, Yen-I Wu, Shann-Jen Chen, Yih-Jong	President: Wu, Shann-Jen Supervisor: Wu, Kuang-Hui	TWD 100,000,000
Vietnam	Evergreen Shipping Agency (Vietnam) Corp.	Chang, Cheng-Yung Hsieh, Huey-Chuan Lin, Chien-Nan	President: Lin, Chien-Nan	USD 1,120,000
Hong Kong	Evergreen Marine (Hong Kong) Ltd.	Chang, Kuo-Hua Chang, Kuo-Cheng Chang, Shin-Yie Wu, Kuang-Hui Chao, Chien-Hsin		HKD 8,000,000
Chile	Evergreen Shipping Agency (Chile) Spa	Chang, Cheng-Yung (Alternate Director: Yang, Chin-Chung) Hsieh, Huey-Chuan (Alternate Director: Wu, Chung-En) Gabriel García Huidobro Morandé	President: Yang, Chin-Chung	CLP 350,000,000
Colombia	Evergreen Shipping Agency (Colombia) S.A.S.	Chang, Cheng-Yung Hsieh, Huey-Chuan Huang, Pao-Jen Carlos Leano	President: Huang, Pao-Jen	CAPITAL- COP 106,668,000 PREMIUM- COP 1,333,332,000
Mexico	Evergreen Shipping Agency Mexico, S.A. de C.V.	Chang, Cheng-Yung (Alternate Director: Yang, Lii-Yueh) Hsieh, Huey-Chuan (Alternate Director: Wang, Wen-Tai) Jesus Cutberto Parra Mendoza	President: Yang, Lii-Yueh	MXN Peso 7,400,000

Country	Company	Director	President and Supervisor	Capital
Peru	Evergreen Shipping Agency (Peru) S.A.C.	Chang, Cheng-Yung ( Alternate Director: Lin, Ching-Yi) Hsieh, Huey-Chuan ( Alternate Director: Shih, Cheng-Chuan) Moises Jose Woll Aste	President: Lin, Ching-Yi	Peru Soles 1,500,000
Cambodia	Evergreen Shipping Services (Cambodia) Co., Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Chi, Ping-Ze		USD 200,000
Greece	Evergreen Shipping Agency (Greece) Anonimi Eteria	Chang, Cheng-Yung Hsieh, Huey-Chuan Chen-Jui Chen Constantinos Mouskos Georgios Ioannidis	President: Chen-Jui Chen & Constantinos Mouskos	EUR 400,000
Israel	Evergreen Shipping Agency (Israel) Ltd.	Chang, Cheng-Yung Hsieh, Huey-Chuan Huang, Teng-Wei Jacob Ben Shushan Ohad Vered	President: Huang, Teng-Wei & Ohad Vered	ILS 1,800,000

(6) The Operating Overviews of Subsidiaries (As of Dec, 31, 2019)

Unit: TWD thousand

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Basic Earning (Loss) Per Share (TWD)
Peony Investment S. A.	14,301,195	26,630,879	6,785	26,624,094	(1,539,161)	(1,654,254)	(1,603,401)	(336)
Everport Terminal Services Inc.	3,178	14,766,629	12,802,771	1,963,857	13,166,916	1,592,149	747,660	706,006
Evergreen Marine (Hong Kong) Ltd.	30,830	36,071,833	31,021,445	5,050,387	24,708,698	834,701	266,134	33
Taiwan Terminal Services Corp. Ltd.	100,000	351,323	252,185	99,138	863,763	13,561	12,247	1
Evergreen Shipping Agency (Israel) Ltd.	15,618	43,818	7,864	35,954	32,022	27,332	20,820	26
Clove Holding Ltd.	300	3,494,233	765,273	2,728,960	52,234	50,798	43,543	4,354
Whitney Equipment LLC.	6,003	625,775	407,890	217,885	229,804	46,102	35,279	0
Evergreen Shipping Agency (Europe) GmbH	2,069	2,702,460	2,409,519	292,941	1,368,814	20,849	14,966	0
Evergreen Shipping Agency (Korea) Corporation	15,699	395,072	344,565	50,507	156,359	21,366	18,113	149
Greencompass Marine S.A.	10,609,596	77,280,164	63,448,542	13,831,622	85,286,076	(425,686)	(1,400,706)	(396)
Evergreen Shipping (Spain) S.L.	20,229	533,011	304,356	228,655	543,500	183,210	139,040	23,173
Evergreen Shipping Agency (Australia) Pty Ltd.	21	356,475	231,379	125,096	270,426	143,992	121,265	121,265
Evergreen Shipping Agency (Vietnam) Corp.	34,444	651,671	304,452	347,220	383,899	223,119	188,457	0

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Net Income (Loss)	Basic Earning (Loss) Per Share (TWD)
Evergreen Marine Corp. (Malaysia) SDN. BHD.	3,662	1,490,001	631,042	858,959	627,045	341,785	276,583	553
Evergreen Shipping Agency (India) Pvt. Ltd.	421	445,682	255,378	190,304	195,607	74,772	55,763	558
PT. Multi Bina Pura International	83,497	733,851	127,508	606,343	299,797	147,104	128,163	7,170
PT. Multi Bina Transport	22,323	111,795	26,525	85,270	75,068	(1,937)	1,321	128
Evergreen Argentina S.A.	792	65,498	11,487	54,011	3,892	(1,359)	(3,960)	(25)
Evergreen Shipping Agency (Thailand) Co., Ltd.	40,138	780,713	689,016	91,697	297,499	57,897	47,296	59
Evergreen Heavy Industrial Corp. (Malaysia) Berhad.	480,798	1,297,618	165,504	1,132,115	1,902,461	(103,291)	(44,552)	(1)
Armand Investment (Netherlands) N.V.	180	490,538	4,775	485,763	23,988	23,010	23,010	3,835
Armand Estate B.V.	719	501,286	10,785	490,501	26,265	23,988	23,988	533,073
Evergreen Agency (South Africa) (Pty) Ltd.	21,267	415,114	241,888	173,226	277,206	116,347	94,673	9
Evergreen Shipping Agency (Italy) S.p.A.	67,430	299,644	168,343	131,301	315,187	60,221	39,933	39,933
Evergreen Shipping Agency (Russia) Ltd.	2,904	117,630	72,854	44,777	148,487	96,769	75,981	0
Evergreen Marine (UK) Limited	58,356	52,732,325	51,164,134	1,568,191	42,008,989	126,886	(1,392,268)	(928)

<b>Company</b>	<b>Capital</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Equity</b>	<b>Operating Revenue</b>	<b>Operating Income (Loss)</b>	<b>Net Income (Loss)</b>	<b>Basic Earning (Loss) Per Share (TWD)</b>
Kingtrans International Logistics (Tianjin) Co., Ltd.	307,535	482,195	36,476	445,720	195,294	60,881	46,305	0
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd	1,809,843	1,789,066	42,849	1,746,217	152,813	18,903	14,167	0
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	184,714	238,123	53,349	184,775	13,923	3,088	26	0
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	270,631	320,705	60,820	259,885	25,102	6,535	2,512	0
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	224,501	249,853	37,438	212,415	18,010	5,922	3,140	0
Evergreen Shipping Service (Cambodia) Co., Ltd.	6,122	80,774	44,002	36,772	143,236	52,186	31,689	106
Evergreen Shipping Agency (Colombia) S.A.S.	975	234,167	156,257	77,910	214,016	112,100	77,365	725
Evergreen Shipping Agency (Peru) S.A.C.	13,574	245,211	81,999	163,212	330,008	214,706	150,517	100
Evergreen Shipping Agency Mexico S.A. de C.V.	11,730	232,303	161,072	71,231	398,239	74,990	53,992	730
Evergreen Shipping Agency (Chile) Spa	13,943	293,980	214,576	79,404	215,745	93,490	70,786	28,314
Evergreen Shipping Agency (Greece) Anonimi Enteria	13,486	205,141	175,368	29,773	95,681	23,224	16,567	4,142



## 2. Consolidated Financial Statement of Subsidiaries

### REPRESENTATION LETTER

In connection with the Consolidated Financial Statements of Affiliated Enterprises of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of EVERGREEN MARINE CORPORATION (TAIWAN) LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, EVERGREEN MARINE CORPORATION (TAIWAN) LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

By

CHENG-YUNG CHANG, Chairman

March 24, 2020

**3. Affiliated Companies Report: None.**

**2** **Securities issuance through private placement: None.**

**3** **Holdings and sale of shares by subsidiaries: None.**

**4** **Other necessary supplementary information: None.**

**5** **Any events in 2019 and as of the date of this annual report had significant impacts on shareholders' right or security prices as stated in item 3 paragraph 2 of Article 36: None.**





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

