



2005 Annual Report



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EVERGREEN MARINE CORP. (TAIWAN) LTD.

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EMC GDRs

SYMBOL: EGMD

EMC global depositary receipts(GDRs) are listed on

LONDON STOCK EXCHANGE.

The related information can be observed at:

<http://www.londonstockexchange.com>

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1. Business Performance in 2005

The year of 2005 was characterized by many fortunate circumstances. The global trading activities' growth was better than expected. As a result, the container shipping industry benefited from increasing demand for capacity. Strategically, great efforts were made to meet various demands from our customers so as to reap the highest profits from the booming markets. The cost-down policy was well implemented to strengthen our business structure. Therefore, we have achieved another record profit for 2005 despite of adverse factors such as rising oil price. The result could not have been achieved without considerable and energetic contribution from the company's managing team and the employees.

Carrying on with the strategy to expand our global service network, we endeavored to set up more branch offices in key areas to strengthen our presence and competitiveness in the global market. Evergreen India continued to open another eight offices last year following its establishment in 2004, a clear demonstration of Evergreen's ambition and commitment to explore the fast-growing Subcontinent.

China has emerged as the world's manufacturing powerhouse. Evergreen Group plans to set up more offices in this market so as to extend our coverage and to offer better service to the customers.

Evergreen Group established its own liner agency company, Global Marine Russia Limited (GMR) in Russia. It is a joint venture by the Evergreen Group and its former Russian agent Overseas Cargo International. Headquartered in St Petersburg, it has a branch office in Moscow and has commenced operations from 3 October, 2005.

On January 1, 2006 Evergreen Group established a new liner agency company in Italy, Evergreen Italy SpA, which is a joint venture with the company's long-standing partner and agent, Greensisam SpA.

With the continuous growth of trading activities across the Pacific, a bigger terminal is required to efficiently handle this company's huge import and export volume in Northwestern America and to avoid port congestion. The inauguration of Evergreen's Pierce County Terminal (PCT) in the port of Tacoma provides smooth and prompt delivery to each major U.S. city through its extensive inland transport network and helps customers to secure every business opportunities.

In the aspect of strategic alliance, Evergreen has teamed up with Cosco from 1999 to operate ESA service, which connects Asia, South Africa and South America. In view of the rapid growth between China and the two southern continents, Evergreen and Cosco decided to invite Lloyd Triestino (now renamed as Italia Marittima S.P.A.) to join operation. The renovated ESA service not only catered for the rising tonnage demand, but also extended its coverage to Central and Southern China by calling at Shanghai, Ningbo and Yantian.

In September 2005, Evergreen joined efforts with Yang Ming Line to launch JHX service (Japan-Taiwan-Ho Chi Minh Express Service). In addition to the intra-Asia linkage within the scope, this service also provides better connection via Kaohsiung or Hong Kong for Ho Chi Minh's export cargoes to North America.

In response to the increasing capacity demand in the Asia – Red Sea trade, Evergreen upgraded the joint service with Cosco and Hapag-Lloyd by integrating SRX service into FRS service, of which the fleet was replaced by larger vessels and the coverage was extended to Nansha, Hong Kong and Shekou in Southern China.

The fleet of Evergreen Group was further expanded by the delivery of two 7,024 teu newbuildings and three chartered vessels of 8,073 teu. Driven by customer-oriented fleet adjustment and proper strategic partnership, Evergreen's service network was substantially upgraded in terms of both quality and quantity.

Evergreen was selected as "Best Shipping Line Intra-Asia" in the Asian Freight & Supply Chain Awards, held by CARGONEWS ASIA. Besides, Evergreen was presented with "Best Carrier Award" by CHINA SHIPPING GAZETTE and also received many prizes in the competition, including

- ※ Silver Prize for the Best Carrier (China-Southeast Asia),
- ※ Silver Prize for the Best Carrier (China-Europe),
- ※ Bronze Prize for the Best Carrier (China-U.S. West/East),
- ※ Bronze Prize for the Best Carrier (China-Mediterranean),

and many other prizes for excellent services. All these were tangible recognition of EMC's superior services and leading position in world transportation.

Brief Financial Report			Unit: Thousand NTD
Item	Budget for 2005	Actual for 2005	Achievement (%)
Sales revenues	41,868,750	41,975,536	100.26%
Costs of sales	32,489,980	32,486,820	99.99%
Gross Profit	9,378,770	9,488,716	101.17%
Operating expense	2,595,383	2,695,367	103.85%
Operating income	6,783,387	6,793,349	100.15%
Non-operating income	8,514,571	8,477,421	99.56%
Non-operating expense	637,861	604,980	94.85%
Income before income tax	14,660,097	14,665,790	100.04%



The operating revenue in 2005 amounted to NT\$41,975,536,000, and the profit after tax was NT\$12,223,911,000 which was better than 2004.

The Return on Assets was 14.03%, and EPS was NT\$4.53.

Evergreen has been devoted to the enhancement of online business service. The program started from the renovation of software in the headquarters to gradual integration with the systems and data banks of all its branches and agents, and eventually to a well-developed global system. In addition, great efforts have been dedicated to the set-up of regional information system, which has started to provide the latest schedules and relevant information on import and export shipments in Taiwan. The target of our online business service is not only to serve as a comprehensive global information platform, but also to suit local business requirements of each region.

II. Business Plans for 2006

1. Operation Guideline

- (1) The BRICs economies, including Brazil, Russia, India and China remain high on our agenda for further business exploitation. The expansion of local offices in key locations will continue. Moreover, we will seek to add more direct services, either by our owned fleet or with partners, at an appropriate time.
- (2) Evergreen will carry on integrating agency business activities so as to enforce the Principal's policies.
- (3) Additional four 7,024 teu S Type vessels and five 8,073 teu C Type vessels are scheduled to be delivered in 2006. We will carrying on with the improvement of main line services and plan for new routes with partners. A China – U.S. East Coast route and a Northern China – U.S. West Coast route are under study among other proposals.
- (4) Steel price has gradually come down to a reasonable level. Evergreen will keep an eye on the development and will take advantage of a proper timing to start next shipbuilding program to maintain the scale of our fleet.
- (5) Evergreen will strengthen strategic alliances with partners through joint venture and slot exchange agreement to offer a great variety of services and to improve business performance.

2. Business Forecast

Most major container carriers are reported to take delivery of new vessels in 2006 and seemingly there will be a substantial increase of tonnage. But when we consider the offsetting factors such as vessel scrapping and potential port congestion, the actual surplus on the supply side of the market is likely to be less severe than predicted. The forecast on the demand side is much more positive. China is expected to continue the path of strong export. Global events like the 2008 Olympic Games and 2010 World's Fair are expected to stimulate another demand surge. Therefore, the outlook for container shipping industry remains positively forecast in 2006.

3. Important Policies

It is always Evergreen's target to be the customers' best business partner right from the company's establishment. For more than 30 years, this company has been committed to providing more efficient, convenient and reliable service to facilitate global trading activities. Evergreen is also a responsible member of the global community. We embrace social responsibility as one of the company's core

values. As its name proclaims, Evergreen is a company that spares no efforts in environmental protection and helps to preserve a clean and sustainable environment for future generations. The Environment-friendly design of our S Type vessel is a good demonstration of this idea. The new S Type vessels are equipped with the most advanced environmental protection functions and conform to the most stringent requirements of environmental regulations in the U.S. and Europe.

Human resources and managing systems are the cornerstones on which long-term corporate development depends. We particularly attribute our success to the establishment of a sound managing system and inspiring training programs on top of other factors. In Evergreen, we regard human resources as the company's greatest assets. The comprehensive training programs and managing systems help to cultivate new recruits into professional elite of this industry. With the innovative and motivated employees, Evergreen will carry on with the pursuit for service quality, insistency on safety standards, and the challenging tasks of continued growth.

With a service network stretching across the globe, Evergreen has been one of the leading container carriers in the world. Through constant innovation, we continue to provide more efficient and convenient services to our customers. We always keep in mind that shareholders' encouragement is the momentum behind these significant achievements. We are honored to share the profitable outcome for 2005 with our dear shareholders and to express our gratitude for your continuing support. Looking ahead, Evergreen and all of the employees will make the utmost efforts to meet every challenge that confronts us, ensuring that the interests of every shareholder are protected. Finally, we would like to wish each and every one of you a prosperous and successful 2006.



1. Brief Introduction

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

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

1968: Established with a capital of NT\$2 million.

1969: Launched a Far East/Arabian-Persian Gulf regular liner service.

1972: Launched a Far East/Caribbean Sea regular liner service.

1975: Launched a Far East/US East Coast regular full container service.

1976: Launched a Far East/US West Coast regular full container service.

1979: Launched a Far East/Persian Gulf regular full container service.

Launched a Far East/Europe regular full container service.

Provided free training for maritime navigation and engineering students from the maritime school in Taiwan on board its own, and also the country's first, training vessel.

1984: Launched the unprecedented Round-the-World service eastbound and westbound regular full container service.

1985: Launched a Western Mediterranean and US East Coast regular full container service.

1987: Listed on the Taiwan Stock Exchange with capital totaling NT\$10 billion.

1989: Introduced a Far East/US West Coast refrigerated container service.

1993: Evergreen's capital further increased to NT\$11 billion.

Established Peony Investment S.A. and Greencompass Marine S.A.

1994: Evergreen's capital was further increased to NT\$12.6 billion.

1995: Evergreen's capital further increased to NT\$13.9 billion.

1996: Introduced a Far East/Mediterranean/Europe joint service with Lloyd Triestino.

Issued Global Depository Receipts to the amount of US\$115 million on the London Stock Exchange.

Evergreen's capital further increased to NT\$15.6 billion.

1997: Introduced a Far East/Mauritius/South Africa/East Coast South America full container liner service, formerly introduced and operated by Uniglor Marine in 1993.

Awarded ISM CODE (International Safety Management Code) by NK, Japan.

Introduced a Far East/Australia full container joint service with Lloyd Triestino.

Evergreen's capital further increased to NT\$16.7 billion.

Colon Container Terminal S.A. in Panama became fully operational as a common user facility.

1998: Launched a South America Coast /North America liner service.

Evergreen's capital further increased to NT\$17.2 billion.

Named "Company of the Year 1998" by *Containerisation International*.

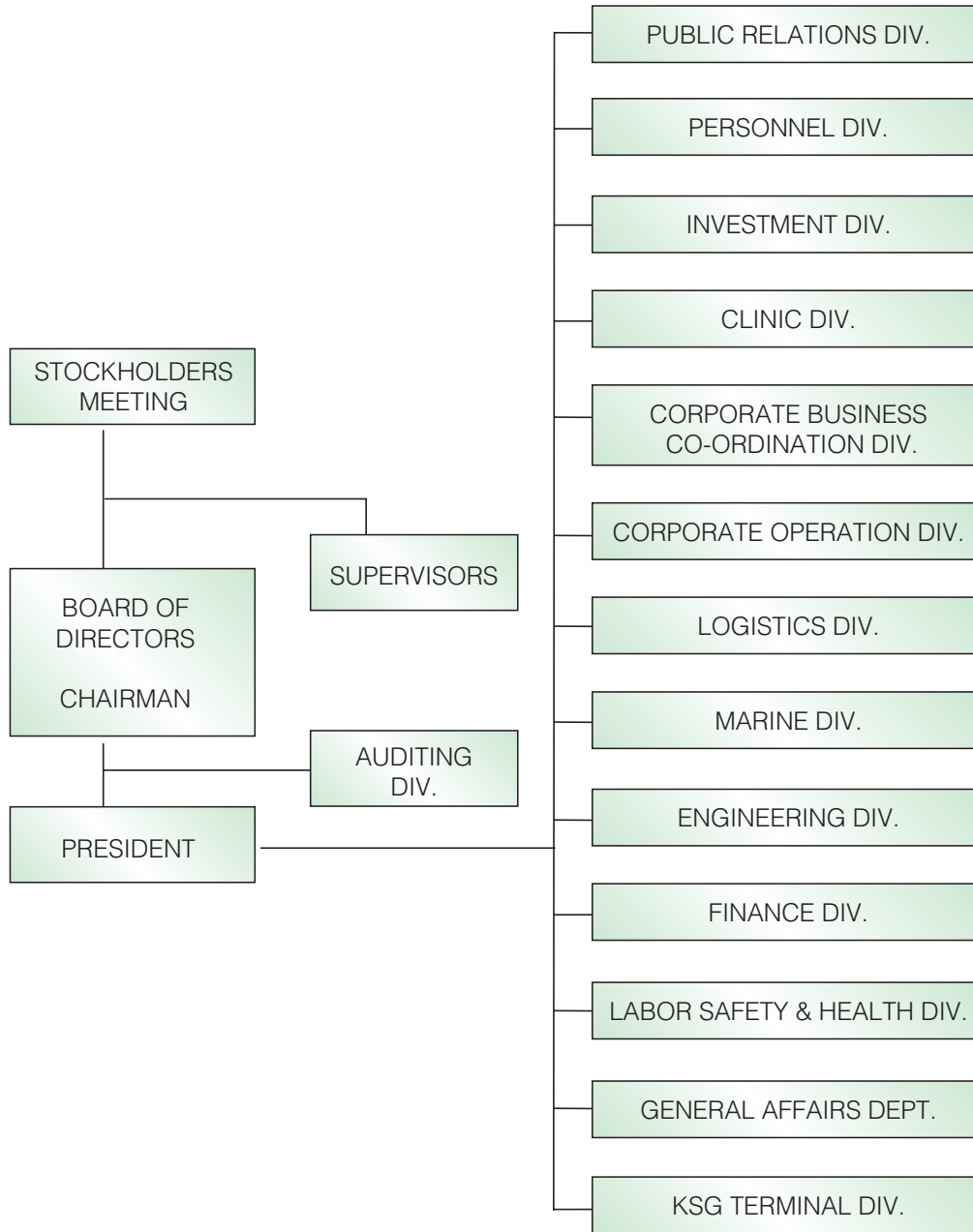
- 1999: Evergreen's capital further increased to NT\$18.6 billion.
- 2000: Introduced a Far East/Australia full container joint service with COSCO.
Evergreen Container Terminal No 5, Berth 79, 80 and 81 in Kaohsiung Port became fully operational and Taiwan's customs authorities approved the operation of an "overall self-management" system to improve and upgrade Evergreen's service to shippers.
Evergreen's capital further increased to NT\$20.1 billion.
- 2001: Introduced a Southwestern Asia (Sri Lanka and India)/Europe joint service.
Taranto Container Terminal in the south of Italy, invested in by Evergreen Group, opened for business with a comprehensive feeder network serving other Italian ports, the West and East Mediterranean, the Adriatic Sea and the Black Sea.
The Evergreen Seafarer Training Center was awarded ISO-9001:2000 by DNV. The training center, an Evergreen Group investment opened in 1999, aims to polish the professional skills of the Group's crew members, to reduce the risk of accidents or environmental pollution at sea and to conform to international regulations.
Jointly established Charng Yang Development Co Ltd with Tesco Taiwan to invest in the Tesco Chingkuo Store in Taoyuan City.
Named by the *Far Eastern Economic Review* as one of the top 10 Taiwan enterprises for nine years consecutively for its high quality services, innovative, long-term vision and financial security.
- 2002: Introduced two pendulum services, the US West Coast/Asia/Europe (WAE) and the North Asia/US East Coast/Europe (NUE), to replace two longstanding Round-the-World Eastbound and Westbound services.
Launched West Coast of South America service linking the Caribbean hub port in Coco Solo, Panama with five ports in Colombia, Ecuador, Peru and Chile.
Awarded the first ever recognition for "Environmental Excellence" by *Port of Los Angeles*.
Certificated for "Safety, Quality & Environmental Management" by *American Bureau of Shipping*.
Awarded ISO-9001:2000 by DNV.
Named by the *Far Eastern Economic Review* as one of the top 10 Taiwan enterprises for ten years consecutively.
- 2003: Named "Excellence in Commitment to Training" by *Lloyd's List*.
Awarded the first annual award for "E-commerce Excellence" by LOG-NET.
Launched a Straits Red Sea express joint service with COSCO, Wan Hai and Hapag-Lloyd.
Launched a joint service with Simatech to link Asia, India and the Gulf.



- 2004: Awarded the second annual award for “E-commerce Excellence” by LOG-NET.
Launched a Far East/Australia full container joint service with Haijin and Hapag Lloyd.
Launched a North China/Singapore/Malaysia/Hong Kong full container joint service with Wan Hai and Yang Ming.
- 2005: Opened the new state-of-the-art Pierce County Container Terminal at the Port of Tacoma, invested in by Evergreen Goup.
Evergreen, Lloyd Trestino and COSCO upgraded the Far East/South Africa/South America joint service ,extend the port coverage to Shanghai, Ningbo and Yantian in China.
Awarded the 19th Asian Freight & Supply Chain Awards for “Best Shipping Line-Intra Asia” by Cargonews Asia.
Launched a Japan/Taiwan/Ho Chi Minh Express Service (JHX) with Yang Ming Line.
Merge the Far East /Red Sea (FRS) service and the Strait /Red Sea Express (SRX) service into a single new FRS service with Hapag-Lloyd and Cosco Container Line.

2. Organization

2-1 Organization Chart



2-2 Brief Introductions of Departments' Job Functions

1. As stipulated in the Articles of Incorporation, the company shall have five (5) directors and two (2) supervisors, who shall be respectively elected in shareholder's meetings to serve a term of office for three (3) years. The directors hold the board of directors to adopt resolutions and perform operation pertaining to the company's business. The majority of over 2/3 presences of directors in the board elect one chairman; a vice chairman is elected likewise. The chairman, on behalf of the company, takes charge of business operation, while the supervisors are responsible for supervision of all business and finance of the company.
2. The company shall have one president in charge of the company's business under the directions of the board of directors. The appointment and dismissal of the president shall be determined upon the condition that the chairman's nomination is approved by majority of directors. Under the president, there are several vice presidents and managers, whose appointment and dismissal shall also be determined once the president's nomination is approved by majority of the board of directors.
3. Auditing Division:
Under the direction of the board of directors, Auditing Division serves to audit the company's whole business and enhance management quality with an aim to achieve higher operation efficiency.
4. Public Relations Division:
Public Relations Division is responsible for public relations establishment, media relation management, press release as well as promotion and maintenance of the enterprise's brand name and image.
5. Personnel Division:
Personnel Division takes charge of human resources management including personnel allocation, salary and employee welfare policy, recruitment and selection, along with employee on-job training.
6. Investment Division:
Investment Division is in charge of planning and operating management of investment overseas and in affiliates. In addition, it is responsible for equipment purchasing at piers and container terminals.
7. Clinic Division:
Clinic Division establishes one division chief, one physician, one radiological technologist and several nurses, providing employees with medical care, irregular health examination and medical consulting service.

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8. Corporate Business Co-ordination Division:
This sector is in charge of designing the company's marketing strategies, establishing business targets, and coordinating each department's job functions in order to reinforce business performance.
 9. Corporate Operation Division:
Corporate Operation Division is in charge of planning and implement of long-term sailing schedules and shipside operation along with handling contracts of docks, C.Y. container terminals and charter vessels.
 10. Logistics Division:
Logistics Division is in charge of inland logistics and dealing contracts with truck companies, feeders and empty container terminals as well as coordination and management of containers and chassis.
 11. Marine Division:
Marine Division is in charge of seafarer administration, job training and supplies.
 12. Engineering Division:
Engineering Division is in charge of ship design engineering and works related to ship maintenance and repair.
 13. Finance Division:
This sector takes charge of freight rates, cashier's operation, funds arrangement, accounting, claiming accounts receivable (A/R), summarizing and reviewing the receipts and expenses incurred at the ports, voyages and agencies.
 14. Labor Safety & Health Division:
Labor Safety and Health Division are set up in accordance with LABOR SAFETY AND HEALTH LAW for the purpose of promoting labor safety and health at workplaces.
 15. General Affairs Department:
This sector takes charge of general affairs as well as research of office automation.
 16. Kaohsiung Terminal Division:
This sector deals with container warehousing, operation at ports and connection with head office.

3. Directors & Supervisors

Date: 2005/12/31

Title	Name	Elect Date	Note
Chairman & Director	Chang Kuo-cheng	2004.06.24	
Director	Chang Yang-fa	2004.06.24	
Director	Kuo Shuan-yu	2004.06.24	*
Director	Lin Sun-san	2004.06.24	**
Director	Wang Long-shung	2004.06.24	
Supervisor	Ko Lee-ching	2004.06.24	**
Supervisor	Lee Shu-feng	2004.06.24	**

* : Representative of Evergreen Airline Services Corporation.

** : Representative of Evergreen International S.A.



1. Business Highlights

The global economy continued to register solid growth during 2005. Although this was slower than in 2004, in general, global trade still continued its prosperous trend.

In 2005, Evergreen chartered three more 8,073 TEU vessels and received another two 7,024 TEU newbuildings. With this limited increase in capacity, Evergreen continued to focus on the most profitable business while removing cargoes making a negative contribution.

Meanwhile, Evergreen continued to strengthen strategic alliances with partners in the form of slot exchanges and joint service agreements so as to enhance its operating efficiency.

The main services in 2005 are detailed below:

(1) Ocean Services

- China/Korea/Japan – US – Europe pendulum service.
This service covers the two major trade lanes Trans-Pacific and Trans-Atlantic using two R-type, eight D-type and two chartered vessels to provide a weekly service.
- USWC – Asia – Europe pendulum service.
This weekly service also covers Trans-Pacific (Pacific Northwest) and Asia – Europe trades, using twelve U-type vessels.
- Taiwan/Hong Kong/South China – USWC service.
This route serves the Trans-Pacific (Pacific Southwest) trade on a weekly basis using three U-type and two D-type vessels.
- Taiwan/South China/Hong Kong – USEC all water service.
This route serves the Asia – USEC trade lane on a weekly basis with the deployment of eight R-type vessels.
- Taiwan, Hong Kong, China – US Southwest Coast service.
This route serves the trade lane between Asia and the Pacific Southwest on a weekly basis using one S-type and four E-type vessels.
- China, Korea – US Northwest Coast service.
This route is operated on a weekly basis utilizing four chartered vessels.
- China – US Southwest Coast service.
This route offers an express service from Shanghai and Ningbo to the Southwest Coast of the US using five GX-type vessels.
- Asia – Mediterranean service.
This route serves the trade lane between Asia and the Mediterranean on a weekly basis using nine G-type vessels.

- Asia – Mediterranean/Europe service.
This service covers the trade lane from China to the Mediterranean and northern Europe utilizing four CX-type, one S-type, one E-type and two U-type vessels.
- Asia – South Africa/South America service.
This route is operated together with Cosco and Lloyd Triestino di Navigazione by eleven vessels on a weekly basis. Among them, six GX-type vessels belong to Evergreen.
- Panama – West Coast of South America service.
Four chartered vessels are deployed to provide a weekly service between Panama and the West Coast of South America.
- Asia – Arabian Persian Gulf service.
Five P-type vessels offer a weekly service connecting Asia to the Persian Gulf.
- North Asia – Australia Express service.
The weekly service is jointly operated with Hanjin and Hapag-Lloyd by five vessels. Evergreen deploys three chartered vessels in this service.
- ISC – Europe service.
This weekly service is operated together with K-Line, MISC, SCI, ZIM Line and Yang Ming, linking the Indian subcontinent with Europe. Evergreen contributes one G-type vessel to the seven-ship fleet.
- Asia – Arabian Persian Gulf service.
This weekly service is jointly operated with Cosco, using three G-type vessels to provide a service linking the Far East with the Arabian Persian Gulf and Pakistan.
- Asia – Red Sea service.
Evergreen uses four G-type vessels in a co-operation with Cosco and Hapag-Lloyd to provide a weekly service linking Asia and the Red Sea.
- Southeast Asia – South Africa service.
The joint service is operated together with Cosco, Hamburg Sud and NYK by four vessels on a weekly basis. Evergreen offers one P-type vessel.
- Asia – Europe service.
Evergreen charters slots on CMA CGM's weekly service through a Slot Exchange Agreement.
- Mediterranean Express.
Evergreen charters slots on CMA CGM's weekly service through a slot exchange agreement.
- Asia – Med Pacific service.
Evergreen charters slots on ZIM's weekly service through a slot exchange agreement.

- North and South America East Coast service.
Evergreen charters slots from Hamburg Süd to provide a weekly inter-Americas service.
- Southeast Asia – Australia service.
Evergreen charters slots on Lloyd Triestino di Navigazione's weekly service.
- Asia – US East Coast Express service.
Evergreen charters slots on Lloyd Triestino di Navigazione's weekly service from China to the US East Coast and the Caribbean Sea.
- Asia – Adriatic Service.
Evergreen charters slots on Lloyd Triestino di Navigazione's weekly service from Asia to the Adriatic Sea.
- New York Express service.
Evergreen charters slots on TNWA's weekly service from the Far East to the US East Coast via a Slot Exchange Agreement.

(2) Regional Feeder Networks

- Feeder networks in China.
The China network covers all major ports in China, Hong Kong, Korea and Japan.
- Feeder networks in the Caribbean Sea.
Evergreen uses Coco Solo in Panama as a transit hub to connect with its longhaul services. This network covers all major ports in the Caribbean Sea and along the Gulf of Mexico.
- Feeder networks in South East Asia.
Evergreen has a comprehensive feeder network in South East Asia.
- Feeder networks covering the Indian subcontinent.
Evergreen uses Tanjung Pelepas, Singapore and Sri Lanka as transit hubs to connect with its deepsea services to/from North America and Europe.
- Feeder networks in the Mediterranean.
Via the transit hub in Taranto, many feeder services are in place to reach all major ports in this region.
- South America West Coast.
Coco Solo also serves as a transit hub connecting the West Coast of South America to our main line services to/from Asia, North America and Europe.

2. Research & Development

(1) IT Capabilities

The continuing enhancement of our IT capabilities is enabling us to achieve greater customer satisfaction and operational efficiency. To create more value for customers, we continue to invest in our technology infrastructure to provide various e-commerce applications. From our user-friendly website, customers can easily retrieve up-to-date schedules and monitor the movement of their cargoes.

The latest development of our e-commerce system is the “Tracking Report” function, which can produce customized reports based on each customer’s unique requirements and even offers a subscription service to provide regular updates.

Information security is a great concern. Constant efforts are dedicated to enhancements addressing this subject. Furthermore, our information system is well equipped with a backup function to prevent data loss in the event of disasters or any other kind of interruption.

(2) Service Management

Evergreen will strengthen strategic cooperation with partners through joint ventures and slot exchange agreements to offer a greater variety of services and to improve business performance.

In line with our long-term business plan, another four 7,024 TEU “S” Type vessels and five 8,073 TEU “C” Type vessels are scheduled to be delivered in 2006. These newbuildings will be used to further upgrade our mainline services and develop new routes with partners.

(3) Operations Management

It is our mission to provide services embodying quality, safety and efficiency. To translate this policy into clear guidelines for daily operations, Evergreen promulgated the “Safety, Quality, Environment Policy” to demonstrate our commitment to the obligations toward customers, employees and the whole of society.

(4) Market Exploration

Through 2005, Evergreen continued to establish more branch offices in China, Russia and India to strengthen its presence in these fast growing markets. In January 2006, we also established a new liner agency company in Italy.

Along with the expansion of sales points, we will seek to add more direct services at the appropriate time to upgrade our service quality in these regions.

(5) Infrastructure Investment

In January 2005, Evergreen's Pierce County Terminal (PCT) commenced operations in the port of Tacoma, substantially raising operational efficiency and reducing costs in the Northwestern region of the US.

Equipment renovation will continue in each of our terminals to meet the ever-increasing demands placed on them by our expanding services. Moreover, we will continue to explore opportunities to invest in other terminal projects and logistics services in China, India, South America, Red Sea, the Mediterranean, etc.

3. Market Review & Forecast

2005 has been another record-breaking year for the shipping industry. European countries produced moderate but stable growth in their economic performances. The recovery in the United States continued to gain momentum. China maintained its booming export volumes and imported huge amounts of material to support its production. Driven by this vigorous cargo traffic, strong capacity demand surpassed tonnage supply and enabled shipping lines to achieve profitable outcomes.

In 2006, China is expected to maintain its robust export momentum thanks to strong investment driven by global outsourcing. Other emerging markets are expected to continue their growth, including India, Russia, and Brazil.

Japan's economic prospects are becoming far more positive. Encouraged by surging exports, Japan's economy is gaining speed and may be entering a new phase of sustained recovery.

In Europe, both business and consumer confidence are improving. The latest economic forecasts suggest that business activities continue to strengthen and indicate an improvement in the manufacturing sector, most notably in Germany.

Benefiting from an extended period of recovery, overall consumption is forecast to grow in line with the rising disposable income in major markets.

Despite adverse factors such as rising oil prices, all these favorable economic predictions are expected to support the stable development of the shipping market. We are therefore looking forward to a prosperous outcome for 2006.

4. Market Analysis

(1) Asia to United States

Continuing the prosperous trend in 2004, Evergreen achieved another record performance for Far East—North America trade in terms of both volume and revenue in 2005. The booming trend was clearly reflected by fully-loaded vessels throughout the year.

Looking into 2006, China's export volume is expected to remain strong as the economic recovery in the United States picks up steam. The cargo growth is predicted to be closely in line with the gradual increase of tonnage supply. Therefore, we are cautiously optimistic toward the market development in 2006.

(2) Asia to Canada

Evergreen achieved a brilliant outcome in the Canadian market even though we did not expand our operating capacity as some others did. During the disruptive periods of truckers' strike in Vancouver, we managed to maintain an efficient and reliable service and protect our customers from impact of the walkout. Customers then rewarded our premier service by strong bookings. As a result, we prided ourselves as the only carrier that enjoyed full-capacity loadings in this trade throughout 2005.

The Far East–Canada market is expected to continue down the booming path in 2006. We will carry on with the efforts to upgrade our service and to enhance our presence in this lucrative market.

(3) North America to Asia

In 2005 Asia's demand for raw materials continued at a high level. Spurred by a weak dollar, the volume of Asia's imports from North America increased by 7% to 4,900,000 TEU from 4,570,000 TEU in 2004. Instead of aiming for volume growth, we analyzed the revenue contribution of cargoes and select bookings accordingly. We kept the market share at a healthy level of 5.5% after removing cargoes with negative contribution. The strategy proved quite successful and our revenue performance was maintained the same as in 2004 at a much lower cost.

Port congestion seen in 2004 gradually returned to normal in 2005, but severe weather, derailment incidents and hurricane damages continue to disrupt inland transport. Huge increases in oil price have dramatically pushed up inland transportation costs. But the outlook on the demand side remains positive. China still requires vast raw materials imports to support its production and continuous growth. Several Asian countries have lifted the ban on American beef import. The resumption of the high-revenue cargoes is expected to benefit shipping carriers in terms of both cargo volume and profits. Evergreen will take advantage of the favorable market development to boost our profits. In spite of those adverse factors, westbound market is expected to grow at a steady pace in 2006.

(4) Far East to Europe & Mediterranean

Buoyed by a strong Euro, stable growth of European economies, and demand-supply balance of the market, all our service lines from Far East to Europe and Mediterranean continued with full-capacity loading through most of 2005. The vigorous cargo traffic generated huge annual revenues as good as the prosperous 2004.

In 2006, a increase rate of 13% is predicted for Far East – Europe & Mediterranean westbound trade. In line with the substantial growth expected from China and India, we have made proper adjustments to the space allocation so as to reap the highest profits from the booming markets. A slight surplus of capacity is expected to put some pressure on market rates. But we will make good use of the expanded capacity to reach a similar revenue target as 2005.

(5) Europe & Mediterranean to Far East

In 2005, the cargo volume of Europe & Mediterranean – Asia eastbound trade rose by 7.5%. But a much higher increase of capacity supply lead to the failure of several rate restoration plans. Nevertheless, we succeeded in raising BAF (Bunker Adjustment Factor), and the upward adjustment of the fuel surcharge helped to generate a 3.3% growth of the annual revenues.

The delivery of new vessels will reach its peak in 2006 and therefore the over-tonnage situation is likely to exacerbate. However, the demand side of the market is expected to maintained a growth rate of 4% – 6%. Strategically we will make the best use of the expanded capacity to attain the same revenue target as 2005.

(6) Europe to North America

Due to a capacity downgrade, Evergreen's cargo liftings from Europe to the United States dropped slightly. But other performance indicators showed significant improvements and contributed to a better profit result. The capacity usage rate rose to 94% compared to 85% in 2004. Furthermore, the average revenue also increased by around \$100 on a per TEU basis.

In 2006 the overall market volume is predicted to grow by around 5% – 6%. Though there will be new tonnage introduced to the market, the capacity increase is forecast to be in line with the cargo growth. With stable growth on both sides of the markets, we are quite optimistic about the market development and looking forward to another great outcome in 2006.

(7) Asia to South Africa & East Coast of South America (ECSA)

Due to the strong South African Rand and the steady economic growth in the East Coast of South America, our south bound services generated significant growth in 2005 with volume rising 5% and revenue up by 14% compared to the previous year. In view of the vigorous trade expansion between China and the two areas, the ESA service was renovated with direct calls at Shanghai, Ningbo and Yantian from the second quarter of 2005. The upgraded route not only provides a more convenient link to the fast growing markets of Central and Southern China, but also improves the line's profit margin at lower costs. Apart from a short slack season in the early first quarter, the burgeoning market performance is anticipated to continue in 2006.

(8) Asia to Panama & Caribbean

In comparison to the previous year, our export cargoes from Asia to the Caribbean region rose by 7% in volume and 26% in revenue. The relatively bigger increase in revenue highlights strong profitability of this trade. In response to the market demand, we will deploy larger vessels to the Caribbean services to strengthen our presence in this lucrative market.

(9) Asia – Australia

In 2005, our Asia – Australia services recorded tangible increases in both volume and revenue. Australia's strong currency increased its buying power and stimulated strong imports from Asia, China in particular. China, in return, purchased huge amounts of raw materials and agricultural commodities from Australia to support its production and to feed its population. In 2006 the market competition is likely to intensify but we expect to achieve the same level of revenue as 2005.

(10) Asia – West Coast of South America (WCSA)

Benefited from bilateral trade agreements, the import trade to West Coast of South America produced an increase of 13% in volume and 24% in revenue compared to the previous year. As for export trade from WCSA, great efforts were made to secure more profitable reefer cargoes. Driven by increasing demand for WCSA's abundant raw materials and agricultural commodities, capacity expansion activities are foreseeable in 2006. Given the positive development of the market, we expect to attain another profitable performance.

(11) Asia to Arabian Persian Gulf, Red Sea and India Subcontinent

With huge oil revenues, the Persian Gulf region's appetite for imports will continue to expand. Besides, the ongoing reconstruction of Iraq still requires huge amounts of imports. India is now one of the fastest growing economies in the world. To establish a strong foothold in this market, we have set up eleven offices to expand the coverage of our business and to provide more convenient services.

The strong demand of these countries is forecast to persist in 2006 and to compensate for capacity increase in the market.

(12) Intra-Asia

In 2005, the economies of Asian countries continued on the path of sustained growth and provided a favourable business environment for the shipping lines. Guided by flexible strategies, our Intra-Asia services were properly adjusted to cater to the market development. In spite of soaring fuel prices and charter costs, effective implementation of several rate restoration plans enabled us to achieve the best revenue performance since the economic crisis in 1997.

In 2006, competition is expected to intensify with substantial increase of tonnage in the market. Faced with the new challenge, we will reinforce strategic alliance with partners to offer a more comprehensive service network. In addition, we will continue ongoing efforts in profit analysis so as to concentrate our business activities on the most lucrative service combinations.

(13) Reefer Cargo

Refrigerated cargoes generate higher profits than dry cargoes. To gain a bigger share of this lucrative segment, we continue to renovate the reefer fleet and to expand our shipping capacity. Furthermore, greater efforts are devoted to the management of reefer equipment with an aim to optimize the turnaround efficiency and to maximize the business activities.

(14) Special Equipment

The business of special equipment requires extra attention but produces huge revenues. In 2005, our volume of special equipment business rose by 17% while the revenue soared by 45%. Our Special Equipment Team is specialized in the planning of project shipments and the arrangement of out-of-gauge cargoes. The shipments of several plant building projects are moving in good process and will continue through 2006.

5. IMPORTANT AGREEMENTS

(1) Long-haul

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 2000.10.30 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot release (Far East/North America service)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 2001.05.29 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot release (Far East/Europe service)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 1999.08.03 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot purchase (China \ Far East/ Europe service)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 1993.08.12 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot release (Far East/ Mediterranean service)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 2003.04.14 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot purchase (F.E./USEC)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 2002.08.01 Till: open but is subject to 90 days pre-notice prior to termination.	EMC slot purchase (Singapore/ Australia service)	Slot guarantee
Slot Charter Agreement	LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 2002.10.28 Till: open but is subject to 60 days pre-notice prior to termination.	EMC slot purchase (F.E./Adriatic service)	Slot guarantee

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Vessel Sharing Agreement	1. COSCO CONTAINER LINE 2. LLOYD TRIESTINO DI NAVIGAZIONE S.P.A.	From: 1999.05.13 LT participation since APR,2005 Till: open but is subject to 90 days pre-notice prior to termination.	Operated by EMC & COSCO jointly (Far East/S.Africa & S.America service)	Slot guarantee
Vessel Sharing Agreement	1. HAPAG LLOYD 2. HANJIN SHIPPING	From: 2004.05.22 Till: 2005.05.21 It is subject to 90 days pre-notice prior to termination.	Operated by EMC, HLC & HJS jointly (North Asia/ Australia service)	Slot guarantee
Slot Exchange Agreement	NEW WORLD ALLIANCE	From: 2003.07.01 Till: open but is subject to 60 days pre-notice prior to termination.	EMC slot exchange with TNWA (Far East / USEC service)	Slot guarantee
Vessel Sharing Agreement	1. LLOYD TRIESTINO DI NAVIGAZIONE S.P.A. 2. ZIM LINE	From: 2003.04.11 Till: 2004.04.10 Subsequently extended and subject to 90 days pre-notice prior to termination.	Operated by EMC, LT & ZIM jointly (North Europe/East Med service)	Slot guarantee
Slot Charter Agreement	HANJIN SHIPPING	From: 2004.05.22 Till: 2005.05.21 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot release (North Asia/ Australia service)	Slot guarantee
Slot Charter Agreement	HAMBURG SUD	From: 2001.09.26 Till: 2003.05.25 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot purchase (US East Coast/East Coast S.America service)	Slot guarantee
Slot Charter Agreement	HAMBURG SUD	From: 2001.11.08 Till: 2002.11.07 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot release (Far East/S.Africa & S.America service)	Slot guarantee

AGREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
Slot Exchange Agreement	CMA-CGM S.A.	From: 2002.03.15 Till: 2003.03.31 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchange with CMA-CGM (Far East / Europe service)	Slot guarantee
Vessel Sharing Agreement	1. YANG MING LINE 2. SCI 3. MISC 4. K LINE 5. ZIM LINE	From: 2002.01.06 Till: 2003.01.05 Subsequently extended. It is subject to 120 days pre-notice prior to termination.	Operated by EMC, YML, SCI, MISC, K LINE and ZIM jointly. (ISC/Europe service)	Slot guarantee
Slot Exchange Agreement	CHINA SHIPPING CONTAINER LINES	From: 2005.04.12 Till: 2006.04.11 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchange with CHINA SHIPPING (Asia / Europe service)	Slot guarantee
Slot Exchange Agreement	CMA CGM S.A.	From: 2003.03.05 Till: 2004.03.26 Subsequently extended. It is subject to 90 days pre-notice prior to termination.	EMC slot exchange with CMA CGM (Far East/ Mediterranean service)	Slot guarantee
Vessel Sharing Agreement	1. HAMBURG SUD 2. COSCO 3. NYK	From : 2004.04.22 It is subject to 90 days pre-notice prior to termination.	Operated by EMC, Hamburg sud, Cosco and NYK jointly. (Singapore/ Durban)	Slot guarantee
Slot Charter Agreement	1. LLOYD TRIESTINO DI NAVIGAZIONE. 2. HATSU MARINE LIIMITED	From: 2002.05.01 Till: open but is subject to 90 days prenotice prior to	Cross charter (Far East/North America service)	Slot guarantee
Vessel Sharing Agreement	COSCO	From: 2006.05.13 It is subject to 90 days pre-notice prior to termination.	Operated by EMC and COSCO jointly. (Far East/USEC)	Slot guarantee

(2) Intra-Asia

GREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
VESSEL SHARING AGREEMENT	PENDULUM EXPRESS LINES LTD.	FROM: 2004.08.21 TILL: 2005.08.20 SUBSEQUENTLY EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	OPERATED BY EMC AND PENDULUM JOINTLY (THAILAND/TAIWAN/PHILIPPINES SERVICE)	SLOT GUARANTEE
SLOT EXCHANGE AGREEMENT	YANG MING MARINE TRANSPORT CORP.	FROM: 2002.09.01 IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	EMC SLOT EXCHANGES WITH YML FOR PAN ASIA SERVICE	SLOT GUARANTEE
SLOT EXCHANGE AGREEMENT	RCL FEEDER PTE LTD.	FROM: 2002.09.01 IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	EMC SLOT EXCHANGES WITH RCL FOR PAN ASIA SERVICE	SLOT GUARANTEE
SLOT EXCHANGE AGREEMENT	SEA CONSORTIUM PTE LTD.	FROM: 2005.11.13 IT IS SUBJECT TO 60 DAYS PRE-NOTICE PRIOR TO TERMINATION.	EMC SLOT EXCHANGES WITH SEACON FOR S.EAST ASIA SERVICE	SLOT GUARANTEE
SLOT EXCHANGE AGREEMENT	MCC TRANSPORT SINGAPORE PTE LTD.	FROM: 2002.10.15 TILL: 2004.04.14 SUBSEQUENTLY EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	EMC SLOT EXCHANGES WITH MCC FOR INDONESIA/SINGAPORE SERVICE	SLOT GUARANTEE

GREEMENT	THE 'PARTY'	DURATION	CONTENT	REMARK
VESSEL SHARING AGREEMENT	1. YI-TONG LINES CO LTD 2. YANG MING MARINE TRANSPORT CORP.	FROM: 2003.09.01 TILL: 2004.08.31 SUBSEQUENTLY EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	OPERATED BY EMC, YI-TONG AND YML JOINTLY. (TAIWAN/HONG KONG SERVICE)	SLOT GUARANTEE
VESSEL SHARING AGREEMENT	WAN HAI LINES LTD.	FROM: 2002.09.01 SUBSEQUENTLY CAN BE EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	OPERATED BY EMC AND WHL JOINTLY. (JAPAN/TAIWAN/HONG KONG SERVICE)	SLOT GUARANTEE
VESSEL SHARING AGREEMENT	1. SAMUDERA SHIPPING LINE LTD. 2. HYUNDAI MERCHANT MARINE CO LTD	FROM: 2005.04.29 TILL: 2004.08.31 SUBSEQUENTLY EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	OPERATED BY EMC, SAMUDERA AND HYUNDAI JOINTLY. (MAINLAND/INDIA/SINGAPORE/MALAYSIA/THAILAND SERVICE)	SLOT GUARANTEE
VESSEL SHARING AGREEMENT	1. HAPAG-LLOYD(ASIA) PTE LTD 2. COSCO CONTAINER LINE AGENCIES LIMITED	FROM : 2005.09.9 IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION.	OPERATED BY EMC, HAPAG-LLOYD AND COSLINA JOINTLY (MAINLAND/SINGAPORE/MALAYSIA/RED SEA/EAST AFRICA SERVICE)	SLOT GUARANTEE
VESSEL SHARING AGREEMENT	1. WAN HAI LINES LTD 2. YANG MING MARINE TRANSPORT CORP	FROM : 2004.09.27 TILL : 2005.09.26 SUBSEQUENTLY EXTENDED. IT IS SUBJECT TO 90 DAYS PRE-NOTICE PRIOR TO TERMINATION	OPERATED BY EMC, WHL AND YML JOINTLY. (MAINLAND/SINGAPORE/MALAYSIA SRVICE)	SLOT GUARANTEE

6. ENVIRONMENTAL PROTECTION COUNTERMEASURE:

(1) The loss caused by environmental pollution in last three years: NIL

For installed newly high quality Bilge water separators and the valve seals on overboard valves in ECP control 39 vessels, also auditing and surveys for all, the total costs of environmental are USD 2,800,000.

(2) Countermeasure

- To comply with relative rule requirement, every vessel of it's fleet has equipped with the following equipment and being insured it own interests by P & I RISKS.
- International oil pollution prevention certificate, issued by class society and endorsed every year to keep it validity.
- MARPOL73/78" i.e. "International Convention for Prevention of Pollution from Ships" is the regulation concerning the constraint of vessel emission and it's amend issued in 1992, enter into force in 1993, regulate the density of oily water emission change from 100 ppm to 15 ppm. The followings are those equipments required by that convention and amend.
 - ※ BWS (Bilge water separator) with 15 ppm alarm, oil record book
 - ※ Sewage water treatment plant
 - ※ Incinerator to deal with waste oil and garbage
 - ※ To comply with annex VI of MARPOL73/78 which will enter into force In 2005/5/19, those vessels built in or later than 2000/1/1 should equip with EIAPP certificate to guarantee NOX density of vessel emission is below the standard level.
- Proof for superior management:
 - ※ Evergreen marine corporation and it's own fleet have been issued SQE certificate by American bureau of Shipping to admit for the efforts have been taken concerning safety, quality and environmental management.
 - ※ Evergreen has being awarded the first ever environmental excellence award by port of Los Angeles in Aug. 21,2002.
 - ※ 39 vessels of it's fleet have adopted the latest Bilge water separator to reduce the density of oily water emission to 5 ppm.
 - ※ Strictly external and internal audit system have been adopted to keep it's own fleet from contamination.
 - ※ Perfect environmental training to help it's own crews get perfect environmental knowledge.

(3) Environmental plan in the next 3 years:

- Keep implementing the above countermeasures.
- Keep improving the environmental equipments to follow with continuous variation of the MARPOL73/78 regulation.
- Use double hull design conception in it's new building vessels to minimize the risk of oil pollution or fire as a result of grounding or collision.
- To reduce the air pollution may be caused, it's new building vessels adopted the latest low SOX fuel oil system.
- To comply with the latest regulation MEPC107(49), it have planed to upgrade the existed BWS equipment onboard from May to December in 2005.

Our company always takes the consideration of most strict environmental and foresighted ocean protective view to make our environmental policy.

IMO : International Maritime Organization.

MEPC : Maritime Environment protection Committee

IOPP : Intenational Oil Pollution Prevention

IAPP : Intenational Air Pollution Prevention

EIAPP : Engine Intenational Oil Pollution Prevention

SQE : Marine Safety, Quality & Environmental Management

DOC : Document of Compliance

7. Social Responsibility

Evergreen worked with authorities or charity organizations and sponsored free transportation for aid products destined to South Asia areas damaged by Tsunami in January 2005.

And Evergreen Group use the most advanced design and shipbuilding technology to protect the environment. We has begun to take delivery of new S-type containerships on 2005. The new S-type vessels are particularly noteworthy in that they incorporate many new environmental features that go well beyond the requirements of new and soon-to-be-introduced international requirements.

1. The Brief Financial Statements For Recent Five Years

(1) Brief Balance Sheets

Unit: Thousand NTD

Account Code		Year	Financial Date From 2001 To 2005				
			2005	2004	2003	2002	2001
Current assets			16,177,619	28,747,380	17,458,662	19,386,138	14,085,040
Fixed assets			8,282,320	8,811,455	10,752,285	12,804,245	13,722,007
Other assets			62,090,656	55,172,422	49,548,360	38,805,567	32,943,686
Current liabilities	Before distribution		14,353,095	17,319,942	19,006,239	17,986,692	10,918,670
	After distribution		**	22,366,514	20,366,466	18,447,648	11,571,713
Long-term liabilities			8,468,039	20,692,832	17,613,204	14,879,608	12,852,754
Capital stock			27,075,246	24,259,425	21,468,777	21,047,821	20,434,778
Capital reserve			4,640,403	4,030,933	1,577,479	1,824,709	1,442,834
Retained earnings	Before distribution		28,367,360	23,651,407	14,215,092	11,492,229	11,550,780
	After distribution		**	18,604,835	12,854,865	11,031,272	10,897,737
Total Assets			86,550,595	92,731,257	77,759,307	70,995,950	60,750,733
Total liabilities	Before distribution		25,824,601	40,454,712	37,472,224	33,553,989	24,234,368
	After distribution		**	45,501,284	38,832,451	34,014,946	24,887,411
Total shareholder's equity	Before distribution		60,725,994	52,276,545	40,287,083	37,441,961	36,516,365
	After distribution		**	47,229,973	38,926,856	36,981,004	35,863,322

** The issue on the company's dividend for the year 2005 has not been agreed by the Stockholder Meeting.



(2) Brief Income Statements

Unit: Thousand NTD

Account Code	Year	Financial Date From 2001 To 2005				
		2005	2004	2003	2002	2001
Sales revenues		41,975,536	41,924,420	35,207,238	21,649,409	17,095,341
Gross profit		9,488,716	7,821,858	1,040,374	3,061,034	3,399,813
Operating income		6,793,349	5,087,649	(1,678,653)	33,753	355,622
Interest Income		134,141	62,721	82,329	69,890	131,824
Interest Expense		465,553	602,444	953,877	1,073,233	1,246,713
Income before income tax		14,665,790	13,603,481	3,965,529	1,317,078	2,122,416
Net income		12,223,911	12,084,669	3,604,776	1,083,232	1,695,419
Earnings per share		4.53	4.81	1.44	0.45	0.72

2. The Financial Analysis For Recent Five Years

Item	2005	2004	2003	2002	2001
Capital structure analysis (%)					
Debt ratio	29.84	43.63	48.20	47.26	39.89
Long-term fund to fixed assets	887.34	879.48	586.86	465.07	396.40
Liquidity analysis (%)					
Current ratio	112.71	165.98	91.86	107.78	129.00
Quick ratio	106.97	162.66	88.68	103.41	125.84
Times interest earned (times)	32.50	23.58	5.16	2.23	2.70
Operating performance analysis					
Receivable turnover (times)	14.13	13.15	10.38	7.57	6.58
Average collection days	26	28	35	48	55
Fixed assets turnover (times)	4.91	4.29	2.99	1.63	1.08
Total assets turnover (times)	0.47	0.49	0.47	0.33	0.28
Profitability analysis (%)					
Return ratio on total assets	14.03	14.71	5.81	2.87	4.31
Return ratio on stockholder's equity	21.63	26.11	9.28	2.93	4.78
Operating income to capital stock	25.09	20.97	(7.82)	0.16	1.74
Income before tax to capital stock	54.17	56.08	18.47	6.26	10.39
Profit after tax to net sales	29.12	28.83	10.25	5.00	9.92
Earnings per share (NT\$)	4.53	4.81	1.44	0.45	0.72
Cash flow (%)					
Cash flow ratio	142.11	(19.09)	13.14	(4.70)	(6.31)
Cash flow adequacy ratio	120.39	27.88	91.11	83.94	125.37
Cash flow reinvestment ratio	15.66	(4.55)	2.51	(1.85)	(2.00)
Leverage					
Operating leverage	1.49	1.70	(1.91)	128.31	13.62
Financial leverage	1.07	1.13	0.64	(0.03)	(0.40)

3. Financial Statements With Report of Independent Auditors

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English Translation of a Report Originally Issued in Chinese

Report of Independent Auditors

The Board of Directors and Stockholders
Evergreen Marine Corporation

We have audited the accompanying balance sheets of Evergreen Marine Corporation (the "Company") as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of all the investee companies accounted for under the equity method. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it related to amounts included for those investee companies accounted for under the equity method, is based solely on the reports of other auditors. Those statements reflect long-term investments of 50,863,785 thousand New Taiwan dollars and 44,125,248 thousand New Taiwan dollars, constituting 58.77% and 47.58% of the total assets as of December 31, 2005 and 2004, respectively, and reflect net investment income of 7,169,166 thousand New Taiwan dollars and 8,591,961 thousand New Taiwan dollars, constituting 48.88% and 63.16% of the pre-tax net income for the years ended December 31, 2005 and 2004, respectively.

We conducted our audits in accordance with the "Regulations for Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing

standards generally accepted in the Republic of China on Taiwan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Evergreen Marine Corporation as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with the “Guidelines for Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China on Taiwan.

We have also audited the consolidated financial statements of Evergreen Marine Corporation and its subsidiaries as of and for the years ended December 31, 2005 and 2004, on which we have issued an unqualified opinion with explanatory paragraph thereon.

March 17, 2006
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION
BALANCE SHEETS
December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars)

	December 31, 2005	December 31, 2004	LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2005	December 31, 2004
ASSETS					
Current Assets					
Cash and cash equivalents (Notes B & D1)	\$4,701,240	\$4,171,007	Short-term loans (Note D11)	\$1,800,000	\$2,795,303
Short-term investments, net (Notes B, D2 & F)	4,402,881	16,990,797	Short-term bills payable (Note D12)	799,755	2,099,091
Notes receivable	28	35	Notes payable	5,175	11,282
Accounts receivable, net (Notes B & D3)	2,399,846	3,066,671	Notes payable - related parties (Note E)	-	1,388
Accounts receivable - related parties (Notes B, D3 & E)	108,333	365,055	Accounts payable	2,086,067	1,426,649
Other receivables (Notes B & D4)	248,098	284,534	Accounts payable - related parties (Note E)	679,187	1,843,622
Other receivables - related parties (Notes B, D4 & E)	32,611	27,247	Income tax payable (Note B & D23)	1,390,787	358,918
Other financial assets - current, net (Notes B & D5)	613,203	61,058	Accrued expenses (Notes B & D13)	2,734,424	3,359,876
Inventory (Notes B & D6)	645,904	439,249	Other payables	142,586	96,016
Prepayments	177,558	135,383	Other payables - related parties (Note E)	2,590	10,761
Deferred income tax assets - current (Notes B & D23)	27,992	-	Long-term liabilities due within one year (Note B & D14)	4,298,000	4,525,199
Restricted assets - current (Note F)	132,050	135,200	Other current liabilities	414,524	769,873
Other current assets (Notes D7)	2,687,875	3,071,144	Deferred income tax liabilities - current (Notes B & D23)	-	19,964
Total Current Assets	16,177,619	28,747,380	Total Current Liabilities	14,353,095	17,319,942
Long-Term Investments (Notes B, D8&E)			Long-Term Liabilities (Note B)		
Long-term equity investments	58,638,028	51,589,348	Corporate bonds payable (D15)	7,505,039	9,957,832
Under the equity method	2,681,112	2,640,919	Long-term loans (Note D16)	963,000	10,735,000
Under the cost method	12,581	-	Total Long-Term Liabilities	8,468,039	20,692,832
Long-term bond investments	312	312	Other Liabilities		
Other long-term investments	-	135,330	Accrued pension liability (Notes B & D17)	406,951	624,127
Other financial assets - non-current	61,332,033	54,365,909	Guarantee deposits received	125	85
Total Long-Term Investments	61,332,033	54,365,909	Deferred income tax liabilities - non-current (Notes B & D23)	2,272,102	1,493,437
Property, Plant and Equipment (Notes B, D9, E & F)			Deferred credits	324,289	324,289
Land	1,998,859	1,998,859	Total Other Liabilities	3,003,467	2,441,938
Buildings	1,511,958	1,356,403	Total Liabilities	25,824,601	40,454,712
Loading/discharging equipment	3,616,970	3,079,785	Capital Stock (Note D18)	27,075,246	24,259,425
Computer equipment	116,851	175,468	Common stock	3,147,552	2,545,963
Transportation equipment	16,697,252	17,102,718	Capital Surplus (Note D19)	1,485,371	371
Ships and equipment	9,877,935	9,877,935	Paid-in capital in excess of par - common stock	6,713	1,477,886
Dock facilities	625,223	738,990	Others	6,713	6,713
Office equipment	210,927	203,636	Total Capital Surplus	4,640,403	4,030,933
Costs and revaluation increments	34,655,975	34,533,796	Retained Earnings (Note D20)		
Less: Accumulated depreciation	(26,733,457)	(25,750,580)	Legal reserve	5,220,594	4,012,127
Prepayments for equipment	359,802	28,239	Special reserve	957,344	957,344
Total Property, Plant and Equipment, Net	8,282,320	8,811,455	Unappropriated retained earnings	22,189,422	18,681,936
Intangible Assets			Total Retained Earnings	28,367,360	23,651,407
Deferred pension costs (Notes B & D17)	124,492	146,175	Equity Adjustments		
Refundable deposits	169,208	42,408	Cumulative translation adjustments (Note B)	897,009	856,564
Deferred charges (Note B)	113,702	198,997	Net loss not recognized as pension cost (Note B)	(286,003)	(594,695)
Long-term installment receivables (Note D10)	351,221	418,933	Deferred credits	43,979	72,911
Total Other Assets	634,151	660,358	Total Equity Adjustments	60,725,984	334,780
TOTAL ASSETS	\$86,550,595	\$92,731,257	Total Stockholders' Equity	\$86,550,595	\$92,731,257
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Long-Term Liabilities					
Other Liabilities					
Capital Stock					
Capital Surplus					
Retained Earnings					
Equity Adjustments					
Total Stockholders' Equity					

The accompanying notes are an integral part of the consolidated financial statements
(Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
 EVERGREEN MARINE CORPORATION AND SUBSIDIARIES
 STATEMENTS OF INCOME
 For the Years Ended December 31, 2005 and 2004
 (Expressed in New Taiwan Thousand Dollars, Except Earnings Per Share)

	Year Ended December 31, 2005	Year Ended December 31, 2004
Operating Revenues (Notes B, D21 & E)	\$41,975,536	\$41,924,420
Operating Costs (Notes D22 & E)	(32,486,820)	(34,102,562)
Gross Profit	9,488,716	7,821,858
Operating Expenses (Notes D22 & E)	(2,695,367)	(2,734,209)
General and administrative expenses	(2,695,367)	(2,734,209)
Operating Profit	6,793,349	5,087,649
Non-Operating Income		
Interest income	134,141	62,721
Investment income accounted for under the equity method (Note B& D8)	7,683,397	8,959,281
Dividend income	93,222	52,007
Gain on disposal of property, plant and equipment (Notes B & E)	120,395	72,807
Gain on disposal of investments	200,281	-
Foreign exchange gain (Note B)	42,262	-
Rent income (Note E)	59,240	49,298
Gain on market price recovery of short-term investments (Note B)	-	3,619
Others(Note D8)	144,483	88,391
Total Non-Operating Income	8,477,421	9,288,124
Non-Operating Expenses		
Interest expense	(465,553)	(602,444)
Other investment loss(Note B & D8)	(28,343)	-
Loss on disposal of property, plant and equipment (Notes B)	(11,019)	(4,575)
Gain on disposal of investments	-	(4,867)
Foreign exchange loss (Note B)	-	(32,579)
Financial expenses	(77,895)	(80,549)
Others	(22,170)	(47,278)
Total Non-Operating Income	(604,980)	(772,292)
Net Income before Income Tax	14,665,790	13,603,481
Income Tax Expense (Notes B & D23)	(2,441,879)	(1,518,812)
Net Income	\$12,223,911	12,084,669
Earnings Per Share (after retroactive adjustments) (in dollars) (Notes B & D24)		
Basic earning per share		
Income before income tax	\$5.44	\$5.41
Net income	\$4.53	\$4.81
Diluted earnings per share		
Income before income tax	\$5.13	\$4.99
Net income	\$4.27	\$4.43

The accompanying notes are an integral part of the consolidated financial statements.
 (Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
 EVERGREEN MARINE CORPORATION
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the Years Ended December 31, 2005 and 2004
 (Expressed in New Taiwan Thousand Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Unrealized Loss on Decline in Market Value of Long-Term Investments	Cumulative Translation Adjustments	Net Loss not Recognized as Pension Cost	Deferred Credits	Total
Balance, January 1, 2004	\$21,468,777	\$1,577,479	\$3,651,650	\$957,344	\$9,606,098	\$(11,948)	\$3,150,328	\$(156,126)	\$43,481	\$40,287,883
Appropriation of 2003 earnings										
Legal reserve			360,477		(360,477)					-
Stock dividends	1,288,127		(1,288,127)		(1,288,127)					(1,288,127)
Cash dividends			(1,288,127)		(50,000)					(50,000)
Bonuses to employees					(22,100)					(22,100)
Remuneration to directors and supervisors										4,048,484
Conversion of convertible bonds into common stock	1,502,521	2,545,963								
Adjustments arising from long-term equity investments accounted for under equity method										48,751
Adjustments due to conversion of convertible bonds		48,751								(141,981)
Adjustments on capital surplus due to changes in percentage of shareholding		(141,981)								731
Recognition of changes in investees' capital surplus based on percentage of shareholding		731								11,948
Unrealized loss on decline in market value of long-term equity investments						11,948				
Cumulative translation adjustments							(790,804)		29,430	
Adjustments on deferred credits										(790,804)
Net loss not recognized as pension cost								(18,207)		
Translation adjustments arising from investees' financial statement denominated in foreign currency							(1,483,549)			(18,207)
Adjustments arising from foreign currency of long-term investments accounted for under cost method							(9,411)			(9,411)
Net loss not recognized as pension costs								(420,362)		(420,362)
Net income for 2004										12,084,669
Balance, December 31, 2004	24,259,425	4,030,933	4,012,127	957,344	12,084,669	-	855,584	(694,695)	72,911	52,276,845
Appropriation of 2004 earnings										
Legal reserve			1,208,467		(1,208,467)					-
Stock dividends	2,461,386		(2,461,386)		(4,922,772)					-
Cash dividends			(4,922,772)		(80,000)					(4,922,772)
Bonuses to employees					(43,800)					(43,800)
Remuneration to directors and supervisors										936,024
Conversion of convertible bonds into common stock	354,435	601,589								
Adjustments arising from long-term equity investments accounted for under equity method										7,859
Adjustments on capital surplus due to changes in percentage of shareholding		7,859								22
Recognition of changes in investees' capital surplus based on percentage of shareholding		22								
Cumulative translation adjustments							149,382		(28,932)	
Adjustments on deferred credits										149,382
Net loss not recognized as pension cost								(595)		(28,932)
Translation adjustments arising from investees' financial statement denominated in foreign currency							(118,348)			(595)
Adjustments arising from foreign currency of long-term investments accounted for under cost method							9,411			(118,348)
Net loss not recognized as pension costs								297,287		9,411
Net income for 2005										297,287
Balance, December 31, 2005	\$27,075,246	\$4,640,403	\$5,220,594	\$957,344	\$22,189,422	\$-	\$897,009	\$298,003	\$43,979	\$60,755,954

The accompanying notes are an integral part of the consolidated financial statements.
 (Please refer to Dwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars)

	Year Ended December 31, 2005	Year Ended December 31, 2004
Cash Flows from Operating Activities		
Net income	\$12,223,911	\$12,084,669
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	1,123,480	1,503,442
Amortization	61,386	59,536
Reclassification of depreciation of dock facilities to operation costs and others	186,275	183,598
Reclassification of amortization of deferred charges to others	77,717	78,948
Net gain on disposal of property, plant and equipment	(109,376)	(68,232)
Excess of equity-accounted investment income over cash dividends	(7,039,292)	(8,741,750)
Realized income from capital reduction	-	(3,968)
Realized loss from long-term investments	1,300	-
Gain on acquisition of long-term bonds	(12,581)	-
Net (gain) loss on disposal of investments	(200,281)	4,867
Loss on decline (gain on recovery) of market value of short-term investments	27,043	(3,619)
Interest Compensation	3,400	7,029
Change In Operating Assets and Liability		
Short-term investments held for trading purposes	12,761,154	(11,581,469)
Notes and accounts receivable	923,554	(491,960)
Other receivables	13,654	403,586
Other financial assets - current	(552,145)	(61,058)
Inventories	(206,655)	(3,047)
Prepayments	(42,175)	32,228
Agent accounts	597,243	(457,047)
Agency reciprocal accounts	(935)	(752)
Restricted assets	3,150	(848)
Other current assets	8,733	9,627
Notes and accounts payable	(512,512)	1,385,883
Income tax payable	1,031,869	302,685
Accrued expenses	(625,452)	609,494
Other payables	4,509	(14,934)
Other current liabilities	(182,553)	254,836
Accrued pension liability	101,796	27,481
Deferred income tax assets/liabilities	730,708	1,174,885
Net cash provided by (used in) operating activities	20,396,925	(3,305,890)
Cash Flows from Investing Activities		
Acquisition of long-term investments	(64,220)	(61,737)
Proceeds from disposal of long-term investments	-	40,041
Proceed from capital reduction by investee	22,727	413,371
Decrease(increase) in other financial assets - non-current	144,741	(144,741)
Acquisition of property, plant and equipment	(1,161,681)	(857,255)
Proceeds from disposal of property, plant and equipment	127,134	756,755
(Increase) decrease in refundable deposit	(126,800)	912
Increase in deferred charges	(64,973)	(95,542)
Decrease in long-term receivables	85,130	106,542
Net cash provided by (used in) investing activities	(1,037,942)	158,346
Cash Flows from Financing Activities		
Decrease in short-term loans	(995,303)	(1,270,211)
(Decrease) increase in short-term bills payable	(1,299,336)	529,536
(Decrease) increase in corporate bonds payable	(1,500,000)	6,000,000
(Decrease) increase in long-term loans	(9,999,199)	446,140
Decrease in restricted assets	-	349,666
Decrease in guarantee deposit	40	-
Distribution of cash dividends	(4,916,710)	(1,288,127)
Distribution of remuneration to directors and supervisors and bonus to employees	(118,242)	(72,100)
Net cash provided by (used in) financing activities	(18,828,750)	4,694,904
Net Increase in Cash and Cash Equivalents	530,233	1,547,360
Cash and Cash Equivalents, Beginning of Year	4,171,007	2,623,647
Cash and Cash Equivalents, End of Year	\$4,701,240	\$4,171,007
Supplemental Information:		
Interest paid	\$498,221	\$701,983
Less: Interest capitalized	-	-
Interest paid, excluding interest capitalized	\$498,221	\$701,983
Income tax paid	\$679,302	\$41,130
Financing Activities not Affecting Cash Flows:		
Long-term liabilities due within one year	\$4,298,000	\$4,525,199
Capitalization of retained earnings	\$2,461,386	\$1,288,127
Conversion of convertible bonds into common stock	\$956,024	\$4,048,484

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese

EVERGREEN MARINE CORPORATION

Notes to Financial Statements

December 31, 2005 and 2004

(Expressed in New Taiwan thousand dollars unless otherwise stated)

A. ORGANIZATION AND OPERATIONS

1. Established on September 25, 1968, Evergreen Marine Corporation (the “Company”) is mainly engaged in domestic and international marine transportation, shipping agency services and the distribution of containers.
2. The Company was approved by the Securities and Futures Commission (SFC), Ministry of Finance (MOF) (currently known as the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan) to be a public company on November 2, 1982 and was further approved by the SFC 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. The Company had 1,427 and 1,306 employees as of December 31, 2005 and 2004, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with the “Guidelines for Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China on Taiwan. The significant accounting polices are summarized below.

1. Classification of current and non-current assets and liabilities
 - (1) Current assets are assets that come from operating activities, which are expected to be converted into cash, consumed, or sold during the operating period; the main purpose is for trade and is expected to be converted into cash within one year from the balance sheet date; cash or cash equivalents except these subject to exchange, curtailment or other restrictions are due one year after the balance sheet date. Any assets that are not classified as current are non-current.
 - (2) Current liabilities are liabilities that come from operating activities, which are expected to be curtailed during the operating period should be paid back within one year from the balance sheet date. Any liabilities that are not classified as current are non-current.

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- (3) Financial liabilities that expire within twelve months from the balance sheet date and match the following terms should be classified as non-current liabilities.
- a. The period of original contract exceeds twelve months.
 - b. Attempt on long-term refinancing.
 - c. Have completed long-term refinancing and extended the period of liabilities before date of the balance sheet, or have the power to refinance or extend the period of liabilities for one year after balance sheet date.
2. Accounting estimation
- (1) In preparation of the financial statements, the Company makes significant accounting estimation and assumptions in accordance with the generally accepted accounting principles. These estimation and assumptions would affect the amounts stated in the balance sheet on the balance sheet date, disclosure of contingent assets and liabilities, and the amounts of revenues and expenses for the accounting period. However, there might be differences between the actual result and estimation.
 - (2) Accrued expenses are recorded at the amounts stated in the original supporting documents. Foreign port charges without supporting documents are estimated as per past records and period-end sailing schedules. Differences between the expenses actually incurred in the following year and the estimated accrued expenses are credited or charged to operating costs or expenses in the following year.
3. Cash and cash equivalents
- Cash and cash equivalents are cash, unrestricted bank deposits and other highly liquid investments.
4. Short-term investments
- Short-term investments are initially stated at cost determined by the moving weighted-average method and restated at the lower of cost or market value method on the balance sheet date. The market value of listed equity securities is determined by the average closing prices in the last month of the accounting period. The market values for foreign stocks and domestic open-end mutual funds are determined by their closing prices and the net worth per share on the balance sheet date, respectively. Any loss on declines in market value is recorded as current non-operating loss. The loss on the decline in market value or gain on the market price recovery is recorded as current non-operating loss or income. Stock dividends received are accounted for as an increase in the number of shares held rather than investment income, and the average cost per share is recomputed accordingly on a weighted-average basis.

5. Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the collectibility and aging analysis of notes and accounts receivable and other receivables.

6. Other financial assets

Other financial assets are the financial assets other than cash and cash equivalents, short-term investments, notes and accounts receivable, long-term equity and bond investments, restricted bank deposits, and refundable deposits.

7. Inventories

Fuel inventories are physically measured by the crew of each ship and reported back to the Head Office through telegraph for recording purpose at year-end. Valuation of inventories is based on the exchange rate prevailing at the end of the fiscal year.

8. Long-term equity investments

(1) Long-term equity investments are stated at historical cost and revalued at the end of the fiscal year. For the investee companies in which the Company holds less than 20% of the voting shares or over which the Company cannot exercise significant influence, the lower of cost or market value method is applied if the investees are listed companies. The unrealized loss resulting from the decline in market value of such investments is charged to stockholders' equity. If the investees are non-listed companies, the cost method is applied. When the loss in investment value is permanent and the possibility of a recovery in value is remote, the book value is adjusted and an investment loss is recognized accordingly.

(2) The equity method is applied where the Company holds more than 20% of the voting shares or can exercise significant influence over the investees. The difference between the investment cost and the stocks' net worth is amortized over five years on a straight-line basis. Unrealized gains (losses) arising from the transactions between the Company and its investees and the inter-investee transactions are eliminated. For the investee companies in which the Company holds more than 50% of the voting shares, the equity method is applied and the accounts of those investees are required to be consolidated into those of the Company. Under the "Guidelines for Preparation of Financial Reports by Securities Issuers", preparing the financial statements of the first quarter and the third quarter are not to be required to prepare consolidated financial statements.

(3) Foreign currency denominated financial statements of overseas subsidiaries and investees are translated into New Taiwan dollars in accordance with the Statement of Financial Accounting Standards (SFAS) No. 14, "Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements".

The translation differences are recorded as “cumulative translation adjustments” under stockholders’ equity.

- (4) The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with the SFAS No. 7, “Consolidated Financial Statements”. The investees in which the Company directly or indirectly holds more than 50% of the voting shares, and the investees in which the Company directly or indirectly holds less than 50% of the voting shares but has substantial controlling power are required to be included in the consolidated financial statements.

9. Property, plant and equipment

- (1) Property, plant and equipment are stated at cost plus capitalized interest and less accumulated depreciation and impairment. Expenditures incurred on major improvements or renewals that will increase the efficiency or prolong the useful lives of the assets are capitalized. Other expenditures related to regular maintenance and repairs are expensed as incurred. Gains or losses on disposal of property, plant and equipment are credited or charged to non-operating income in the year of disposal.
- (2) Depreciation is calculated on a straight-line basis according to the respective assets’ useful lives regulated by the Authority plus one year for salvage value.
- (3) For ships and equipment that are still in use after expiration of their useful life, depreciation is provided based on the original method and the reassessed useful life and salvage value. For other assets that are still in use after expiration of their useful life, depreciation is provided based on the original method to the extent that the salvage value falls below \$3,000. Where impairment loss is recognized, property, plant and equipment shall be depreciated over their remaining useful life based on their carrying value adjusted for the impairment loss.

10. Asset impairment

Pursuant to SFAS No. 35, the Company assesses indicators for impairment for all its assets within the scope of SFAS No. 35 on each balance sheet date. If impairment indicators exist, the Company shall then compare the carrying amount with the recoverable amount of the assets or the cash-generating unit (“CGU”) and write down the carrying amount to the recoverable amount where applicable. Recoverable amount is defined as the higher of fair values less costs to sell and the values in use. For previously recognized losses, the Company shall assess, on each balance sheet date, whether there is any indication that the impairment loss may no longer exist or may have decreased. If there is any such indication, the Company is required to recalculate the recoverable amount of the asset. If the recoverable amount

increases as a result of the increase in the estimated service potential of the assets, the Company shall reverse the impairment loss to the extent that the carrying amount after the reversal would not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the assets in prior years. Impairment loss (reversal) is classified as non-operating losses/(income).

11. Deferred charges

Deferred charges refer to the expenses incurred on the use of decoration, issuance of corporate bonds, computer software and cable installation. The charges are amortized on a straight-line basis over five years for the use of decoration and the issuing period for corporate bond issuance with the rest being amortized over 2-3 years.

12. Convertible bonds

(1) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date in accordance with the interest method. Premium or discount on convertible corporate bonds with redemption options is required to be amortized over the period from the date of issuance to the expiry date of the redemption right. The excess of the redemption price over the face value of the convertible bonds is recognized as liability on interest compensation under the interest method during the period from the date of issuance to the expiry date of the redemption right.

(2) Conversion of convertible bonds is accounted for by the book value method. The unamortized premium or discount, issuance cost, accrued interest payable, interest payable by the bondholders, liability on interest compensation and the face value of the bonds are netted on the date of conversion, and the resulting net amount is reversed accordingly. The excess of the net amount over the par value of the converted stock is recorded as capital surplus.

(3) Where the bondholders do not exercise the redemption option before it expires, the interest compensation is amortized according to the interest method over the period from the date following the expiry date of the redemption option to the maturity date of the bonds. Where the market price of the stocks that can be converted from the convertible bonds on the expiry date of the redemption option exceeds the redemption price, the interest compensation recognized is reclassified to capital surplus.

13. Pensions

(1) The Company's pension plan applies to all permanent employees. For the

first fifteen years of service, two points are rewarded for each year of service. For service period exceeding 15 years, one point is rewarded for each additional year of service with a maximum of 45 points allowed. Pensions paid upon retirement are based on the service period and the average monthly salary of the six months prior to the approval of retirement. The Company's staff retirement and relief scheme has been revised several times and was approved by the Taipei City Government. The main purpose of the revision is to allow the employees transferred to related companies to apply for pensions as retired employees.

- (2) Pursuant to the letter (91) Fu-Lao-2-Tze 09132271100 issued by the Taipei City Government on May 22, 2002 and the letter (91) Cai-Pei-Kuo-Shui-Shen-1-Tze 091003376 issued by the National Tax Administration (NTA) of Taipei on May 31, 2002, the Company revised the contribution rate for pension fund from 10.76% of the total monthly salary to 8.25% starting from March 2002. Pursuant to the letter (92) Bei-Shi-Lao-2-Tze 09232103200 issued by the Taipei City Government and the letter (92) Cai-Pei-Kuo-Shui-Shen-1-Tze 0920046375 issued by the NTA of Taipei on May 13, 2003, the contribution rate for pension fund was revised again from 8.25% of the total monthly salary to 9.6% starting from April 2003. The pension fund is deposited with the Central Trust of China in an exclusive account.
- (3) The Labor Pension Act ("the Act"), which adopts a defined contribution scheme, takes effect from July 1, 2005. In accordance with the Act, employees of the Company may elect to be subject to either the Act, and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. For employees subject to the Act, the Company shall make monthly contributions to the employees' individual pension accounts on a basis no less than 6% of the employees' monthly wages.
- (4) In accordance with the SFAS No.18, "Accounting for Pension", the Company has recognized pension costs based on the actuarial report since 1995. Under the defined benefit pension scheme, net periodic pension cost was contributed according to the actuarial report, which includes current service cost, interest cost, expected rate of return on plan assets, and amortization of unrecognized net transition assets. The part of accumulated benefit obligation which exceeds fair value of pension fund was recorded as minimum pension liability on the balance sheet. Unrecognized net transition assets and net benefit obligation are amortized on a straight-line basis over 15 years. Prior service cost and gain or loss is amortized by average remaining service period on a straight-line basis. While preparing interim financial statements, the amount of minimum

pension liability was adjusted by the difference between net periodic pension cost and contribution. Under the defined benefit pension scheme, contribution is recognized in the year when the expenditures are incurred. The amount of the minimum pension liability wouldn't be re-evaluated.

14. Revenue recognition

Recognition of revenues is accounted for in accordance with the SFAS No. 32, "Accounting for Revenue Recognition".

15. Income taxes

(1) Projected income tax is estimated based on the expected taxable income for the current year. Difference between the estimated tax and the actual tax paid is recorded as an adjustment to income tax expense for the current year. An additional 10% tax is levied on unappropriated retained earnings, which is recorded as income tax expense for the year when the tax is levied.

(2) Inter-period and intra-period income taxes are allocated in accordance with the SFAS No. 22, "Accounting for Income Taxes". Income tax effects arising from taxable temporary differences are recognized as deferred income tax liabilities. Income tax effects arising from deductible temporary differences, loss carryforwards and income tax credits are recognized as deferred income tax assets and a valuation allowance is provided based on the expected realizability of the deferred income tax assets.

(3) Income tax credits are accounted for in accordance with the SFAS No. 12, "Accounting for Income Tax Credits" and are recognized in the year when the related expenditures are incurred.

16. Basic (diluted) earnings per share

Basic earnings per share are calculated based on the net income (loss) attributed to common stockholders and the weighted-average number of common shares outstanding during the period. Any capital increase (reduction) through cash injection (withdrawal), treasury stock transactions or other factors that would cause a change in the number of outstanding shares are incorporated in the calculation on a weighted-average basis according to the circulation period. Adjustments are made retroactively to the weighted-average number of outstanding shares if there is any increase (decrease) in the number of outstanding shares which does not result in changes in the stockholders' percentage of equity interest. Where the effective dates of the above-mentioned events fall between the balance sheet date and the issue date of the financial statements, retroactive adjustments are also required. For the purpose of calculating diluted earnings per share, it is assumed that the convertible bonds are converted into the common stock on the date of issuance of the bonds, and the weighted-average number of outstanding shares is adjusted for the dilutive effects of the convertible bonds.

17. Foreign currency transactions

- (1) The Company maintains its books of accounts in New Taiwan dollars. Transactions denominated in foreign currencies are converted into New Taiwan dollars at the exchange rate prevailing on the transaction date. In accordance with the SFAS No. 14, "Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements", foreign currency denominated receivables and payables are adjusted on the balance sheet date based on the spot exchange rate on that date. The unrealized foreign exchange gain (loss) due to the adjustment as well as the realized foreign exchange gain (loss) due to the exchange rate fluctuation when the foreign currency denominated receivables or payables are collected or paid off is credited or charged to non-operating income.
- (2) The long-term investments accounted for under the cost method are translated into New Taiwan dollars on the balance sheet date at the spot exchange rate on that date. If the translated amount of the long-term investments is less than their initial cost, their carrying amount is written down to the translated amount, and the difference between the translated amount and the initial cost is recorded as "cumulative translation adjustment" under stockholders' equity. If the translated amount exceeds the initial cost, the carrying amount of the long-term investments is maintained at their initial cost.

18. Derivative financial instruments

Disclosure of derivative financial instruments is accounted for in accordance with the SFAS No. 27, "Disclosure of Financial Instruments". The derivative financial instruments undertaken by the Company and the related accounting policies are summarized below.

(1) Options

Premiums received for options written are recorded as a liability, whereas those paid for options bought are recorded as an asset. When the options are exercised, the premiums are reversed, and the gains or losses arising from the exercise of the option contracts are credited or charged to current income. The options that are outstanding or remain unexercised on the balance sheet date are revalued based on their market prices on that date, and the resulting gains or losses are credited or charged to current income.

(2) Interest rate swaps

Interest rate swaps undertaken for risk hedging purposes are recorded in the memorandum account on the contract date. The interest received or paid upon each settlement, or accrued on the balance sheet date, is recorded as an adjustment to current interest income or expense.

(3) Cross currency swaps

Cross currency swap contracts are undertaken for the Company's borrowings denominated in foreign currencies. The difference between the interest received or paid upon each settlement is recorded as an adjustment to foreign exchange gain or loss.

(4) Forward exchange contracts

Forward exchange contracts undertaken to hedge the exchange rate risk arising from foreign currency denominated receivables and payables are recorded at the spot rate on the contract date, and the difference between the spot rate and the contract rate is amortized over the contract period. On the balance sheet date, the contracts are restated based on the spot rate prevailing on that date, and the resulting exchange difference is credited or charged to current foreign exchange gain. The exchange differences arising from the settlement of the contracts are also credited or charged to current foreign exchange gain. For the forward exchange contracts utilized to hedge exchange rate risk arising from foreign operating branches' net investments, the exchange difference is recorded as cumulative translation adjustment under stockholders' equity.

(5) Oil swaps

Oil swap contracts are undertaken to hedge the fluctuations in oil prices. The amount received or paid on the settlement date is credited or charged to current fuel expense.

C. CHANGES IN ACCOUNTING PRINCIPLES

Effective from January 1, 2005, the Company adopted the SFAS No. 35, "Accounting for Asset Impairment" to account for the impairment of its assets. Under the SFAS No. 35, retroactive adjustments are not required for the asset impairment occurring prior to January 1, 2005. Such a change in the accounting principle has no effect on the Company's net income and earnings per share for the year ended December 31, 2005.

D. DETAILS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	December 31, 2005	December 31, 2004
Cash	\$88,689	\$51,006
Checking account deposits	46,323	82,906
Demand deposits	8,379	89,689
Foreign currency deposits	1,071,828	1,474,578
Time deposits (New Taiwan dollars)	47,825	-
Time deposits (foreign currencies)	3,547,651	2,451,292
Cash equivalents – negotiable certificates of deposit	-	50,000
Less: Unrealized foreign exchange loss	(109,455)	(28,464)
Total	<u>\$4,701,240</u>	<u>\$4,171,007</u>

The interest rates on the above time deposits for the years ended December 31, 2005 and 2004 ranged from 1.40% to 4.34%, and 2.18% to 2.42%, respectively. The interest rate on the negotiable certificates of deposit for the year ended December 31, 2004 was 1.20%.

2. Short-term investments, net

	December 31, 2005	December 31, 2004
Equity securities	\$263,660	\$233,204
Mutual funds	4,026,665	16,432,370
Government bonds	20,472	40,944
Corporate bonds	60,587	3,948
Bonds purchased under resell agreements	80,000	301,791
Subtotal	4,451,384	17,012,257
Less: Allowance for loss on decline in market value	(48,503)	(21,460)
Net	<u>\$4,402,881</u>	<u>\$16,990,797</u>

As of December 31, 2005 and 2004, certain short-term investments were pledged as collaterals for issuance of commercial papers. Please refer to Note F for details.

3. Accounts receivable, net

	December 31, 2005	December 31, 2004
Non-related parties	\$2,437,056	\$3,131,294
Less: Unrealized foreign exchange loss	(35,633)	(63,046)
Less: Allowance for doubtful accounts	(1,577)	(1,577)
Subtotal	2,399,846	3,066,671
Related parties	108,333	365,055
Net	\$2,508,179	\$3,431,726

4. Other receivables

	December 31, 2005	December 31, 2004
Non-related parties		
Accrued income	\$1,571	\$6,683
Tax refund receivable	40,700	71,968
Current portion of long-term installment receivables	70,827	88,246
Others	135,000	117,637
Subtotal	248,098	284,534
Related parties	32,611	27,247
Total	\$280,709	\$311,781

Please refer to Note D10 for details of the current portion of long-term installment receivables.

5. Other financial assets – current, net

	December 31, 2005	December 31, 2004
Equity-linked notes	\$619,754	\$66,951
Less: Allowance for loss on decline in market value	(6,551)	(5,893)
Net	\$613,203	\$61,058

As of December 31, 2005 and 2004, none of the above financial assets was pledged as collateral.

6. Inventories

	December 31, 2005	December 31, 2004
Fuel	\$645,904	\$439,249



7. Other current assets

	December 31, 2005	December 31, 2004
Agency accounts	\$2,629,171	\$3,004,641
Agency reciprocal accounts	25,705	24,771
Temporary debits	32,999	41,732
Total	<u>\$2,687,875</u>	<u>\$3,071,144</u>

(1) Agency accounts

The Company has entered into agreements with foreign agents to deal with the port formalities related to foreign ports such as arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight and payment of expenses incurred with foreign ports. The above transactions are booked in the agency accounts.

(2) Agency reciprocal accounts

The Company has been appointed by Evergreen International S.A., Greencompass Marine S.A., Lloyd Triestino Di Navigazione S.P.A. and Hatsu Marine Limited as their agent to pay the petty cash required by their vessels, crew salaries and insurance premiums in Taiwan. The above transactions are booked in the agency reciprocal accounts.

8. Long-term investments

	December 31, 2005	December 31, 2004
Long-term equity investments	\$61,319,140	\$54,230,267
Long-term bond investments	12,581	-
Other long-term investments	312	312
Other financial assets - non-current	-	135,330
Total	<u>\$61,332,033</u>	<u>\$54,365,909</u>

(1) Long-term equity investments

	December 31, 2005		December 31, 2004	
	Amount	Ownership (%)	Amount	Ownership (%)
<u>Equity method</u>				
Peony Investment S.A.	\$41,434,463	100.00	\$34,672,963	100.00
Taiwan Terminal Services Co., Ltd.	72,714	55.00	85,082	55.00
Changng Yang Development Co., Ltd.	401,997	40.00	374,111	40.00
Evergreen International Storage and Transport Corporation	7,548,310	39.74	7,224,023	39.74
Evergreen Security Corporation	40,827	31.25	33,932	31.25
EVA Airways Corporation	8,982,435	20.43	9,035,433	20.96
Taipei Port Container Terminal Corporation	153,219	20.00	154,995	20.00
Toplogis Technology Corporation	4,063	25.00	8,809	25.00
Subtotal	<u>58,638,028</u>		<u>51,589,348</u>	
<u>Cost method</u>				
Dongbu Pusan Container Terminal Co., Ltd.	-	-	-	-
Power World Fund Inc.	27,273	5.68	50,000	5.68
Fubon Securities Finance Co., Ltd.	190,322	4.93	190,322	4.93
Taiwan High Speed Rail Corporation	1,250,000	2.53	1,250,000	2.53
Linden Technologies, Inc.	15,372	2.53	15,372	2.53
Taiwan Fixed Network Co., Ltd.	700,000	1.08	700,000	1.08
Well Long Information Co., Ltd.	-	0.14	1,300	0.14
Subtotal	<u>2,182,967</u>		<u>2,206,994</u>	
<u>Lower of cost or market value method</u>				
Central Reinsurance Corp.	490,801	8.45	426,581	8.73
Fubon Financial Holding Co., Ltd.	7,344	0.04	7,344	0.04
Less: Allowance for loss on decline in market value	-	-	-	-
Subtotal	<u>498,145</u>		<u>433,925</u>	
Total	<u>\$61,319,140</u>		<u>\$54,230,267</u>	

- (a) The investment income recognized for the above investees accounted for under the equity method was based on their financial statements audited by independent auditors for the corresponding periods. For the years ended December 31, 2005 and 2004, the investment income recognized for these investees amounted to \$7,683,397 thousand and \$8,959,281 thousand, respectively.
- (b) On June 5, 2003, the Company's Board of Directors resolved to purchase the domestic unsecured convertible bonds issued by EVA Airways Corporation (EVA Airways), totaling \$500 million (face value). As the Company intended to hold the investment in the above convertible bonds for long-term purposes, they were recorded under long-term bond investments. In March 2004, the Company converted all the convertible bonds into 46,382 thousand shares of EVA Airways' common stock at \$10.78 per share. As a result of the conversion, the Company's percentage of equity interest in EVA Airways increased and the investment in the above convertible bonds was reclassified to long-term equity investments, resulting in an increase of \$48,751 thousand in capital surplus. In addition, EVA Airways increased its capital through cash injection in September 2004. As a stockholder of EVA Airways, the Company was entitled to a subscription of 39,608 thousand new shares. However, the Company waived its subscription right. Hence, its percentage of equity interest in EVA Airways decreased, resulting in a decrease of \$116,351 thousand in capital surplus.
- (c) The Company's Board of directors resolved to inject additional cash in Central Reinsurance Company as a shareholder on August 25, 2005 and October 27, 2004. The company subscribed to 5,584 thousand shares at \$11.5 per share and 4,311 thousand shares at \$12 per share, issued by Central Reinsurance Corporation due to cash injection. After cash injection, the investment represented 8.45% and 8.73% equity interest in Central Reinsurance Company, respectively.
- (d) On October 22, 2004, the Company's Board of Directors resolved to subscribe to 1,000 thousand new shares, totaling \$10,000 thousand at \$ 10 per share, issued by Toplogis Technology Corporation (Toplogis) due to cash injection. The Company's investment in Toplogis represents 25% of its equity and is accounted for by the equity method.
- (e) In second quarter, 2005, the market value of the investment in Well Long Information Co., Ltd., an investee accounted for under the cost method, declined. The Company assessed that the investment cost could not be recovered. As a result, a realized investment loss of \$1,300 thousand was recognized based on the carrying value and was recorded under non-operating expenses – other investment loss.
- (f) In July 2005, Power World Fund Inc. (PWF), an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 545.5 shares for every 1,000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds

received by the Company based on its proportionate equity interest in PWF were \$22,727 thousand, and the carrying amount of the Company's investment in PWF was written down by \$22,727 thousand. No gain and loss incurred.

- (g) In February 2004, Fubon Securities Finance Co., Ltd.(Fubon Securities), an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 634.921 shares for every 1,000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Fubon Securities were \$113,371 thousand, and the carrying amount of the Company's investment in Fubon Securities was written down by \$109,403 thousand. Accordingly, \$3,968 thousand of income was generated, which was recorded under "non-operating income – others".
- (h) In August 2004, Taiwan Fixed Network Co., Ltd., an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 700 shares for every 1000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Taiwan Fixed Network were \$300,000 thousand, and the carrying amount of the Company's investment in Taiwan Fixed Network was written down by \$300,000 thousand. No income and loss were incurred.
- (i) The Company previously pledged 300,000 shares of Dongbu Pusan Container Terminal Co., Ltd. (DPCT), an investee accounted for under the cost method, as collaterals for DPCT's borrowings. In June 2004, the Company's Board of Directors resolved to sell these 300,000 shares of DPCT to its related company, Peony Investment S.A., at book value. Please refer to Notes E for details.
- (j) In 2005, the accounts of Peony Investment S.A. and Taiwan Terminal Service Co. Ltd. (TTSC) have been included in the Company's consolidated financial statements. Total assets and total operating revenues of TTSC didn't reach the criteria of SFAS No. 7 " Consolidate Financial Statements " that was before amendment, so TTSC was not included in the Company's consolidated financial statements in 2004. Under the amended SFAS No.7, retroactive adjustments are not required for consolidated financial statements occurring prior to January 1, 2005.
- (k) As of December 31, 2005 and 2004, none of the above long-term equity investments was pledged or collateralized.

(2) Long-term bond investments

Item	Period	Coupon Rate	December 31, 2005	December 31, 2004
Convertible bonds – Tuntex (Thailand) Public Company Limited	Mar. 10, 2005 – Mar. 10, 2013	0%	\$12,581	\$-
Less: Cumulative translation adjustments			-	-
Total			\$12,581	\$-

In 1997, the Company purchased US\$180 thousand of the convertible bonds issued by Tuntex (Thailand) Public Company Limited. As Tuntex encountered financial difficulties, it defaulted at maturity of the bonds. Accordingly, the Company fully recognized the losses on the bonds in 2001. Tuntex subsequently filed an application to the court for corporate restructuring and reached a consensus with the creditors to reissue the above-mentioned bonds. The convertible bonds allocated to the Company were recorded at their face value of THB15,737 thousand (NTD12,581 thousand), and the Company recognized \$12,581 thousand income under “non-operating income – others” for the three months ended March 31, 2005.

(3) Other long-term investments

	December 31, 2005	December 31, 2004
Marshal Golf Country Club – membership fee and service charges	\$312	\$312

(4) Other financial assets – non-current

	Maturity Date	December 31, 2005	December 31, 2004
Taishin International Bank - structured time deposits	Sep. 12, 2013	\$-	\$34,175
Banca Del Gottardo - inverse floating-rate bills	Sep. 24, 2013	-	68,410
Banca Del Gottardo - money market fund	No fixed maturity date	-	42,156
Subtotal		-	144,741
Less: Cumulative translation adjustments		-	(9,411)
Total		\$-	\$135,330

None of the above financial assets has been pledged as collateral. The interest rates ranged from 1.69% to 12.00% during the year ended December 31, 2004, respectively.

9. Property, plant and equipment, net

	December 31, 2005		
	Cost	Accumulated	
		Depreciation	Balance
Land	\$1,998,859	\$-	\$1,998,859
Buildings	1,511,958	351,503	1,160,455
Loading/discharging equipment	3,616,970	2,617,335	999,635
Computer equipment	116,851	58,278	58,573
Transportation equipment	16,697,252	13,917,239	2,780,013
Ships and equipment	9,877,935	9,647,057	230,878
Dock facilities	625,223	-	625,223
Office equipment	210,927	142,045	68,882
Subtotal	34,655,975	26,733,457	7,922,518
Prepayments for equipment	359,802	-	359,802
Total	<u>\$35,015,777</u>	<u>\$26,733,457</u>	<u>\$8,282,320</u>

	December 31, 2004		
	Cost	Accumulated	
		Depreciation	Balance
Land	\$1,998,859	\$-	\$1,998,859
Buildings	1,356,403	324,175	1,032,228
Loading/discharging equipment	3,079,785	2,250,658	829,127
Computer equipment	175,468	102,477	72,991
Transportation equipment	17,102,718	13,514,725	3,587,993
Ships and equipment	9,877,935	9,416,178	461,757
Dock facilities	738,990	-	738,990
Office equipment	203,638	142,367	61,271
Subtotal	34,533,796	25,750,580	8,783,216
Prepayments for equipment	28,239	-	28,239
Total	<u>\$34,562,035</u>	<u>\$25,750,580</u>	<u>\$8,811,455</u>

(1) Please refer to Note E for details of the transactions on property, plant and equipment with related parties and Note F for details of the assets pledged as collaterals.

(2) All the aforementioned ships and equipment have been insured based on the market value of each vessel or the requirement of the creditor banks. As of December 31, 2005 and 2004, the insurance coverage amounted to USD57,500 thousand and USD71,000 thousand, respectively. In addition, the ships were covered by the protection and indemnity insurance with GARD. The indemnity

amount was unlimited except for oil pollution which was limited to USD8 billion and USD1 billion for the years ended December 31, 2005 and 2004.

- (3) The Company's loading/discharging equipment has been covered by the general insurance for construction machinery with insurance coverage amounting to \$1,238,667 thousand and \$1,370,174 thousand as of December 31, 2005 and 2004, respectively. The fire insurance coverage for office equipment was \$1,438,964 thousand and \$1,056,963 thousand as of December 31, 2005 and 2004, respectively. Container facilities were insured with full coverage amounting to USD489,093 thousand for both year .
- (4) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Pier No. 116 of Kaohsiung Harbor. The Company is entitled to use the pier free of charge for 16 years commencing from the date of completion. At expiration of the 16-year period, the Company is obliged to return the pier to the Bureau but has the priority to lease the pier. The construction project was reclassified to dock facilities upon its completion on January 1, 1992, and is amortized on a straight-line basis over 16 years with the amortization charged to loading/discharging expenses.
- (5) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Piers No. 79~81 of Kaohsiung Harbor. The Company is entitled to use the piers free of charge for 10 years commencing from the date of completion. At expiration of the 10-year period, the Company is obliged to return the piers to the Bureau but has the priority to lease the piers. The construction project was reclassified to dock facilities upon its completion in the beginning of 2000, and is amortized on a straight-line basis over 10 years with the amortization charged to loading/discharging expenses.

10. Long-term installment receivables

	December 31, 2005	December 31, 2004
Receivables from sales of vessels	\$446,329	\$552,491
Less: Unrealized foreign exchange loss	(24,281)	(45,312)
Total	422,048	507,179
Less: Current portion	(70,827)	(88,246)
Long-term installment receivables, net	\$351,221	\$418,933

- (1) The above installment receivables derived from the four vessels, GLEE, GLOW, GRUP and GALT sold in 2001 and 2002 with a total price of USD54,648 thousand. The interest charged on the receivables is LIBOR (London InterBank Offered Rate) plus 1.5%. As of December 31, 2005 and 2004, the accrued amount of the receivables was USD12,902 thousand and USD15,965 thousand, respectively.

- (2) As of December 31, 2005, details of the above long-term installment receivables that were to be collected in the following years are as follow (expressed in thousand dollars):

Expiration	Amount
Within 1 year	USD 2,165
1~2 years	8,451
2~3 years	1,143
3~4 years	1,143
Total	USD 12,902

11. Short-term loans

Item	December 31, 2005		December 31, 2004	
	Interest		Interest	
	Rate (%)	Amount	Rate (%)	Amount
New Taiwan dollars	1.46~1.53	\$1,800,000	1.20~1.35	\$2,700,000
Foreign currencies	-	-	3.10	98,790
Less: Unrealized foreign exchange gain		-		(3,487)
Total		\$1,800,000		\$2,795,303

As the above short-term loans were all credit loans, none of them was secured with collaterals.

12. Short-term bills payable

	December 31, 2005		
	Guarantor	Period	Amount
Commercial paper	International Bills Finance Corp.	12.27.05 - 01.10.06	\$200,000
"	Taiwan Bills Finance Corp.	12.27.05 - 01.10.06	200,000
"	China Bills Finance Corp.	12.23.05 - 01.10.06	200,000
"	Chinatrust Bills Finance Corp.	12.27.05 - 01.10.06	200,000
Total			800,000
Less: Unamortized discounts			(245)
Net			\$799,755

December 31, 2004

	Guarantor	Period	Amount
Commercial paper	International Bills Finance Corp.	12.07.04 - 01.06.05	\$500,000
"	Chung Hsing Bills Finance Corp.	12.22.04 - 01.21.05	500,000
"	Taiwan Bills Finance Corp.	12.17.04 - 01.17.05	200,000
"	Dah Chung Bills Finance Corp.	12.27.04 - 01.26.05	200,000
"	Grand Cathay Securities Corp.	12.27.04 - 01.17.05	500,000
"	Chinatrust Bills Finance Corp.	12.28.04 - 01.27.05	200,000
Total			<u>2,100,000</u>
Less: Unamortized discounts			(909)
Net			<u>\$2,099,091</u>

(1) Please refer to Note F for details of the marketable securities pledged as collaterals for the above commercial papers.

(2) The interest rate range on the above commercial papers was 1.18%~1.35% and 1.19%~1.22% for the years ended December 31, 2005 and 2004, respectively.

13. Accrued expenses

	December 31, 2005	December 31, 2004
Accrued expenses	\$189,976	\$195,005
Estimated accrued expenses	2,568,550	3,241,837
Less: Unrealized foreign exchange gain	(24,102)	(76,966)
Total	<u>\$2,734,424</u>	<u>\$3,359,876</u>

The estimated accrued expenses represent the estimation of the expenses to be incurred with the foreign agents and on the agency services rendered by the Company to the foreign marine transportation companies. The estimated accrued expenses as of December 31, 2004 were \$3,241,837 thousand of which \$2,631,650 thousand was reversed as of December 31, 2005, constituting 81.18% of the estimated amount. The estimated accrued expenses as of December 31, 2003 were \$2,498,087 thousand of which \$2,367,234 thousand was reversed as of December 31, 2004, constituting 94.76% of the estimated amount.

14. Long-term liabilities due within one year

	December 31, 2005	December 31, 2004
Corporate bonds payable	\$1,500,000	\$1,500,000
Long-term bank loans	2,798,000	3,025,199
Total	<u>\$4,298,000</u>	<u>\$4,525,199</u>

15. Corporate bonds payable

	December 31, 2005	December 31, 2004
Seventh secured corporate bonds	\$-	\$1,500,000
Eighth secured corporate bonds	1,500,000	1,500,000
Ninth secured corporate bonds	1,000,000	1,000,000
Tenth secured corporate bonds	1,500,000	1,500,000
Eleventh secured corporate bonds	1,500,000	1,500,000
First unsecured convertible bonds	1,634,400	2,179,700
Second unsecured convertible bonds	1,864,300	2,273,900
Add: Accrued interest compensation	6,339	4,232
Subtotal	<u>9,005,039</u>	<u>11,457,832</u>
Less: Current portion	(1,500,000)	(1,500,000)
Non-current portion	<u>\$7,505,039</u>	<u>\$9,957,832</u>

- (1) Please refer to Schedules 1 ~ 3 for details of the terms on the above corporate bonds.
- (2) On January 12, 2004, the Company issued its first unsecured domestic convertible bonds (hereinafter referred to as the "Bonds") at face value, totaling \$4 billion. The major terms on the issuance are set forth below.
- (1) Period: 5 years (January 12, 2004 to January 11, 2009).
 - (2) Coupon rate: 0% per annum.
 - (3) Principal repayment and interest payment
Unless the Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Bonds is to be repaid in lump sum by cash at maturity based on the face value of the Bonds.
 - (4) Collaterals
The Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.
 - (5) Redemption at the Company's option
 - a. During the period from 3 months after the Bonds are issued to 40 days before the maturity of the Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to 50% or above of the conversion price in effect for a period of 30 consecutive trading days, the Company may redeem 100% of the outstanding bonds in cash at the redemption price calculated based on the agreed yield rate on redemption within 30 trading days following the above-mentioned 30

consecutive trading days. The yield rate on redemption is 0.20% per annum during the period from 3 months to 3 years after the Bonds are issued. During the period from 3 years after the Bonds are issued to 40 days before the maturity of the Bonds, the Bonds are redeemable at their face value.

- b. During the period from 3 months after the Bonds are issued to 40 days before the maturity of the Bonds, if the total amount of the Bonds outstanding after the conversion by the bondholders is less than \$400 million (10% of the total issued amount), the Company may redeem the outstanding bonds in cash in accordance with the terms stated in Paragraph a. above.
- c. When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

(6) Redemption at the bondholders' option

During the 30 days before the Bonds are issued for 3 years, the bondholders may require the Company to redeem their bonds in cash at the face value plus interest compensation (i.e. 100.60% of the face value with a yield rate of 0.20% per annum).

(7) Terms on conversion

a. Conversion period

The bondholders may convert the Bonds into the Company's common stock during the period from 3 months after the Bonds are issued to 10 days before the maturity of the Bonds.

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

b. Conversion price

The conversion price is the lower of the three average closing prices of the Company's common stock during the 10, 15 and 20 trading days before October 3, 2003 multiplied by 115%. If any cash or stock dividends are distributed before October 3, 2003, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Bonds was set at \$28.60. On December 31, 2005, the adjusted conversion price was \$24.07.

(8) Others

a. Entitlement to cash dividends

The bondholders who request to convert the Bonds on a date which is more than 3 trading days before the announcement of cash dividends are entitled to the cash dividends resolved by the stockholders in the current year.

The bondholders who request to convert the Bonds 3 trading days before the announcement of cash dividends or later are not entitled to the cash dividends resolved by the stockholders in the current year, but are entitled to the cash dividends resolved by the stockholders in the following year.

b. The affiliated companies of the Company may subscribe the Bonds, but do not have the right to convert the Bonds into the Company's common stock.

(3) On September 6, 2004, the Company issued its second unsecured domestic convertible bonds (hereinafter referred to as the "Second Bonds") at face value, totaling \$4.5 billion. The major terms on the issuance are set forth below.

(a) Period: 5 years (September 6, 2004 to September 5, 2009).

(b) Coupon rate: 0% per annum.

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(e) Redemption at the Company's option

a. During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to 50% or above of the conversion price in effect for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Second Bonds within 30 trading days following the above-mentioned 30 consecutive trading days.

b. During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the total amount of the Second Bonds outstanding after the conversion by the bondholders is less than \$450 million (10% of the total issued amount), the Company may redeem

the outstanding bonds at their face value any time during the 40 days before the maturity of the Second Bonds.

- c. When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.
- (f) Redemption at the bondholders' option
During the 30 days before the Second Bonds are issued for 3.5 years, the bondholders may require the Company to redeem their bonds in cash at the face value.
- (g) Terms on conversion
 - a. Conversion period
The bondholders may convert the Second Bonds into the Company's common stock during the period from 1 month after the Second Bonds are issued to 10 days before the maturity of the second Bonds.
The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.
 - b. Conversion price
The conversion price can be any of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before August 24, 2004 multiplied by 103%. If any cash or stock dividends are distributed before August 24, 2004, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Second Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Second Bonds was set at \$28.50. On December 31, 2005, the adjusted conversion price was \$21.68.
- (h) Entitlement to cash dividends
The bondholders who request to convert the Second Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Second Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date.
The bondholders who request to convert the Second Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled

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

16. Long-term loans

Long-term bank loans:

Creditor	Type	Period	December 31, 2005	December 31, 2004
Chiao Tung Bank	Secured	04.21.98 - 04.21.05	\$-	\$28,450
Chiao Tung Bank	Secured	01.31.00 - 01.31.07	-	181,800
Chiao Tung Bank	Secured	06.26.01 - 03.01.08	-	254,520
Bank of Taiwan	Secured	10.20.98 - 10.20.05	-	400,000
Bank of Taiwan	Secured	12.17.02 - 08.06.07	396,000	300,000
Bank of Taiwan	Secured	03.07.03 - 08.06.07	-	294,000
Bank of Taiwan	Secured	10.27.05 - 01.25.06	500,000	-
Bank of Taiwan	Unsecured	05.27.02 - 05.27.07	375,000	625,000
The Bank of Tokyo-Mitsubishi	Secured	02.25.05 - 08.25.07	-	165,832
The Mizuho Corporate Bank	Secured	03.31.03 - 03.31.07	-	762,891
The Mizuho Corporate Bank	Secured	10.01.03 - 09.08.08	-	1,694,760
Bank of Panhsin	Unsecured	09.03.02 - 09.03.05	-	47,000
Bank of Panhsin	Unsecured	12.31.04 - 06.16.06	-	200,000
Taiwan Cooperative Bank	Secured	06.24.03 - 06.24.08	-	600,000
Chang Hwa Bank	Unsecured	12.16.02 - 12.16.07	-	258,750
Chang Hwa Bank	Unsecured	04.21.04 - 04.21.09	-	1,977,600
Chang Hwa Bank	Unsecured	05.26.04 - 04.21.07	-	1,341,600
International Bank of Taipei	Unsecured	03.15.02 - 03.15.06	-	75,000
Land Bank of Taiwan	Unsecured	12.19.02 - 12.19.07	-	750,000
Hua Nan Commercial Bank	Unsecured	07.23.02 - 07.23.07	-	375,000
The Export-Import Bank of the Republic of China	Unsecured	08.27.02 - 08.27.07	160,000	240,000
Sunny Bank	Unsecured	11.28.02 - 11.28.05	-	95,000
Bank of East Asia	Unsecured	02.27.03 - 02.27.09	150,000	150,000
Calyon Corporate and Investment Bank	Unsecured	09.29.03 - 06.06.08	500,000	500,000
First Commercial Bank	Unsecured	06.27.03 - 06.27.08	1,500,000	2,100,000
Bank of Overseas Chinese	Unsecured	11.28.02 - 01.28.05	-	75,000
Industrial Bank of Taiwan	Unsecured	11.11.03 - 11.11.07	180,000	300,000
Asia Trust	Unsecured	12.30.03 - 07.20.05	-	120,000
Cathay United Bank	Secured	09.22.04 - 09.24.08	-	101,610

Creditor	Type	Period	December 31, 2005	December 31, 2004
Subtotal			3,761,000	14,013,813
Less: Unrealized foreign exchange gain			-	(253,614)
Total			3,761,000	13,760,199
Less: Current portion			(2,798,000)	(3,025,199)
Non-current portion			\$963,000	\$10,735,000

The interest rate range on the above long-term bank loans was 0.518%~4.515% and 0.518%~4.307% for the years ended December 31, 2005 and 2004, respectively. Please refer to Note F for details of the collaterals pledged for the above long-term loans.

17. Pensions

(1) The pension costs comprise the following:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Service cost	\$124,724	\$91,929
Interest cost	33,437	16,952
Expected return on plan assets	(12,567)	(9,400)
Deferred amortization		
Unrecognized net transition obligation	20,076	20,077
Prior service cost	1,607	-
Unrecognized loss on plan assets	35,595	14,423
Net pension costs	\$202,872	\$133,981

(2) The Company's pension fund is deposited in an exclusive account with Central Trust of China. Reconciliation of the funded status of the plan to the carrying amount of accrued pension liability is as follows:

	December 31, 2005	December 31, 2004
Benefit obligations		
Vested benefit obligation (VBO)	\$(187,653)	\$(318,637)
Non-vested benefit obligation	(684,696)	(706,270)
Accumulated benefit obligation (ABO)	(872,349)	(1,024,907)
Effects of future salary increments	(63,171)	(136,224)
Projected benefit obligation (PBO)	(935,520)	(1,161,131)
Fair value of plan assets	465,398	400,780
Funded status	(470,122)	(760,351)
Unrecognized net transition obligation	100,383	120,459

	December 31, 2005	December 31, 2004
Unamortized prior service cost	24,109	25,716
Unrecognized loss on plan assets	310,091	680,432
Additional accrued pension liability	(371,412)	(690,383)
Accrued pension liability	<u>\$(406,951)</u>	<u>\$(624,127)</u>

(3) Actuarial assumptions

	Year Ended December 31, 2005	Year Ended December 31, 2004
Discount rate	3.00%	2.50%
Increase in future salary level	1.50%	1.00%
Expected rate of return on plan assets	3.00%	2.50%

18 Capital stock

- (1) As of December 31, 2005 and 2004, the authorized capital of the Company was \$33,000,000 thousand and \$30,000,000 thousand, and the paid-in capital was \$27,075,246 thousand and \$24,259,425 thousand, divided into 2,707,525 thousand and 2,425,943 thousand shares of common stocks, respectively, with a par value of \$10 per share.
- (2) On June 23, 2005, the Company's stockholders resolved to increase capital by capitalizing \$2,461,386 thousand of retained earnings. Accordingly, 246,139 thousand new shares were issued with a par value of \$10 per share. The Company's capital stock after the capital increase amounted to \$27,075,246 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 20, 2005 as per the Letter No. 0940129447 with the effective capital increase date set on August 26, 2005.
- (3) On June 24, 2004, the Company's stockholders resolved to increase capital by capitalizing \$1,288,127 thousand of retained earnings. Accordingly, 128,813 thousand new shares were issued with a par value of \$10 per share. The Company's capital stock after the capital increase amounted to \$22,757,009 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on August 13, 2004 as per the Letter No. 0930136258 with the effective capital increase date set on September 30, 2004.

- (4) Details of the common stock converted from the unsecured domestic convertible bonds issued by the Company during the years ended December 31, 2005 and 2004 are set forth below:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	No. of Shares (in '000)	Amount	No. of Shares (in '000)	Amount
First unsecured convertible bonds	20,211	\$202,111	67,467	\$674,673
Second unsecured convertible bonds	15,233	152,324	82,785	827,848
Total	35,444	\$354,435	150,252	\$1,502,521

19. Capital surplus

Under the Company Law, capital surplus arising from share issue premium and endowments received can be capitalized when the Company does not incur losses, provided that the annual amount capitalized cannot exceed 10% of the Company's paid-in capital. The remainder can only be used to offset losses. Additionally, pursuant to the Securities and Exchange Law and the Company Law, capitalization of the capital surplus is not allowed until the following year after the capital surplus is registered. Moreover, capital surplus cannot be used to make up losses unless the legal reserve is insufficient to cover the losses.

20. Appropriation of retained earnings and dividend policy

- (1) The sections of the Company's Articles of Incorporation that are applicable to the appropriation of the 2004 and 2003 earnings are as follows:

According to Article 26 of the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company should first make provision for income tax, and make up the losses from prior years, then appropriate 10% of the residual amount as legal reserve. Dividends should be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees should be at least 1% of the total distributed amount and the remuneration paid to the directors and supervisors should not exceed 5% of the total distributed amount.

- (2) Legal reserve

Pursuant to the Company Law, the Company is required to set aside 10% of its annual after-tax net income as legal reserve until the balance of such reserve equals the Company's paid-in capital. Utilization of the legal reserve is limited to offsetting deficits and capital increase. Appropriation of the legal reserve as cash dividends is prohibited.

(3) Special reserve

If there are any negative stockholders' equity items recorded by the Company, such as unrealized loss on the decline in market value of long-term equity investments and cumulative translation adjustments, the Company is required to set aside an amount equal to the amount of the negative stockholders' equity items to the special reserve from the after-tax net income. If the negative stockholders' equity items are subsequently reversed, an amount not exceeding the reversed amount can be appropriated from the special reserve.

(4) The Company is currently at the stable growth stage. To facilitate future expansion plans, dividends distributed to stockholders are in the form of both cash and stocks with the proportions set at 0~50% and 100~50%, respectively. To maintain the Company's earnings per share at a certain level and in consideration of the impact of stock dividends on the Company's financial performance, the proportions of cash and stock dividends would be adjusted to 100%~50% and 0~50%, respectively, if the estimated earnings per share for the year in which the dividends are distributed decrease by more than 20%, compared to the prior year.

(5) Appropriation of the 2004 and 2003 earnings as resolved by the stockholders on June 23, 2005 and June 24, 2004, respectively, is set forth below:

	Appropriated Earnings		Dividend Per Share (in dollars)	
	2004	2003	2004	2003
Cash dividends to common stockholders	\$4,922,772	\$1,288,127	\$2.00	\$0.60
Stock dividends to common stockholders	2,461,386	1,288,127	1.00	0.60
Cash bonus to employees	80,000	50,000		
Remuneration to directors and supervisors	43,800	22,100		

Appropriation of the 2004 and 2003 earnings were calculated by the following formula. After distributing the bonus to employees and the remuneration to directors and supervisors, the after-tax basic earning per share for 2004 and 2003 decreased to \$4.76 from \$4.81 and to \$1.41 from \$1.44, respectively.

$$\text{Formula: } \frac{\text{After-tax net income} - \text{Cash bonus to employees} - \text{Remuneration to directors and supervisors}}{\text{Weighted-average number of outstanding shares (After retroactive adjustment)}}$$

2004 = (12,084,669 thousand dollars – 80,000 thousand dollars – 43,800 thousand dollars) / 2,512,726 thousand shares = \$4.76

2003 = (3,604,776 thousand dollars – 50,000 thousand dollars – 22,100 thousand dollars) / 2,503,260 thousand shares = \$1.41

(6) Information relating to the appropriation of the Company's 2004 earnings as proposed by the Board of Directors and resolved by the stockholders in 2005 is published on the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

21. Operating revenues

	Year Ended December 31, 2005	Year Ended December 31, 2004
Marine freight income	\$39,415,004	\$39,806,406
Ship rental income	1,931,446	1,544,234
Commission income	46,399	162,043
Agency service income	227,083	95,561
Others	355,604	316,176
Total	\$41,975,536	\$41,924,420

22. Expenses relating to employment, depreciation, depletion, and amortization

Expenses relating to employment, depreciation, depletion and amortization for the years ended December 31, 2005 and 2004 disclosed by function are as follows:

	Year Ended December 31, 2005		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$524,414	\$1,018,211	\$1,542,625
Labor and health insurance	19,527	45,251	64,778
Pension	82,126	112,080	194,206
Others	31,257	31,626	62,883
Total	\$657,324	\$1,207,168	\$1,864,492
Depreciation	\$230,879	\$892,601	\$1,123,480
Depletion	\$-	\$-	\$-
Amortization	\$186,275	\$61,386	\$247,661

	Year Ended December 31, 2004		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$520,473	\$962,138	\$1,482,611
Labor and health insurance	22,879	42,137	65,016
Pension	45,583	68,766	114,349
Others	32,909	29,081	61,990
Total	<u>\$621,844</u>	<u>\$1,102,122</u>	<u>\$1,723,966</u>
Depreciation	<u>\$413,705</u>	<u>\$1,089,737</u>	<u>\$1,503,442</u>
Depletion	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Amortization	<u>\$183,598</u>	<u>\$59,536</u>	<u>\$243,134</u>

23. Income taxes

(1) The income taxes comprise the following:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Income tax expense – current period	\$1,753,544	\$650,586
Add: 10% tax on unappropriated retained earnings	-	-
Less: Investment tax credit	(44,323)	(288,509)
Withholding tax	(318,434)	(3,159)
Income tax payable	1,390,787	358,918
Add: Withholding tax	318,434	3,159
Separate income tax expense	2,532	2
Adjustments for changes in tax estimates	(582)	(18,152)
Net change in deferred income tax assets / liabilities	730,708	1,174,885
Income tax expense	<u>\$2,441,879</u>	<u>\$1,518,812</u>

(2) Deferred income tax assets and liabilities

	December 31, 2005	December 31, 2004
(a) Total deferred income tax liabilities	\$(2,288,339)	\$(1,639,744)
(b) Total deferred income tax assets	\$44,554	\$126,343
(c) Valuation allowance for deferred income tax Assets	\$(325)	\$-
(d) Temporary differences resulting in deferred income tax assets or liabilities:		
Equity-accounted investment income	\$(9,039,180)	\$(6,292,288)
Foreign dividends	2,779	1,805
Unrealized foreign exchange gain	(114,177)	(200,466)
Unrealized foreign exchange loss	130,654	487,334
Unrealized investment loss	1,300	-
Unrealized expenses and losses	7,945	16,235
Pension expense	35,539	(66,256)
(e) Deferred income tax assets – current	\$35,344	\$30,152
Valuation allowance for deferred income tax assets – current	-	-
Deferred income tax assets – current, net	35,344	30,152
Deferred income tax liabilities – current	(7,352)	(50,116)
Net deferred income tax (liabilities) / assets – current	\$27,992	\$(19,964)
(f) Deferred income tax assets - non-current	\$9,210	\$96,191
Valuation allowance for deferred income tax assets - non-current	(325)	-
Deferred income tax assets - non-current, net	8,885	96,191
Deferred income tax liabilities - non-current	(2,280,987)	(1,589,628)
Net deferred income tax liabilities - non-current	\$(2,272,102)	\$(1,493,437)

(3) Except for the income tax return of 2001 and 2002, the Company's income tax returns through 2003 have been assessed by National Tax Administration (NTA).

(4) Imputation tax credit

	December 31, 2005	December 31, 2004
Balance of imputation tax credit account (ICA)	\$515,213	\$59,982

	2005 (Estimated)	2004 (Actual)
Estimated (actual) tax credit rate for individual stockholders	3.10%	4.14%

(5) Unappropriated retained earnings

	December 31, 2005	December 31, 2004
1997 and before	\$5,570,596	\$5,570,596
1998 and onwards	16,618,826	13,111,340
Total	\$22,189,422	\$18,681,936

24. Earnings per share

(1) Basic earnings per share:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Pre-tax	After-tax	Pre-tax	After-tax
Net income attributed to common stockholders	\$14,665,790	\$12,223,911	\$13,603,481	\$12,084,669
(In thousand shares)				
Beginning balance of shares outstanding	2,425,942	2,425,942	2,146,878	2,146,878
Capitalization of retained earnings in 2005 (0.10 per share)	245,274	245,274	228,430	228,430
Capitalization of retained earnings in 2004 (0.06 per share)	-	-	128,813	128,813
Common stock converted from convertible bonds	26,793	26,793	8,605	8,605
Weighted-average number of shares outstanding	2,698,009	2,698,009	2,512,726	2,512,726
Basic earnings per share (in dollars)	\$5.44	\$4.53	\$5.41	\$4.81

(2) Diluted earnings per share:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Pre-tax	After-tax	Pre-tax	After-tax
Net income attributed to common stockholders	\$14,665,790	\$12,223,911	\$13,603,481	\$12,084,669
Dilutive effect of potential common stock to be converted from unsecured domestic convertible bonds	4,197	3,147	7,596	5,697
Net income after dilutive effect	<u>\$14,669,987</u>	<u>\$12,227,058</u>	<u>\$13,611,077</u>	<u>\$12,090,366</u>
(In thousand shares)				
Beginning balance of shares outstanding	2,425,942	2,425,942	2,146,878	2,146,878
Capitalization of retained earnings in 2005 (0.10 per share)	245,274	245,274	228,430	228,430
Capitalization of retained earnings in 2004 (0.06 per share)	-	-	128,813	128,813
Common stock converted from convertible bonds	26,793	26,793	8,605	8,605
Potential common stock to be converted from unsecured domestic convertible bonds	163,409	163,409	213,150	213,150
Weighted-average number of shares outstanding	<u>2,861,418</u>	<u>2,861,418</u>	<u>2,725,876</u>	<u>2,725,876</u>
Diluted earnings per share (in dollars)	<u>\$5.13</u>	<u>\$4.27</u>	<u>\$4.99</u>	<u>\$4.43</u>

E. RELATED PARTY TRANSACTIONS

1. Names of the related parties and their relationship with the Company

Related Party	Relationship with the Company
Evergreen International S.A. (EIS)	Major stockholder of the Company
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary of the Company
Peony Investment S.A. (Peony)	Subsidiary of the Company
Evergreen International Storage and Transport Corporation (EITC)	Investee accounted for by the equity method
EVA Airways Corporation (EVA)	Investee accounted for by the equity method
Evergreen Security Corporation (ESRC)	Investee accounted for by the equity method
Charng Yang Development Co., Ltd. (CYD)	Investee accounted for by the equity method
Evergreen International Corporation (EIC)	Investee of the Company's major stockholder
Evergreen State Transport Co., Ltd. (Evergreen State)	Investee of the Company's major stockholder
Evergreen Star Transport Co., Ltd. (Evergreen Star)	Investee of the Company's major stockholder
Evergreen Airline Service Corporation (EAS)	Investee of the Company's major stockholder
Tai Wha Checker Co., Ltd. (THC)	Indirect subsidiary of the Company (sold in March 2005)
Shanghai Pao Long International Container Co., Ltd. (PLIC)	Indirect subsidiary of the Company (sold in April 2005)
Shenzhen Greentrans Transportation Co., Ltd. (SGTC)	Indirect subsidiary of the Company
Vigor Enterprise S.A. (Vigor)	Indirect subsidiary of the Company
Clove Holding Ltd. (Clove)	Indirect subsidiary of the Company
Hatsu Marine Limited (HML)	Indirect subsidiary of the Company
PT. Multi Bina Transport (MBT)	Indirect subsidiary of the Company
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary of the Company
Greencompass Marine S.A. (GMS)	Indirect subsidiary of the Company
Evergreen Heavy Industrial Co., (Malaysia) Sdn. Bhd. (EHIC(M))	Indirect subsidiary of the Company
Shanghai Jifa Logistics Co., Ltd. (SJL)	Investee of Peony
Ningbo Victory Container Co., Ltd. (NVC)	Investee of Peony
Qingdao Evergreen Container Storage and Transportation Co., Ltd. (QECT)	Investee of Peony
Island Equipment LLC. (Island)	Investee of Peony
Whitney Equipment LLC (Whitney)	Investee of Peony
Hemlock Equipment LLC (Hemlock)	Investee of Peony
Taranto Container Terminal S.P.A. (TCT)	Investee of Peony
Lloyd Triestino Di Navigazione S.P.A. (LT)	Investee of Peony
Evergreen Container Terminal (Thailand) (ECTT)	Investee of Peony
Colon Container Terminal S.A. (CCT)	Investee of Peony
PT. Evergreen Marine Indonesia (EMI)	Investee of Peony



Related Party	Relationship with the Company
Evergreen Star (Thailand) Co., Ltd. (EGT)	Investee of Peony
Evergreen Shipping (S) Pte. Ltd. (EGS)	Investee of Peony
Evergreen Korea Corporation (EGK)	Investee of Peony
Evergreen India Pte. Ltd. (EGI)	Investee of Peony
Gaining Enterprise S.A. (GESA)	Investee of EITC

2. Significant transactions with related parties

(1) Operating revenues from related parties

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
EIC	\$1,887	-	\$1,424	-
EITC	101,742	0.24	104,901	0.25
TTSC	3,214	0.01	-	-
LT	640,013	1.52	121,029	0.29
HML	284,850	0.68	37,387	0.09
GMS	115,163	0.28	110,909	0.27
EIS	92,422	0.22	84,885	0.20
GESA	17,879	0.04	-	-
Total	<u>\$1,257,170</u>	<u>2.99</u>	<u>\$460,535</u>	<u>1.10</u>

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

(2) Expenditures on services rendered by related parties

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Operating Costs and Expenses	Amount	% of Total Operating Costs and Expenses
EITC	\$1,403,285	3.89	\$2,217,018	6.02
EIC	497,692	1.41	472,385	1.28
TTSC	626,034	1.78	632,052	1.72
THC	26,546	0.08	122,738	0.33
Evergreen State	21,528	0.06	74,364	0.20
Evergreen Star	20,356	0.06	62,343	0.17
ESRC	42,935	0.12	46,059	0.12
EAS	8,016	0.02	5,658	0.01
EVA	12,737	0.04	2,981	0.01
GESA	1,954,468	5.56	2,105,492	5.72
HML	734,806	2.09	420,352	1.14
GMS	1,045,103	2.97	1,053,172	2.86
LT	10,075	0.03	99,112	0.27
EIS	117,826	0.33	95,313	0.26
EMI	74,091	0.21	60,354	0.17
EGT	84,764	0.24	65,486	0.18
EGS	64,588	0.18	30,695	0.18
EGK	49,816	0.14	53,346	0.14
Total	<u>\$6,794,666</u>	<u>19.21</u>	<u>\$7,618,920</u>	<u>20.78</u>

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

(3) Asset transactions

(a) Acquisitions of property, plant and equipment

On February 4, 2004, in line with the Company's operational requirements and its plan to adjust the supply of containers, the Company's Board resolved to enter into contracts with EHIC(M) and Vigor for manufacturing of containers which were recorded as transportation equipments. The total amounts of the contracts were USD20,669 thousand, which was NTD707,062 thousand. All payments had been made and all containers had been received by the Company on December 31, 2004.

(b) Sales of property, plant and equipment

Asset Sold		Year Ended		Year Ended	
		December 31, 2005		December 31, 2004	
		Selling Price	Gain (Loss)	Selling Price	Gain (Loss)
GMS	Transportation equipment	\$-	\$-	\$681,010	\$-
LT	Transportation equipment	1,048	971	1,567	1,466
EIC	Office equipment	-	-	16	-
EITC	Transportation equipment	780	686	-	-
CCT	Computer equipment	-	-	195	-
EVA	Transportation and office equipment	2,645	97	53	17
ESRC	Office equipment	-	-	170	165
TCT	Transportation equipment	-	-	379	33
Total		\$4,473	\$1,754	\$683,390	\$1,681

(c) Sales of long-term investments

In June 2004, the Company's Board of Directors resolved to sell its equity stake in Dongbu Pusan Container Terminal Co., Ltd. to Peony at book value. The transaction was completed in July 2004 and the Company had received all the proceeds.

(4) Leases

(a) Rental income (recorded as non-operating income) derived from the operating premises and parking lots leased to the related parties are as follows:

Lease Property		Year Ended		Year Ended	
		December 31, 2005		December 31, 2004	
		Amount	% of Total Rental Income	Amount	% of Total Rental Income
EIC	Office buildings	\$57,499	97.06	\$48,299	97.98
EVA	Parking lots	264	0.45	96	0.19
ESRC	Parking lots	168	0.28	-	-
Total		\$57,931	97.79	\$48,395	98.17

(b) Rental expenses (recorded as general and administrative expenses) on operating premises and parking lots leased from the related parties are as follows:

	Leasehold Property	Year Ended December 31, 2005		Year Ended December 31, 2004	
		Amount	% of Total Rental Expenses	Amount	% of Total Rental Expenses
EIC	Office buildings	\$36,954	90.50	\$30,484	81.93
EITC	Office building	1,175	2.88	1,197	3.22
EVA	Parking lots	1,227	3.00	202	0.55
Total		<u>\$39,356</u>	<u>96.38</u>	<u>\$31,883</u>	<u>85.70</u>

(c) Rental expenses incurred on the vessels leased from the related parties are recorded under direct operating costs. Details are set forth below:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Vessel Rental Expenses	Amount	% of Total Vessel Rental Expenses
LT	\$10,095	0.17	\$85,775	1.49
HML	734,806	12.50	-	-
GMS	1,042,061	17.73	1,027,497	17.80
EIS	117,202	1.99	97,121	1.68
GESA	1,964,870	33.42	2,113,399	36.61
EITC	829,410	14.11	863,879	14.97
Total	<u>\$4,698,444</u>	<u>79.92</u>	<u>\$4,187,671</u>	<u>72.55</u>

(5) Receivables from and payables to related parties

The receivables from and payables to related parties are set forth as follow, please refer to Note E3 for detail interest calculation:

	December 31, 2005		December 31, 2004	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Accounts receivable</u>				
EIC	\$83,602	3.33	\$340,659	9.93
EITC	24,731	0.99	24,396	0.71
Total	<u>\$108,333</u>	<u>4.32</u>	<u>\$365,055</u>	<u>10.64</u>

	December 31, 2005		December 31, 2004	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Other receivables</u>				
EITC	\$12,389	4.42	\$8,907	2.86
EIC	17,521	6.24	8,092	2.59
GESA	-	-	8,032	2.58
CCT	1,658	0.59	1,830	0.59
Others	1,043	0.37	386	0.12
Total	<u>\$32,611</u>	<u>11.62</u>	<u>\$27,247</u>	<u>8.74</u>
<u>Notes payable</u>				
EIC	<u>\$-</u>	<u>-</u>	<u>\$1,388</u>	<u>10.96</u>
<u>Accounts payable</u>				
EITC	\$4,828	0.17	\$127,511	3.90
TTSC	36,486	1.32	37,146	1.14
EIC	17,660	0.64	57,661	1.76
Evergreen State	-	-	30,831	0.94
Evergreen Star	-	-	13,128	0.40
THC	-	-	9,738	0.30
ESRC	3,635	0.13	4,921	0.15
LT	425,372	15.38	799,355	24.44
EIS	15,028	0.54	6,338	0.20
GMS	7,413	0.27	156,879	4.80
HML	167,176	6.05	599,635	18.34
Others	1,589	0.06	479	0.01
Total	<u>\$679,187</u>	<u>24.56</u>	<u>\$1,843,622</u>	<u>56.38</u>
<u>Other payables</u>				
EIS	<u>\$2,590</u>	<u>1.78</u>	<u>\$10,761</u>	<u>9.89</u>

3. Financing activities with related parties

In 2005, the Company's related party, Greencompass Marine S.A. (GMS), requested financing from the Company for its operational expansion and working capital requirements. The request was approved by the Board of Directors according to the Company's "Procedures for Capital Lending, Endorsement and Guarantee". The highest balance of the financing amount during 2005 was USD20,000 thousand, and the balance as of December 31, 2005 was USD0 thousand. The interest rate charged on the loans to GMS was Singapore InterBank Offered Rate (SIBOR) plus 0.4%. The interest income recognized for the year ended December 31, 2005 amounted to \$742 thousand, and the

accrued interest receivable from GMS as of December 31, 2005 was USD0. In 2004, the Company did not have any financing activities with its related parties.

4. Endorsements and guarantees for related parties

Endorsements and guarantees issued by the Company for its related parties are as follows: (expressed in thousand dollars)

	December 31, 2005		December 31, 2004	
GMS	USD	290,197	USD	463,116
Peony	USD	-	USD	81,350
TCT	EUR	41,213	USD	92,563
HML	USD	412,686	USD	352,750
Island	USD	-	USD	56,353
CCT	USD	18,353	USD	19,080
Whitney	USD	8,621	USD	-
Hemlock	USD	44,262	USD	-

5. Significant contracts with related parties

- (1) The Company has entered into an agreement with EIC for management, computer information, Shipping affairs, and consulting services. Except payments under behalf are charged on actual amounts, the rest of fees are charged on an hourly basis or as cost-added method. The contract was effective from July 1, 1996 and keeps effectively unless termination.
- (2) The Company has entered into an agency agreement with EIC. Under the agreement, EIC has been acting as the Company's agent for cargo forwarding and collection of freight since 2002. As of December 31, 2005 and 2004, the amount receivable under the agency agreement was \$83,602 thousand and \$340,659 thousand, respectively.
- (3) The Company has entered into an agreement with ESRC. Under the agreement, ESRC should provide security service in the Taipei office, Kaohsiung office, and container yards. The service fees for Taipei office, Kaohsiung office and container yards were \$846 thousand dollars and \$1,614 thousand dollars, respectively. The fees are paid monthly. About long-term contracts, please refer to Note G.

- (4) The Company has entered into agency agreements with its related parties to manage petty cash required by their vessels, and payments of crew salaries and insurance premiums in Taiwan. The transactions are recorded under “agency reciprocal accounts”. As of December 31, 2005 and 2004, the debit balances of the accounts are as follows:

	December 31, 2005	December 31, 2004
EIS	\$6,758	\$6,673
GMS	11,326	10,776
GESA	4,557	5,300
HML	3,064	2,022
Total	\$25,705	\$24,771

- (5) The Company has entered into agency agreements with its related parties, under which the related parties act as the Company’s overseas agents to deal with the port formalities related to foreign ports, such as arrival and departure of the Company’s ships, cargo stevedoring and forwarding, collection of freight and payment of expenses incurred with foreign ports. The transactions are recorded under “agency accounts”. As of December 31, 2005 and 2004, the balances of the accounts are as follows:

1. Debit balances of agency accounts

	December 31, 2005	December 31, 2004
GMS	\$320,605	\$662,240
EIS	434,606	228,700
EIC	47,966	-
GESA	27,225	152,601
LT	37,016	576,461
HML	-	338,753
EMI	56,081	32,991
EGT	3,938	70,150
EGS	-	181
Total	\$927,437	\$2,062,077

2. Credit balances of agency accounts

	December 31, 2005	December 31, 2004
HML	\$8,160	\$-
EGI	50,239	-
Total	\$58,399	\$-

- (6) The Company has been commissioned by its related parties to manage their vessels. The management fees are charged monthly and are recorded as operating revenues. Details of the management fees recognized for the years ended December 31, 2005 and 2004 are as follows:

	December 31, 2005	December 31, 2004
EITC	\$93,472	\$96,793
EIS	75,528	32,993
GMS	98,923	49,260
HML	32,744	12,271
GESA	17,879	-
Total	<u>\$318,546</u>	<u>\$191,317</u>

- (7) Please refer to Note G for details of the agreements entered into by the Company with EITC, GESA, GMS and EIS for the long-term leases of ships.
6. About the significant subsequent events with related parties please refer to Note I.

F. PLEDGED ASSETS

1. Short-term investments

	Carrying Value		Purpose
	December 31, 2005	December 31, 2004	
Mutual funds	<u>\$380,000</u>	<u>\$1,074,069</u>	Commercial papers

2. Restricted assets - current

	December 31, 2005	December 31, 2004	Pledgee	Purpose
	Time deposits	\$130,000		
Time deposits	1,050	4,550	Military – Finance Department	Performance guarantee
Time deposits	600	-	Kaohsiung Customs Bureau	Performance guarantee
Time deposits	50	600	Directorate General of Customs	Performance guarantee
Time deposits	350	50	Central Trust of China	Performance guarantee
Total	<u>\$132,050</u>	<u>\$135,200</u>		

3. Property, plant and equipment

	Carrying Value		Purpose
	December 31, 2005	December 31, 2004	
Land	\$1,947,491	\$1,947,491	Long-term loans
Buildings	998,913	1,021,551	Long-term loans
Loading and discharging equipment	-	669,208	Long-term loans
Transportation equipment	1,760,363	2,199,770	Long-term loans
Ships and equipment	-	399,583	Long-term loans and corporate bonds
Total	<u>\$4,706,767</u>	<u>\$6,237,603</u>	

G. COMMITMENTS AND CONTINGENT LIABILITIES

1. Details of the stand-by letters of credit issued by the banks on behalf of the Company are as follows: (expressed in thousand dollars)

Guarantor	December 31, 2005	December 31, 2004
Taipei Fubon Bank	NTD -	NTD 282,213
Bank of America	USD 5,000	USD 250
HSBC	EUR -	EUR 1,050

2. Endorsements and guarantees issued by the Company are as follows: (expressed in thousand dollars)

Companies receiving guarantees	December 31, 2005	December 31, 2004
GMS	USD 290,197	USD 463,116
Peony	USD -	USD 81,350
TCT	EUR 41,213	USD 92,563
HML	USD 412,686	USD 352,750
Island	USD -	USD 56,353
CCT	USD 18,353	USD 19,080
Whitney	USD 8,621	USD -
Hemlock	USD 44,262	USD -

3. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per the Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at NTD50.50 per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at NTD50.50 per

share, and the GDRs issued amounted to USD115 million. Another 2,025,506 units, representing 20,255,111 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2005. As of December 31, 2005, 7,453,148 units were redeemed and 839,388 units, representing 8,393,931 shares of the Company's common stock, were outstanding.

4. As of December 31, 2005, the 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 containers and general working capital requirement were NTD 7,592,000 thousand and JPY 760,000 thousand, respectively, and the unutilized credits were NTD 2,459,000 thousand and JPY 760,000 thousand, respectively.
5. As of December 31, 2005, details of the loading and discharging equipment acquired to support the operations of the No. 4 and the No. 5 Container Distribution Center at Kaohsiung Harbor were as follows: (expressed in thousand dollars)

Item	Contract Amount		Amount Paid		Amount Accrued	
Rail mounted gantry cranes	USD	4,020	USD	2,172	USD	1,848
Rail mounted gantry cranes	NTD	207,000	NTD	41,400	NTD	165,600
Gantry cranes	USD	16,650	USD	7,493	USD	9,157

6. As of December 31, 2005, the estimated amounts of rent payable in the following years under the long-term lease agreements entered into by the Company for the rental of ships and equipment are as follows:

Lessor	Amount (in thousand dollars)
EITC	USD 45,507
GESA	78,075
GMS	59,316
EIS	1,985
KSG	15,738
EPC	2,690
TDS	42,709
HFE	1,614
Total	USD 247,634

7. As of December 31, 2005, the estimated amounts of security service in the following years under the long-term contract that the Company entered into with ESRC is \$77,455 thousand.
8. As of December 31, 2005 and 2004, the promissory notes issued by the Company for loans borrowed amounted to \$7,597,221 thousand and \$11,027,131 thousand, respectively.

H. SIGNIFICANT DISASTER LOSSES

None.

I. SIGNIFICANT SUBSEQUENT EVENTS

1. On March 1, 2006, the Company's board of directors resolved to sell the Ever-Growth, the Ever-Gentle, the Ever-Garden, the Ever-Gifted, and the Ever-Govern to indirect subsidiary-Greencompass Marine S.A. for routing and ships adjustments, the total amount of the transaction was USD37,000 thousand; the Company's board of directors also resolved to acquire the Uni-Crown, the Uni-Chart, the Uni-Concert, the Uni-Corona, the Uni-Concord from related party-EITC, the total amount of transaction was USD63,800 thousand . As of the date on which the financial statements were issued, the proposal of acquiring and selling ships was still in process.
2. The Company's board of directors resolved to inject additional cash in EVA Airways Corporation(EVA Airways) as a shareholder on March 1, 2006. The Company subscribed to 58,159 thousand shares for \$697,906 thousand at \$12 per share, issued by EVA Airways. After cash injection, the Company's investment in EVA Airways represents 20.02% of its equity.

J. OTHERS

1. Derivative financial instruments

(1) The contract (notional principal) amounts and credit risk (expressed in thousand dollars)

Financial Instruments	December 31, 2005		December 31, 2004	
	Notional Principal (Contract Amount)	Credit Risk	Notional Principal (Contract Amount)	Credit Risk
Non-trading purposes				
Interest rate swaps (IRS)	USD 157,500	USD 799	USD 120,000	-
	NTD 1,910,000	-	NTD 2,615,000	-
Cross currency swaps (CCS)	USD 13,125	-	USD 21,875	-
Oil swaps	USD 70,946	USD 3,676	USD 7,946	-
Trading purposes				
Foreign exchange options	USD 23,235	-	USD 58,000	-
	EUR 25,000	-	EUR 31,000	-
	JPY 1,920,000	-	JPY 5,415,235	-

The above credits risk amounts are based on the contracts with positive fair values on the balance sheet date and represent the possible loss that will be incurred by the Company in the event that the counterparties default. The counterparties of the Company are all well-known banks with good credit ratings. Thus, the credit risk is assessed to be remote.

(2) Market risk

Interest rate swaps, cross currency swaps, foreign exchange options, forward exchange contracts and oil swaps are utilized to hedge against fluctuations in interest rates, exchange rates and oil prices. Thus, the market risk is offset against each other. Periodic reviews are conducted on the Company's exposure to market risk, and a stop-loss mechanism has been established to minimize the impact of market risk on the Company's operations.

(3) Liquidity risk, cash flow risk and the amount, timing and uncertainty of future cash requirements

As no principals are exchanged upon settlement of the interest rate swaps, cross currency swaps, forward exchange contracts and foreign exchange options, no significant cash requirement is expected. Therefore, the Company's working capital is assessed to be adequate and no funding risk is expected. In addition, the interest rates, exchange rates and prices are fixed. Thus, cash flow risk is remote.

(4) The purposes and strategies of holding derivative financial instruments

The derivative financial instruments are held for trading and non-trading purposes. Interest rate swaps, cross currency swaps, forward exchange contracts and foreign exchange options are undertaken to hedge against fluctuations in interest rates and exchange rates, whereas oil swaps are used to hedge against fluctuations in oil prices and control the cost within a tolerable limit. The aim of the hedging strategy is to hedge most of the market risk. For the derivative financial instruments held for trading purposes, they are undertaken to make profits on the interest rate, exchange rate and price differentials.

(5) Disclosures of derivative financial instruments in the financial statements

(a) Interest rate swaps

The contracts are settled based on the difference between the spot interest rate and contracted interest rate. The amount received and paid upon settlement is recorded as a deduction from and an addition to the interest expense on shipping finance, respectively.

(b) Cross currency swaps

The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss at maturity of the contracts.

(c) Foreign exchange options

As the Company has actual position in the underlying assets, full settlements are conducted at expiration of the contracts. The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss upon settlement.

(d) Oil swaps

The contracts are settled based on the difference between the spot oil price and the contracted price. The amount received and paid upon settlement is recorded as a deduction from and an addition to fuel expense.

(6) Financial instruments undertaken to hedge the commitments for expected transactions

Oil swaps are undertaken to fix the oil price within a tolerable limit for future oil usage.

2. Fair values of financial instruments

Non-Derivative Financial Instruments	December 31, 2005		December 31, 2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash and cash equivalents	\$4,701,240	\$4,701,240	\$4,171,007	\$4,171,007
Short-term investments	4,402,881	4,445,872	16,990,797	17,035,662
Notes and accounts receivable	2,718,089	2,718,089	3,655,296	3,655,296
Other financial assets - current	613,203	613,203	61,058	61,058
Long-term equity investments	61,319,140	60,763,146	54,230,267	54,742,353
Long-term bond investments	12,581	12,581	-	-
Other financial assets - non-current	-	-	135,330	135,330
Refundable deposits	169,208	169,208	42,408	42,408
Long-term receivables (including current portion)	422,048	422,048	507,179	507,179
Restricted assets	132,050	132,050	135,200	135,200
Liabilities				
Short-term loans	1,800,000	1,800,000	2,795,303	2,795,303
Short-term bills payable	799,755	799,755	2,099,091	2,099,091
Notes and accounts payable	7,040,816	7,040,816	7,110,512	7,110,512
Corporate bonds payable (including current portion)	9,005,039	9,005,039	11,457,831	11,457,831
Long-term loans (including current portion)	3,761,000	3,761,000	13,760,199	13,760,199
Accrued pension cost	35,539	35,539	(66,265)	(66,265)
Guarantee deposits received	125	125	85	85

Derivative Financial Instruments	December 31, 2005		December 31, 2004	
	Carrying		Carrying	
	Value	Fair Value	Value	Fair Value
Interest rate swaps (IRS)	-	USD (4,950)	-	USD (393)
Cross currency swaps (CCS)	-	USD (948)	-	USD (2,433)
Foreign exchange options	33,175	NTD 33,175	215,540	NTD 215,540
Oil swaps	-	USD 2,832	-	USD (9,100)

The methods and assumptions adopted by the Company to estimate the fair values of the above financial instruments are summarized below.

- (1) Fair values of the short-term financial instruments are estimated to be equal to their carrying values. As maturity of these instruments is short, it is reasonable that their fair values equal their carrying values. This method is applied to cash and cash equivalents, notes and accounts receivable, refundable deposits, restricted assets, short-term loans, short-term notes and bills payable, notes and accounts payable, and guarantee deposits received.
 - (2) Fair values of marketable securities equal the quoted market prices, if available. If the quoted market prices are not available, fair values are estimated using financial information or other information.
 - (3) Fair values of long-term loans are estimated based on the present values of future cash flows. The discount rate is based on the interest rate charged on a comparable long-term loan with similar terms and conditions.
 - (4) Fair values of corporate bonds payable equal the quoted market prices, if available. If the quoted market prices are not available, fair values are estimated using financial information or other information.
 - (5) Fair values of derivative financial instruments are estimated to be equal to the amounts that should be received or paid if the contracts are settled on the balance sheet date. Unrealized gains (losses) on the outstanding contracts are normally included in the estimation. The prices quoted by the financial institutions are used as a reference for estimation of the derivative financial instruments' fair values.
3. Certain vessels of GMS, an indirect subsidiary of the Company, were under investigation by the US government agency due to inadequate documentation on fuel handling. In April 2005, the Company reached an agreement with the US Department of Justice, under which GMS agreed to make a reconciliation payment of USD12,515 thousand.

K. SUPPLEMENTARY DISCLOSURES

1. Information on significant transactions
 - (1) Loans extended by the Company
Please see Schedule 4.
 - (2) Endorsements and guarantees provided by the Company
Please see Schedule 5.
 - (3) Marketable securities held by the Company as of December 31, 2005
Please see Schedule 6.
 - (4) Acquisition or sale of one specific security with the accumulated amount exceeding NT\$100 million or 20% of the Company's paid-in capital
Please see Schedule 7.
 - (5) Acquisition of real estate properties with an amount exceeding NTD100 million or 20% of the Company's paid-in capital
None.
 - (6) Disposal of real estate properties with an amount exceeding NTD100 million or 20% of the Company's paid-in capital
None.
 - (7) Purchases from or sales to related parties exceeding NTD100 million or 20% of the Company's paid-in capital
Please see Schedule 8.
 - (8) Receivables from related parties exceeding NTD100 million or 20% of the Company's paid-in capital
Please see Schedule 9.
 - (9) Derivative financial instruments undertaken by the Company
Please refer to Note J1 and J2.
2. Information on the investees
 - (1) Information on the investees over which the Company can directly or indirectly exercise significant influence or in which the Company has controlling power
Please see Schedule 10.
 - (2) Significant transactions conducted by the investees in which the Company has direct or indirect controlling power
 - (a) Loans extended by the investees
Please see Schedule 4.
 - (b) Endorsements and guarantees provided by the investees
None.
 - (c) Marketable securities held by the investees as at December 31, 2005
Please see Schedule 6.
 - (d) Acquisition or sale of one specific security with the accumulated amount

- exceeding NTD100 million or 20% of the respective investee's paid-in capital
None.
- (e) Acquisition of real estate properties with an amount exceeding of NTD100 million or 20% of the respective investee's paid-in capital
None.
- (f) Disposal of real estate properties with an amount exceeding NTD100 million or 20% of the respective investee's paid-in capital
None.
- (g) Purchases from or sales to related parties exceeding NTD100 million or 20% of the respective investee's paid-in capital
Please see Schedule 8.
- (h) Receivables from related parties exceeding NTD100 million or 20% of the respective investee's paid-in capital
Please see Schedule 9.
- (i) Derivative financial instruments undertaken by the investees
Please see Schedule 11.
3. Information on Mainland China investments
- (1) Details of investments in Mainland China
Please see Schedule 12.
- (2) Significant transactions conducted directly or indirectly with the investees in Mainland China
None.

L. SEGMENT INFORMATION

1. Financial information by industries
The Company is engaged in only one single industry, i.e. international marine transportation and shipping agency. Therefore, no disclosure is required.
2. Financial information by geographical areas
The Company is engaged in international marine transportation. Dealings with foreign ports, such as port formalities relating to arrival and departure of the Company's ships, cargo stevedoring and forwarding, collection of freight, and payment of expenses incurred with foreign ports, are handled by overseas shipping agents. Therefore, no disclosure is required.
3. Export information
As the Company is engaged in international marine transportation, every vessel sails between the major harbors in the world. Therefore, no export sales are reported.
4. Information on major customers
The Company provides services to customers all over the world. No single customer of the Company accounts for more than 10% of the Company's operating revenues.

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
December 31, 2005

Schedule 1

Type of Corporate Bonds	Eighth Secured Corporate Bonds	Ninth Secured Corporate Bonds
Date of issuance	Bond A: December 13 ~ 19, 2001 Bond B: December 13 ~ 14, 2001	Bond A: May 14, 2002 Bond B: May 15, 2002 Bond C: May 16, 2002 Bond D: May 17, 2002
Face value	NT\$1,000,000	NT\$1,000,000
Place of issuance	Taiwan	Taiwan
Issue price	Market price	Market price
Principal amount	NTD\$1,500,000,000	NT\$1,000,000,000
Interest rate	2.600%	3.400%
Period	5 years	5 years
Maturity	Bond A: December 13 ~ 19, 2006 Bond B: December 13 ~ 14, 2006	Bond A: May 14, 2007 Bond B: May 15, 2007 Bond C: May 16, 2007 Bond D: May 17, 2007
Guarantor	Taiwan Cooperative Bank Bank of Taiwan	Hua Nan Commercial Bank
Trustee	Cathy United Bank	Bank of Taiwan
Underwriter	Polaris Securities Co.,Ltd	SinoPac Securities KGI
Lawyer	Chens Law and Patent Office	Chens Law and Patent Office
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	Principals of Bonds A and B are to be repaid in lump sum at maturity based on the face value.	Principals of Bonds A, B, C and D are to be repaid in lump sum at maturity based on the face value.
Interest payment	Simple interest, payable annually	Simple interest, payable annually
Principal outstanding	\$1,500,000,000	NT\$1,000,000,000
Clauses on redemption and early repayment	None	None
Restricted clauses	None	None

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
December 31, 2005

Schedule 2

Type of Corporate Bonds	Tenth Secured Corporate Bonds	Eleventh Secured Corporate Bonds
Date of issuance	Bond A: June 13, 2002 Bond B: June 14, 2002 Bond C: June 17, 2002 Bond D: June 18, 2002 Bond E: June 19, 2002 Bond F: June 20, 2002	Bond A: June 2 ~ 6, 2003 Bond B: June 3 ~ 5, 2003
Face value	NT\$1,000,000	NT\$5,000,000
Place of issuance	Taiwan	Taiwan
Issue price	Market price	Market price
Principal amount	NT\$1,500,000,000	NT\$1,500,000,000
Interest rate	3.900%	Bond A: 1.47% Bond B: 4% - Six-month LIBOR
Period	5 years	5 years
Maturity	Bond A: June 13, 2007 Bond B: June 14, 2007 Bond C: June 17, 2007 Bond D: June 18, 2007 Bond E: June 19, 2007 Bond F: June 20, 2007	Bond A: June 2 ~ 6, 2008 Bond B: June 3 ~ 5, 2008
Guarantor	Bank of Taiwan	Bank of Taiwan Land Bank
Trustee	Cathay United Bank	International Commercial Bank of China
Underwriter	SinoPac Securities KGI Yunata Core Pacific Securities	Fuh-Hwa Securities Co., Ltd Citi Securities Corp.
Lawyer	Chens Law and Patent Office	Chens Law and Patent Office
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	Principals of Bonds A, B, C, D, E and F are to be repaid in lump sum at maturity based on the face value.	Principals of Bonds A and B are to be repaid in lump sum at maturity based on the face value.
Interest payment	Simple interest, payable annually	Bond A: Simple interest, payable annually Bond B: Interest is payable semi-annually
Principal outstanding	NT\$1,500,000,000	NT\$1,500,000,000
Clauses on redemption and early repayment	None	None
Restricted clauses	None	None

Evergreen Marine Corporation
 Summary of Terms on Corporate Bonds
 December 31, 2005

Schedule 3

Type of Corporate Bonds	First Unsecured Corporate Bonds	Second Unsecured Corporate Bonds
Date of issuance	January 12, 2004	September 6, 2004
Face value	NT\$100,000	NT\$100,000
Place of issuance	Taiwan	Taiwan
Issue price	Face value	Face value
Principal amount	NT\$4,000,000,000	NT\$4,500,000,000
Interest rate	0.00%	0.00%
Period	5 years	5 years
Maturity	January 11, 2009	September 5, 2009
Guarantor	None	None
Trustee	Hua Nan Commercial Bank	SinoPac Commercial Bank
Underwriter	SinoPac Securities	President Securities
Lawyer	Chens Law and Patent Office	Law Office of S. S. Lai
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	To be repaid in lump sum at maturity based on the face value.	To be repaid in lump sum at maturity based on the face value.
Principal outstanding	NT\$1,634,400,000	NT\$1,864,300,000
Clauses on redemption and early repayment	During the 30 days before the bonds are issued for 3 years, the bondholders may exercise their redemption option at a yield rate of 0.20% per annum. When the bonds mature on January 11, 2009, they are redeemed at face value.	During the 30 days before the bonds are issued for 3.5 years, the bondholders may exercise their redemption option at face value.
Restricted clauses	None	None

Evergreen Marine Corporation and Subsidiaries
Loans Extended
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Lender	Borrower	Financial Statement Account	Highest Balance (USD 20,000)	Balance as at Dec 31, 2005	Interest Rate	Nature of Loan (Note 1)	Annual Amount of Transactions with the Borrower	Reason for Short-Term Financing	Allowance for Bad Debts	Collateral		Limit on Loans Extended to a Single Company (Note 2)	Maximum Amount of Loans Allowed to be Extended by the Company or its Subsidiaries (Note 2)
										Item	Value		
Evergreen Marine Corporation	Greencompass Marine S.A.	Other Receivables from related parties	NTD 636,990 (USD 20,000)	NTD -	3.82	2	Revenue 115,163 Expenditure 1,046,103	Working capital requirement	NTD-	-	NTD 11,811,453	NTD 23,622,906	
Peony Investment S.A.	Evergreen India Pte. Ltd.	Receivables from related parties	USD 250	USD 250	3.755-4.509	2	USD-	"	USD-	-	USD 231,091	USD 462,182	
Greencompass Marine S.A.	Peony Investment S.A.	"	USD 60,000	USD -	SIBOR+0.9	2	USD-	"	USD-	-	USD 166,242	USD 316,484	
Clove Holding Ltd.	Peony Investment S.A.	"	USD 7,050	USD -	-	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906	
PT. Multi Bina Pura International	Island Equipment LLC.	"	USD 14,085	USD 14,085	4.7-5.74	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906	
Armand International N.V.	PT. Multi Bina Transport	"	USD 350	USD 150	1.5	2	Expenditure USD74	"	USD-	-	NTD 11,811,453	NTD 23,622,906	
Hatsu Marine Limited	Armand Estate B.V.	"	USD 2,691	USD 2,691	3.82	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906	
Vigor Enterprise S.A.	Island E equipment LLC.	"	USD 6,035	USD 6,035	3.79-5.43	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906	
	Peony Investment S.A.	"	USD 2,995	USD -	4.38	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906	

Note 1: Nature of loans extended

"1" denotes the loans extended to the companies which have transactions with the Company or its subsidiaries. The annual amount of the transactions is stated accordingly.

"2" denotes the loans extended to the companies which require short-term financing. The reason for short-term financing is stated accordingly.

Note 2: Limit on loans extended

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. The calculation is as follows:

The Company: NTD\$ 59,057,266 thousand * 20% = NTD\$11,811,453 thousand

Peony: US\$1,155,454 thousand * 20% = US\$231,091 thousand

Greencompass Marine S.A. USD791,210* 20% = USD 158,242 thousand

2. According to the Company's credit policy, the total amount of loans granted by the Company or its subsidiaries should not exceed 40% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NTD\$ 59,057,266 thousand * 40 = NTD\$23,622,906 thousand

Peony: US\$1,155,454 thousand * 40% = US\$462,182 thousand

Greencompass Marine S.A. USD791,210* 40% = USD 316,484 thousand

Evergreen Marine Corporation and Subsidiaries
 Endorsements and Guarantees Provided
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars)

Schedule 5

Endorser/Guarantor	Counterparty	Nature of Relationship (Note 1)	Limit on Endorsements/Guarantees Provided to a Single Company	Highest Balance	Balance as at December 31, 2005	Amount of Endorsements/Guarantees Secured with Collaterals	Ratio of Accumulated Amount of Endorsements/Guarantees to Net Worth (%)	Maximum Amount of Endorsements/Guarantees Allowed to be Provided by the Company or its Subsidiaries (Note 2)
Evergreen Marine Corporation	Greencoast Marine S.A.	3	\$118,114,532	\$14,385,047 (USD47,185)	\$9,493,080 (USD290,197)	\$-	16.07	\$177,171,798
Evergreen Marine Corporation	Peony Investment S.A.	2	118,114,532	2,544,489 (USD79,100)	- (USD-)	-	-	-
Evergreen Marine Corporation	Taranto Container Terminal S.P.A.	1	29,528,633	2,803,730 (EUR 47,909)	1,600,742 (EUR 41,213)	-	2.71	-
Evergreen Marine Corporation	Haisu Marine Limited	3	118,114,532	13,286,478 (USD413,034)	13,499,979 (USD412,686)	-	22.86	-
Evergreen Marine Corporation	Whitney Equipment LLC.	3	118,114,532	302,186 (USD9,394)	282,017 (USD8,621)	-	0.48	-
Evergreen Marine Corporation	Helmlock Equipment LLC.	3	118,114,532	1,763,578 (USD54,824)	1,447,905 (USD44,262)	-	2.45	-
Evergreen Marine Corporation	Colon Container Terminal S.A.	6	29,528,633	613,765 (USD19,060)	600,380 (USD18,353)	-	1.02	-
Evergreen Marine Corporation	Island Equipment LLC	3	118,114,532	2,097,000 (USD 65,189)	- (USD-)	-	-	-

Note 1: Nature of the counterparty's relationship with the Company or its subsidiaries

"1" denotes the endorsements/guarantees provided to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the endorsements/guarantees provided to the subsidiaries of which the Company holds more than 50% of the common stock.

"3" denotes the endorsements/guarantees provided to the investees of which the Company together with its subsidiaries hold more than 50% of the common stock.

"4" denotes the endorsements/guarantees provided to the companies which directly or indirectly hold more than 50% of the Company's common stock.

"5" denotes the endorsements/guarantees provided pursuant to construction contracts.

"6" denotes the endorsements/guarantees provided to joint venture companies based on the Company's or its subsidiaries' proportionate equity interest in the company.

Note 2: According to the Company's credit policy, the total amount of endorsements or guarantees provided by the Company or its subsidiaries should not exceed 300% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NT\$59,057,266 thousand * 300% = NT\$177,171,798 thousand

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Schedule 6

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	No. of Shares/Units	Balance as at December 31, 2005 Carrying Value	Ownership (%)	Market Value / Net Worth	Remark	
Evergreen Marine Corporation	Stocks:								
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Long-term equity investment	4,765	\$41,434,463	100.00	\$41,498,097		
	Chang Yang Development Co., Ltd.	Subsidiary of the Company	Long-term equity investment	5,500	72,714	55.00	72,714		
	Evergreen International Storage and Transport Corp.	Investee company accounted for under equity method	Long-term equity investment	32,000	401,997	40.00	401,997		
	Evergreen Security Corporation	Investee company accounted for under equity method	Long-term equity investment	424,062	7,548,310	39.74	7,542,420		
	EVA Airways Corporation	Investee company accounted for under equity method	Long-term equity investment	3,125	40,827	31.25	40,827		
	Taipei Port Container Terminal Corporation	Investee company accounted for under equity method	Long-term equity investment	692,412	8,982,435	20.43	8,982,436		
	Toplogis Technology Corp.	Investee company accounted for under equity method	Long-term equity investment	16,000	153,219	20.00	153,219		
	PowerWorld Fund Inc.	Investee company accounted for under equity method	Long-term equity investment	1,000	4,063	25.00	4,063		
	Fubon Securities Finance Co., Ltd.	Investee company accounted for under cost method	Long-term equity investment	2,727	27,273	5.68	41,618		
	Taiwan HSR Consortium	Investee company accounted for under cost method	Long-term equity investment	19,177	190,322	4.93	258,680		
	Linden Technologies Inc.	Investee company accounted for under cost method	Long-term equity investment	126,735	1,250,000	2.53	888,412		
	Taiwan Fixed Network Corp.	Investee company accounted for under cost method	Long-term equity investment	50	15,372	2.53	15,372		
	Central Reinsurance Corp.	Investee company accounted for under lower of cost or market value method	Long-term equity investment	70,000	700,000	1.08	296,100		
	Fubon Financial Holding Co., Ltd.	Investee company accounted for under lower of cost or market value method	Long-term equity investment	42,231	490,801	8.45	487,778		
	AGY PRODUCTS CORP.	None	Investee company accounted for under lower of cost or market value method	Long-term equity investment	2,853	7,344	0.04	79,213	
	TYC BROTHER INDUSTRIAL CO., LTD.	None		Short-term investment	200	1,550	-	1,348	
	JENN FENG INDUSTRIAL CO., LTD.	None		Short-term investment	125	2,868	-	2,740	
	China Man-Made Fiber Corporation	None		Short-term investment	70	2,769	-	2,784	
	China Motor Corporation	None		Short-term investment	22	290	-	184	
	CMC Magnetics Corporation	None		Short-term investment	301	11,376	-	9,625	
	Compal Electronics, Inc.	None		Short-term investment	1,069	17,962	-	12,391	
	MOSEL VITELIC INC.	None		Short-term investment	351	10,930	-	10,634	
	Everlight Electronics Co., Ltd.	None		Short-term investment	2,000	24,657	-	16,240	
	AU Optronics Corp.	None		Short-term investment	50	2,705	-	3,346	
	Enlight Corporation	None		Short-term investment	151	6,583	-	7,031	
	Epistar Corporation	None		Short-term investment	300	4,045	-	3,402	
	Hung Sheng Construction Ltd.	None		Short-term investment	50	2,588	-	3,067	
	Yang Ming Marine Transport Corp.	None		Short-term investment	100	2,378	-	2,299	
	Taiwan Life Insurance., Ltd.	None		Short-term investment	2,050	63,796	-	42,818	
	Waterland Financial Holdings	None		Short-term investment	110	5,288	-	4,714	
	Chinatrust Financial Holding Company Ltd.	None		Short-term investment	600	7,856	-	6,696	
	Chi Mei Optoelectronics	None		Short-term investment	120	3,440	-	3,156	
	Quanta Display Inc.	None		Short-term investment	250	11,091	-	10,288	
	Edom Technology Co., Ltd.	None		Short-term investment	509	7,480	-	5,383	
	Epilech Technology Corp.	None		Short-term investment	150	4,131	-	3,207	
	Genius Electronic Optical Co., Ltd.	None		Short-term investment	450	13,304	-	13,752	
	Powerchip Semiconductor Corp.	None		Short-term investment	20	7,006	-	9,608	
	Nan Ren Lake Leisure Amusement Co., Ltd.	None		Short-term investment	200	4,664	-	4,052	
	Capital Securities Corp.	None		Short-term investment	275	5,315	-	4,879	
	Cameo Communication, Inc.	None		Short-term investment	300	4,191	-	3,720	
	Sporton International Inc.	None		Short-term investment	100	4,311	-	4,048	
Unifesa Corp.	None		Short-term investment	100	5,651	-	5,039		
Advanced International Multitech Co., Ltd.	None		Short-term investment	360	11,182	-	8,225		
Xenitria Technology Materials Co., Ltd.	None		Short-term investment	227	14,202	-	11,935		
				1	41	-	42		

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Schedule 6 (Continued)
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	No. of Shares/Units	Balance as at December 31, 2005		Market Value / Net Worth	Remark
					Carrying Value	Ownership (%)		
Evergreen Marine Corporation	Mutual Funds:							
	Cathay Small Cap Growth Fund	None	Short-term investment	588	\$10,000	-	\$12,165	
	Capitol Balanced Fund	None	Short-term investment	3,000	30,030	-	31,740	
	New Light Tech Fund	None	Short-term investment	3,000	30,000	-	30,000	
	Transcend Balanced Fund	None	Short-term investment	1,413	15,000	-	15,886	
	Cathay High Dividend Balanced Fund	None	Short-term investment	2,000	20,000	-	22,200	
	SKIT Strategy Balanced Fund	None	Short-term investment	2,840	30,000	-	30,333	
	Capital Strategic Alpha Fund	None	Short-term investment	4,335	50,125	-	52,758	
	JF (Taiwan) Pacific Balanced Fund	None	Short-term investment	4,938	50,000	-	51,392	
	New Light Fortune Balanced Fund	None	Short-term investment	3,900	40,000	-	45,579	
	Allianz Global Investors Target 2015 Fund	None	Short-term investment	3,000	30,000	-	32,910	
	Ta chong global growth portfolio Fund	None	Short-term investment	5,000	50,100	-	50,200	
	Franklin Templeton Global Bond Fund of Funds	None	Short-term investment	1,969	20,000	-	21,339	
	Polaris Multi-Income Allocation Fund	None	Short-term investment	3,000	30,000	-	31,064	
	New Light Global Champion Fund	None	Short-term investment	4,881	50,040	-	51,050	
	Tiam Happy Go Go fund	None	Short-term investment	2,000	20,000	-	22,275	
	AIG Global medallion fund of funds	None	Short-term investment	10,000	100,000	-	19,997	
	KGI GAMA Strategy Fund	None	Short-term investment	3,006	30,000	-	31,563	
	Cathay Global Balance Fund of Funds	None	Short-term investment	3,000	30,000	-	29,790	
	ING chb tri-go defensive portfolio	None	Short-term investment	4,000	40,000	-	40,040	
	TIIM Asia Win-Win Fund	None	Short-term investment	3,000	30,000	-	30,000	
	Dresdner Global Biotech DAM Fund	None	Short-term investment	1,954	30,060	-	35,160	
	adam Global Bond Fund	None	Short-term investment	7,412	80,080	-	79,622	
	Truswell global balanced Fund	None	Short-term investment	2,902	30,060	-	31,519	
	adam Global Emerging Markets Fund	None	Short-term investment	2,465	30,060	-	30,418	
	JPMF (Taiwan) Global Balanced Fund	None	Short-term investment	2,654	30,000	-	30,418	
	Polaris Global ABS Fund (A)	None	Short-term investment	10,000	100,000	-	99,809	
	Shinkong Guaranteed Fund	None	Short-term investment	3,000	30,000	-	29,801	
	Jih sun win-tide guaranteed Fund	None	Short-term investment	3,000	30,000	-	29,520	
	Transcend strategic balanced Fund (series 1)	None	Short-term investment	10,000	100,000	-	108,289	
	KGI 100% Principal Guaranteed Fund No. 1	None	Short-term investment	5,000	50,000	-	49,490	
	Fubon Principal Protect Fund I	None	Short-term investment	3,000	30,000	-	30,153	
	TIIM Privately offered Fund NO.1	None	Short-term investment	3,000	30,000	-	30,330	
	Huiwa high dividend twi private fund	None	Short-term investment	5,000	50,000	-	50,247	
	Taiwan Private placed Bond Fund NO.1	None	Short-term investment	5,000	50,000	-	50,450	
	Transcend strategic balanced Fund I	None	Short-term investment	3,000	30,000	-	30,000	
	KGI SUPER NICHE FUND	None	Short-term investment	7,823	100,000	-	30,092	
	Grand Cathay Bond Fund	None	Short-term investment	9,475	100,000	-	100,010	
	Paradigm pion fund	None	Short-term investment	30,292	403,200	-	100,009	
	Jih sun bond fund	None	Short-term investment	8,696	100,000	-	407,961	28,549 thousand units are pledged.
	TLAM sokomon bond fund	None	Short-term investment	6,644	100,000	-	100,012	
	JF(Taiwan) Bond Fund	None	Short-term investment	19,450	200,000	-	100,011	
Fuhwa advantage bond fund	None	Short-term investment	2,083	100,000	-	200,132		
Prudential Financial Bond Fund	None	Short-term investment	8,786	100,000	-	100,011		
Cathay Fund	None	Short-term investment	7,222	100,000	-	100,011		
President Home Run	None	Short-term investment	6,958	100,000	-	100,010		
FuBon Ju-II	None	Short-term investment	7,604	100,000	-	100,003		
Fu Hwa Bond	None	Short-term investment	8,330	100,000	-	100,011		
Transcend strategic bond fund	None	Short-term investment	8,330	100,000	-	100,010		
Dresdner Bond DAM Fund	None	Short-term investment	8,751	100,000	-	100,011		

(Forward)

Evergreen Marine Corporation and Subsidiaries
Marketable Securities Held as at December 31, 2005
(Expressed in Thousands of Dollars / Thousand Shares)

Schedule 6 (Continued)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at December 31, 2005			Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	
Evergreen Marine Corporation	Picaris Da Bao Fund	None	Short-term investment	9,146	\$100,000	-	\$100,011
	New Light Taiwan Bond Fund	None	Short-term investment	9,887	100,000	-	100,011
	Tai-shin Lucky Fund	None	Short-term investment	11,365	115,000	-	115,034
	Franklin US Government Fund	None	Short-term investment	11	34,670	-	33,463
	MFS Meridian Emerg MKTS DEBT FD	None	Short-term investment	117	67,562	-	67,562
	MFS Imitation Adjusted Bond Fund	None	Short-term investment	248	80,468	-	82,338
	MFS Global Balanced Fund	None	Short-term investment	31	15,973	-	16,728
	PERMAL FUND	None	Short-term investment	1	8,601	-	9,455
	Forsyth Alternative Income Fund Class R (EUR)	None	Short-term investment	88	42,530	-	39,968
	Forsyth Alternative Income Fund Class R (JPY)	None	Short-term investment	85	31,580	-	27,332
	Skandia Global Bond Fund Class B	None	Short-term investment	41	15,792	-	15,841
	ABN AMRO HONG KONG EQUITY GUARANTEED FUND	None	Short-term investment	31,735	31,735	-	31,116
	Alexandra Global Inv. (ASIA) B	None	Short-term investment	39	16,953	-	17,102
	Investec Global Energy Fund "C" Inc	None	Short-term investment	4	33,755	-	32,345
	ABN ASIA BOND FUND A	None	Short-term investment	10	33,540	-	32,713
	JULIUS BAER DIVERSIFIED FIXED INCOME HEDGE FUND	None	Short-term investment	10	29,871	-	27,885
	Government Bonds	None	Short-term investment	-	20,472	-	24,834
	Korea Container Authority Bonds	None	Long-term bond investment	16	12,581	-	12,581
	Foreign Corporate Bonds :						
	TUNTEX (THAILAND) PUBLIC COMPANY LIMITED	None	Short-term investment	1	3,948	-	3,406
	Corporate Bonds	None	Short-term investment	80	6,639	-	6,800
	MERRILL LYNCH	None	Short-term investment	500	50,000	-	48,885
	Quanta Display Inc.	None	Short-term investment	-	80,000	-	80,000
	Jihsun FHC Inc	None	Short-term investment	-	80,000	-	80,000
	Bonds with resell agreements	None	Long-term equity investment	3,535	USD 799,146	100.00	USD 799,146
	Financial Bonds	None	Long-term equity investment	80	USD 4,575	100.00	USD 4,575
	Greencoast Marine S.A.	Indirect subsidiary of the Company	Long-term equity investment	42,120	USD 59,968	100.00	USD 59,968
	Vigor Enterprise S.A.	Indirect subsidiary of the Company	Long-term equity investment	68	USD 36,371	84.44	USD 36,371
	Clove Holding Ltd.	Indirect subsidiary of the Company	Long-term equity investment	2	USD 9,518	95.30	USD 9,518
	Evergreen Heavy Industrial Corp. (M) Berhad	Indirect subsidiary of the Company	Long-term equity investment	2	USD 185	17.39	USD 185
	PT. Multi Bina Transport	Indirect subsidiary of the Company	Long-term equity investment	4	USD 1,700	70.00	USD 1,700
	PT. Multi Bina Transport	Indirect subsidiary of the Company	Long-term equity investment	-	USD 3,279	55.00	USD 3,279
	Armand Investment (Nether Lands) N.V.	Indirect subsidiary of the Company	Long-term equity investment	765	USD 105,674	51.00	USD 105,674
Shenzhen Greentrans Transportation Co., Ltd.	Indirect subsidiary of the Company	Long-term equity investment	-	USD 17,788	50.00	USD 17,788	
Hatsu Marine Limited	Investee company of Peony accounted for under equity method	Long-term equity investment	12,250	USD 18,439	48.18	USD 18,439	
Luanta Investment (Netherlands) N.V.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 8,143	21.06	USD 8,143	
Evergreen Container Terminal (Thailand) Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 2,473	40.00	USD 2,473	
Shanghai Jifu Logistics Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 5,261	40.00	USD 5,261	
Ningbo Victory Container Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 184,387	49.00	USD 184,387	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	383	USD 1,198	25.50	USD 1,198	
Balsam Investment (Nether lands) N.V.	Investee company of Peony accounted for under equity method	Long-term equity investment	61	USD 2,720	50.00	USD 2,720	
Evergreen Shipping Singapore Pte. Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	204	USD 734	23.50	USD 734	
Evergreen Korea Corporation	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 753	23.40	USD 753	
Evergreen Star (Thailand) Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	5	USD 29	49.99	USD 29	
P.T. Evergreen Marine Indonesia	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 245	25.50	USD 245	
Evergreen India Pte Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	1	USD 1,492	7.50	USD 1,492	
Evergreen Marine Australia Pty. Ltd.	Investee company of Peony accounted for under cost method	Long-term equity investment	6,211	USD 2,412	5.00	USD 2,412	
Hutchison Inland Container Depots Limited	Investee company of Peony accounted for under cost method	Long-term equity investment	300	USD 1,556	15.00	USD 1,556	
South Asia Gateway Terminals	Investee company of Peony accounted for under cost method	Long-term equity investment	-	-	-	-	
Dongbu Pusan Container Terminal Co., Ltd.	Investee company of Peony accounted for under cost method	Long-term equity investment	-	-	-	-	

Evergreen Marine Corporation and Subsidiaries
 Schedule 6 (Continued)
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at December 31, 2005			Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	
PT. Multi Bina Pura Internasional	PT. Multi Bina Transport	Indirect subsidiary of Peony	Long-term equity investment	8	USD705	72.95	USD705
Clove Holding Ltd.	Ample Holding LTD. Classic Outlook Investment Ltd. Everup profits ltd. Island Equipment LLC	Indirect subsidiary of Peony Investee company of Clove accounted for under cost method Investee company of Clove accounted for under cost method Indirect subsidiary of Peony	Long-term equity investment Long-term equity investment Long-term equity investment Long-term equity investment	- - - -	USD18,154 USD102,359 -	90.00 2.25 2.25 36.00	USD18,154 USD102,359 -
Ample Holding Ltd.	Colon Container Terminal S.A.	Investee company of Ample accounted for under equity method	Long-term equity investment	22,860	USD51,564	40.00	USD51,564
Island Equipment LLC	Whitney Equipment LLC Hemlock Equipment LLC	Investee company of Island accounted for under equity method Investee company of Island accounted for under equity method	Long-term equity investment Long-term equity investment	- -	USD437 USD506	100.00 100.00	USD437 USD506
Hatsu Marine Limited	Island Equipment LLC	Indirect subsidiary of Peony	Long-term equity investment	-	USD166	15.00	USD166
Armand Investment (Netherlands) N.V.	Armand Estate (Netherlands) B.V.	Indirect subsidiary of Peony	Long-term equity investment	40	(USD280)	100.00	(USD280)
Armand Estate (Netherlands) B.V.	Taipei Port Container Terminal	Investee company of Armand Estate B.V. accounted for under equity method	Long-term equity investment	80,000	USD2,332	10.00	USD2,332
Greencompass Marines S.A.	UG. Hidden Dragon Balance Fund B Portus Banc Notes Series X ABN AMRO Global Emerging Bonds Capital Protected Notes UBS Forward Arbitrage Strategy Fast Notes	None None None None	Short-term investment Short-term investment Short-term investment Short-term investment	103 98 1 50	USD1,030 USD1,000 USD1,000 USD5,000	- - - -	USD1,030 USD1,000 USD1,114 USD4,703

Evergreen Marine Corporation and Subsidiaries
 Summary of Significant Transactions on One Specific Security
 Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Buyer/Seller	Marketable Securities	Financial Statement Account	Counterparty	Related Party	January 1, 2005		Buy		Sell		Gain (Loss) on Disposal		December 31, 2005		
					No. of Shares/Units	Amount	No. of Shares/Units	Amount	No. of Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	No. of Shares/Units	Amount	
Evergreen Marine Corporation	Mutual Funds:	Short-term investment	Open market transaction	No	5,000	\$50,000	5,007	\$50,000	10,007	\$100,918	\$100,000	\$918	4,881	\$-	
	Sheng Hua 9986 Global Balance Fund	Short-term investment	Open market transaction	No	-	-	9,702	100,000	10,000	1,512	50,000	1,562	10,000	50,000	
	Polaris Global ETFS Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	10,000	-	-	2,300	10,000	100,000	
	Fubon Global REIT Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	10,000	-	-	0	10,000	100,000	
	Polaris Global ABS Fund (A)	Short-term investment	Open market transaction	No	-	-	10,000	100,000	10,000	-	-	5,350	10,000	100,000	
	Polaris Global REITs Fund	Short-term investment	Open market transaction	No	-	-	19,939	200,000	200,000	19,939	201,658	1,588	200,000	201,658	
	New Light Lucky Star Fund	Short-term investment	Open market transaction	No	-	-	19,939	200,000	200,000	19,939	201,658	1,588	200,000	201,658	
	Sheng Hua 9986 Global Balance Fund	Short-term investment	Open market transaction	No	-	-	19,939	200,000	200,000	19,939	201,658	1,588	200,000	201,658	
	Transamerica Strategic Balanced Fund (series 1)	Short-term investment	Open market transaction	No	-	-	10,000	100,000	10,000	-	-	0	10,000	100,000	
	Saker Bond Fund	Short-term investment	Open market transaction	No	-	-	9,952	100,000	9,952	100,420	100,000	420	10,000	100,000	
	Ta Chong Bond	Short-term investment	Open market transaction	No	-	-	30,023	380,000	32,774	416,968	415,000	1,968	30,023	380,000	
	Grand Cathay Bond Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	10,000	18,231	18,000	231	10,000	100,000	
	Sheng Hua 9986 Global Balance Fund	Short-term investment	Open market transaction	No	-	-	9,952	100,000	9,952	100,420	100,000	420	10,000	100,000	
	Pradigm Bond Fund	Short-term investment	Open market transaction	No	-	-	36,045	375,000	44,888	470,000	471,468	748,523	3,523	36,045	375,000
	Fgt Benefit II	Short-term investment	Open market transaction	No	-	-	29,993	298,000	32,453	463,000	463,000	783,187	2,187	29,993	298,000
	Jin sun bond fund	Short-term investment	Open market transaction	No	-	-	451,133	598,200	30,332	405,000	451,133	64,218	4,218	30,332	405,000
	TLAM B B Bond Fund	Short-term investment	Open market transaction	No	-	-	11,313	130,000	11,313	130,000	130,000	3,000	1,553	11,313	130,000
	TLAM B B Bond Fund	Short-term investment	Open market transaction	No	-	-	28,581	315,000	28,581	315,000	315,000	682,971	2,971	28,581	315,000
	Hua Nan Phoenix	Short-term investment	Open market transaction	No	-	-	36,323	531,000	25,759	380,000	62,082	917,549	6,549	36,323	531,000
	Hua Nan Phoenix	Short-term investment	Open market transaction	No	-	-	1,486	22,000	55,020	385,000	47,085	171,693	4,593	1,486	22,000
	JF First Bond Fund	Short-term investment	Open market transaction	No	-	-	10,956	150,000	10,956	150,078	150,078	1,978	10,956	150,078	
	Fu Hwa Bond Fund	Short-term investment	Open market transaction	No	-	-	21,696	268,000	-	-	21,696	272,853	268,000	4,853	21,696
	Fu Hwa Advantage Bond Fund	Short-term investment	Open market transaction	No	-	-	72,376	730,000	19,450	200,000	72,376	741,198	11,198	19,450	200,000
	PCF Bond Fund	Short-term investment	Open market transaction	No	-	-	45,290	525,000	36,060	500,000	160,111	1,500,000	8,551	36,060	500,000
	NITC Bond	Short-term investment	Open market transaction	No	-	-	19,472	75,000	1,727	278,000	1,727	1,727	1,727	1,727	278,000
	Cathy Bond	Short-term investment	Open market transaction	No	-	-	17,905	245,000	25,479	350,000	43,384	598,705	3,705	25,479	350,000
	UTW Capital Income Growth Bond Fund	Short-term investment	Open market transaction	No	-	-	13,410	150,000	21,779	240,000	25,803	291,943	1,943	21,779	240,000
	ITF Increment Fund	Short-term investment	Open market transaction	No	-	-	25,628	270,000	8,155	100,000	35,245	100,000	2,989	8,155	100,000
	Sheng Hua 1699 Fund	Short-term investment	Open market transaction	No	-	-	36,153	535,000	53,105	892,558	892,558	1,331,073	6,073	53,105	892,558
	Sheng Hua 5599 Fund	Short-term investment	Open market transaction	No	-	-	48,803	600,000	23,142	280,000	72,945	886,853	886,853	23,142	280,000
	Resident Home Run	Short-term investment	Open market transaction	No	-	-	13,272	143,000	19,665	215,000	32,927	392,111	358,000	4,111	19,665
	ABN AMRO Select Bond	Short-term investment	Open market transaction	No	-	-	20,002	270,000	14,223	210,000	34,227	210,000	1,627	14,223	210,000
	ABN AMRO Taiwan Bond Fund	Short-term investment	Open market transaction	No	-	-	9,081	100,000	-	-	9,081	100,204	204	9,081	100,204
	ABN AMRO Aggressive Taiwan Bond Fund	Short-term investment	Open market transaction	No	-	-	9,432	100,000	-	-	9,432	100,596	596	9,432	100,596
	Fubon Dragon Bond Fund	Short-term investment	Open market transaction	No	-	-	46,504	500,000	16,510	175,000	46,504	501,618	1,618	16,510	175,000
	Fubon Dragon Bond Fund	Short-term investment	Open market transaction	No	-	-	3,707	38,000	9,958	100,000	50,335	50,335	5,335	9,958	100,000
	Fubon Jui-III	Short-term investment	Open market transaction	No	-	-	31,514	373,000	4,600	55,000	36,114	432,593	428,000	4,593	36,114
	Tsuwen Bond Fund	Short-term investment	Open market transaction	No	-	-	60,471	748,000	8,481	98,000	16,109	186,978	185,000	1,978	8,481
	Sheng Hua 5599 Fund	Short-term investment	Open market transaction	No	-	-	15,635	195,000	15,635	195,000	195,000	969,853	944,000	6,853	15,635
	Fu Hwa Advantage Bond Fund	Short-term investment	Open market transaction	No	-	-	11,207	122,500	7,604	100,000	11,207	123,845	12,500	7,604	100,000
	Invesco Income Fund	Short-term investment	Open market transaction	No	-	-	44,933	500,000	14,743	165,000	19,236	215,000	919	14,743	165,000
	Sheng Hua 1699 Fund	Short-term investment	Open market transaction	No	-	-	28,910	318,000	32,756	390,000	612,222	608,000	4,222	32,756	390,000
	Sheng Hua 5599 Fund	Short-term investment	Open market transaction	No	-	-	13,099	211,000	280,000	30,347	493,952	491,000	2,952	280,000	30,347
	Sheng Hua 5599 Fund	Short-term investment	Open market transaction	No	-	-	16,313	200,000	23,963	300,000	300,000	489,952	489,952	23,963	300,000
	Capital Growth Fund	Short-term investment	Open market transaction	No	-	-	10,049	148,000	10,049	148,000	148,000	151,000	1,796	10,049	148,000
	Reliance Forever	Short-term investment	Open market transaction	No	-	-	21,318	200,000	13,523	145,000	38,865	419,610	3,610	13,523	145,000
	RSIT Enhanced Bond Fund	Short-term investment	Open market transaction	No	-	-	25,412	300,000	26,396	300,000	300,000	610,000	3,044	26,396	300,000
Dresner Bond DAM	Short-term investment	Open market transaction	No	-	-	48,275	400,000	30,000	300,000	17,646	200,000	1,381	30,000	200,000	
Union Bond	Short-term investment	Open market transaction	No	-	-	38,871	400,000	26,140	310,000	713,447	710,000	3,447	26,140	310,000	
Union Yu-Li Bond Fund	Short-term investment	Open market transaction	No	-	-	29,442	315,000	29,442	315,000	315,000	317,599	2,599	29,442	315,000	
Polaris De-Li Bond Fund	Short-term investment	Open market transaction	No	-	-	13,604	200,000	47,887	520,000	27,198	400,688	688	47,887	520,000	
Lightning Bond Fund	Short-term investment	Open market transaction	No	-	-	43,872	472,000	20,000	200,000	52,612	892,000	5,688	20,000	200,000	
Tabliss Lucky Fund	Short-term investment	Open market transaction	No	-	-	20,000	200,000	24,753	250,000	33,383	335,253	253	24,753	250,000	

Evergreen Marine Corporation and Subsidiaries
Purchases from and Sales to Related Parties
Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Schedule 8

Purchaser/Seller	Counterparty	Nature of Relationship	Transaction			Reason for Difference in the Terms on Related Party Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchases / Sales	Amount	% of the Total Purchases / Sales	Credit Term	Unit Price	Credit Term	Balance	
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp. (EITC)	Investee accounted for by equity method	Purchases	\$1,403,285	3.89	30-60 days	\$-	-	\$(4,828)	0.17
			Sales	101,742	0.24	30-60 days	-	-	24,731	0.99
	Evergreen International Corp.	Investee of the Company's major stockholder	Purchases	497,692	1.41	30-60 days	-	-	(17,660)	0.64
			Purchases	626,034	1.78	30-60 days	-	-	(36,486)	1.32
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	734,806	2.09	30-60 days	-	-	(167,176)	6.05
			Sales	284,850	0.68	30-60 days	-	-	-	-
	Hatsui Marine Limited	Indirect subsidiary of the Company	Purchases	1,045,103	2.97	30-60 days	-	-	(7,413)	0.27
			Sales	115,163	0.28	30-60 days	-	-	-	-
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Purchases	1,954,468	5.56	30-60 days	-	-	-	-
			Sales	-	-	-	-	-	-	-
	Gaining Enterprise S.A.	Subsidiary of EITC accounted for by equity method	Purchases	117,826	0.33	30-60 days	-	-	(15,028)	0.54
			Sales	640,013	1.52	30-60 days	-	-	-	-
Taiwan Terminal Service Co., Ltd.	Evergreen International S.A.	Major stockholder	Purchases	624,075	99.88	30-60 days	-	-	56,779	99.25
			Sales	-	-	-	-	-	-	-
Hatsui Marine Limited	Evergreen Marine Corporation	Parent company	Sales	GBP 13,712	3.11	30-60 days	-	-	GBP 3,029	10.33
			Purchase	GBP 588	0.15	30-60 days	-	-	GBP -	-
Greencompass Marine S.A.	Evergreen Marine Corporation	Parent company	Sales	USD 32,214	1.43	30-60 days	-	-	USD -	-
			Purchase	USD 3,561	0.18	30-60 days	-	-	USD -	-

Schedule 9

Evergreen Marine Corporation and Subsidiaries
 Receivables from Related Parties
 Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
 December 31, 2005
 (Expressed in Thousands of Dollars)

Creditor	Counterparty	Nature of Relationship	Balance as at December 31, 2005	Turnover Rate (No. of Times)	Overdue Receivables		Amount Received Subsequent to the Balance Sheet Date	Allowance for Bad Debts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Corp.	Investee of the Company's major stockholder	Accounts receivable	-	NTD -	-	NTD 82,812	NTD -
			Other receivable	-	NTD -	-	NTD 17,354	NTD -
Hatsu Marine Limited	Island Equipment LLC.	Indirect subsidiary of Peony	Accounts receivable - related party	-	USD -	-	USD 2,458	USD -
			Accounts receivable - related party	-	USD -	-	USD 5,500	USD -

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars / Thousand Shares)

Schedule 10

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005		Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at December 31, 2005	Balance as at January 1, 2005	No. of Shares	Ownership (%)			
Evergreen Marine Corporation	Peony Investment S.A.	53rd Street, Urbanizacion Ocharrio Torre Swiss Bank, 2nd Floor, Panama	Investment activities	USD 476,500	USD 476,500	4,765	100.00	\$6,878,598	\$6,879,847	Subsidiary of the Company
	Taiwan Terminal Services Co., Ltd.	2F, No.177, Ssu Wei 4th Rd., Lingya District, Keelung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	(1,037)	(1,368)	Subsidiary of the Company
	Chang Yang Development Co., Ltd.	2F, No.389, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental and sale of residential and commercial buildings	320,000	320,000	32,000	40.00	69,714	27,886	Investee accounted for by equity method
	Evergreen International Storage and Transport Corporation	No.889, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	1,334,218	517,375	Investee accounted for by equity method
	Evergreen Security Corporation	4&5F, No. 111, Sungiang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	3,125	31.25	24,066	6,895	Investee accounted for by equity method
	EVA Airways Corporation	11F, No.376, Heinan Rd., Section 1, Lu Chu Hsiang, Taoyuan County, Taiwan	International passenger and cargo transportation	8,569,973	8,569,973	692,412	20.43	1,326,060	259,284	Investee accounted for by equity method
	Taipei Port Container Terminal Corporation	6F-1, No.220, Songjiang Rd., Taipei, Taiwan	Container distribution and cargo stevedoring	160,000	160,000	16,000	20.00	(8,881)	(1,776)	Investee accounted for by equity method
	Toplogis Technology Corporation	3F-3, No.185, Kewang Rd., Gaoyuan Village, Longtan Shang, Taoyuan County	IT services and design and wholesale of software	10,000	10,000	1,000	25.00	(18,984)	(4,746)	Investee accounted for by equity method

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Information on Investee Companies
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Schedule 10 (Continued)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005		Net Income (Loss) of the Investee	Investment Gain (Loss)	Remarks
				Balance as at December 31, 2005	Balance as at January 1, 2005	No. of Shares	Ownership (%)			
Peony Investment S.A.	Greencompass Marine S.A.	53rd Street, Urbanizacion Obama Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Marine transportation	USD 353,500	USD 353,500	3,535	100.00	USD 139,444	USD 139,444	Indirect subsidiary of the Company
	Vigor Enterprise S.A.	53rd Street, Urbanizacion Obama Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Investment holding company	USD 8,000	USD 8,000	80	100.00	(USD 724)	(USD 724)	Indirect subsidiary of the Company
	Clove Holding Ltd.	Craigmuir Chambers, P. O. Box 71, Road Town, Tortola, B. V. I.	Investment holding company	USD 10	USD 10	10	100.00	USD 7,827	USD 7,827	Indirect subsidiary of the Company
	Halsa Marine Limited	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	USD 1,503	USD 1,503	765	51.00	USD 10,532	USD 7,627	Indirect subsidiary of the Company
	Evergreen Heavy Industrial Co. (Malaysia) Berhad	Lot 139, Jalan, Cecil, Phase 2 Free Trade Zone Johor Port Authority, B1700 Pasir Gudang, Johor, Johore Bahru, Malaysia	Container manufacturing	USD 27,295	USD 27,295	42,120	84.44	USD 5,027	USD 4,792	Indirect subsidiary of the Company
	PT. Multi Bina Pura Internasional	J.L. Raya Cakung Cincing, RT. 002-05, Desa Roridan P.O. Box 6043 Jakarta 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	USD 20,204	USD 20,204	68	95.30	USD 675	USD 644	Indirect subsidiary of the Company
	PT. Multi Bina Transport	J.L. Raya Cakung Cincing, RT. 002-05, Desa Roridan P.O. Box 6043 Jakarta 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	Rp 1,800,000	Rp 1,800,000	2	17.39	USD 320	USD 56	Indirect subsidiary of the Company
	PT. Evergreen Marine Indonesia	Gedung Pricewaterhouse Coopers 9-10th Floors, Jl. H.R. Rasuna said kav. C-03 Jakarta 12020, Indonesia	Shipping agency	USD 258	USD 258	-	25.44	USD 1,237	USD 315	Investee company of Peony accounted for under equity method
	Luanita Investment (Netherlands) N.V.	21-A Von Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 21,973	USD 15,785	-	50.00	(USD 4,157)	(USD 2,079)	Investee company of Peony accounted for under equity method
	Balsam Investment (Netherlands) N.V.	21-A Von Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 50,715	USD 50,715	-	49.00	USD 93,213	USD 45,674	Investee company of Peony accounted for under equity method
	Shanghai Jifa Logistics Co., Ltd.	12F, Jifa Building, No.469C, Jungong Rd., Shanghai City	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 6,635	USD 6,635	-	21.06	USD 1,957	USD 385	Investee company of Peony accounted for under equity method
	Shenzhen Greentrans Transportation Co., Ltd.	San Jiao Long Warehouse & Storage Zone, Fu Kang Road, Heigang Town, Shenzhen, China	Loading, discharging, storage, repair, cleaning and transportation of containers	USD 3,154	USD 3,154	-	55.00	USD 133	USD 69	Indirect subsidiary of the Company
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Unit 403, 3F, Eastern Garden, No.138 A-Li Mountain Rd., Huangdao Development Dist. Qingdao City	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 4,447	USD 4,447	-	40.00	USD 1,256	USD 462	Investee company of Peony accounted for under equity method
	Ningbo Victory Container Co., Ltd.	No.1 Area, Beihm Xiaohuan Industrial Estate, Ningbo Economic and Technical Development Zone, China	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 1,199	USD 1,199	-	40.00	USD 2,004	USD 802	Investee company of Peony accounted for under equity method

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Information on Investee Companies
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Schedule 10 (Continued)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005		Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at December 31, USD	Balance as at January 1, 2005 USD	No. of Shares	Ownership (%)			
Peony Investment S.A	Evergreen Container Terminal (Thailand) Ltd.	334 Moo 1, Chaokhun Tahan Road, Sun District Klong 3, Lat Krabang District, Bangkok 10520	Loading and discharging of containers	USD 26,636	USD 26,636	12,250	48.18	USD 5,305	USD 2,556	Investee company of Peony accounted for under equity method
	Evergreen Shipping (S) Pte. Ltd.	333 Jalan Besar, Singapore 206018	Shipping agency	USD 219	USD 219	383	25.50	USD 1,422	USD 383	Investee company of Peony accounted for under equity method
	Evergreen Star (Thailand) Co. Ltd.	Green Tower, 24-25th Floors 365/681 Rama IV Road Klongtoey Klongtoey Bangkok 10110	Shipping agency	USD 238	USD 238	204	25.50	USD 3,421	USD 872	Investee company of Peony accounted for under equity method
	Evergreen Korea Corporation	15th Fl., Korea Express Center, 85-5, 4-Ka, Jung-Ang Dong Jung-Ku, Pusan, Republic of Korea	Shipping agency	USD 238	USD 238	61	50.00	USD 1,780	USD 880	Investee company of Peony accounted for under equity method
	Armand Investment (Netherlands) N.V.	Van Engelenweg 21A Curacao Netherlands Antilles	Investment holding company	USD 1,750	USD 1,622	4	70.00	(USD 114)	(USD 80)	Indirect subsidiary of the Company
	Evergreen India Pte. Ltd.	J.N. Heredia Marg Ballard Estate Mumbai 400 038, India	Shipping agency	USD 12	USD 12	5	49.88	USD 25	USD 13	Investee company of Peony accounted for under equity method
	Evergreen Marine Australia Pty Ltd.	Level 13, 181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	USD-	USD-	-	25.50	USD 768	USD 196	Investee company of Peony accounted for under equity method

Evergreen Marine Corporation and Subsidiaries – Greencompass Marine S. A.
 Derivative financial instrument undertaken by the Company and its investee
 December 31, 2005

1. Derivative financial instruments:

- (1) The contract (notional principal) amounts and credit risk (expressed in thousand dollars)

Financial Instruments	December 31, 2005		December 31, 2004	
	Notional Principal (Contract Amount)	Credit Risk	Notional Principal (Contract Amount)	Credit Risk
Interest rate swaps (IRS)	USD 108,176	USD 598	USD -	USD -
Foreign exchange option	EUR 3,000	USD -	USD -	USD -

The above credits risk amounts are based on the contracts with positive fair values on the balance sheet date and represent the possible loss that will be incurred by the Company in the event that the counterparties default. The counterparties of the Company are all well-known banks with good credit ratings. Thus, the credit risk is assessed to be remote.

- (2) Market risk

The interest rate swaps are utilized to hedge against fluctuations in interest rates, exchange rates. And the foreign exchange options are derivative financial instruments which are held for trading. Periodic reviews are conducted on the Subsidiary's exposure to market risk, and a stop-loss mechanism has been established to minimize the impact of market risk on the Subsidiary's operations.

- (3) Liquidity risk, cash flow risk and the amount, timing and uncertainty of future cash requirements

As no principals are exchanged upon settlement of the interest rate swaps and forward exchange options, no significant cash requirement is expected. Therefore,

the Subsidiary's working capital is assessed to be adequate and no funding risk is expected. In addition, the interest rates, exchange rates and prices are fixed. Thus, cash flow risk is remote.

(4) The purposes and strategies of holding derivative financial instruments

The derivative financial instruments are held for trading and non-trading purposes. Interest rate swaps are undertaken to hedge against fluctuations in interest rates and exchange rates. The aim of the hedging strategy is to hedge most of the market risk. For the derivative financial instruments held for trading purposes, they are undertaken to make profits on the interest rate, exchange rate and price differentials.

(5) Disclosures of derivative financial instruments in the financial statements

1) Interest rate swaps:

The contracts are settled based on the difference between the spot interest rate and contracted interest rate. The amount received and paid upon settlement is recorded as a deduction from and an addition to the interest expense on shipping finance, respectively.

2) Foreign Exchange Option:

As the Company has actual position in the underlying assets, full settlements are conducted at expiration of the contracts. The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss upon settlement.

2. Fair values of financial instruments

	94.12.31		93.12.31	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Derivative financial instruments				
Interest rate swaps	USD -	USD 126	USD -	USD -
Foreign exchange options	USD 166	USD 166	USD -	USD -

Schedule 12

Evergreen Marine Corporation
Investments in Mainland China
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Investee in Mainland China	Main Business	Paid-in Capital	Way of Investing in Mainland China (Note 1)	Balance of Investments in Mainland China as at January 1, 2005	Investment Amount Remitted to Mainland China from Taiwan during 2005	Amount Remitted Back to Taiwan from Mainland China during 2005	Balance of Investments in Mainland China as at December 31, 2005	The Company's Direct/ Indirect Ownership in the Investee (%)	Investment Income (Loss) for 2005 (Note 2)	Carrying Value of Investments as at December 31, 2005	Accumulated Amount of Investment Income (Loss) Reported Back to Taiwan as at December 31, 2005
Shanghai Jifa Logistics Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB271,565	(2)	\$196,275 (USD 6,000)	\$-	\$-	\$196,275 (USD 6,000)	21.06	\$12,360 (USD 385)	\$266,378 (USD 8,143)	\$-
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading and discharging	RMB24,119	(2)	\$33,301 (USD 1,018)	-	-	33,301 (USD 1,018)	40.00	25,747 (USD 802)	80,898 (USD 2,473)	-
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB92,500	(2)	\$145,472 (USD 4,447)	-	-	145,472 (USD 4,447)	40.00	14,832 (USD 462)	172,100 (USD 5,261)	-
Shenzhen Greentans Transportation Co., Ltd.	Inland container loading, discharging, storage, repair, cleaning and related activities	RMB44,960	(2)	\$102,521 (USD 3,134)	-	-	102,521 (USD 3,134)	55.00	2,215 (USD 69)	107,264 (USD 3,279)	-
Shenzhen Hutchison Inland Container Depots Co., Ltd.	Inland container yard	HKD92,000	(2)	26,598 (HKD 6,304)	-	-	26,598 (HKD 6,304)	6.85	-	26,598 (HKD 6,304)	-

Balance of Investments in Mainland China as at December 31, 2005	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Quota of Investments in Mainland China Imposed by the Investment Commission of MOEA	
		Net worth under	Net worth over
\$604,156 (USD 14,599) (HKD 6,304)	\$1,095,368 (USD 33,465)	\$5,000,000,000 (40%)	\$2,000,000
		\$5,000,000,000 and \$10,000,000,000 (30%)	1,500,000
		Net worth over	9,811,453
		\$10,000,000,000 (20%)	\$13,311,453

(Net worth of the Company: NT\$59,057,266)

- Note 1: Investments in Mainland China can be conducted by the following ways:
 (1) Remitting the funds to Mainland China via a third country.
 (2) Via a new investee to be set up in a third country.
 (3) Through a new investee set up in a third country.
 (4) Investing directly in Mainland China.
 (5) Others
- Note 2: Investment income (loss) for the year is recognized in the start-up stage.
 "127" denotes the basis on which the investment income (loss) is recognized.
 (a) Based on the investee's financial statements audited by an international accounting firm other than the Company's auditor.
 (b) Based on the investee's financial statements audited by the Company's auditor.
 (c) Others

4. Consolidated Financial Statements With Report of Independent Auditors

DIWAN, ERNST & YOUNG
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English Translation of a Report Originally Issued in Chinese

Report of Independent Auditors

The Board of Directors and Stockholders
Evergreen Marine Corporation

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (the "Company") and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of Peony Investment S.A., a wholly-owned subsidiary, and its affiliated companies. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it related to amounts included for Peony Investment S.A. and its affiliated companies, is based solely on the reports of other auditors. Those statements reflect total assets of 85,561,120 thousand New Taiwan dollars and 78,646,156 thousand New Taiwan dollars, constituting 65.77% and 57.99% of the consolidated total assets as of December 31, 2005 and 2004, respectively, and reflect net operating revenues of 99,036,290 thousand New Taiwan dollars and 88,712,955 thousand New Taiwan dollars, constituting 70.37% and 67.98% of the consolidated net operating revenues for the years ended December 31, 2005 and 2004, respectively. In addition, we did not audit the financial statements of all the investee companies accounted for under the equity method. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it related to amounts included for these investee companies accounted for under the equity method, is based solely on the reports of other auditors. Those statements reflect long-term investments of 18,516,002 thousand

New Taiwan dollars and 17,698,604 thousand New Taiwan dollars, constituting 14.23% and 13.05% of the consolidated total assets as of December 31, 2005 and 2004, respectively, and reflect investment income of 2,117,515 thousand New Taiwan dollars and 3,321,750 thousand New Taiwan dollars, constituting 13.99% and 22.25% of the consolidated pre-tax net income for the years ended December 31, 2005 and 2004, respectively.

We conducted our audits in accordance with the “Regulations for Auditing and Certification of Financial Statements by Certified Public Accountants” and auditing standards generally accepted in the Republic of China on Taiwan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Evergreen Marine Corporation and its subsidiaries as of December 31, 2005 and 2004, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with the “Guidelines for Preparation of Financial Reports by Securities Issuers “ and accounting principles generally accepted in the Republic of China on Taiwan.

March 17, 2006
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars)

	December 31, 2005	December 31, 2004	LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2005	December 31, 2004
ASSETS			Current Liabilities		
Current Assets			Short-term loans (Note D11)	\$1,800,000	\$5,567,824
Cash and cash equivalents (Notes B & D1)	\$15,154,658	\$14,077,390	Short-term bills payable (Note D12)	799,755	2,099,091
Short-term investments, net (Notes B, D2 & F)	4,659,870	17,022,731	Notes payable	5,175	1,282
Accounts receivable, net (Notes B & D3)	28	35	Notes payable - related parties (Note E)	-	1,388
Accounts receivable - related parties (Notes B, D3 & E)	13,786,344	13,146,307	Accounts payable	5,226,207	4,707,152
Accounts receivable - related parties (Notes B, D4)	108,763	385,055	Income tax payable (Note B)	468,112	1,087,108
Other receivables - related parties (Notes B, D4 & E)	791,116	413,622	Accrued expenses (Notes B & D13)	1,503,910	356,918
Other receivables - related parties (Notes B, D4 & E)	40,421	196,158	Other payables	14,036,615	13,824,485
Other financial assets - current, net (Notes B & D5)	932,707	61,058	Long-term liabilities due within one year (Note D14)	3,350	10,761
Inventories (Notes B & D6)	2,483,165	1,954,709	Other current liabilities	805,766	119,886
Prepayments	869,818	1,058,939	Deferred income tax liabilities - current (Notes B & D23)	9,852,769	10,150,602
Deferred income tax assets - current (Notes B & D23)	31,330	-	Other liabilities	892,108	769,873
Restricted assets - current (Note F)	132,050	135,200	Defered income tax liabilities	-	19,964
Other current assets (Notes D7 & E)	2,469,271	3,116,025	Total Current Liabilities	35,392,767	38,729,334
Total Current Assets	41,456,541	51,547,229	Long-Term Liabilities (Note B)		
Long-Term Investments (Notes B, D8, E & F)			Corporate bonds payable (Note D15)	7,505,039	9,957,832
Long-term equity investments	26,813,194	25,827,627	Long-term loans (Note D16)	18,274,507	27,567,486
Under the equity method	6,208,187	6,066,084	Total Long-Term Liabilities	25,779,546	37,525,318
Under the cost method	12,581	-	Other Liabilities		
Long-term bond investments	3,932	312	Accrued pension liability (Notes B & D17)	489,763	624,127
Other long-term investments	-	-	Guarantee deposits received	3,629	65
Other financial assets - non-current	33,037,874	32,029,333	Deferred income tax liabilities - non-current (Notes B & D23)	2,291,992	1,521,869
Total Long-Term Investments	33,037,874	32,029,333	Other liabilities - others	1,706,418	1,512,116
Property, Plant and Equipment (Notes B, D9, E & F)			Total Other Liabilities	4,491,469	3,695,193
Land	2,153,576	2,013,985	Total Liabilities	65,663,782	79,911,845
Buildings	532,472	1,929,869	Capital Stock (Note D18)		
Machine	6,487,831	3,579,792	Common stock	27,075,246	24,259,425
Loading/discharging equipment	176,707	235,403	Capital Surplus (Note D19)		
Computer equipment	23,479,139	23,620,941	Paid-in capital in excess of par - common stock	3,147,552	2,545,963
Ships and equipment	72,172,780	66,717,834	Donated capital	371	371
Dock facilities	625,223	745,093	Long-term investments	1,485,767	1,477,886
Office equipment	286,787	275,377	Others	6,713	-
Leasehold improvements	6,504	-	Total Capital Surplus	4,640,403	4,030,933
Costs and revaluation increments	107,975,038	99,118,314	Retained Earnings (Note D20)		
Less: Accumulated depreciation	(53,820,484)	(48,233,951)	Legal reserve	5,220,594	4,012,127
Prepayments for equipment	409,289	119,528	Special reserve	957,344	957,344
Total Property, Plant and Equipment, Net	54,563,843	51,003,891	Unappropriated retained earnings	22,189,422	18,681,936
Intangible Assets			Total Retained Earnings	28,367,360	23,651,407
Deferred pension costs (Notes B)	193,954	146,175	Equity Adjustments		
Other Assets			Cumulative translation adjustments (Note B)	897,009	856,564
Refundable deposits	292,365	199,754	Net loss not recognized as pension cost (Note B)	(298,003)	(594,695)
Deferred charges (Note B)	194,533	280,441	Deferred credits	43,979	72,911
Deferred income tax assets - non-current	351,221	418,933	Total Equity Adjustments	642,985	334,780
Long-term installment receivables (Note D10)	838,119	899,128	Total Equity Attributable to Stockholders of the Company	60,725,994	52,276,545
Total Other Assets	838,119	899,128	Minority interest	3,702,555	3,437,386
TOTAL ASSETS	\$130,092,331	\$135,625,776	Total Stockholders' Equity	64,428,549	55,713,931
			Commitments and contingent liabilities (Note G)		
			TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$130,092,331	\$135,625,776

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Diwan, Ernst & Young Independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars, Except Earnings Per Share)

	Year Ended December 31, 2005	Year Ended December 31, 2004		
Operating Revenues (Notes B, D21 & E)	\$140,736,864	\$130,489,078		
Operating Costs (Notes D22 & E)	(123,946,956)	(114,766,183)		
Gross Profit	16,789,908	15,722,895		
Operating Expenses (Notes D22 & E)	(4,040,243)	(3,433,537)		
General and administrative expenses	(4,040,243)	(3,433,537)		
Operating Profit	12,749,665	12,289,358		
Non-Operating Income				
Interest income (Note E)	470,587	188,000		
Investment income accounted for under the equity method (Note B & D8)	2,685,671	3,743,120		
Dividend income	377,750	340,035		
Gain on disposal of property, plant and equipment (Notes B & E)	121,091	72,807		
Gain on disposal of investments (Note E)	200,646	-		
Rent income (Note E)	59,240	49,298		
Gain on market price recovery of short-term investments (Note B)	-	2,795		
Others	513,378	476,909		
Total Non-Operating Income	4,428,363	4,872,964		
Non-Operating Expenses				
Interest expense	(1,631,034)	(1,840,453)		
Other investment loss	(28,619)	-		
Loss on disposal of property, plant and equipment (Notes B & E)	(11,542)	(30,000)		
Gain on disposal of investments	-	(4,867)		
Foreign exchange loss (Note B)	(23,163)	(176,106)		
Financial expenses	(77,895)	(80,549)		
Others	(269,252)	(101,933)		
Total Non-Operating Income	(2,041,505)	(2,233,908)		
Income before Income Tax	15,136,523	14,928,414		
Income Tax Expense (Notes B & D23)	(2,632,719)	(1,513,225)		
Consolidated Net Income	\$12,503,804	\$13,415,189		
Attributed to:				
Parents company	\$12,223,911	\$12,084,669		
Minority interest	279,893	1,330,520		
Consolidated net income	12,503,804	13,415,189		
Earnings Per Share (after retroactive adjustments) (in dollars) (Notes B & D24)				
	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Basic earnings per share				
Parent company income	\$5.44	\$4.53	\$5.41	\$4.81
Minority interest income	0.17	0.10	0.53	0.53
Consolidated net income	\$5.61	\$4.63	\$5.94	\$5.34
Diluted earnings per share				
Parent company income	\$5.13	\$4.27	\$4.99	\$4.43
Minority interest income	0.16	0.10	0.49	0.49
Consolidated net income	\$5.29	\$4.37	\$5.48	\$4.92

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Unrealized Loss on Decline in Market Value of Long-Term Equity Investments	Cumulative Translation Adjustments	Net Loss not Recognized as Pension Cost	Deferred Credits	Minority Interest	Total
Balance, January 1, 2004	\$21,468,777	\$1,577,479	\$3,651,650	\$957,344	\$9,606,098	\$(11,948)	\$3,150,328	\$(156,126)	\$43,481	\$2,073,893	\$42,380,876
Appropriation of 2003 earnings											
Legal reserve			360,477		(960,477)						
Stock dividends	1,288,127				(1,288,127)						
Cash dividends					(1,288,127)						(1,288,127)
Bonuses to employees					(50,000)						(50,000)
Remuneration to directors and supervisors					(22,100)						(22,100)
Conversion of convertible bonds into common stock	1,502,521	2,545,963									4,048,484
Adjustments arising from long-term equity investments accounted for under equity method											
Adjustments due to conversion of convertible bond											
Adjustments on capital surplus due to changes in percentage of shareholding		48,751									48,751
Recognition of changes in investees' capital surplus based on percentage of shareholding		(141,981)									(141,981)
Unrealized loss on decline in market value of long-term equity investments		731				11,948					731
Cumulative translation adjustments							(790,804)		29,430		(790,804)
Adjustments on deferred credits											
Net loss not recognized as pension cost								(18,207)			(18,207)
Translation adjustments arising from investees' financial statement denominated in foreign currency							(1,483,548)				(1,483,548)
Adjustments arising from foreign currency of long-term investments accounted for under cost method							(9,411)	(420,382)			(429,793)
Net loss not recognized as pension costs										1,330,520	13,415,189
Net income for 2004					12,084,669					32,873	12,117,542
Changes in minority interest											
Balance, December 31, 2004	24,259,425	4,030,933	4,012,127	957,344	18,661,936	-	865,564	(594,895)	72,911	3,437,386	55,713,931
Appropriation of 2004 earnings											
Legal reserve			1,208,467		(1,208,467)						
Stock dividends	2,461,386				(2,461,386)						
Cash dividends					(4,922,772)						(4,922,772)
Bonuses to employees					(60,000)						(60,000)
Remuneration to directors and supervisors					(43,800)						(43,800)
Conversion of convertible bonds into common stock	354,435	601,589									956,024
Adjustments arising from long-term equity investments accounted for under equity method											
Adjustments on capital surplus due to changes in percentage of shareholding		7,859									7,859
Recognition of changes in investees' capital surplus based on percentage of shareholding		22									22
Cumulative translation adjustments							149,382		(28,032)		121,350
Adjustments on deferred credits											
Net loss not recognized as pension cost								(695)			(695)
Translation adjustments arising from investees' financial statement denominated in foreign currency							(118,348)				(118,348)
Adjustments arising from foreign currency of long-term investments accounted for under cost method							9,411				9,411
Net loss not recognized as pension costs								297,287			297,287
Net income for 2005					12,223,911					279,893	12,503,804
Changes in minority interest											
Balance, December 31, 2005	\$27,075,246	\$4,640,403	\$5,220,594	\$957,344	\$22,189,422	\$-	\$897,009	\$(288,033)	\$43,979	\$3,702,555	\$64,428,549

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2005 and 2004
(Expressed in New Taiwan Thousand Dollars)

	Year Ended December 31, 2005	Year Ended December 31, 2004
Cash Flows from Operating Activities		
Net income	\$12,223,911	\$12,084,669
Minority interest income	279,893	1,330,520
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	5,002,230	5,446,177
Amortization	84,375	59,924
Reclassification of depreciation of dock facilities to operation costs and others	186,275	183,598
Reclassification of amortization of deferred charges to others	77,717	78,948
Net gain on disposal of property, plant and equipment	(109,549)	(42,807)
Excess of equity-accounted investment income over cash dividends	(2,031,645)	(3,269,291)
Realized income from capital reduction	-	(3,968)
Realized loss from long-term investments	1,300	-
Gain on acquisition of long-term bonds	(12,581)	-
Net (gain) loss on disposal of investments	(200,646)	4,867
Loss on decline (gain on recovery) of market value of short-term investments	27,319	(2,795)
Interest Compensation	3,400	-
Change In Operating Assets and Liability		
Short-term investments held for trading purposes	12,257,658	(11,614,188)
Notes and accounts receivable	(819,305)	(1,646,051)
Other receivables	2,720,689	2,530,277
Other financial assets - current	(552,145)	(61,058)
Inventories	173,893	(575,287)
Prepayments	(398,554)	22,101
Agent accounts	(249,584)	1,195,058
Agency reciprocal accounts	657	200
Restricted assets	3,150	(417)
Other current assets	5,968	9,627
Refundable deposits	(1,524)	104,613
Other assets	(46,653)	-
Notes and accounts payable	(253,578)	2,702,020
Income tax payable	1,026,681	290,273
Accrued expenses	(496,667)	3,110,592
Other payables	548,243	(581,896)
Other current liabilities	(183,000)	254,836
Accrued pension liability	115,145	27,481
Deferred income tax assets/liabilities	730,708	1,174,885
Other liabilities	167,656	133,084
Net cash provided by operating activities	30,281,437	12,945,992
Cash Flows from Investing Activities		
Acquisition of long-term investments	(64,220)	(816,771)
Proceeds from disposal of long-term investments	11,219	40,041
Proceed from capital reduction by investee	22,727	413,371
Decrease (increase) in other financial assets - non-current	144,741	(144,741)
Acquisition of property, plant and equipment	(6,320,871)	(2,946,748)
Proceeds from disposal of property, plant and equipment	1,707,049	1,448,463
Increase in refundable deposit	(82,818)	-
Increase in deferred charges	(404,843)	(85,179)
Decrease in long-term receivables	85,130	106,542
Net cash used in investing activities	(4,901,886)	(1,985,022)
Cash Flows from Financing Activities		
Decrease in short-term loans	(3,797,183)	(5,063,345)
(Decrease) increase in short-term bills payable	(1,299,336)	529,536
(Decrease) increase in corporate bonds payable	(1,500,000)	6,007,029
Decrease in long-term loans	(12,520,502)	(4,010,783)
Decrease in restricted assets	-	349,666
Decrease in guarantee deposit	40	-
(Decrease) increase in minority interest	(14,724)	32,973
Distribution of cash dividends	(4,936,710)	(1,288,127)
Distribution of remuneration to directors and supervisors and bonus to employees	(119,692)	(72,100)
Net cash used in financing activities	(24,188,107)	(3,515,151)
Effect of exchange rate changes	(405,295)	(271,253)
Effect of Initial Consolidation of Subsidiaries	291,118	-
Net Increase in Cash and Cash Equivalents	1,077,267	7,174,566
Cash and Cash Equivalents, Beginning of Year	14,077,391	6,902,824
Cash and Cash Equivalents, End of Year	\$15,154,658	\$14,077,390
Supplemental Information:		
Interest paid	\$1,539,423	\$1,934,624
Less: Interest capitalized	-	-
Interest paid, excluding interest capitalized	\$1,539,423	\$1,934,624
Income tax paid	\$765,138	\$35,543
Financing Activities not Affecting Cash Flows:		
Long-term liabilities due within one year	\$9,852,769	\$10,150,602
Capitalization of retained earnings	\$2,461,386	\$1,288,127
Conversion of convertible bonds into common stock	\$956,024	\$4,049,197

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Diwan, Ernst & Young independent auditors' report dated March 17, 2006.)

EVERGREEN MARINE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

(Expressed in New Taiwan thousand dollars unless otherwise stated)

A. ORGANIZATION AND OPERATIONS

The accompanying consolidated financial statements cover Evergreen Marine Corporation (the "Company"), its subsidiary-Taiwan Terminal Services Co., Ltd., and Peony Investment S.A., and its affiliated companies. Backgrounds of the Company and the related subsidiaries are summarized below.

- (1) The Company was established on September 25, 1968 and was approved by the Securities and Futures Commission (SFC), Ministry of Finance (MOF) (currently known as the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan), to be a public company on November 2, 1982. It was further approved by the SFC to be a listed company on July 6, 1987. Shares of the Company have been traded on the Taiwan Stock Exchange since September 21, 1987. The Company is mainly engaged in domestic and international marine transportation, shipping agency services and distribution of containers.
- (2) Taiwan Terminal Services Co., Ltd. (TTSC) was established in Taiwan in October 1997 and is 55% owned by the Company. The principal activities of TTSC are cargo loading and discharging.
- (3) Peony Investment S.A. (Peony) was established by the Company in Panama as a wholly-owned subsidiary in April 1993 to pursue transportation-related investment opportunities around the world.
- (4) Greencompass Marine S.A. (GMS) was established by Peony in Panama in January 1994 with a 100% equity interest. GMS is mainly engaged in container shipping.
- (5) Clove Holding Ltd. (Clove) was established by Peony in the British Virgin Islands (BVI) in March 2001 with a 100% equity interest. Clove is primarily engaged in investments of container yards and terminals.
- (6) Vigor Enterprise S.A. (Vigor) was established by Peony in Panama in April 1997 with a 100% equity interest. Vigor is mainly engaged in investments of container manufacturing.
- (7) Hatsu Marine Ltd. (HML) was acquired by Peony in UK in April 2001 with the main activity in container shipping. As of December 31, 2005, the Company's equity interest in HML was 51%.

- (8) Evergreen Heavy Industrial Corp. (Malaysia) Sdn. Bhd. (EHIC(M)) was acquired by Peony in November 1998 with the main business in the manufacturing of dry steel containers, container parts and other related parts. The Company's equity interest in EHIC(M) as of December 31, 2005 was 84.44%.
- (9) Armand Investment (Netherlands) N.V. (Armand N.V.) was established by Peony in the Netherlands in October 2003 with the main business in inland transportation, transshipment and repairs of containers.. The Company's equity interest in Armand N.V. as of December 31, 2005 was 70%.
- (10) Shenzhen Greentrans Transportation Co., LTD (SHTC) was established by Peony in the China in March 1998 with the main business in loading, discharging, storage, repairs, cleaning, and inland transportation of containers. The Company's equity interest in SGTC as of December 31, 2005 was 55%.
- (11) PT. Multi Bina Pura International (MBPI) was established by Peony in Indonesia in 1994. MBPI is mainly engaged in container storage and inspections of containers at the customs house. The Company's equity interest in MBPI as of December 31, 2005 was 95.3%.
- (12) PT. Multi Bina Transport (MBT) was acquired by MBPI and Peony in April 1998 and December 2002, respectively. The major activities of MBT are inland transportation, repairs and cleaning of containers. As of December 31, 2005, the total equity interest of MBT held by the Company was 86.91%.
- (13) Island Equipment LLC (Island) was acquired by HML and Clove in April 2004 and is mainly engaged in investments of operating machinery and equipment of port terminals. The total equity interest of Island held by the Company as of December 31, 2005 was 43.65%.
- (14) Ample Holding Ltd. (Ample) was established by Clove in March 2001 with the main business in investments of container yards and docks. The Company's equity interest in Ample as of December 31, 2005 was 90%.
- (15) Armand Estate B.V. (Armand B.V.) was acquired by Armand N.V. with a 100% equity interest in October 2003. The principal activity of Armand Estate is investing in container yards and docks.
- (16) Whitney Equipment LLC (Whitney) was established by Island in Delaware, USA in June 2005 with 100% equity interest. Whitney is mainly engaged in investments and leases of operating machinery and equipment of port terminals.
- (17) Hemlock Equipment LLC (Hemlock) was established by Island in Delaware, USA in June 2005 with 100% equity interest. Hemlock is mainly engaged in investments and leases of operating machinery and equipment of port terminals.

The Company and its subsidiaries had 3,062 and 2,518 employees as of December 31, 2005 and 2004, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in conformity with the “Guidelines for Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China on Taiwan. The significant accounting policies are summarized below.

1. Basis for preparation of consolidated financial statements

- (1) Prior to January 1, 2005, the Company which, directly or indirectly through its subsidiaries, holds over fifty percent of the voting shares of its investee company, and the investee's total assets or operating revenues are more than ten percent of that of the parent, then the investee should be included in the consolidated financial statements. However, when the combined total assets or operating revenues of all the subsidiaries does not meet the above consolidation requirement exceeds 30% of the Company's respective unconsolidated amounts, consolidation is mandatory to the subsidiaries with individual total asset or operating revenues exceeding 3% of the Company's respective unconsolidated amounts. To comply with the amended SFAS No.7 “Consolidated Financial Statements”, the Company which, directly or indirectly through its subsidiaries, holds over fifty percent of the voting shares of its investee company, the investee should be included in the consolidated financial statements, except when the investee's total assets and operating revenues are insignificant. Under the amended SFAS No.7, retroactive adjustments are not required for consolidated financial statements occurring prior to January 1, 2005.
- (2) The accompanying consolidated financial statements are prepared in accordance with the SFAS No. 7, “Consolidated Financial Statements”. Transactions between the consolidated entities are eliminated.
- (3) Where the Company holds more than 50% voting shares of an investee (including the existing and potential voting shares held by the Company and its subsidiaries) or any of the following conditions is met, the Company is deemed to have controlling power in such investee. Such investee must be accounted for by the equity method and included in the consolidated financial statements.
 - (a) Under the agreements entered into by the Company with other investors, the equivalent voting shares of the investee held by the Company exceed 50%.
 - (b) Under the applicable regulations or agreements, the Company can control the investee's financial, operational and personnel policies.
 - (c) The Company has the right to employ or dismiss more than 50% of the members of the Board (or equivalent organization) in which the controlling power over the investee lies.

- (d) The Company controls more than 50% of the voting rights in the investee's Board (or equivalent organization) in which the controlling power over the investee lies.
- (e) The Company has controlling power in other matters.
- (4) The financial statements of foreign subsidiaries are made by each foreign subsidiary's functional currency. When preparing consolidated financial statements, the current rate used for translating assets and liability is the exchange rate at the balance sheet date, the current rate used for translating shareholders' equity is the historical rate, and the current rate used for translating income statement accounts is the weighted-average exchange rate to the New Taiwan Dollars amounts. Exchange gains or losses resulting from the translation process should be recorded as Accumulated translation adjustments as a separate component of stockholders' equity.
- (5) The subsidiaries included in the consolidated financial statements are set forth below:

Investor	Investee	Business Scope	Ownership (%)		Remark
			2005	2004	
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
	Peony	Investments in transport-related businesses	100.00	100.00	
TTSC	THC	Shipping service	-	70.00	Sold out in March, 2005
Peony	GMS	Container shipping	100.00	100.00	
	Clove	Investments in container yards and port terminals	100.00	100.00	
	Vigor	Investments in container manufacturing	100.00	100.00	
	HML	Container shipping	51.00	51.00	
	EHIC (M)	Manufacturing of dry steel containers and container parts	84.44	97.50	
	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	
	SGTC	Loading, discharging, storage, repairs, cleaning and inland transportation of containers	55.00	55.00	
	MBPI	Container storage and inspections of containers at the customs house	95.30	95.00	

Investor	Investee	Business Scope	Ownership (%)		Remark
			2005	2004	
	MBT	Inland transportation, repairs and cleaning of containers	86.91	86.69	MBT is 17.39% directly owned by Peony and 72.95% indirectly owned by Peony through MBPI. Therefore, Peony's total equity interest in MBT is 86.91%.
Peony	Island	Investments in operating machinery and equipment of port terminals	43.65	43.65	Peony indirectly holds 15% and 36% equity interest in Island through HML and Clove, respectively. Therefore, Peony's total equity interest in Island is 43.65%.
Vigor	Shanghai Pao Long	Manufacturing of dry steel containers and container parts	-	65.00	Sold out in April, 2005
Clove	Ample	Investments in container yards and port terminals	90.00	90.00	
Armand N.V.	Armand B.V.	Investments in container yards and port terminals	100.00	100.00	
Island	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	-	
	Hemlock	Investments and leases of operating machinery and equipment of port terminals	100.00	-	

The financial statements of Peony and its affiliated companies as of and for the year ended December 31, 2005 were originally prepared in the functional currencies of the respective companies. In preparation of the consolidated financial statements, their asset and liability accounts were translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date, whereas their stockholders' equity accounts and profit and loss accounts were translated at the historical exchange rates and average exchange rates over the year ended December 31, 2005, respectively.

- (6) The subsidiaries included in or exempted from the consolidated financial statements are set forth below:

December 31, 2004	Included	Exempted	December 31, 2005
Penoy	-	-	Peony
GMS	-	-	GMS
Clove	-	-	Clove
Vigor	-	-	Vigor
HML	-	-	HML
EHIC (M)	-	-	EHIC (M)
Armand N.V.	-	-	Armand N.V.
Armand B.V.	-	-	Armand B.V.
Ample	-	-	Ample
PLIC	-	PLIC	-
-	TTSC	-	TTSC
-	THC	THC	-
-	SGTC	-	SGTC
-	MBPI	-	MBPI
-	MBT	-	MBT
-	Island	-	Island
-	Whitney	-	Whitney
-	Hemlock	-	Hemlock

- (a) For the latest amended SFAS No.7 "Consolidated Financial Statements", the above subsidiaries that were included for the first time in consolidated entities were TTSC, THC, SGTC, MBPI, MBT, Island, Whitney, and Hemlock in 2005. Under the amended SFAS No.7, retroactive adjustments are not required for consolidated financial statements occurring prior to January 1, 2005. Please refer to Note E for details of significant transactions between individual subsidiaries in 2004 .

- (b) PLIC and THC were exempted from the consolidated entries, because Vigor and TTSC were sold out in the first half year of 2005.

- (7) Subsidiaries that are not included in the consolidated financial statements:

None of investee that the Company which, directly or indirectly through its subsidiaries, holds over fifty percent of the voting shares of its investee company exempted from the consolidated financial statements.

2. Classification of current and non-current assets and liabilities

- (1) Current assets are assets that come from operating activities, which are expected to be converted into cash, consumed, or sold during the operating period; the main purpose is for trade and is expected to be converted into cash

within one year from the balance sheet date; cash or cash equivalents except these subject to exchange, curtailment or other restrictions are due one year after the balance sheet date. Any assets that are not classified as current are non-current.

- (2) Current liabilities are liabilities that come from operating activities, which are expected to be curtailed during the operating period should be paid back within one year from the balance sheet date. Any liabilities that are not classified as current are non-current.
- (3) Financial liabilities that expire within twelve months from the balance sheet date and match the following terms should be classified as non-current liabilities.
 - a. The period of original contract exceeds twelve months.
 - b. Attempt on long-term refinancing
 - c. Have completed long-term refinancing and extended the period of liabilities before date of the balance sheet, or have the power to refinance or extend the period of liabilities for one year after balance sheet date.

3. Accounting estimation

- (1) In preparation of the consolidated financial statements, the Company makes significant accounting estimation and assumptions in accordance with the generally accepted accounting principles. These estimation and assumptions would affect the amounts stated in the balance sheet on the balance sheet date, disclosure of contingent assets and liabilities, and the amounts of revenues and expenses for the accounting period. However, there might be differences between the actual result and estimation.
- (2) Accrued expenses are recorded at the amounts stated in the original supporting documents. Foreign port charges without supporting documents are estimated as per past records and period-end sailing schedules. Differences between the expenses actually incurred in the following year and the estimated accrued expenses are credited or charged to operating costs or expenses in the following year.

4. Cash and cash equivalents

Cash and cash equivalents are cash, unrestricted bank deposits and other highly liquid investments.

5. Short-term investments

Short-term investments are initially stated at cost determined by the moving weighted-average method and restated at the lower of cost or market value method on the balance sheet date. The market value of listed equity securities is determined by the average closing prices in the last month of the accounting period. The market values for foreign stocks and domestic open-end mutual funds are determined by their closing prices and the net worth per share at the balance sheet date, respectively. Any loss on declines in market value is recorded as current non-operating loss. The loss on

the decline in market value or gain on the market price recovery is recorded as current non-operating loss or income. Stock dividends received are accounted for as an increase in the number of shares held rather than investment income, and the average cost per share is recomputed accordingly on a weighted-average basis.

6. Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the collectibility and aging analysis of notes and accounts receivable and other receivables.

7. Other financial assets

Other financial assets are the financial assets other than cash and cash equivalents, short-term investments, notes and accounts receivable, long-term equity and bond investments, restricted bank deposits, and refundable deposits.

8. Inventories

Fuel inventories are physically measured by the crew of each ship and reported back to the Head Office through telegraph for recording purpose at year-end. Valuation of inventories is based on the exchange rate prevailing at the end of the fiscal year.

9. Long-term equity investments

(1) Long-term equity investments are stated at historical cost and revalued at the end of the fiscal year. For the investee companies in which the Company holds less than 20% of the voting shares or over which the Company cannot exercise significant influence, the lower of cost or market value method is applied if the investees are listed companies. The unrealized loss resulting from the decline in market value of such investments is charged to stockholders' equity. If the investees are non-listed companies, the cost method is applied. When the loss in investment value is permanent and the possibility of a recovery in value is remote, the book value is adjusted and an investment loss is recognized accordingly.

(2) The equity method is applied where the Company holds more than 20% of the voting shares and can exercise significant influence over the investees. The difference between the investment cost and the stocks' net worth is amortized over five years on a straight- line basis. Any unrealized loss arising from the transactions between the Company and the invetees is eliminated. For the investee companies in which the Company holds more than 50% of the voting shares, the equity method is applied and the accounts of those investees are required to be consolidated into those of the Company. Under the "Guidelines for Preparation of Financial Reports by Securities Issuers", preparing the financial statements of the first quarter and the third quarter are not to be required to prepare consolidated financial statements.

- (3) Foreign currency denominated financial statements of overseas subsidiaries and investees are translated into New Taiwan dollars in accordance with the Statement of Financial Accounting Standards (SFAS) No.14, "Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements". The translation differences are recorded as "cumulative translation adjustments" under stockholders' equity.
10. Property, plant and equipment
- (1) Property, plant and equipment are stated at cost plus capitalized interest. Expenditures incurred on major improvements or renewals that will increase efficiency or prolong the useful lives of the assets are capitalized. Other expenditures related to regular maintenance and repairs are expensed as incurred. Gains or losses on disposal of property, plant and equipment are credited or charged to non-operating income in the year of disposal.
- (2) Depreciation is calculated on a straight-line basis according to the respective assets' useful lives regulated by the Authority plus one year for salvage value.
- (3) For ships and equipment that are still in use after expiration of their useful life, depreciation is provided based on the original method and the reassessed useful life and salvage value. For other assets that are still in use after expiration of their useful life, depreciation is provided based on the original method to the extent that the salvage value falls below \$3,000. Where impairment loss is recognized, property, plant and equipment shall be depreciated over their remaining useful life based on their carrying value adjusted for the impairment loss.
11. Assets Impairment
- Pursuant to SFAS No. 35, the Company assesses indicators for impairment for all its assets within the scope of SFAS No. 35 on each balance sheet date. If impairment indicators exist, the Company shall then compare the carrying amount with the recoverable amount of the assets or the cash-generating unit ("CGU") and write down the carrying amount to the recoverable amount where applicable. Recoverable amount is defined as the higher of fair values less costs to sell and the values in use. For previously recognized losses, the Company shall assess, on each balance sheet date, whether there is any indication that the impairment loss may no longer exist or may have decreased. If there is any such indication, the Company is required to recalculate the recoverable amount of the asset. If the recoverable amount increases as a result of the increase in the estimated service potential of the assets, the Company shall reverse the impairment loss to the extent that the carrying amount after the reversal would not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been

recognized for the assets in prior years. Impairment loss (reversal) is classified as non-operating losses/ (income).

12. Deferred charges

Deferred charges are mainly the expenses incurred on the use of decoration, issuance of corporate bonds, computer software and cable installation. The charges are amortized on a straight-line basis over five years for the use of decoration and the issuing period for corporate bond issuance with the rest being amortized over 2-3 years.

13. Convertible bonds

(1) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date in accordance with the interest method. Premium or discount on convertible corporate bonds with redemption options is required to be amortized over the period from the date of issuance to the expiry date of the redemption right. The excess of the redemption price over the face value of the convertible bonds is recognized as liability on interest compensation under the interest method during the period from the date of issuance to the expiry date of the redemption right.

(2) Conversion of convertible bonds is accounted for by the book value method. The unamortized premium or discount, issuance cost, accrued interest payable, interest payable by the bondholders, liability on interest compensation and the face value of the bonds are netted on the date of conversion, and the resulting net amount is reversed accordingly. The excess of the net amount over the par value of the converted stock is recorded as capital surplus.

(3) Where the bondholders do not exercise the redemption option before it expires, the interest compensation is amortized according to the interest method over the period from the date following the expiry date of the redemption option to the maturity date of the bonds. Where the market price of the stocks that can be converted from the convertible bonds at the expiry date of the redemption option exceeds the redemption price, the interest compensation recognized is reclassified to capital surplus.

14. Pensions

(1) The Company and its subsidiary-TTSC's pension plans apply to all permanent employees. In accordance with the Labor Standards Law, the Company and its subsidiary set the Supervisory Committee of workers' Retirement Fund and contribute 9.60% and 5.55% of workers' total monthly wage payment per month. For the first fifteen years of service, two points are rewarded for each

year of service. For service period exceeding 15 years, one point is rewarded for each additional year of service with a maximum of 45 points allowed. Pensions paid upon retirement are based on the service period and the average monthly salary of the six months prior to the approval of retirement. The Company's staff retirement and relief scheme has been revised several times and was approved by the Taipei City Government. The main purpose of the revision is to allow the employees transferred to related companies to apply for pensions as retired employees.

- (2) The Labor Pension Act ("the Act"), which adopts a defined contribution scheme, takes effect from July 1, 2005. In accordance with the Act, employees of the Company may elect to be subject to either the Act, and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. For employees who choose to be subjected to the Act, the Company shall make monthly contributions to the employees' individual pension accounts on a basis no less than 6% of the employees' monthly wages.
 - (3) According to the SFAS No.18, "Accounting for Pension", the Company and its subsidiary- TTSC have recognized pension costs based on the actuarial report since 1995. Under the defined benefit pension scheme, net periodic pension cost was contributed according to the actuarial report, which includes current service cost, interest cost, expected rate of return on plan assets, amortization of unrecognized net transition assets. The part of accumulated benefit obligation which exceeds fair value of pension fund was recorded as minimum pension liability on the balance sheet. Unrecognized net transition assets and net benefit obligation are amortized on a straight-line basis over 15 years. Prior service cost and gain or loss is amortized by average remaining service period on a straight-line basis. While preparing interim financial statements, the amount of minimum pension liability was adjusted by the difference between net periodic pension cost and contribution. Under the defined benefit pension scheme, contribution is recognized in the year the expenditures are incurred. The amount of the minimum pension liability wouldn't be re-evaluated.
 - (4) No compulsory contribution of pension is required by the local governments of overseas subsidiaries. The subsidiaries have not prepared instructions for a pension plan.
15. Revenue recognition
- Recognition of revenues is accounted for in accordance with the SFAS No.32, "Accounting for Revenue Recognition".

16. Income taxes

- (1) Projected income tax is estimated based on the expected taxable income for the current year. Difference between the estimated tax and the actual tax paid is recorded as an adjustment to income tax expense for the current year. An additional 10% tax is levied on unappropriated retained earnings, which is recorded as income tax expense for the year when the tax is levied.
- (2) Inter-period and intra-period income taxes are allocated in accordance with the SFAS No.22, "Accounting for Income Taxes". Income tax effects arising from taxable temporary differences are recognized as deferred income tax liabilities. Income tax effects arising from deductible temporary differences, loss carryforwards and income tax credits are recognized as deferred income tax assets and a valuation allowance is provided based on the expected realizability of the deferred income tax assets.
- (3) Income tax credits are accounted for in accordance with the SFAS No.12, "Accounting for Income Tax Credits", and are recognized in the year when the related expenditures are incurred.

17. Basic (diluted) earnings per share

Basic earnings per share are calculated based on the net income (loss) attributed to common stockholders and the weighted-average number of common shares outstanding during the period. Any capital increase (reduction) through cash injection (withdrawal), treasury stock transactions or other factors that would cause a change in the number of outstanding shares are incorporated in the calculation on a weighted-average basis according to the circulation period. Adjustments are made retroactively to the weighted-average number of outstanding shares if there is any increase (decrease) in the number of outstanding shares which does not result in changes in the stockholders' percentage of equity interest. Where the effective dates of the above-mentioned events fall between the balance sheet date and the issuance date of the financial statements, retroactive adjustments are also required. For the purpose of calculating diluted earnings per share, it is assumed that the convertible bonds are converted into the common stock on the date of issuance of the bonds, and the weighted-average number of outstanding shares is adjusted for the dilutive effects of the convertible bonds.

18. Foreign currency transactions

- (1) The Company maintains its books of accounts in New Taiwan dollars. Transactions denominated in foreign currencies are converted into New Taiwan dollars at the exchange rate prevailing on the transaction date. In accordance with the SFAS No.14, "Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements", foreign currency denominated

receivables and payables are adjusted on the balance sheet date based on the spot exchange rate on that date. The unrealized foreign exchange gain (loss) due to the adjustment as well as the realized foreign exchange gain (loss) due to the exchange rate fluctuation when the foreign currency denominated receivables or payables are received or paid off is credited or charged to non-operating income.

- (2) The long-term investments accounted for under the cost method are translated into New Taiwan dollars on the balance sheet date at the spot exchange rate on that date. If the translated amount of the long-term investments is less than their initial cost, their carrying amount is written down to the translated amount, and the difference between the translated amount and the initial cost is recorded as "cumulative translation adjustment" under stockholders' equity. If the translated amount exceeds the initial cost, the carrying amount of the long-term investments is maintained at their initial cost.

19. Derivative financial instruments

Disclosure of derivative financial instruments is accounted for in accordance with the SFAS No.27, "Disclosure of Financial Instruments". The derivative financial instruments undertaken and the related accounting policies are summarized below.

(1) Options

Premiums received for options written are recorded as a liability, whereas those paid for options bought are recorded as an asset. When the options are exercised, the premiums are reversed, and the gains or losses arising from the exercise of the option contracts are credited or charged to current income. The options that are outstanding or remain unexercised on the balance sheet date are revalued based on their market prices on that date, and the resulting gains or losses are credited or charged to current income.

(2) Interest rate swaps

Interest rate swaps undertaken for risk hedging purposes are recorded in the memorandum account on the contract date. The interest received or paid upon each settlement, or accrued on the balance sheet date, is recorded as an adjustment to current interest income or expense.

(3) Cross-currency swaps

Cross-currency swap contracts are undertaken for the Company's borrowings denominated in foreign currencies. The difference between the interest received or paid upon each settlement is recorded as an adjustment to foreign exchange gain or loss.

(4) Currency forwards

Currency forward contracts undertaken to hedge the exchange rate risk arising

from foreign currency denominated receivables and payables are recorded at the spot rate on the contract date, and the difference between the spot rate and the contract rate is amortized over the contract period. On the balance sheet date, the contracts are restated based on the spot rate prevailing on that date, and the resulting exchange difference is credited or charged to current foreign exchange gain. The exchange differences arising from the settlement of the contracts are also credited or charged to current foreign exchange gain. For the currency forward contracts utilized to hedge exchange rate risk arising from foreign operating branches' net investments, the exchange difference is recorded as cumulative translation adjustment under stockholders' equity.

(5) Oil swaps

Oil swap contracts are undertaken to hedge the fluctuations in oil prices. The amount received or paid on the settlement date is credited or charged to current fuel expense.

C. CHANGES IN ACCOUNTING PRINCIPLES

Effective from January 1, 2005, the Company and its subsidiaries adopted the SFAS No. 35, "Accounting for Asset Impairment" to account for the impairment of their assets. Under the SFAS No. 35, retroactive adjustments are not required for the asset impairment occurring prior to January 1, 2005. Such a change in the accounting principle has no effect on the consolidated net income and earnings per share for the year ended December 31, 2005.

D. DETAILS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	December 31, 2005	December 31, 2004
Cash	\$92,215	\$51,035
Checking account deposits	46,323	82,906
Demand deposits	19,318	89,689
Foreign currency deposits	4,284,382	2,323,083
Time deposits	167,325	-
(New Taiwan dollars)		
Time deposits (foreign currencies)	10,654,550	11,509,141
Cash equivalents-negotiable certificates of deposit	-	50,000
Less: Unrealized foreign exchange loss	(109,455)	(28,464)
Total	<u>\$15,154,658</u>	<u>\$14,077,390</u>

The interest rates on the above time deposits for the years ended December 31, 2005 and 2004 ranged from 1.40% to 14.75%, and 0.64% to 4.65%, respectively. The interest rate of the negotiable certificates of deposit for the year ended December 31, 2004 was 1.20% .

2. Short-term investments, net

	December 31, 2005	December 31, 2004
Equity securities	\$263,660	\$233,204
Mutual funds	4,289,345	16,465,089
Government bonds	20,472	40,944
Corporate bonds	60,587	3,948
Bonds purchased under resell agreements	80,000	301,791
Subtotal	4,714,064	17,044,976
Less: Allowance for loss on decline in market value	(54,194)	(22,245)
Net	<u>\$4,659,870</u>	<u>\$17,022,731</u>

As of December 31, 2005 and 2004, certain short-term investments have been pledged as collaterals for issuance of commercial papers. Please refer to Note F for details.

3. Accounts receivable, net

	December 31, 2005	December 31, 2004
Non-related parties	\$13,827,028	\$13,210,930
Less: Unrealized foreign exchange loss	(35,633)	(63,046)
Allowance for doubtful accounts	(5,051)	(1,577)
Subtotal	13,786,344	13,146,307
Related parties	108,763	365,055
Net	<u>\$13,895,107</u>	<u>\$13,511,362</u>

4. Other receivables

	December 31, 2005	December 31, 2004
Non-related parties		
Accrued income	\$17,824	\$37,050
Tax refund receivable	41,034	71,968
Current portion of long-term installment receivables	70,827	88,246
Others	661,431	216,358
Subtotal	791,116	413,622
Related parties	40,421	196,158
Total	<u>\$831,537</u>	<u>\$609,780</u>

5. Other financial assets – current, net

	December 31, 2005	December 31, 2004
Equity-linked notes	\$939,258	\$66,951
Less: Allowance for loss on decline in market value	(6,551)	(5,893)
Net	<u>\$932,707</u>	<u>\$61,058</u>

As of December 31, 2005 and 2004, none of the above financial assets was pledged as collateral.

6. Inventories

	December 31, 2005	December 31, 2004
Fuel	\$2,078,390	\$1,200,049
Steel and others	404,775	754,660
Total	<u>\$2,483,165</u>	<u>\$1,954,709</u>

7. Other current assets

	December 31, 2005	December 31, 2004
Agency accounts	\$2,424,879	\$3,062,320
Agency reciprocal accounts	11,315	11,973
Temporary debits	33,077	41,732
Total	<u>\$2,469,271</u>	<u>\$3,116,025</u>

(1) Agency accounts

The Company and its subsidiaries have entered into agreements with foreign agents to deal with the port formalities related to foreign ports such as arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight and payment of expenses incurred with foreign ports. The above transactions are booked in the agency accounts.

(2) Agency reciprocal accounts

The Company has been appointed by Evergreen International S.A., Greencompass Marine S.A., Lloyd Triestino Di Navigazione S.P.A. and Hatsu Marine Limited as their agent to pay the petty cash required by their vessels, crew salaries and insurance premiums in Taiwan. The above transactions are booked in the agency reciprocal accounts.

8. Long-term investments

	December 31, 2005	December 31, 2004
Long-term equity investments	\$33,021,361	\$31,893,711
Long-term bond investments	12,581	-
Other long-term investments	3,932	312
Other financial assets - non - current	-	135,330
Total	<u>\$33,037,874</u>	<u>\$32,029,353</u>

(1) Long-term equity investments

	December 31, 2005		December 31, 2004	
	Amount	Ownership (%)	Amount	Ownership (%)
<u>Equity method</u>				
Taiwan Terminal Services Co., Ltd.	\$-	-	\$85,082	55.00
Chang Yang Development Co., Ltd.	401,997	40.00	374,111	40.00
Evergreen International Storage and Transport Corporation	7,548,310	39.74	7,224,024	39.74
Evergreen Security Corporation	40,827	31.25	33,932	31.25
EVA Airways Corporation	8,982,435	20.43	9,035,433	20.96
Taipei Port Container Terminal Corporation	229,508	27.00	232,493	27.00
Toplogis Technology Corporation	4,063	25.00	8,809	25.00
Shanghai Jifa Logistics Co., Ltd.	266,375	21.06	256,681	21.06
Shenzhen Greentrans Transportation Co., Ltd.	-	-	97,169	55.00
Ningbo Victory Container Co., Ltd.	80,906	40.00	72,937	40.00
Qingdao Evergreen Container Storage and Transportation Co., Ltd.	172,093	40.00	160,637	40.00
Luanta Investment (Netherlands) N.V.	581,878	50.00	533,111	50.00
Balsam Investment (Netherlands) N.V.	6,029,020	49.00	5,163,792	49.00
Evergreen Shipping (S) Pte. Ltd.	39,195	25.50	29,712	25.50
Evergreen Korea Corporation	88,965	50.00	77,784	50.00
Evergreen Star (Thailand) Co., Ltd.	23,998	25.50	36,019	25.50
Colon Container Terminal S.A.	1,686,804	40.00	1,522,056	40.00
PT. Multi Bina Pura International	-	-	293,403	95.00
PT. Multi Bina Transport	-	-	4,387	17.39
PT. Evergreen Marine Indonesia	24,641	25.44	15,122	25.40
Evergreen Container Terminal (Thailand) Ltd.	603,192	48.18	554,714	48.18
Island Equipment LLC	-	-	8,899	43.65
Evergreen India Pvt. Ltd.	958	49.98	561	49.99
Evergreen Marine Australia Pty. Ltd.	8,029	25.50	6,759	25.50
Subtotal	26,813,194		25,827,627	
<u>Cost method</u>				
Power World Fund Inc.	27,273	5.68	50,000	5.68
Fubon Securities Finance Co., Ltd.	190,322	4.93	190,322	4.93
Taiwan HSR Consortium	1,250,000	2.53	1,250,000	2.53
Well Long Information Co., Ltd.	-	-	1,300	0.14

	December 31, 2005		December 31, 2004	
	Amount	Ownership (%)	Amount	Ownership (%)
Taiwan Fixed Network Co., Ltd.	700,000	1.08	700,000	1.08
Linden Technologies, Inc.	15,372	2.53	15,372	2.53
Dongbu Pusan Container Terminal Co., Ltd.	50,912	15.00	49,441	15.00
Hutchison Inland Coriainter Depots Ltd.	48,811	7.50	47,401	7.50
South Asia Gateway Terminals	78,903	5.00	76,623	5.00
Classic Outlook Investment Ltd.	3,348,411	2.25	3,251,681	2.25
Everup Profits Ltd.	7	2.25	8	2.25
Lloyd Triestino UK Ltd.	11	-	12	-
Subtotal	<u>5,710,022</u>		<u>5,632,160</u>	
<u>Lower of cost or market value method</u>				
Central Reinsurance Corp.	490,801	8.45	426,581	8.73
Fubon Financial Holding Co., Ltd.	7,344	0.04	7,343	0.03
Less: Allowance for loss on decline in market value	-		-	
Subtotal	<u>498,145</u>		<u>433,924</u>	
Total	<u>\$33,021,361</u>		<u>\$31,893,711</u>	

- (a) The investment income recognized for the above investees accounted for under the equity method was based on their financial statements audited by independent auditors for the corresponding periods. For the years ended December 31, 2005 and 2004, the investment income recognized for these investees amounted to \$2,685,671 thousand and \$3,743,120 thousand, respectively.
- (b) On June 5, 2003, the Company's Board of Directors resolved to purchase the domestic unsecured convertible bonds issued by EVA Airways Corporation (EVA Airways), totaling \$500,000 thousand (face value). As the Company intended to hold the investment in the above convertible bonds for long-term purposes, they were recorded under long-term bond investments. In March 2004, the Company converted all the convertible bonds into 46,382 thousand shares of EVA Airways' common stock at \$10.78 per share. As a result of the conversion, the Company's percentage of equity interest in EVA Airways increased and the investment in the above convertible bonds was reclassified to long-term equity investments, resulting in an increase of \$48,751 thousand in capital surplus. In addition, EVA Airways increased its capital through cash injection in September 2004. As a stockholder of EVA Airways, the Company was entitled to a subscription of 39,608 thousand new shares. However, the Company waived its subscription right. Hence, its percentage of equity interest in EVA Airways decreased, resulting in a decrease of \$116,351 thousand in capital surplus.

- (c) The Company's Board of directors resolved to inject additional cash in Central Reinsurance Company as a shareholder on August 25, 2005 and October 27, 2004. The company subscribed 5,584 thousand shares at \$11.5 per share and 4,311 thousand shares at \$12 per share, issued by Central Reinsurance Corporation due to cash injection. After cash injection, the investment represented 8.45% and 8.73% equity interest in Central Reinsurance Company, respectively.
- (d) On October 22, 2004, the Company's Board of Directors resolved to subscribe 1,000 thousand new shares, totaling \$10,000 thousand at \$10 per share, issued by Toplogis Technology Corporation (Toplogis) due to cash injection. The Company's investment in Toplogis represents 25% of its equity and is accounted for by the equity method.
- (e) In second quarter, 2005, the market value of the investment in Well Long Information Co., Ltd., an investee accounted for under the cost method, declined. The Company assessed that the investment cost could not be recovered. As a result, a realized investment loss of \$1,300 thousand was recognized based on the carrying value and was recorded under non-operating expenses – other investment loss.
- (f) In July 2005, Power World Fund Inc. (PWF), an investee accounted for under the cost method reduced its capital. The conversion rate on the capital reduction was 545.5 shares for every 1,000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in PWF were \$22,727 thousand, and the carrying amount of the Company's investment in PWF was written down by \$22,727 thousand. No gain or loss was incurred.
- (g) In February 2004, Fubon Securities Finance Co. (Fubon Securities), Ltd., an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 634.921 shares for every 1000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Fubon Securities were \$113,371 thousand, and the carrying amount of the Company's investment in Fubon Securities was written down by \$109,403 thousand. Accordingly, \$3,968 thousand of income was generated, which was recorded under non-operating income – others.
- (h) In August 2004, Taiwan Fixed Network Co., Ltd. (TFN), an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 700 shares for every 1000 old shares held, and the amount returned to the stockholders was \$10 (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in TFN were \$300,000 thousand, and the carrying amount of the Company's investment in TFN was written down by \$300,000 thousand. No income and loss were incurred.

- (i) The shares of Classic Outlook Investment Ltd. and Everup Profits Ltd. have been pledged as collaterals for the loans borrowed by Clove Holding Ltd. Please refer to Notes D16 and F for details.
- (j) The subsidiary-Peony previously pledged 300,000 shares of Dongbu Pusan Container Terminal Co., Ltd. (DPCT), an investee accounted for under the cost method, as collaterals for DPCT's borrowings. In the first half year of 2005, the collaterals were dissolved with a new agreement, and the pledged stocks were taken back by Peony. Under the new agreement, Peony should provide DPCT's stocks as collateral while DPCT has debts occurred.
- (2) Long-term bond investments

Item	Period	Coupon Rate	December 31, 2005	December 31, 2004
Convertible bonds – Tuntex (Thailand) Public Company Limited	Mar. 10, 2005 – Mar. 10, 2013	0%	\$12,581	\$-
Less: Cumulative translation adjustments			-	-
Total			\$12,581	\$-

In 1997, the Company purchased USD180 thousand of the convertible bonds issued by Tuntex (Thailand) Public Company Limited. As Tuntex encountered financial difficulties, it defaulted at maturity of the bonds. Accordingly, the Company fully recognized the losses on the bonds in 2001. Tuntex subsequently filed an application to the court for corporate restructuring and reached a consensus with the creditors to reissue the above-mentioned bonds. The convertible bonds allocated to the Company were recorded at their face value of THB15,737 thousand (NTD12,581 thousand), and the Company recognized \$12,581 thousand income under “non-operating income – others” for the three months ended March 31, 2005.

- (3) Other long-term investments

	December 31, 2005	December 31, 2004
The membership fee and service charges paid to Marshal Golf Country Club	\$312	\$312
The membership fee paid to Mission Hills Golf Club	3,620	-
Total	\$3,932	\$312

(4) Other financial assets – non-current

	Maturity Date	December 31, 2005	December 31, 2004
Taishin International Bank - structured time deposit	Sep. 12, 2013	\$-	\$34,175
Banca Del Gottardo - inverse floating-rate bills	Sep. 24, 2013	-	68,410
Banca Del Gottardo - Money Market Fund	No fixed maturity date	-	42,156
Subtotal		-	144,741
Less: Cumulative translation adjustments		-	(9,411)
Total		\$-	\$135,330

None of the above financial assets has been pledged as collateral. The interest rate ranged from 1.69% to 12.00% for the year ended December 31, 2004.

9. Property, plant and equipment, net

	December 31, 2005		
	Cost	Accumulated Depreciation	Balance
Land	\$2,153,576	\$-	\$2,153,576
Buildings	2,054,019	529,977	1,524,042
Machinery	532,472	463,384	69,088
Loading/discharging equipment	6,487,831	2,912,415	3,575,416
Computer equipment	176,707	117,515	59,192
Transportation equipment	23,479,139	18,853,085	4,626,054
Ships and equipment	72,172,780	30,731,789	41,440,991
Dock facilities	625,223		625,223
Office equipment	286,787	211,697	75,090
Leasehold improvements	6,504	622	5,882
Subtotal	107,975,038	53,820,484	54,154,554
Prepayments for equipment	409,289	-	409,289
Total	\$108,384,327	\$53,820,484	\$54,563,843

	December 31, 2004		
	Cost	Accumulated Depreciation	Balance
Land	\$2,013,985	\$-	\$2,013,985
Buildings	1,929,889	519,447	1,410,442
Loading/discharging equipment	3,579,792	2,706,490	873,302
Computer equipment	235,403	158,838	76,565
Transportation equipment	23,620,941	17,258,965	6,361,976
Ships and equipment	66,717,834	27,380,043	39,337,791
Dock facilities	745,093	1,115	743,978
Office equipment	275,377	209,053	66,324
Subtotal	<u>99,118,314</u>	<u>48,233,951</u>	<u>50,884,363</u>
Prepayments for equipment	119,528	-	119,528
Total	<u>\$99,237,842</u>	<u>\$48,233,951</u>	<u>\$51,003,891</u>

- (1) Please refer to Note E for details of the transactions on property, plant and equipment with related parties and Note F for details of the assets pledged as collaterals.
- (2) All the aforementioned ships and equipment have been insured based on the market value of each vessel or the requirement of the creditor banks. The insurance coverage as of December 31, 2005 and 2004 amounted to USD844,500 thousand and USD1,054,340 thousand, respectively. In addition, the ships were covered by the protection and indemnity insurance with GARD. The indemnity amount was unlimited except for oil pollution which was limited to USD8 billion and USD1 billion for the years ended December 31, 2005 and 2004, respectively.
- (3) The loading/discharging equipment has been covered by the general insurance for construction machinery with insurance coverage amounting to \$5,221,511 thousand and \$1,782,726 thousand as of December 31, 2005 and 2004, respectively. The fire insurance coverage for office equipment was \$2,336,493 thousand and \$7,332,299 thousand as of December 31, 2005 and 2004, respectively. Container facilities were insured with full coverage amounting to USD489,093 thousand for both years.
- (4) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Pier No.116 of Kaohsiung Harbor. The Company is entitled to use the pier free of charge for 16 years commencing from the date of completion. At expiration of the 16-year period, the Company is obliged to return the pier to the Bureau but has the priority to lease the pier. The construction project was reclassified to dock facilities upon its completion on January 1, 1992, and is amortized on a straight-line basis over 16 years with the amortization charged to loading/discharging expenses.

- (5) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Piers No.79~81 of Kaohsiung Harbor. The Company is entitled to use the piers free of charge for 10 years commencing from the date of completion. At expiration of the 10-year period, the Company is obliged to return the piers to the Bureau but has the priority to lease the piers. The construction project was reclassified to dock facilities upon its completion in the beginning of 2000, and is amortized on a straight-line basis over 10 years with the amortization charged to loading/discharging expenses.

10. Long-term installment receivables

	December 31, 2005	December 31, 2004
Receivables from sales of vessels	\$446,329	\$552,491
Less: Unrealized foreign exchange loss	(24,281)	(45,312)
Subtotal	422,048	507,179
Less: Current portion	(70,827)	(88,246)
Non-current portion	<u>\$351,221</u>	<u>\$418,933</u>

- (1) The above installment receivables derived from the four vessels, GLEE, GLOW, GRUP and GALT sold in 2001 and 2002 with a total price of USD54,648 thousand. The interest charged on the receivables is LIBOR (London InterBank Offered Rate) plus 1.5%. As of December 31, 2005 and 2004, the accrued amount of the receivables was USD12,902 thousand and USD15,965 thousand, respectively.

- (2) As of December 31, 2005, details of the above long-term installment receivables that were to be collected in the following years are as follows (expressed in thousand dollars):

Expiration	Amount
Within 1 year	US\$2,165
1~2 years	8,451
2~3 years	1,143
3~4 years	1,143
Total	<u>US\$12,902</u>

11. Short-term loans

Item	December 31, 2005		December 31, 2004	
	Interest Rate	Amount	Interest Rate	Amount
	(%)		(%)	
New Taiwan dollars	1.46~1.53	\$1,800,000	1.20~1.35	\$2,700,000
Foreign currencies	-	-	1.70~3.28	2,871,311
Less: Unrealized foreign exchange gain		-		(3,487)
Total		<u>\$1,800,000</u>		<u>\$5,567,824</u>

As the above short-term loans were all credit loans, none of them was secured with collaterals.

12. Short-term bills payable

	December 31, 2005		
	Guarantor	Period	Amount
Commercial paper	International Bills Finance Corp.	12.27.05 - 01.10.06	\$200,000
"	Taiwan Bills Finance Corp.	12.27.05 - 01.10.06	200,000
"	China Bills Finance Corp.	12.23.05 - 01.10.06	200,000
"	Chinatrust Bills Finance Corp.	12.27.05 - 01.10.06	200,000
Total			800,000
Less: Unamortized discounts			(245)
Net			<u>\$799,755</u>

	December 31, 2004		
	Guarantor	Period	Amount
Commercial paper	International Bills Finance Corp.	12.07.04 - 01.06.05	\$500,000
"	Chung Hsing Bills Finance Corp.	12.22.04 - 01.21.05	500,000
"	Taiwan Bills Finance Corp.	12.17.04 - 01.17.05	200,000
"	Dah Chung Bills Finance Corp.	12.27.04 - 01.26.05	200,000
"	Grand Cathay Securities Corp.	12.27.04 - 01.17.05	500,000
"	Chinatrust Bills Finance Corp.	12.28.04 - 01.27.05	200,000
Total			2,100,000
Less: Unamortized discounts			(909)
Net			<u>\$2,099,091</u>

Please refer to Note F about collaterals for the above commercial papers. The interest rate range on the above commercial papers was 1.18%~1.35% and 1.19%~1.22% for the years ended December 31, 2005 and 2004, respectively.

13. Accrued expenses

	December 31, 2005	December 31, 2004
Accrued expenses	\$11,487,270	\$10,659,614
Estimated accrued expenses	2,572,447	3,241,837
Less: Unrealized foreign exchange gain	(24,102)	(76,966)
Total	<u>\$14,035,615</u>	<u>\$13,824,485</u>

The estimated accrued expenses represent the estimation of the expenses to be incurred with the foreign agents and on the agency services rendered by the Company to the foreign marine transportation companies. The estimated accrued expenses as of December 31, 2004 were \$3,241,837 thousand of which \$2,631,650 thousand was reversed as of December 31, 2005, constituting 81.18% of the estimated amount. The estimated accrued expenses as of December 31, 2003 were \$2,498,087 thousand of which \$2,367,234 thousand was reversed as of December 31, 2004, constituting 94.76% of the estimated amount.

14. Long-term liabilities due within one year

	December 31, 2005	December 31, 2004
Corporate bonds payable	\$1,500,000	\$1,500,000
Long-term bank loans	2,798,000	3,025,199
Long-term loans borrowed by subsidiaries	5,554,769	5,625,403
Total	<u>\$9,852,769</u>	<u>\$10,150,602</u>

15. Corporate bonds payable

	December 31, 2005	December 31, 2004
Seventh secured corporate bonds	\$-	\$1,500,000
Eighth secured corporate bonds	1,500,000	1,500,000
Ninth secured corporate bonds	1,000,000	1,000,000
Tenth secured corporate bonds	1,500,000	1,500,000
Eleventh secured corporate bonds	1,500,000	1,500,000
First unsecured convertible bonds	1,634,400	2,179,700
Second unsecured convertible bonds	1,864,300	2,273,900
Add: Accrued interest compensation	6,339	4,232
Subtotal	<u>9,005,039</u>	<u>11,457,832</u>
Less: Current portion	(1,500,000)	(1,500,000)
Non-current portion	<u>\$7,505,039</u>	<u>\$9,957,832</u>

(1) Please refer to Schedules 1~3 for details of the terms on the above corporate bonds.

- (2) On January 12, 2004, the Company issued its first unsecured domestic convertible bonds (hereinafter referred to as the “Bonds”) at face value, totaling \$4 billion. The major terms on the issuance are set forth below.
- (a) Period: 5 years (January 12, 2004 to January 11, 2009).
 - (b) Coupon rate: 0% per annum.
 - (c) Principal repayment and interest payment
 - Unless the Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Bonds is to be repaid in lump sum by cash at maturity based on the face value of the Bonds.
 - (d) Collaterals
 - The Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.
 - (e) Redemption at the Company's option
 - a. During the period from 3 months after the Bonds are issued to 40 days before the maturity of the Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to 50% or above of the conversion price in effect for a period of 30 consecutive trading days, the Company may redeem 100% of the outstanding bonds in cash at the redemption price calculated based on the agreed yield rate on redemption within 30 trading days following the above-mentioned 30 consecutive trading days. The yield rate on redemption is 0.20% per annum during the period from 3 months to 3 years after the Bonds are issued. During the period from 3 years after the Bonds are issued to 40 days before the maturity of the Bonds, the Bonds are redeemable at their face value.
 - b. During the period from 3 months after the Bonds are issued to 40 days before the maturity of the Bonds, if the total amount of the Bonds outstanding after the conversion by the bondholders is less than \$400 million (10% of the total issued amount), the Company may redeem the outstanding bonds in cash in accordance with the terms stated in Paragraph a. above.
 - c. When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.
 - (f) Redemption at the bondholders' option
 - During the 30 days before the Bonds are issued for 3 years, the bondholders may

require the Company to redeem their bonds in cash at the face value plus interest compensation (i.e. 100.60% of the face value with a yield rate of 0.20% per annum).

(g) Terms on conversion

a. Conversion period

The bondholders may convert the Bonds into the Company's common stock during the period from 3 months after the Bonds are issued to 10 days before the maturity of the Bonds.

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

b. Conversion price

The conversion price is the lower of the three average closing prices of the Company's common stock during the 10, 15 and 20 trading days before October 3, 2003 multiplied by 115%. If any cash or stock dividends are distributed before October 3, 2003, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Bonds was set at \$28.60. On December 31, 2005, the adjusted conversion price was \$24.07.

(h) Others

a. Entitlement to cash dividends

The bondholders who request to convert the Bonds on a date which is more than 3 trading days before the announcement of cash dividends are entitled to the cash dividends resolved by the stockholders in the current year.

The bondholders who request to convert the Bonds 3 trading days before the announcement of cash dividends or later are not entitled to the cash dividends resolved by the stockholders in the current year, but are entitled to the cash dividends resolved by the stockholders in the following year.

b. The affiliated companies of the Company may subscribe the Bonds, but do not have the right to convert the Bonds into the Company's common stock.

(3) On September 6, 2004, the Company issued its second unsecured domestic convertible bonds (hereinafter referred to as the "Second Bonds") at face value, totaling \$4.5 billion. The major terms on the issuance are set forth below.

(a) Period: 5 years (September 6, 2004 to September 5, 2009).

(b) Coupon rate: 0% per annum.

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(e) Redemption at the Company's option

a. During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to 50% or above of the conversion price in effect for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Second Bonds within 30 trading days following the above-mentioned 30 consecutive trading days.

b. During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the total amount of the Second Bonds outstanding after the conversion by the bondholders is less than \$450 million (10% of the total issued amount), the Company may redeem the outstanding bonds at their face value any time during the 40 days before the maturity of the Second Bonds.

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

(f) Redemption at the bondholders' option

During the 30 days before the Second Bonds are issued for 3.5 years, the bondholders may require the Company to redeem their bonds in cash at the face value.

(g) Terms on conversion

a. Conversion period

The bondholders may convert the Second Bonds into the Company's common stock during the period from 1 month after the Second Bonds are issued to 10 days before the maturity of the second Bonds.

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

b. Conversion price

The conversion price can be any of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before August 24, 2004 multiplied by 103%. If any cash or stock dividends are distributed before August 24, 2004, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Second Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Second Bonds was set at \$28.50. On December 31, 2005, the adjusted conversion price was \$21.68.

(h) Entitlement to cash dividends

The bondholders who request to convert the Second Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Second Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

The bondholders who request to convert the Bonds during the period from the date following the effective date of the distribution of cash or stock dividends to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

16. Long-term loans

	December 31, 2005	December 31, 2004
Long-term bank loans	\$15,428,352	\$24,803,551
Other long-term loans	2,846,155	2,763,935
Total	<u>\$18,274,507</u>	<u>\$27,567,486</u>

(1) Details of long-term bank loans are as follows:

	December 31, 2005	December 31, 2004
The Company	\$963,000	\$10,735,000
The subsidiaries	14,465,352	14,068,551
Total	<u>\$15,428,352</u>	<u>\$24,803,551</u>

(a) The Company

Creditor	Type	Period	December 31, 2005	December 31, 2004
Chiao Tung Bank	Secured	04.21.98 - 04.21.05	\$-	\$28,450
Chiao Tung Bank	Secured	01.31.00 - 01.31.07	-	181,800
Chiao Tung Bank	Secured	06.26.01 - 03.01.08	-	254,520
Bank of Taiwan	Secured	10.20.98 - 10.20.05	-	400,000
Bank of Taiwan	Secured	12.17.02 - 08.06.07	396,000	300,000
Bank of Taiwan	Secured	03.07.03 - 08.06.07	-	294,000
Bank of Taiwan	Secured	10.27.05 - 01.25.06	500,000	-
Bank of Taiwan	Unsecured	05.27.02 - 05.27.07	375,000	625,000
The Bank of Tokyo-Mitsubishi	Secured	02.25.05 - 08.25.07	-	165,832
The Mizuho Corporate Bank	Secured	03.31.03 - 03.31.07	-	762,891
The Mizuho Corporate Bank	Secured	10.01.03 - 09.08.08	-	1,694,760
Bank of Panhsin	Unsecured	09.03.02 - 09.03.05	-	47,000
Bank of Panhsin	Unsecured	12.31.04 - 06.16.06	-	200,000
Taiwan Cooperative Bank	Secured	06.24.03 - 06.24.08	-	600,000
Chang Hwa Bank	Unsecured	12.16.02 - 12.16.07	-	258,750
Chang Hwa Bank	Unsecured	04.21.04 - 04.21.09	-	1,977,600
Chang Hwa Bank	Unsecured	05.26.04 - 04.21.07	-	1,341,600
International Bank of Taipei	Unsecured	03.15.02 - 03.15.06	-	75,000
Land Bank of Taiwan	Unsecured	12.19.02 - 12.19.07	-	750,000
Hua Nan Commercial Bank	Unsecured	.07.23.02 - 07.23.07	-	375,000
The Export-Import Bank of the Republic of China	Unsecured	08.27.02 - 08.27.07	160,000	240,000
Sunny Bank	Unsecured	11.28.02 - 11.28.05	-	95,000
Bank of East Asia	Unsecured	02.27.03 - 02.27.09	150,000	150,000
Calyon Corporate and Investment Bank	Unsecured	09.29.03 - 06.06.08	500,000	500,000
First Commercial Bank	Unsecured	06.27.03 - 06.27.08	1,500,000	2,100,000
Bank of Overseas Chinese	Unsecured	11.28.02 - 01.28.05	-	75,000
Industrial Bank of Taiwan	Unsecured	11.11.03 - 11.11.07	180,000	300,000
Asia Trust	Unsecured	12.30.03 - 07.20.05	-	120,000
Cathay United Bank	Secured	09.22.04 - 09.24.08	-	101,610
Subtotal			3,761,000	14,013,813
Add: Unrealized foreign exchange gain			-	(253,614)
Total			3,761,000	13,760,199
Less: Current portion			(2,798,000)	(3,025,199)
Non-current portion			\$963,000	\$10,735,000

The interest rate range on the above long-term bank loans was 0.518%~4.515% and 0.518%~4.307% for the years ended December 31, 2005 and 2004, respectively. Please refer to Note F for details of the collaterals pledged for the above long-term loans.

(b) The subsidiaries

Creditor	Purpose	Period	December 31, 2005		December 31, 2004	
			Interest Rate (%)	Amount	Interest Rate (%)	Amount
The Mizuho Corporate Bank	Shipping finance	08.10.99 - 08.10.06	4.483	\$305,988	2.421	\$594,297
The Mizuho Corporate Bank	Shipping finance	11.15.95 - 11.15.05	-	-	2.935	254,140
Deutsche Schi Bank	Shipping finance	06.03.99 - 12.03.07	7.050	461,824	7.050	672,724
Marubeni Corporation	Shipping finance	06.22.95 - 06.22.05	-	-	4.155	127,070
Royal Maritime Corporation	Shipping finance	06.10.99 - 12.10.07	5.545	86,592	3.535	126,136
Royal Maritime Corporation	Shipping finance	08.05.99 - 02.05.08	4.845	108,239	2.845	147,158
Royal Maritime Corporation	Shipping finance	10.07.99 - 04.07.08	5.465	108,239	3.095	147,158
Royal Maritime Corporation	Shipping finance	12.15.99 - 06.15.08	5.555	108,239	3.555	147,158
Royal Maritime Corporation	Shipping finance	01.15.00 - 07.15.08	4.675	129,888	2.725	168,181
Royal Maritime Corporation	Shipping finance	03.30.00 - 09.30.08	5.995	129,888	3.055	168,181
BNP Paribas	Shipping finance	09.30.99 - 03.30.08	4.975	529,173	2.945	719,440
The Bank of Tokyo-Mitsubishi	Shipping finance	11.07.97 - 11.07.05	-	-	8.500	226,947
Chinatrust Commercial Bank	Shipping finance	12.23.05 - 12.23.10	4.953	163,563	-	-
La Salle Bank	Secured loan	10.01.03 - 09.30.09	3.21~5.47	831,645	-	-
Dnb Nor Bank	Secured loan	07.14.05-07.23.11	3.21~5.47	1,447,905	-	-
ING Bank	Shipping finance	09.27.05-11.14.15	LIBOR+ 1.2~1.25	3,483,190	-	-
HSH Nordbank	Shipping finance	12.05.02-06.05.14	LIBOR+ 1.2~1.25	1,450,836	-	-
ABN AMRO Bank	Shipping finance	01.31.98 - 01.30.06	4.355	124,308	2.418	362,150

Creditor	Purpose	Period	December 31, 2005		December 31, 2004	
			Interest Rate (%)	Amount	Interest Rate (%)	Amount
Citibank	Shipping finance	05.13.97 - 05.13.06	5.040	124,308	2.970	362,150
UNI-Asia	Shipping finance	07.29.96 - 01.31.05	-	-	2.725	28,161
UNI-Asia	Shipping finance	09.17.98 - 09.17.08	4.645	596,676	2.681	772,586
UNI-Asia	Shipping finance	07.29.99 - 07.29.09	4.550	719,675	2.610	873,606
UNI-Asia	Shipping finance	03.30.00 - 03.30.10	4.960	824,355	2.960	978,439
UNI-Asia	Shipping finance	01.05.00 - 01.05.10	5.584	824,355	2.731	978,439
Calyon Corporate and Investment Bank	Shipping finance	12.08.99 - 12.08.07	5.451	537,548	3.431	783,029
Calyon Corporate and Investment Bank	Shipping finance	10.18.01 - 10.18.06	-	-	3.088	825,955
Cathay United Bank	Shipping finance	03.30.04 - 03.30.12	4.220	343,481	4.510	381,210
Fortis	Shipping finance	12.18.02 - 12.19.05	-	-	3.760	282,731
Bank of Taiwan	Shipping finance	07.07.03 - 07.07.08	4.778	736,031	2.834	953,025
BEA	Unsecured loan	09.05.03 - 09.05.06	5.240	327,125	2.790	635,350
The Mizuho Corporate Bank	Containers Finance	09.17.03 - 09.17.07	4.938	703,319	2.938	1,024,502
Unibox	Containers Finance	05.10.02 - 05.10.11	6.570	1,500,266	5.370	1,972,108
Societe Generale	Shipping finance	01.28.03 - 04.14.28	LIBOR+ 1.2~1.25	1,796,430	3.910	3,041,145
Landes Bank	Secured loan	06.05.02 - 06.05.14	LIBOR+ 1.2~1.25	1,517,035	LIBOR+ 1.25	1,940,778
Subtotal				20,020,121		19,693,954
Less: Current portion				(5,554,769)		(5,625,403)
Non-current portion				<u>\$14,465,352</u>		<u>\$14,068,551</u>

(2) Other long-term loan

Creditor	Maturity Date	Interest Rate	December 31, 2005	December 31, 2004
Edgeware Profits Ltd.	December 31, 2007	7.5%	\$2,846,155	\$2,763,935

The above long-term loan was borrowed by Clove Holding Ltd., from Edgeware Profits Ltd. to finance its acquisition of equity interests in Classic Outlook Investment Ltd. and Everup Profits Ltd. Shares of the two investees were pledged as collaterals for the loan.

(3) Please refer to Note F for details of the assets pledged as collaterals for the above long-term loan.

17. Pensions

(1) The pension costs comprise the following:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Service cost	\$140,617	\$91,929
Interest cost	36,487	16,952
Expected return on plan assets	(12,996)	(9,400)
Deferred amortization		
Unrecognized net transition obligation	25,900	20,077
Prior service cost	1,607	-
Unrecognized loss on plan assets	35,595	14,423
Net pension costs	\$227,210	\$133,981

(2) The Company's pension fund is deposited in an exclusive account with Central Trust of China. Reconciliation of the funded status of the plan to the carrying amount of accrued pension liability is as follows:

	December 31, 2005	December 31, 2004
Benefit obligations		
Vested benefit obligation (VBO)	\$(190,245)	\$(318,637)
Non-vested benefit obligation	(781,681)	(706,270)
Accumulated benefit obligation (ABO)	(972,106)	(1,024,907)
Effects of future salary increments	(90,395)	(136,224)
Projected benefit obligation (PBO)	(1,062,501)	(1,161,131)
Fair value of plan assets	482,343	400,780
Funded status	(580,158)	(760,351)
Unrecognized net transition obligation	181,920	120,459
Unamortized prior service cost	24,109	25,716
Unrecognized loss on plan assets	325,241	680,432
Additional accrued pension liability	(440,875)	(690,383)
Accrued pension liability	\$(489,763)	\$(624,127)

(3) Actuarial assumptions

	Year Ended December 31, 2005	Year Ended December 31, 2004
Discount rate	3.00%~3.50%	2.50%
Increase in future salary level	1.50%~1.90%	1.00%
Expected rate of return on plan assets	3.00%~3.50%	2.50%

18. Capital stock

- (1) As of December 31, 2005 and 2004, the authorized capital of the Company was \$33,000,000 thousand and \$30,000,000 thousand respectively, and the paid-in capital was \$27,075,246 thousand and \$24,259,425 thousand, divided into 2,707,525 thousand and 2,425,943 thousand shares of common stocks, respectively, with a par value of \$10 per share.
- (2) On June 23, 2005, the Company's stockholders resolved to increase capital by capitalizing \$2,461,386 thousand of retained earnings. Accordingly, 246,139 thousand new shares were issued with a par value of \$10 per share. The Company's capital stock after the capital increase amounted to \$27,075,246 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 20, 2005 as per the Letter No. 0940129447 with the effective capital increase date set on August 26, 2005.
- (3) On June 24, 2004, the Company's stockholders resolved to increase capital by capitalizing \$1,288,127 thousand of retained earnings. Accordingly, 128,813 thousand new shares were issued with a par value of \$10 per share. The Company's capital stock after the capital increase amounted to \$22,757,009 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on August 13, 2004 as per the Letter No. 0930136258 with the effective capital increase date set on September 30, 2004.
- (4) Details of the common stock converted from the unsecured domestic convertible bonds issued by the Company for the years ended June 30, 2005 are set forth below:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	No. of Shares (in '000)	Amount	No. of Shares (in '000)	Amount
First unsecured convertible bonds	20,211	\$202,111	67,467	\$674,673
Second unsecured convertible bonds	15,233	152,324	82,785	827,848
Total	35,444	\$354,435	150,252	\$1,502,521

19. Capital surplus

Under the Company Law, capital surplus arising from share issue premium and endowments received can be capitalized when the Company does not incur losses, provided that the annual amount capitalized cannot exceed 10% of the Company's paid-in capital. The remainder can only be used to offset losses. Additionally, pursuant to the Securities and Exchange Law and the Company Law, capitalization of the capital surplus is not allowed until the following year after the capital surplus is registered. Moreover, capital surplus cannot be used to make up losses unless the legal reserve is insufficient to cover the losses.

20. Appropriation of retained earnings and dividend policy

(1) The sections of the Company's Articles of Incorporation that are applicable to the appropriation of the 2004 and 2003 earnings are as follows:

According to Article 26 of the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company should first make provision for income tax, and make up the losses from prior years, then appropriate 10% of the residual amount as legal reserve. Dividends should be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees should be at least 1% of the total distributed amount and the remuneration paid to the directors and supervisors should not exceed 5% of the total distributed amount.

(2) Legal reserve

Pursuant to the Company Law, the Company is required to set aside 10% of its annual after-tax net income as legal reserve until the balance of such reserve equals the Company's paid-in capital. Utilization of the legal reserve is limited to offsetting deficits and capital increase. Appropriation of the legal reserve as cash dividends is prohibited.

(3) Special reserve

If there are any negative stockholders' equity items recorded by the Company, such as unrealized loss on the decline in market value of long-term equity investments and cumulative translation adjustments, the Company is required to set aside an amount equal to the amount of the negative stockholders' equity items to the special reserve from the after-tax net income. If the negative stockholders' equity items are subsequently reversed, an amount not exceeding the reversed amount can be appropriated from the special reserve.

(4) The Company is currently at the stable growth stage. To facilitate future expansion plans, dividends distributed to stockholders are in the form of both cash and stocks with the proportions set at 0~50% and 100~50%, respectively. To maintain the Company's earnings per share at a certain level and in consideration of the impact of stock dividends on the Company's financial

performance, the proportions of cash and stock dividends would be adjusted to 100%~50% and 0~50%, respectively, if the estimated earnings per share for the year in which the dividends are distributed decrease by more than 20%, compared to the prior year.

- (5) Appropriation of 2004 and 2003 earnings as resolved by the stockholders on June 23, 2005 and June 24, 2004, respectively, is set forth below.

	Appropriated Earnings		Dividend Per Share (in dollars)	
	2004	2003	2004	2003
Cash dividends to common stockholders	\$4,922,772	\$1,288,127	\$2.00	\$0.60
Stock dividends to common stockholders	2,461,386	1,288,127	1.00	0.60
Cash bonus to employees	80,000	50,000		
Remuneration to directors and supervisors	43,800	22,100		

Appropriation of the 2004 and 2003 earnings were calculated by the following formula. After distributing the bonus to employees and the remuneration to directors and supervisors, the after-tax basic earning per share for 2004 and 2003 decreased from \$4.81 to \$4.76 from \$1.44 to \$1.41, respectively.

$$\text{Formula: } \frac{\text{After-tax net income} - \text{Cash bonus to employees} - \text{Remuneration to directors and supervisors}}{\text{Weighted-average number of outstanding shares (After retroactive adjustment)}}$$

2004 = (12,084,669 thousand dollars - 80,000 thousand dollars - 43,800 thousand dollars) / 2,512,726 thousand shares = \$4.76

2003 = (3,604,776 thousand dollars - 50,000 thousand dollars - 22,100 thousand dollars) / 2,503,260 thousand shares = \$1.41

- (6) Information relating to the appropriation of the Company's 2004 earnings as proposed by the Board of Directors and resolved by the stockholders in 2005 is published on the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

21. Operating revenues

	Year Ended December 31, 2005	Year Ended December 31, 2004
Marine freight income	\$123,455,891	\$119,401,349
Ship rental income	13,788,745	9,632,212
Commission income	23,558	75,277
Agency service income	95,416	34,030
Container manufacturing income	2,098,751	748,700
Others	1,274,503	597,510
Total	<u>\$140,736,864</u>	<u>\$130,489,078</u>

22. Expenses relating to employment, depreciation, depletion and amortization

Expenses relating to employment, depreciation, depletion and amortization for the years ended December 31, 2005 and 2004 disclosed by function are as follows:

	Year Ended December 31, 2005		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$1,638,264	\$1,264,918	\$2,903,182
Labor and health insurance	29,862	52,405	82,267
Pension	111,243	117,069	228,312
Others	113,469	41,676	155,145
Total	<u>\$1,892,838</u>	<u>\$1,476,068</u>	<u>\$3,368,906</u>
Depreciation	<u>\$3,905,409</u>	<u>\$1,096,821</u>	<u>\$5,002,230</u>
Depletion	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Amortization	<u>\$206,348</u>	<u>\$64,302</u>	<u>\$270,650</u>

	Year Ended December 31, 2004		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$725,607	\$1,058,923	\$1,784,530
Labor and health insurance	24,981	48,522	73,503
Pension	45,609	69,039	114,648
Others	34,127	29,081	63,208
Total	<u>\$830,324</u>	<u>\$1,205,565</u>	<u>\$2,035,889</u>
Depreciation	<u>\$4,339,577</u>	<u>\$1,085,360</u>	<u>\$5,424,937</u>
Depletion	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Amortization	<u>\$183,598</u>	<u>\$59,924</u>	<u>\$243,522</u>

23. Income taxes

(1) The income taxes comprise the following:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Income tax expense – current period	\$1,944,010	\$651,385
10% tax on unappropriated retained earnings	343	-
Investment tax credit	(44,323)	(288,509)
Separate income tax expense	2,532	2
Adjustments for changes in tax estimates	(582)	(24,538)
Net change in deferred income tax assets/ liabilities	730,739	1,174,885
Income tax expense	<u>\$2,632,719</u>	<u>\$1,513,225</u>

(2) Deferred income tax assets and liabilities

	December 31, 2005	December 31, 2004
(a) Total deferred income tax liabilities	<u>\$2,324,281</u>	<u>\$(1,668,172)</u>
(b) Total deferred income tax assets	<u>\$64,274</u>	<u>\$126,343</u>
(c) Valuation allowance for deferred income tax assets	<u>\$(325)</u>	<u>\$-</u>
(d) Temporary differences resulting in deferred income tax assets or liabilities:		
Equity-accounted investment income	\$(9,039,180)	\$(6,292,258)
Foreign dividends	2,779	1,805
Unrealized foreign exchange gain	(144,177)	(200,466)
Unrealized foreign exchange loss	130,654	487,334
Unrealized investment losses	1,300	-
Unrealized expenses and losses	7,945	16,235
Pension expense	(48,888)	(66,256)
Property, plant and equipment	87,787	(101,526)
Loss carryforwards	50,233	-
(e) Deferred income tax assets - current	\$38,682	\$30,152
Valuation allowance for deferred income tax assets – current	-	-
Deferred income tax assets, net	<u>38,682</u>	<u>30,152</u>
Deferred income tax liabilities - current	<u>(7,352)</u>	<u>(50,116)</u>
Net deferred income tax (liabilities) assets - current	<u>\$31,330</u>	<u>\$(19,964)</u>

	December 31, 2005	December 31, 2004
(f) Deferred income tax assets - non-current	\$25,592	\$96,191
Valuation allowance for deferred income tax assets - non-current	(325)	-
Net deferred income tax assets - non-current	25,267	96,191
Deferred income tax liabilities - non-current	(2,316,929)	(1,618,056)
Net deferred income tax liabilities - non-current	\$ (2,291,662)	\$ (1,521,865)

(3) As of the December 31, 2005, the above loss carryforwards derived from MBPI, the years in which the loss carryforwards will expire are as follows:

Expiry Year	Amount
2006	\$50,233

(4) Except for the income tax return of 2001 and 2002, the Company's income tax returns through 2003 have been assessed by National Tax Administration (NTA).

(5) Imputation tax credit

	2005	2004
Balance of imputation tax credit account (ICA)	\$515,213	\$59,982

	2005 (Estimated)	2004 (Actual)
Estimated (actual) tax credit rate for individual stockholders	3.10%	4.14%

(6) Unappropriated retained earnings

	December 31, 2005	December 31, 2004
1997 and before	\$5,570,596	\$5,570,596
1998 and onwards	16,618,826	13,111,340
Total	\$22,189,422	\$18,681,936

24. Earnings per share

(1) Basic earnings per share:

	2005		2004	
	Pre-Tax	After- Tax	Pre-Tax	After- Tax
Parent company income	\$14,665,790	\$12,223,911	\$13,603,481	\$12,084,669
Minority interest income	470,733	279,893	1,324,933	1,330,520
Consolidated net income	<u>\$15,136,523</u>	<u>\$12,503,804</u>	<u>\$14,928,414</u>	<u>\$13,415,189</u>
(In thousand shares)				
Beginning balance of shares outstanding	2,425,942	2,425,942	2,146,878	2,146,878
Capitalization of retained earnings in 2005 (0.10 per share)	245,274	245,274	228,430	228,430
Capitalization of retained earnings in 2004 (0.06 per share)	-	-	128,813	128,813
Common stock converted from convertible bonds	26,793	26,793	8,605	8,605
Weighted-average number of shares outstanding	<u>2,698,009</u>	<u>2,698,009</u>	<u>2,512,726</u>	<u>2,512,726</u>
Basic earnings per share (in dollars)				
Parent company income	\$5.44	\$4.53	\$5.41	\$4.81
Minority interest income	0.17	0.10	0.53	0.53
Consolidated net income	<u>\$5.61</u>	<u>\$4.63</u>	<u>\$5.94</u>	<u>\$5.34</u>

(2) Diluted earnings per share:

	2005		2004	
	Pre-Tax	After- Tax	Pre-Tax	After- Tax
Parent company income	\$14,665,790	\$12,223,911	\$13,603,481	\$12,084,669
Dilutive effect of potential common stock to be converted from unsecured domestic convertible bonds	4,197	3,147	7,596	5,697
Parent company income after dilutive effect	<u>14,669,987</u>	<u>12,227,058</u>	<u>13,611,077</u>	<u>12,090,366</u>
Minority interest income	470,733	279,893	1,324,933	1,330,520
Consolidated net income	<u>\$15,140,720</u>	<u>\$12,506,951</u>	<u>\$14,936,010</u>	<u>\$13,420,886</u>

	2005		2004	
	Pre-Tax	After- Tax	Pre-Tax	After- Tax
(In thousand shares)				
Beginning balance of shares outstanding	2,425,942	2,425,942	2,146,878	2,146,878
Capitalization of retained earnings in 2005 (0.10 per share)	245,274	245,274	228,430	228,430
Capitalization of retained earnings in 2004 (0.06 per share)	-	-	128,813	128,813
Common stock converted from convertible bonds	26,793	26,793	8,605	8,605
Potential common stock to be converted from unsecured domestic convertible bonds	163,409	163,409	213,150	213,150
Weighted-average number of shares outstanding	<u>2,861,418</u>	<u>2,861,418</u>	<u>2,725,876</u>	<u>2,725,876</u>
Diluted earnings per share (in dollars)				
Parent company income	\$5.13	\$4.27	\$4.99	\$4.43
Minority interest income	0.16	0.10	0.49	0.49
Consolidated net income	<u>\$5.29</u>	<u>\$4.37</u>	<u>\$5.48</u>	<u>\$4.92</u>

E. RELATED PARTY TRANSACTIONS

1. Names of the related parties and their relationship with the Company

Related Party	Relationship with the Company
Evergreen International S.A. (EIS)	Major stockholder of the Company
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary of the Company
Shenzhen Greentrans Transportation Co., Ltd. (SGTC)	Investee of Peony
PT. Multi Bina Transport (MBT)	Investee of Peony
PT. Multi Bina Pura International (MBPI)	Investee of Peony
Island Equipment LLC. (Island)	Investee of Peony
Whitney equipment LLC(Whitney)	Investee of Peony
Hemlock equipment LLC(Hemlock)	Investee of Peony
Evergreen International Storage and Transport Corporation (EITC)	Investee of the Company accounted for by the equity method
EVA Airways Corporation (EVA)	Investee of the Company accounted for by the equity method
Evergreen Security Corporation (ESRC)	Investee of the Company accounted for by the equity method

Related Party	Relationship with the Company
Chang Yang Development Co., Ltd. (CYD)	Investee of the Company accounted for by the equity method
Evergreen International Corporation (EIC)	Investee of the Company's major stockholder
Evergreen State Transport Co., Ltd. (Evergreen State)	Investee of the Company's major stockholder
Evergreen Star Transport Co., Ltd. (Evergreen Star)	Investee of the Company's major stockholder
Tai Wha Checker Co., Ltd. (THC)	Indirect subsidiary of the Company (Sold in March, 2005)
Evergreen Airline Service Corporation (EAS)	Investee of the Company's major stockholder
Shanghai Jifa Logistics Co., Ltd. (SJL)	Investee of Peony
Ningbo Victory Container Co., Ltd. (NVC)	Investee of Peony
Qingdao Evergreen Container Storage and Transportation Co., Ltd. (QECT)	Investee of Peony
Taranto Container Terminal S.P.A. (TCT)	Investee of Peony
Lloyd Triestino Di Navigazione S.P.A. (LT)	Investee of Peony
Evergreen Container Terminal (Thailand) (ECTT)	Investee of Peony
Colon Container Terminal S.A. (CCT)	Investee of Peony
PT. Evergreen Marine Indonesia (EMI)	Investee of Peony
Evergreen Star (Thailand) Co. Ltd. (EGT)	Investee of Peony
Evergreen Shipping (S) Pte. Ltd. (EGS)	Investee of Peony
Evergreen Korea Corporation (EGK)	Investee of Peony
Evergreen India Pvt. Ltd. (EGI)	Investee of Peony
Gaining Enterprise S.A. (GESA)	Investee of EITC

2. Significant transactions with related parties

(1) Operating revenues from related parties

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
EIC	\$1,887	-	\$1,424	-
EITC	101,742	0.07	104,901	0.08
LT	640,013	0.46	131,132	0.10
EIS	92,422	0.07	84,885	0.07
GESA	17,879	0.01	-	
EVA	-	-	146	-
THC	-	-	762	-
Total	<u>\$853,943</u>	<u>0.61</u>	<u>\$323,250</u>	<u>0.25</u>

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

(2) Expenditures on services rendered by related parties

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Operating Costs and Expenses	Amount	% of Total Operating Costs and Expenses
EITC	\$1,403,285	1.10	\$2,217,018	1.88
EIC	497,692	0.39	472,385	0.40
Evergreen State	21,528	0.02	74,364	0.06
Evergreen Star	20,356	0.02	62,343	0.05
ESRC	42,935	0.03	46,059	0.04
EAS	8,016	-	5,658	-
EVA	12,737	0.01	2,981	-
TTSC	-	-	632,052	0.54
THC	26,546	0.02	122,738	0.10
GESA	1,954,468	1.53	2,105,492	1.78
LT	10,075	0.01	99,112	0.08
EIS	117,826	0.09	95,313	0.08
EMI	74,091	0.05	60,354	0.05
EGT	84,764	0.07	65,486	0.06
EGS	64,588	0.05	30,695	0.03
EGK	49,816	0.04	53,346	0.05
Total	<u>\$4,388,723</u>	<u>3.43</u>	<u>\$6,145,396</u>	<u>5.20</u>

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

(3) Asset transactions

Sales of property, plant and equipment

		Year Ended		Year Ended	
		December 31, 2005		December 31, 2004	
Asset Sold		Selling Price	Gain (Loss)	Selling Price	Gain (Loss)
LT	Transportation equipment	\$1,048	\$971	\$1,567	\$1,466
EIC	Office equipment	-	-	16	-
EITC	Transportation equipment	780	686	-	-
CCT	Computer equipment	-	-	195	-
EVA	Transportation and office equipment	2,645	97	53	17
ESRC	Office equipment	-	-	170	165
TCT	Transportation equipment	-	-	379	33
Total		<u>\$4,473</u>	<u>\$1,754</u>	<u>\$2,380</u>	<u>\$1,681</u>

(4) Leases

(a) Rental income (recorded as non-operating income) derived from the operating premises and parking lots leased to the related parties are as follows:

		Year Ended		Year Ended	
		December 31, 2005		December 31, 2004	
Lease Property		Amount	% of Total Rental Income	Amount	% of Total Rental Income
EIC	Office buildings	\$57,499	97.06	\$48,299	97.98
EVA	Parking lots	264	0.45	96	0.19
ESRC	Parking lots	168	0.28	-	-
Total		<u>\$57,931</u>	<u>97.79</u>	<u>\$48,395</u>	<u>98.17</u>

(b) Rental expenses (recorded as general and administrative expenses) on operating premises and parking lots leased from the related parties are as follows:

		Year Ended		Year Ended	
		December 31, 2005		December 31, 2004	
Leasehold Property		Amount	% of Total Rental Expenses	Amount	% of Total Rental Expenses
EIC	Office buildings	\$36,954	90.50	\$30,484	81.93
EITC	Office buildings	1,175	2.88	1,197	3.22
EVA	Parking lots	1,227	3.00	202	0.55
Total		<u>\$39,356</u>	<u>96.38</u>	<u>\$31,883</u>	<u>85.70</u>

(c) Rental expenses incurred on the vessels leased from the related parties are recorded under direct operating costs. Details are as follows:

	Year Ended December 31, 2005		Year Ended December 31, 2004	
	Amount	% of Total Vessel Rental Expenses	Amount	% of Total Vessel Rental Expenses
LT	\$10,095	0.25	\$85,775	1.49
EIS	117,202	2.86	97,121	1.68
GESA	1,964,870	47.90	2,113,399	36.61
EITC	829,410	20.22	863,879	14.97
Total	<u>\$2,921,577</u>	<u>71.23</u>	<u>\$3,160,174</u>	<u>54.75</u>

(5) Receivables from and payables

The receivables from and payables to related parties are set forth as follow, please refer to schedule 3 for detail interest calculation:

	December 31, 2005		December 31, 2004	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Accounts receivable</u>				
EIC	\$84,032	0.60	\$340,659	2.52
EITC	24,731	0.18	24,396	0.18
Total	<u>\$108,763</u>	<u>0.78</u>	<u>\$365,055</u>	<u>2.70</u>
<u>Other receivables</u>				
EITC	\$12,389	1.49	\$8,907	1.46
EIC	17,521	2.11	8,092	1.33
CCT	1,658	0.20	-	-
EGI	8,178	0.98	18,045	2.96
Island	-	-	161,114	26.42
Others	675	0.08	-	-
Total	<u>\$40,421</u>	<u>4.86</u>	<u>\$196,158</u>	<u>32.17</u>
<u>Notes payable</u>				
EIC	\$-	-	\$1,388	10.96
<u>Accounts payable</u>				
EITC	\$4,828	0.09	\$127,511	2.20
TTSC	-	-	37,146	0.64
EIC	17,660	0.31	57,661	0.99
Evergreen State	-	-	30,831	0.53
Evergreen Star	-	-	13,128	0.23

	December 31, 2005		December 31, 2004	
	Amount	% of Account	Amount	% of Account
		Balance		Balance
ESRC	3,635	0.06	-	-
LT	425,372	7.47	799,355	13.80
EIS	15,028	0.26	6,338	0.11
Others	1,589	0.03	15,138	0.26
Total	<u>\$468,112</u>	<u>8.22</u>	<u>\$1,087,108</u>	<u>18.76</u>
<u>Other payables</u>				
EIS	\$2,590	0.32	\$10,761	8.24
EIC	760	0.09	-	-
Total	<u>\$3,350</u>	<u>0.41</u>	<u>\$10,761</u>	<u>8.24</u>

3. Financing activities with related parties

Due from related parties

	Year Ended December 31, 2005			
	Highest Balance	Ending Balance	Interest	
			Rate(%)	Interest Income
EGI	\$8,178	<u>\$8,178</u>	3.755~4.509	<u>\$308</u>

	Year Ended December 31, 2004			
	Highest Balance	Ending Balance	Interest	
			Rate(%)	Interest Income
ECTT	\$1,165,581	\$-	-	\$-
MBT	15,884	-	-	-
EIS	317,675	-	-	-
EGI	7,942	<u>7,942</u>	-	-
Total		<u>\$7,942</u>		<u>\$-</u>

4. Endorsements and guarantees for related parties

Endorsements and guarantees issued by the Company for its related parties are as follows:
(expressed in thousand dollars)

	December 31, 2005		December 31, 2004	
	Amount	Balance	Amount	Balance
TCT	EUR	41,213	USD	92,563
CCT	USD	18,353	USD	19,080
Island	USD	-	USD	56,353

5. Significant contracts with related parties

- (1) The Company has entered into an agreement with EIC for management, computer information, Shipping affairs, and consulting services. Only payment under behalf are charged with actual amounts, the rest of fees are charged using an hourly basis or using the cost-added method. The contract was effective from July 1, 1996 and keeps effectively unless termination.
- (2) The Company has entered into an agency agreement with EIC. Under the agreement, EIC has been acting as the Company's agent for cargo forwarding and collection of freight since 2002. As of December 31, 2005 and 2004, the amount receivable under the agency agreement was \$83,602 thousand and \$340,659 thousand, respectively.
- (3) The Company has entered into an agreement with ESRC. Under the agreement, ESRC should provide security services in Taipei office, Kaohsiung office, and container yards. The service fees for Taipei office, Kaohsiung office and container yards were \$846 thousand dollars and \$1,614 thousand dollars, respectively. The fees are paid on a monthly basis. Please refer to Note G for details about long-term contracts.
- (4) The Company has entered into agency agreements with its related parties to manage petty cash required by their vessels, and payments of crew salaries and insurance premiums in Taiwan. The transactions are recorded under "agency reciprocal account". As of December 31, 2005 and 2004, the debit balances of the account are as follows:

	December 31, 2005	December 31, 2004
EIS	\$6,758	\$6,673
GESA	4,557	5,300
Total	<u>\$11,315</u>	<u>\$11,973</u>

- (5) The Company has entered into agency agreements with its related parties, under which the related parties act as the Company's overseas agents to deal with the port formalities related to foreign ports, such as arrival and departure of the Company's ships, cargo stevedoring and forwarding, collection of freight and payment of expenses incurred with foreign ports. The transactions are recorded under "agency account". As of December 31, 2005 and 2004, the balances of the account are as follows:

(a) Debit balance of agency account

	December 31, 2005	December 31, 2004
EIS	\$434,606	\$228,700
EIC	47,966	-
GESA	27,225	152,601
LT	37,016	576,461
EMI	56,081	32,991
EGT	3,938	70,150
EGS	-	181
Total	<u>\$606,832</u>	<u>\$1,061,084</u>

(b) Credit balance of agency account

	December 31, 2005	December 31, 2004
EGI	\$50,239	\$-

(6) The Company has been commissioned by its related parties to manage their vessels. The management fee is charged monthly and is recorded as operating revenue. Details of the management fee recognized for the years ended December 31, 2005 and 2004 are as follows:

	December 31, 2005	December 31, 2004
EITC	\$93,472	\$96,793
EIS	-	32,993
GESA	17,897	-
Total	\$111,369	\$129,786

(7) Please refer to Note G for details of the agreements entered into by the Company with EITC, GESA and EIS for the long-term leases of ships.

6. About the significant subsequent events with related parties please refer to Note I.

F. PLEDGED ASSETS

1. Short-term investments

	Carrying Value		Purpose
	December 31, 2005	December 31, 2004	
Mutual funds	\$380,000	\$1,074,069	commercial papers

2. Long-term equity investments

	Carrying Value		Purpose
	December 31, 2005	December 31, 2004	
Classic Outlook Investment Ltd.	\$3,348,411	\$3,251,681	Other long-term loan
Everup Profits Ltd.	7	8	"
Dongbu Pusan Container Terminal Co., Ltd.	-	49,441	"
Total	\$3,348,418	\$3,301,130	

3. Restricted assets - current

	December 31, 2005	December 31, 2004	Pledgee	Purpose
Time deposits	\$130,000	\$130,000	Kaohsiung Harbor Bureau	Performance guarantee
Time deposits	1,050	4,550	Military – Finance Department	Performance guarantee
Time deposits	600	-	Kaohsiung Customs Bureau	Performance guarantee
Time deposits	50	600	Directorate General of Customs	Performance guarantee
Time deposits	350	50	Central Trust of China	Performance guarantee
Total	<u>\$132,050</u>	<u>\$135,200</u>		

4. Property, plant and equipment

	Carrying Value		Purpose
	December 31, 2005	December 31, 2004	
Land	\$1,947,491	\$1,947,491	Long-term loans
Buildings	998,913	1,021,551	Long-term loans
Loading and discharging equipment	2,550,123	669,208	Long-term loans
Transportation equipment	1,760,363	2,199,770	Long-term loans
Ships and equipment	23,120,066	29,735,283	Long-term loans and corporate bonds
Total	<u>\$30,376,956</u>	<u>\$35,573,303</u>	

G. COMMITMENTS AND CONTINGENT LIABILITIES

1. Details of the stand-by letters of credit issued by the banks on behalf of the Company are as follows: (expressed in thousand dollars)

Guarantor	December 31, 2005	December 31, 2004
Taipei Fubon Bank	NTD -	NTD 282,213
Bank of America	USD 5,000	USD 250
HSBC	EUR -	EUR 1,050

2. Endorsements and guarantees issued by the Company are as follows: (expressed in thousand dollars)

Companies receiving guarantees	December 31, 2005	December 31, 2004
TCT	EUR 41,213	USD 92,563
CCT	USD 18,353	USD 19,080
Island	USD -	USD 56,353

3. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per the Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at NTD50.50 per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at NT\$50.50 per share, and the GDRs issued amounted to US\$115 million. Another 2,025,506 units, representing 20,255,111 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2005. As of December 31, 2005, 7,453,148 units were redeemed and 839,388 units, representing 8,393,931 shares of the Company's common stock, were outstanding.
4. As of December 31, 2005, the medium-term credit facilities granted by the financial institutions with the resolution from the Board of Directors for the Company's purchase of new containers and general working capital requirement were NT\$7,592,000 thousand and JPY760,000 thousand, respectively. And the unutilized credits were NT\$2,459,000 thousand and JPY760,000 thousand, respectively.
5. A lawsuit was filed against TTSC for an accident occurring at the container yard in 2002. The lawsuit has been referred to the lawyer. As of December 31, 2005, the maximum amount of compensation claimed was \$29,949 thousand plus the statutory interest. As the lawsuit was pending the Court's ruling as of the date on which the financial statements were issued, no provision has been made for the possible loss.

6. In 1999, SGTC was indicted for a dispute arising from mishandling of imported goods. SGTC has referred the lawsuit to its lawyer. As of December 31, 2005, the maximum amount of compensation claimed was RMB10,101 thousand plus the associated interest. In 2000, the Civil Court in Shenzhen ruled in favor of SGTC. However, the plaintiff appealed to a higher court, and the court ruled against SGTC. As a result, certain transportation equipment of SGTC was bonded by the court. As of December 31, 2005, the book value of the bonded transportation equipment amounted to RMB2,710 thousand. SGTC did not agree with the court's ruling and filed an appeal. As the appeal was pending the court's ruling as of the date on which the financial statements were issued, no provision has been made for the possible loss.
7. As of December 31, 2005, details of the loading and discharging equipment acquired to support the operations of the No. 4 and the No. 5 Container Distribution Center at Kaohsiung Harbor were as follows: (expressed in thousand dollars)

Item	Contract Amount		Amount Paid		Amount Accrued	
Rail mounted gantry cranes	USD	4,020	USD	2,172	USD	1,848
Rail mounted gantry cranes	NTD	207,000	NTD	41,400	NTD	165,600
Gantry cranes	USD	16,650	USD	7,493	USD	9,157

8. As of December 31, 2005, the machineries that Hemlock, Whitney, and EHIC(M) purchased are as follows: (expressed in thousand dollars)

Item	Contract Amount		Amount Paid		Amount Accrued	
Gantry Crane	USD	13,000	USD	11,700	USD	1,300
Fork lifter for container	USD	858	USD	172	USD	686
Rubber tyre gantry crane	USD	2,730	USD	1,228	USD	1,502
Container outfitting line	NTD	80,000	NTD	24,000	NTD	56,000
Roller forming	RMB	9,469	RMB	2,841	RMB	6,628
5 waves roof panel m/c	RMB	430		-	RMB	430
Modification of container assembly lines	USD	473	USD	142	USD	331
Welding Machine	USD	74	USD	22	USD	52
Hydraulic press break m/c	USD	327	USD	98	USD	229
Civil engineering	RM	2,500	RM	250	RM	2,250

9. As of December 31, 2005, the estimated amounts of rent payable in the following years under the long-term lease agreements entered into by the Company and its subsidiaries for the rental of ships and equipment are as follows:

Lessors	Amount (in thousand dollars)
EITC	\$45,507
GESA	78,075
EIS	1,985
KSG	15,738
EPC	2,690
TDS	42,709
HFE	1,614
APOLL	244,792
CORSO	161,290
EIS	745,838
ELEPH	235,739
HCS	588,978
HERME	253,236
HKS	341,136
PANAG	237,954
POSEI	254,327
PSC	356,482
SAT	1,455,430
C19	2,695,058
TIGER	238,917
TDS	1,385,829
CONTI	4,906,439
FSL	4,905,669
Quaterieme Leasing International Co., Ltd.	1,712,390
HALIFAX	6,089,228
Total	<u>\$26,997,050</u>

10. As of December 31, 2005, the estimated amounts of rent payable for the following years under the long-term lease agreements entered into by the subsidiary Island for the rental of machinery and equipment is \$910,740 thousand dollars.
11. As of December 31, 2005, the estimated fee for security service for the following years under the long-term contract that the Company entered into with ESRC is \$77,455 thousand.

12. As of December 31, 2005 and 2004, the promissory notes issued by the Company for loans borrowed amounted to \$7,597,221 thousand and \$11,027,131 thousand, respectively.

H. SIGNIFICANT DISASTER LOSSES

None.

I. SIGNIFICANT SUBSEQUENT EVENTS

- On March 1, 2006, the Company's board of directors resolved to acquire the Uni-Crown, the Uni-Chart, the Uni-Concert, the Uni-Corona, the Uni-Concord from related party-EITC, the total amount of transaction was USD63,800 thousand. As of the date on which the financial statements were issued, the proposal of acquiring ships is still in process.
- The Company's board of directors resolved to inject additional cash into EVA Airways Corporation(EVA Airways) as a shareholder on March 1, 2006. The Company subscribed to 58,159 thousand shares for \$697,906 thousand at \$12 per share, issued by EVA Airways. After cash injection, the Company's investment in EVA Airways represents 20.02% of its equity.

J. OTHERS

- Derivative financial instruments

(1) The contract (notional principal) amounts and credit risk (expressed in thousand dollars)

Financial Instruments	December 31, 2005		December 31, 2004	
	Notional Principal (Contract Amount)	Credit Risk	Notional Principal (Contract Amount)	Credit Risk
Non-trading purposes				
Interest rate swaps (IRS)	USD 265,676	USD1,397	USD 120,000	-
	NTD 1,910,000	-	NTD 2,615,000	-
Cross currency swaps (CCS)	USD 13,125	-	USD 21,875	-
Oil swaps	USD 70,946	USD3,676	USD 7,946	-
Trading purposes				
Foreign exchange options	USD 23,235	-	USD 58,000	-
	EUR 28,000	-	EUR 31,000	-
	JPY 1,920,000	-	JPY 5,415,235	-

The above credits risk amounts are based on the contracts with positive fair values on the balance sheet date and represent the possible loss that will be incurred by the Company in the event that the counterparties default. The counterparties of the Company are all well-known banks with good credit ratings. Thus, the credit risk is assessed to be remote.

(2) Market risk

Interest rate swaps, cross currency swaps, foreign exchange options, forward exchange contracts and oil swaps are utilized to hedge against fluctuations in interest rates, exchange rates and oil prices. Thus, the market risk is offset against each other. Periodic reviews are conducted on the Company's exposure to market risk, and a stop-loss mechanism has been established to minimize the impact of market risk on the Company's operations.

(3) Liquidity risk, cash flow risk and the amount, timing and uncertainty of future cash requirements

As no principals are exchanged upon settlement of the interest rate swaps, cross currency swaps, forward exchange contracts and foreign exchange options, no significant cash requirement is expected. Therefore, the Company's working capital is assessed to be adequate and no funding risk is expected. In addition, the interest rates, exchange rates and prices are fixed. Thus, cash flow risk is remote.

(4) The purposes and strategies of holding derivative financial instruments

The derivative financial instruments are held for trading and non-trading purposes. Interest rate swaps, cross currency swaps, forward exchange contracts and foreign exchange options are undertaken to hedge against fluctuations in interest rates and exchange rates, whereas oil swaps are used to hedge against fluctuations in oil prices and control the cost within a tolerable limit. The aim of the hedging strategy is to hedge most of the market risk. For the derivative financial instruments held for trading purposes, they are undertaken to make profits on the interest rate, exchange rate and price differentials.

(5) Disclosures of derivative financial instruments in the financial statements

(a) Interest rate swaps

The contracts are settled based on the difference between the spot interest rate and contracted interest rate. The amount received and paid upon settlement is recorded as a deduction from and an addition to the interest expense on shipping finance, respectively.

(b) Cross currency swaps

The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss at maturity of the contracts.

(c) Foreign exchange options

As the Company has actual position in the underlying assets, full settlements are conducted at expiration of the contracts. The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss upon settlement.

(d) Oil swaps

The contracts are settled based on the difference between the spot oil price and the contracted price. The amount received and paid upon settlement is recorded as a deduction from and an addition to fuel expense.

(6) Financial instruments undertaken to hedge the commitments for expected transactions

Oil swaps are undertaken to fix the oil price within a tolerable limit for future oil usage.

2. Fair values of financial instruments

	December 31, 2005		December 31, 2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-Derivative Financial Instruments				
Assets				
Cash and cash equivalents	\$15,154,658	\$15,154,658	\$14,077,390	\$14,077,390
Short-term investments	4,659,870	4,702,861	17,022,731	17,067,596
Notes and accounts receivable	14,655,845	14,655,845	14,032,931	14,032,931
Other financial assets - current	932,707	932,707	61,058	61,058
Long-term equity investments	33,021,361	32,401,733	31,893,711	32,031,647
Long-term bond investments	12,581	12,581	-	-
Other financial assets - non-current	-	-	135,330	135,330
Refundable deposits	292,365	292,365	199,754	199,754
Long-term receivables (including current portion)	422,048	422,048	507,179	507,179
Restricted assets	132,050	132,050	135,200	135,200
Liabilities				
Short-term loans	1,800,000	1,800,000	5,567,824	5,567,824
Short-term notes and bills payable	799,755	799,755	2,099,091	2,099,091
Notes and accounts payable	22,048,135	22,048,135	20,120,980	20,120,980
Corporate bonds payable (including current portion)	9,005,039	9,005,039	11,457,832	11,457,832
Long-term loans (including current portion)	26,627,276	26,627,276	36,218,088	36,218,088
Accrued pension liability	489,763	489,763	624,167	624,167
Guarantee deposits received	3,626	3,626	85	85

Derivative Financial Instruments	December 31, 2005		December 31, 2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Interest rate swaps (IRS)	-	USD (4,950)	-	USD (393)
Cross currency swaps (CCS)	-	USD (948)	-	USD (2,433)
Foreign exchange options	33,175	NTD33,175	215,540	NTD215,540
Oil swaps	-	USD2,832	-	USD (9,100)

The methods and assumptions adopted by the Company and its subsidiaries to estimate the fair values of the above financial instruments are summarized below.

- (1) Fair values of the short-term financial instruments are estimated to be equal to their carrying values. As maturity of these instruments is short, it is reasonable that their fair values equal their carrying values. This method is applied to cash and cash equivalents, notes and accounts receivable, refundable deposits, restricted assets, short-term loans, short-term notes and bills payable, notes and accounts payable, and guarantee deposits received.
- (2) Fair values of marketable securities equal the quoted market prices, if available. If the quoted market prices are not available, fair values are estimated using financial information or other information.
- (3) Fair values of long-term loans are estimated based on the present values of future cash flows. The discount rate is based on the interest rate charged on a comparable long-term loan with similar terms and conditions.
- (4) Fair values of corporate bonds payable equal the quoted market prices, if available. If the quoted market prices are not available, fair values are estimated using financial information or other information.
- (5) Fair values of derivative financial instruments are estimated to be equal to the amounts that should be received or paid if the contracts are settled on the balance sheet date. Unrealized gains (losses) on the outstanding contracts are normally included in the estimation. The prices quoted by the financial institutions are used as a reference for estimation of the derivative financial instruments' fair values.

3. Eliminated transactions between affiliated companies

- (1) The inter-company transactions eliminated for the year ended December 31, 2005 due to consolidation are as follows:

Transactions Eliminated	The Company	Subsidiaries and Affiliated Companies
(a) Long-term investments and stockholders' equity	\$41,507,177	\$41,630,304
(b) Receivables and payables		
Receivables	369	66,054
Agency account	312,445	598,235
Agency reciprocal account	14,389	-
Payables	211,075	780,417
(c) Profit and loss accounts		
Services rendered	(2,002,716)	2,002,716
Interest on loan	742	(742)
(d) Balance of consolidated debits	63,634	-

- (2) The inter-company transactions eliminated for the year ended December 31, 2004 due to consolidation are as follows:

Transactions Eliminated	The Company	Subsidiaries and Affiliated Companies
(a) Long-term investments and stockholders' equity	\$34,672,963	\$34,737,847
(b) Receivables and payables		
Receivables	-	1,013,791
Agency account	1,000,993	756,514
Agency reciprocal account	12,798	-
Payables	756,514	-
(c) Profit and loss accounts		
Property exchange	(26,732)	(128)
Services rendered	(1,325,227)	1,325,227
(d) Balance of consolidated debits	64,884	-

K. SUPPLEMENTARY DISCLOSURES

1. Information on significant transactions

- (1) Loans extended by the Company

Please see Schedule 5.

- (2) Endorsements and guarantees provided by the Company

Please see Schedule 6.

- (3) Marketable securities held by the Company as of December 31, 2005
Please see Schedule 7.
 - (4) Acquisition or sale of one specific security with the accumulated amount exceeding NTD100 million or 20% of the Company's paid-in capital
Please see Schedule 8.
 - (5) Acquisition of real estate properties with an amount exceeding NTD100 million or 20% of the Company's paid-in capital
None.
 - (6) Disposal of real estate properties with an amount exceeding NTD100 million or 20% of the Company's paid-in capital
None.
 - (7) Purchases from or sales to related parties exceeding NTD100 million or 20% of the Company's paid-in capital
Please see Schedule 9.
 - (8) Receivables from related parties exceeding NTD100 million or 20% of the Company's paid-in capital
Please see Schedule 10.
 - (9) Derivative financial instruments undertaken by the Company
Please refer to Notes J1 and J2.
2. Information on the investees
- (1) Information on the investees over which the Company can directly or indirectly exercise significant influence or in which the Company has controlling power
Please see Schedules 11.
 - (2) Significant transactions conducted by the investees in which the Company has direct or indirect controlling power
 - (a) Loans extended by the investees
Please see Schedule 5.
 - (b) Endorsements and guarantees provided by the investees
None.
 - (c) Marketable securities held by the investees as at December 31, 2005
Please see Schedule 7.
 - (d) Acquisition or sale of one specific security with the accumulated amount exceeding NTD100 million or 20% of the respective investee's paid-in capital
None.
 - (e) Acquisition of real estate properties with an amount exceeding of NTD100 million or 20% of the respective investee's paid-in capital
None.

- (f) Disposal of real estate properties with an amount exceeding NTD100 million or 20% of the respective investee's paid-in capital
None.
 - (g) Purchases from or sales to related parties exceeding NTD100 million or 20% of the respective investee's paid-in capital
Please see Schedule 9.
 - (h) Receivables from related parties exceeding NTD100 million or 20% of the respective investee's paid-in capital
Please see Schedule 10.
 - (i) Derivative financial instruments undertaken by the investees
Please see Schedule 12.
3. Information on Mainland China investments
- (1) Details of investments in Mainland China
Please see Schedule 13.
 - (2) Significant transactions conducted directly or indirectly with the investees in Mainland China
None.

L. SEGMENT INFORMATION

1. Financial information by industries
The Company and its subsidiaries are engaged in only one single industry, i.e. international marine transportation and shipping agency. Therefore, no disclosure is required.
2. Financial information by geographical areas
The Company and its subsidiaries are engaged in international marine transportation. Dealings with foreign ports, such as port formalities relating to arrival and departure of the ships, cargo stevedoring and forwarding, collection of freight, and payment of expenses incurred with foreign ports, are handled by overseas shipping agents. Therefore, no disclosure is required.
3. Export information
As the Company and its subsidiaries are engaged in international marine transportation, every vessel sails between the major harbors in the world. Therefore, no export sales are reported.
4. Information on major customers
The Company and its subsidiaries provide services to customers all over the world. No single customer accounts for more than 10% of the total operating revenues.

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
December 31, 2005

Schedule 1

Type of Corporate Bonds	Eighth Secured Corporate Bonds	Ninth Secured Corporate Bonds
Date of issuance	Bond A: December 13 ~ 19, 2001 Bond B: December 13 ~ 14, 2001	Bond A: May 14, 2002 Bond B: May 15, 2002 Bond C: May 16, 2002 Bond D: May 17, 2002
Face value	NT\$1,000,000	NT\$1,000,000
Place of issuance	Taiwan	Taiwan
Issue price	Market price	Market price
Principal amount	NTD\$1,500,000,000	NT\$1,000,000,000
Interest rate	2.600%	3.400%
Period	5 years	5 years
Maturity	Bond A: December 13 ~ 19, 2006 Bond B: December 13 ~ 14, 2006	Bond A: May 14, 2007 Bond B: May 15, 2007 Bond C: May 16, 2007 Bond D: May 17, 2007
Guarantor	Taiwan Cooperative Bank Bank of Taiwan	Hua Nan Commercial Bank
Trustee	Cathy United Bank	Bank of Taiwan
Underwriter	Polaris Securities Co.,Ltd	SinoPac Securities KGI
Lawyer	Chens Law and Patent Office	Chens Law and Patent Office
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	Principals of Bonds A and B are to be repaid in lump sum at maturity based on the face value.	Principals of Bonds A, B, C and D are to be repaid in lump sum at maturity based on the face value.
Interest payment	Simple interest, payable annually	Simple interest, payable annually
Principal outstanding	\$1,500,000,000	NT\$1,000,000,000
Clauses on redemption and early repayment	None	None
Restricted clauses	None	None

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
December 31, 2005

Schedule 2

Type of Corporate Bonds	Tenth Secured Corporate Bonds	Eleventh Secured Corporate Bonds
Date of issuance	Bond A: June 13, 2002 Bond B: June 14, 2002 Bond C: June 17, 2002 Bond D: June 18, 2002 Bond E: June 19, 2002 Bond F: June 20, 2002	Bond A: June 2 ~ 6, 2003 Bond B: June 3 ~ 5, 2003
Face value	NT\$1,000,000	NT\$5,000,000
Place of issuance	Taiwan	Taiwan
Issue price	Market price	Market price
Principal amount	NT\$1,500,000,000	NT\$1,500,000,000
Interest rate	3.900%	Bond A: 1.47% Bond B: 4% - Six-month LIBOR
Period	5 years	5 years
Maturity	Bond A: June 13, 2007 Bond B: June 14, 2007 Bond C: June 17, 2007 Bond D: June 18, 2007 Bond E: June 19, 2007 Bond F: June 20, 2007	Bond A: June 2 ~ 6, 2008 Bond B: June 3 ~ 5, 2008
Guarantor	Bank of Taiwan	Bank of Taiwan Land Bank
Trustee	Cathay United Bank	International Commercial Bank of China
Underwriter	SinoPac Securities KGI Yunata Core Pacific Securities	Fuh-Hwa Securities Co., Ltd Citi Securities Corp.
Lawyer	Chens Law and Patent Office	Chens Law and Patent Office
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	Principals of Bonds A, B, C, D, E and F are to be repaid in lump sum at maturity based on the face value.	Principals of Bonds A and B are to be repaid in lump sum at maturity based on the face value.
Interest payment	Simple interest, payable annually	Bond A: Simple interest, payable annually Bond B: Interest is payable semi-annually
Principal outstanding	NT\$1,500,000,000	NT\$1,500,000,000
Clauses on redemption and early repayment	None	None
Restricted clauses	None	None

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
December 31, 2005

Schedule 3

Type of Corporate Bonds	First Unsecured Corporate Bonds	Second Unsecured Corporate Bonds
Date of issuance	January 12, 2004	September 6, 2004
Face value	NT\$100,000	NT\$100,000
Place of issuance	Taiwan	Taiwan
Issue price	Face value	Face value
Principal amount	NT\$4,000,000,000	NT\$4,500,000,000
Interest rate	0.00%	0.00%
Period	5 years	5 years
Maturity	January 11, 2009	September 5, 2009
Guarantor	None	None
Trustee	Hua Nan Commercial Bank	SinoPac Commercial Bank
Underwriter	SinoPac Securities	President Securities
Lawyer	Chens Law and Patent Office	Law Office of S. S. Lai
Certified public accountant	Diwan, Ernst & Young	Diwan, Ernst & Young
Principal repayment	To be repaid in lump sum at maturity based on the face value.	To be repaid in lump sum at maturity based on the face value.
Principal outstanding	NT\$1,634,400,000	NT\$1,864,300,000
Clauses on redemption and early repayment	During the 30 days before the bonds are issued for 3 years, the bondholders may exercise their redemption option at a yield rate of 0.20% per annum. When the bonds mature on January 11, 2009, they are redeemed at face value.	During the 30 days before the bonds are issued for 3.5 years, the bondholders may exercise their redemption option at face value.
Restricted clauses	None	None

Evergreen Marine Corporation and Subsidiaries
Loans Extended
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Schedule 5

Lender	Borrower	Financial Statement Account	Highest Balance	Balance as at Dec 31, 2005	Interest Rate	Nature of Loan (Note1)	Annual Amount of Transactions with the Borrower	Reason for Short-Term Financing	Allowance for Bad Debts	Collateral		Maximum Amount of Loans Allowed to be Extended by the Company or its Subsidiaries (Note2)
										Item	Value	
Evergreen Marine Corporation	Greencompass Marine S.A.	Other Receivables from related parties	NTD 636,990 (USD 20,000)	NTD	3.82	2	Revenue 115,163 Expenditure 1,045,103	Working capital requirement	NTD-	-	NTD 11,811,453	NTD 23,622,906
Peony Investment S.A.	Evergreen India Pte. Ltd.	Receivables from related parties	USD 250	USD 250	3.755-4.509	2	USD-	"	USD-	-	USD 231,091	USD 462,182
Greencompass Marine S.A.	Peony Investment S.A	"	USD 60,000	USD -	SIBOR+0.9	2	USD-	"	USD-	-	USD 158,242	USD 316,484
Clove Holding Ltd.	Peony Investment S.A	"	USD 7,050	USD -	-	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906
PT. Multi Bina Pura Internasional	Island Equipment LLC.	"	USD 14,085	USD 14,085	4.7-5.74	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906
PT. Multi Bina Pura Internasional	PT Multi Bina Transport	"	USD 350	USD 150	1.5	2	Expenditure USD74	"	USD-	-	NTD 11,811,453	NTD 23,622,906
Armand International N.V.	Armand Estate B.V.	"	USD 2,691	USD 2,691	3.82	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906
Haisu Marine Limited	Island Equipment LLC.	"	USD 6,035	USD 6,035	3.79-5.43	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906
Vigor Enterprise S.A.	Peony Investment S.A	"	USD 2,995	USD -	4.38	2	USD-	"	USD-	-	NTD 11,811,453	NTD 23,622,906

Note 1: Nature of loans extended

"1" denotes the loans extended to the companies which have transactions with the Company or its subsidiaries. The annual amount of the transactions is stated accordingly.
"2" denotes the loans extended to the companies which require short-term financing. The reason for short-term financing is stated accordingly.

Note 2: Limit on loans extended

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. The calculation is as follows:

The Company: NTD\$ 59,057,286 thousand * 20% = NTD\$11,811,453 thousand
Peony: US\$ 1,155,454 thousand * 20% = US\$231,091 thousand
Greencompass Marine S.A.: USD791,210* 20% = USD 158,242 thousand

2. According to the Company's credit policy, the total amount of loans granted by the Company or its subsidiaries should not exceed 40% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NTD\$ 59,057,286 thousand * 40% = NTD\$23,622,906 thousand
Peony: US\$ 1,155,454 thousand * 40% = US\$462,182 thousand
Greencompass Marine S.A.: USD791,210* 40% = USD 316,484 thousand

Evergreen Marine Corporation and Subsidiaries
Endorsements and Guarantees Provided
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Schedule 6

Endorser/Guarantor	Counterparty	Nature of Relationship (Note 1)	Limit on Endorsements/Guarantees Provided to a Single Company	Highest Balance	Balance as at December 31, 2005	Amount of Endorsements/Guarantees Secured with Collaterals	Ratio of Accumulated Amount of Endorsements/Guarantees to Net Worth (%)	Maximum Amount of Endorsements/Guarantees Allowed to be Provided by the Company or its Subsidiaries (Note 2)
Evergreen Marine Corporation	Greencoast Marine S.A.	3	\$118,114,532	\$14,385,047 (USD447,185)	\$9,493,080 (USD290,197)	\$-	16.07	\$177,171,798
Evergreen Marine Corporation	Peony Investment S.A.	2	118,114,532	2,544,489 (USD79,100)	- (USD-)	-	-	-
Evergreen Marine Corporation	Taranto Container Terminal S.P.A.	1	29,528,633	2,803,730 (EUR 47,909)	1,600,742 (EUR 41,213)	-	2.71	-
Evergreen Marine Corporation	Hatsu Marine Limited	3	118,114,532	13,286,478 (USD413,034)	13,499,979 (USD412,686)	-	22.86	-
Evergreen Marine Corporation	Whitney Equipment LLC.	3	118,114,532	302,186 (USD9,394)	282,017 (USD8,621)	-	0.48	-
Evergreen Marine Corporation	Heimlock Equipment LLC.	3	118,114,532	1,763,578 (USD54,824)	1,447,905 (USD44,262)	-	2.45	-
Evergreen Marine Corporation	Colon Container Terminal S.A.	6	29,528,633	613,765 (USD19,080)	600,380 (USD18,353)	-	1.02	-
Evergreen Marine Corporation	Island Equipment LLC	3	118,114,532	2,097,000 (USD 65,189)	- (USD-)	-	-	-

Note 1: Nature of the counterparty's relationship with the Company or its subsidiaries

"1" denotes the endorsements/guarantees provided to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the endorsements/guarantees provided to the subsidiaries of which the Company holds more than 50% of the common stock.

"3" denotes the endorsements/guarantees provided to the investees of which the Company together with its subsidiaries hold more than 50% of the common stock.

"4" denotes the endorsements/guarantees provided to the companies which directly or indirectly hold more than 50% of the Company's common stock.

"5" denotes the endorsements/guarantees provided pursuant to construction contracts.

"6" denotes the endorsements/guarantees provided to joint venture companies based on the Company's or its subsidiaries' proportionate equity interest in the company.

Note 2: According to the Company's credit policy, the total amount of endorsements or guarantees provided by the Company or its subsidiaries should not exceed 300% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NT\$9,057,266 thousand * 300% = NT\$177,171,798 thousand

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	No. of Shares/Units	Balance as at December 31, 2005 Carrying Value	Ownership (%)	Market Value / Net Worth	Remark
Evergreen Marine Corporation	Stocks:							
	Pecny Investment S.A.	Subsidiary of the Company	Long-term equity investment	4,765	\$41,434,463	100.00	\$41,498,097	
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Long-term equity investment	5,500	72,714	55.00	72,714	
	Chang Yang Development Co., Ltd.	Investee company accounted for under equity method	Long-term equity investment	32,000	401,997	40.00	401,997	
	Evergreen International Storage and Transport Corp.	Investee company accounted for under equity method	Long-term equity investment	424,062	7,548,310	39.74	7,542,420	
	Evergreen Security Corporation	Investee company accounted for under equity method	Long-term equity investment	3,125	40,827	31.25	40,827	
	EVA Airways Corporation	Investee company accounted for under equity method	Long-term equity investment	692,412	8,982,435	20.43	8,982,436	
	Taipei Port Container Terminal Corporation	Investee company accounted for under equity method	Long-term equity investment	16,000	153,219	20.00	153,219	
	Topogis Technology Corp.	Investee company accounted for under equity method	Long-term equity investment	1,000	4,063	25.00	4,063	
	Power World Fund Inc.	Investee company accounted for under cost method	Long-term equity investment	27,27	27,273	5.68	41,618	
	Fubon Securities Finance Co., Ltd.	Investee company accounted for under cost method	Long-term equity investment	19,717	190,322	4.93	258,880	
	Taiwan HSR Consortium	Investee company accounted for under cost method	Long-term equity investment	126,735	1,250,000	2.53	888,412	
	Linden Technologies Inc.	Investee company accounted for under cost method	Long-term equity investment	50	15,372	2.53	15,372	
	Taiwan Fixed Network Corp.	Investee company accounted for under cost method	Long-term equity investment	70,000	700,000	1.08	296,100	
	Central Reinsurance Corp.	Investee company accounted for under lower of cost or market value method	Long-term equity investment	42,231	480,801	8.45	487,778	
	Fubon Financial Holding Co., Ltd.	Investee company accounted for under lower of cost or market value method	Long-term equity investment	2,853	7,344	0.04	79,213	
	AGV PRODUCTS CORP.		None	200	1,550	-	1,348	
	TYC BROTHER INDUSTRIAL CO. LTD.		None	125	2,868	-	2,740	
	JENN FENG INDUSTRIAL CO., LTD.		None	70	2,769	-	2,784	
	China Man-Made Fiber Corporation		None	22	290	-	184	
	China Motor Corporation		None	301	11,376	-	9,625	
	C/MC Magnetics Corporation		None	1,069	17,962	-	12,391	
	Compal Electronics, Inc.		None	351	10,930	-	10,634	
	MOSEL VITELIC INC.		None	2,000	24,657	-	16,240	
	Everlight Electronics Co., Ltd.		None	50	2,705	-	3,346	
	AU Optronics Corps.		None	151	6,583	-	7,031	
	Enlight Corporation		None	300	4,045	-	3,402	
	Epistar Corporation		None	50	2,588	-	3,067	
	Hung Sheng Construction Ltd.		None	100	2,378	-	2,299	
	Yang Ming Marine Transport Corp.		None	2,050	63,796	-	42,818	
	Taiwan Life Insurance, Ltd.		None	110	5,288	-	4,714	
	Waterland Financial Holdings		None	600	7,856	-	6,696	
	Chinatrust Financial Holding Company Ltd.		None	120	3,440	-	3,156	
Chi Mei Optoelectronics		None	250	11,091	-	10,288		
Quanta Display Inc.		None	509	7,480	-	5,383		
Edom Technology Co., Ltd.		None	150	4,131	-	3,207		
Epilux Technology Corp.		None	450	13,304	-	13,752		
Genius Electronic Optical Co., Ltd.		None	20	7,006	-	9,608		
Powerchip Semiconductor Corp.		None	200	4,664	-	4,052		
Nan Ren Lake Leisure Amusement Co., Ltd.		None	275	5,315	-	4,879		
Capital Securities Corp.		None	300	4,191	-	3,720		
Cameo Communication, Inc.		None	100	4,311	-	4,048		
Sporton International Inc.		None	100	5,651	-	5,039		
Unifossa Corp.		None	350	11,192	-	8,225		
Advanced International Multitech Co., Ltd.		None	227	14,202	-	11,935		
Xcentria Technology Materials Co., Ltd.		None	1	41	-	42		

Evergreen Marine Corporation and Subsidiaries
 Schedule 7 (Continued)
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at December 31, 2005			Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	
Evergreen Marine Corporation	Mutual Funds:						
	Cathay Small Cap Growth Fund	None	Short-term investment	588	\$10,000	-	\$12,165
	Capital Balanced Fund	None	Short-term investment	3,000	30,030	-	31,740
	New Light Tech Fund	None	Short-term investment	3,000	30,000	-	30,000
	Transcend Balanced Fund	None	Short-term investment	1,413	15,000	-	15,886
	Cathay High Dividend Balanced Fund	None	Short-term investment	2,000	20,000	-	22,200
	SKIT Strategic Balanced Fund	None	Short-term investment	2,840	30,000	-	30,333
	Capital Strategic Alpha Fund	None	Short-term investment	4,335	50,125	-	52,758
	JF (Taiwan) Pacific Balanced Fund	None	Short-term investment	4,938	50,000	-	51,392
	New Light Fortune Balanced Fund	None	Short-term investment	3,900	40,000	-	45,579
	Grand Cathay High ROE & Dividend Balanced Fund	None	Short-term investment	3,000	30,000	-	32,910
	Allianz Global Investors Target 2015 Fund	None	Short-term investment	5,000	50,100	-	50,200
	Ta chong global growth portfolio Fund	None	Short-term investment	1,969	20,000	-	21,339
	Franklin Templeton Global Bond Fund of Funds	None	Short-term investment	3,000	30,000	-	31,064
	Capital Multi-Income Allocation Fund	None	Short-term investment	5,000	50,040	-	51,050
	Polaris Global ETFs Fund of Funds	None	Short-term investment	4,881	50,000	-	52,275
	New Light Global Champion Fund	None	Short-term investment	2,000	20,000	-	19,997
	Tim Happy Go Go fund	None	Short-term investment	10,000	100,000	-	99,553
	AIG Global medallion fund of funds	None	Short-term investment	3,006	30,000	-	31,563
	KGI GAMA Strategy Fund	None	Short-term investment	3,000	30,000	-	29,790
	Cathay Global Balance Fund of Funds	None	Short-term investment	4,000	40,000	-	40,040
	ING chb tri-go defensive portfolio	None	Short-term investment	3,000	30,000	-	30,000
	TIIM Asia Win-Win Fund	None	Short-term investment	3,000	30,000	-	35,160
	Dresdner Global Biotech DAM Fund	None	Short-term investment	1,954	30,060	-	30,726
	adam Global Bond Fund	None	Short-term investment	7,412	80,080	-	79,622
	Truswell global balanced Fund	None	Short-term investment	2,902	30,000	-	31,519
	adam Global Emerging Markets Fund	None	Short-term investment	2,465	30,060	-	31,997
	JPMF(Taiwan) Global Balanced Fund	None	Short-term investment	2,654	30,000	-	30,418
	Polaris Global ABS Fund (A)	None	Short-term investment	10,000	100,000	-	99,809
	Shinkong Guaranteed Fund	None	Short-term investment	3,000	30,000	-	29,520
	Jih sun win-tide guaranteed Fund (series1)	None	Short-term investment	3,000	30,000	-	29,801
	Transcend strategic balanced Fund (series1)	None	Short-term investment	10,000	100,000	-	108,289
	KGI 100% Principal Guaranteed Fund No.1	None	Short-term investment	5,000	50,000	-	49,490
	Fubon Principal Protect Fund I	None	Short-term investment	3,000	30,000	-	30,330
	TIIM Privately offered Fund NO.1	None	Short-term investment	5,000	50,000	-	50,247
	HUA nan Private placed Bond Fund NO.1	None	Short-term investment	5,000	50,000	-	50,130
	Transcend strategic growth fund I	None	Short-term investment	5,000	50,000	-	49,922
KGI SUPER NICHE FUND	None	Short-term investment	3,000	30,000	-	30,092	
Grand Cathay Bond Fund	None	Short-term investment	100,000	100,000	-	100,010	
Paradigm pion fund	None	Short-term investment	9,475	100,000	-	100,009	
Jih sun bond fund	None	Short-term investment	30,292	403,200	-	407,961	
TLAM solomon bond fund	None	Short-term investment	8,696	100,000	-	100,012	
JF(Taiwan) Bond Fund	None	Short-term investment	6,644	100,000	-	100,011	
Fubwa advantage bond fund	None	Short-term investment	19,450	200,000	-	200,132	
TIIM Bond Fund	None	Short-term investment	7,156	100,000	-	100,014	
Prudential Financial Bond Fund	None	Short-term investment	2,083	30,000	-	30,041	
Cathay Fund	None	Short-term investment	5,786	100,000	-	100,011	
Prudent Home Run	None	Short-term investment	7,222	100,000	-	100,010	
Fubon Jui II	None	Short-term investment	6,868	100,000	-	100,003	
Fu Hwa Bond	None	Short-term investment	7,604	100,000	-	100,011	
Transcend strategic bond fund	None	Short-term investment	8,330	100,000	-	100,010	
Dresdner Bond DAM Fund	None	Short-term investment	6,751	100,000	-	100,011	

28,549 thousand units are pledged.

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at December 31, 2005			Market Value/ Net Worth	Remark
				No. of Shares/Units	Carrying Value	Ownership (%)		
Evergreen Marine Corporation	Plains De Bao Fund	None	Short-term investment	9,146	\$100,000	-	\$100,011	
	New Light Taiwan Bond Fund	None	Short-term investment	9,887	100,000	-	100,011	
	Taishin Lucky Fund	None	Short-term investment	11,365	115,000	-	115,034	
	Franklin US Government Fund	None	Short-term investment	111	34,670	-	33,463	
	MFS Meridian Emerg MKTS DEBT FD	None	Short-term investment	117	67,562	-	67,652	
	MFS Inflation Adjusted Bond Fund	None	Short-term investment	248	80,468	-	82,338	
	MFS Global Balanced Fund	None	Short-term investment	31	15,913	-	16,726	
	PERMAL FUND	None	Short-term investment	1	8,601	-	9,455	
	Forsyth Alternative Income Fund Class R (EUR)	None	Short-term investment	88	42,530	-	39,968	
	Forsyth Alternative Income Fund Class R (JPY)	None	Short-term investment	85	31,580	-	27,332	
	Skandia Global Bond Fund Class B	None	Short-term investment	41	15,792	-	15,841	
	ABN AMRO HONG KONG EQUITY GUARANTEED FUND	None	Short-term investment	10	31,735	-	31,116	
	Alexandra Global Inv. (ASIA) B	None	Short-term investment	39	16,953	-	17,102	
	Investec Global Energy Fund "C" Inc	None	Short-term investment	4	33,755	-	32,345	
	ABN ASIA BOND FUND A	None	Short-term investment	10	33,540	-	32,713	
	JULIUS BAER DIVERSIFIED FIXED INCOME HEDGE FUND	None	Short-term investment	10	29,871	-	27,985	
	Government Bonds	None	Short-term investment	-	20,472	-	24,834	
	Korea Container Authority Bonds	None	Short-term investment	-	12,581	-	12,581	
	Foreign Corporate Bonds :	None	Long-term bond investment	16	3,948	-	3,406	
	TUNTEX (THAILAND) PUBLIC COMPANY LIMITED	None	Short-term investment	1	6,639	-	6,800	
	Corporate Bonds	None	Short-term investment	500	50,000	-	48,885	
	MERRILL LYNCH	None	Short-term investment	-	80,000	-	80,000	
	Quanta Display Inc.	None	Short-term investment	-	80,000	-	80,000	
Jihsun FHC Inc	None	Short-term investment	-	80,000	-	80,000		
Bonds with resale agreements	None	Short-term investment	-	80,000	-	80,000		
Financial Bonds	None	Short-term investment	-	80,000	-	80,000		
Greencoast Marine S.A.	Indirect subsidiary of the Company	Long-term equity investment	3,535	USD 799,146	100.00	USD 799,146		
Vigor Enterprise S.A.	Indirect subsidiary of the Company	Long-term equity investment	80	USD 4,575	100.00	USD 4,575		
Clove Holding Ltd.	Indirect subsidiary of the Company	Long-term equity investment	10	USD 59,968	100.00	USD 59,968		
Evergreen Heavy Industrial Corp. (M) Behad	Indirect subsidiary of the Company	Long-term equity investment	42,120	USD 36,371	84.44	USD 36,371		
PT. Multi Bina Pura Internasional	Indirect subsidiary of the Company	Long-term equity investment	68	USD 9,518	95.30	USD 9,518		
PT. Multi Bina Transport	Indirect subsidiary of the Company	Long-term equity investment	2	USD 185	17.39	USD 185		
Armand Investment (Nether.Lands) N.V.	Indirect subsidiary of the Company	Long-term equity investment	4	USD 1,700	70.00	USD 1,700		
Shenzhen Greenrains Transportation Co., Ltd.	Indirect subsidiary of the Company	Long-term equity investment	-	USD 3,279	95.00	USD 3,279		
Haisu Marine Limited	Indirect subsidiary of the Company	Long-term equity investment	785	USD 105,674	51.00	USD 105,674		
Luama Investment (Netherlands) N.V.	Investee company of Peony accounted for under equity method	Long-term equity investment	12,250	USD 17,788	50.00	USD 17,788		
Evergreen Container Terminal (Thailand) Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 18,439	48.18	USD 18,439		
Shanghai Jifa Logistics Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 8,143	21.06	USD 8,143		
Ningbo Victory Container Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 2,473	40.00	USD 2,473		
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 5,261	40.00	USD 5,261		
Balsam Investment (Nether.lands) N.V.	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 184,387	49.00	USD 184,387		
Evergreen Shipping Singapore Pte. Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	383	USD 1,198	25.50	USD 1,198		
Evergreen Korea Corporation	Investee company of Peony accounted for under equity method	Long-term equity investment	61	USD 2,720	50.00	USD 2,720		
Evergreen Star (Thailand) Co., Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	204	USD 734	25.50	USD 734		
PT. Evergreen Marine Indonesia	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 753	25.40	USD 753		
Evergreen India Pte. Ltd.	Investee company of Peony accounted for under equity method	Long-term equity investment	5	USD 29	49.99	USD 29		
Evergreen Marine Australia Pty Ltd	Investee company of Peony accounted for under equity method	Long-term equity investment	-	USD 245	25.50	USD 245		
Hutchison Inland Container Depots Limited	Investee company of Peony accounted for under cost method	Long-term equity investment	1	USD 1,492	7.50	USD 1,492		
South Asia Gateway Terminals	Investee company of Peony accounted for under cost method	Long-term equity investment	6,211	USD 2,412	5.00	USD 2,412		
Dongbu Pusan Container Terminal Co., Ltd.	Investee company of Peony accounted for under cost method	Long-term equity investment	300	USD 1,556	15.00	USD 1,556		

Evergreen Marine Corporation and Subsidiaries
 Schedule 7 (Continued)
 Marketable Securities Held as at December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at December 31, 2005			Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indirect subsidiary of Peony	Long-term equity investment	8	USD705	72.95	USD705
Clove Holding Ltd.	Ample Holding LTD. Classic Outlook Investment Ltd. Evenup profits ltd. Island Equipment LLC	Indirect subsidiary of Peony Investee company of Clove accounted for under cost method Investee company of Clove accounted for under cost method Indirect subsidiary of Peony	Long-term equity investment Long-term equity investment Long-term equity investment Long-term equity investment	9 - - -	USD18,154 USD102,359 - USD409	90.00 2.23 2.23 36.00	USD18,154 USD102,359 - USD409
Ample Holding Ltd.	Colon Container Terminal S.A.	Investee company of Ample accounted for under equity method	Long-term equity investment	22,860	USD51,564	40.00	USD51,564
Island Equipment LLC	Whitney Equipment LLC Hemlock Equipment LLC	Investee company of Island accounted for under equity method Investee company of Island accounted for under equity method	Long-term equity investment Long-term equity investment	- -	USD437 USD506	100.00 100.00	USD437 USD506
Haisu Marine Limited	Island Equipment LLC	Indirect subsidiary of Peony	Long-term equity investment	-	USD166	15.00	USD166
Armand Investment (Netherlands) N.V.	Armand Estate (Netherlands) B.V.	Indirect subsidiary of Peony	Long-term equity investment	40	(USD280)	100.00	(USD280)
Armand Estated (Netherlands)B.V.	Taipei Port Container Terminal	Investee company of Armand Estate B.V. accounted for under equity method	Long-term equity investment	80,000	USD2,332	10.00	USD2,332
Greencorpass Marines S.A.	UG, Hidden Dragon Balance Fund B Portus Banc Notes Series X ABN AMRO Global Emerging Bonds Capital Protected Notes UBS Forward Arbitrage Strategy Fast Notes	None None None None	Short-term investment Short-term investment Short-term investment Short-term investment	103 98 1 50	USD1,030 USD1,000 USD1,000 USD5,000	- - - -	USD1,039 USD1,000 USD1,114 USD4,703

Evergreen Marine Corporation and Subsidiaries
 Summary of Significant Transactions on One Specific Security
 Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Buyer/Seller	Marketable Securities	Financial Statement Account	Counterparty	Related Party	January 1, 2005			Buy			Sell			December 31, 2005	
					No. of Shares/Units	Amount	No. of Shares/Units	No. of Shares/Units	Amount	No. of Shares/Units	Amount	Gain (Loss) on Disposal	No. of Shares/Units	Amount	
Evergreen Corporation	Mutual Funds	Short-term investment	Open market transaction	No	5,000	\$50,000	5,007	\$50,000	10,007	\$100,018	\$918	-	-	-	-
	Polaris Global Balance Fund	Short-term investment	Open market transaction	No	-	-	9,762	100,000	4,881	51,892	1,592	4,881	50,000	-	-
	Team Happy Go Go fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	-	-	0	10,000	100,000	-	-
	Fubon Global REIT Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	-	-	0	10,000	100,000	-	-
	Polaris Global ABS Fund (A)	Short-term investment	Open market transaction	No	-	-	10,000	100,000	-	-	0	10,000	100,000	-	-
	Polaris Global REITs Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	-	-	0	10,000	100,000	-	-
	Polaris Global REITs Fund	Short-term investment	Open market transaction	No	-	-	10,000	100,000	-	-	0	10,000	100,000	-	-
	Figt Fullsun Bond Fund	Short-term investment	Open market transaction	No	-	-	19,826	200,000	18,826	200,684	864	-	-	-	-
	Transcend strategic balanced fund (series1)	Short-term investment	Open market transaction	No	-	-	10,000	100,000	9,952	100,420	420	10,000	100,000	-	-
	Saker Bond Fund	Short-term investment	Open market transaction	No	-	-	9,952	100,000	-	-	0	-	-	-	-
	Ta Chong Bond	Short-term investment	Open market transaction	No	30,023	380,000	2,751	35,000	32,774	416,568	1,968	-	-	-	-
	Grand Cayray Bond Fund	Short-term investment	Open market transaction	No	10,323	130,000	15,731	200,000	18,231	231,469	1,489	-	-	-	-
	Mega Diamond Bond	Short-term investment	Open market transaction	No	38,046	470,000	44,898	470,000	41,468	748,823	1,925	-	-	-	-
	Polaris Global Bond Fund	Short-term investment	Open market transaction	No	38,046	375,000	-	-	21,134	343,130	343,000	9,475	100,000	-	-
	Figt Benefit	Short-term investment	Open market transaction	No	-	-	-	-	21,134	343,130	343,000	130	-	-	-
	Jih sun bond fund	Short-term investment	Open market transaction	No	20,993	298,000	30,332	405,000	53,446	763,187	2,187	-	-	-	-
	Fu Hwa Apex Bond Fund	Short-term investment	Open market transaction	No	45,133	598,200	-	-	45,173	604,418	4,218	-	-	-	-
	Evergreen Bond Fund	Short-term investment	Open market transaction	No	10,054	115,000	-	-	10,054	116,510	1,510	-	-	-	-
	TLAW Global Bond Fund	Short-term investment	Open market transaction	No	11,313	345,000	-	-	11,313	350,000	5,000	-	-	-	-
	TLAW Global Bond Fund	Short-term investment	Open market transaction	No	31,412	345,000	-	-	31,412	350,000	5,000	-	-	-	-
	Hua Nan Phoenix	Short-term investment	Open market transaction	No	36,323	531,000	-	-	36,323	531,000	2,977	-	-	-	-
	Hua Nan Phoenix	Short-term investment	Open market transaction	No	36,323	531,000	-	-	36,323	531,000	2,977	-	-	-	-
	JF (Taiwan) Bond Fund	Short-term investment	Open market transaction	No	11,466	122,000	25,759	380,000	62,082	917,593	6,549	-	-	-	-
	JF (Taiwan) Bond Fund	Short-term investment	Open market transaction	No	11,466	122,000	25,759	380,000	62,082	917,593	6,549	-	-	-	-
	JF First Bond Fund	Short-term investment	Open market transaction	No	3,380	50,000	-	-	3,380	50,000	4,593	-	-	-	-
	Fu Hwa Bond Fund	Short-term investment	Open market transaction	No	10,956	150,000	-	-	10,956	150,078	1,097	-	-	-	-
	Evergreen Bond Fund	Short-term investment	Open market transaction	No	21,696	288,000	-	-	21,696	272,653	4,383	-	-	-	-
	Evergreen Bond Fund	Short-term investment	Open market transaction	No	21,696	288,000	-	-	21,696	272,653	4,383	-	-	-	-
	TLAW Global Bond Fund	Short-term investment	Open market transaction	No	45,266	621,000	-	-	45,266	621,000	8,181	-	-	-	-
	TLAW Global Bond Fund	Short-term investment	Open market transaction	No	45,266	621,000	-	-	45,266	621,000	8,181	-	-	-	-
	PCA Bond Fund	Short-term investment	Open market transaction	No	18,490	280,000	36,090	500,000	74,200	1,029,181	19,450	-	-	-	-
	NITC Bond	Short-term investment	Open market transaction	No	472	75,000	-	-	472	75,000	550	-	-	-	-
	NITC Taiwan BOND	Short-term investment	Open market transaction	No	472	75,000	-	-	472	75,000	550	-	-	-	-
	Cathy Bond	Short-term investment	Open market transaction	No	17,905	245,000	25,479	350,000	43,384	598,705	2,688	-	-	-	-
	Evergreen Bond Fund	Short-term investment	Open market transaction	No	13,410	190,000	21,179	240,000	25,803	291,843	1,943	-	-	-	-
	IT Wan Pao Fund	Short-term investment	Open market transaction	No	25,626	272,000	-	-	25,626	272,000	2,488	-	-	-	-
	IT Wan Pao Fund	Short-term investment	Open market transaction	No	25,626	272,000	-	-	25,626	272,000	2,488	-	-	-	-
	Sheng Hua 1699 Fund	Short-term investment	Open market transaction	No	36,153	535,000	-	-	36,153	535,000	99	-	-	-	-
	Sheng Hua 5599 Fund	Short-term investment	Open market transaction	No	19,870	280,000	-	-	19,870	280,000	6,073	-	-	-	-
	President Home Run	Short-term investment	Open market transaction	No	20,002	273,000	21,697	295,043	34,437	472,409	4,111	-	-	-	-
ABN AMRO Saker Bond	Short-term investment	Open market transaction	No	9,081	100,000	-	-	9,081	100,264	264	-	-	-	-	
ABN AMRO Taiwan Bond Fund	Short-term investment	Open market transaction	No	9,432	100,000	-	-	9,432	100,596	596	-	-	-	-	
ABN AMRO Aggressive Taiwan Bond Fund	Short-term investment	Open market transaction	No	46,504	500,000	-	-	46,504	501,618	1,618	-	-	-	-	
KGI Victory Fund	Short-term investment	Open market transaction	No	33,514	350,000	16,609	175,000	50,123	526,988	1,998	-	-	-	-	
IBon Ju-ii Bond Fund	Short-term investment	Open market transaction	No	6,707	93,000	6,958	100,000	6,707	96,257	3,257	-	-	-	-	
Tuswell Bond Fund	Short-term investment	Open market transaction	No	3,144	30,000	3,490	50,000	3,144	32,500	1,496	-	-	-	-	
Tuswell Bond Fund	Short-term investment	Open market transaction	No	3,144	30,000	3,490	50,000	3,144	32,500	1,496	-	-	-	-	
Fu Hwa Bond Fund	Short-term investment	Open market transaction	No	60,471	749,000	15,635	195,000	76,107	950,853	6,853	-	-	-	-	
Fu Hwa Albatross Fund	Short-term investment	Open market transaction	No	8,271	106,500	7,604	100,000	8,271	108,045	1,545	-	-	-	-	
Invesco Income Fund	Short-term investment	Open market transaction	No	11,207	122,500	-	-	11,207	123,845	1,345	-	-	-	-	
ShinKong Chi-Xiang	Short-term investment	Open market transaction	No	4,493	50,000	14,743	165,000	19,236	215,619	919	-	-	-	-	
ShinKong Chi-Xiang	Short-term investment	Open market transaction	No	4,493	50,000	14,743	165,000	19,236	215,619	919	-	-	-	-	
Reliance Forever	Short-term investment	Open market transaction	No	42,544	608,000	16,343	233,000	59,887	847,697	4,497	-	-	-	-	
Reliance Forever	Short-term investment	Open market transaction	No	42,544	608,000	16,343	233,000	59,887	847,697	4,497	-	-	-	-	
Resit Enhanced Bond Fund	Short-term investment	Open market transaction	No	25,412	271,000	-	-	25,412	271,000	3,610	-	-	-	-	
Drescher Bond DAM	Short-term investment	Open market transaction	No	13,049	148,000	263	3,000	13,312	152,786	1,796	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000	43,244	419,610	3,044	-	-	-	-	
Union Bond	Short-term investment	Open market transaction	No	21,318	300,000	21,926	310,000								

Evergreen Marine Corporation and Subsidiaries
Purchases from and Sales to Related Parties
Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Schedule 9

Purchaser/Seller	Counterparty	Nature of Relationship	Transaction			Reason for Difference in the Terms on Related Party Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchases / Sales	Amount	% of the Total Purchases / Sales	Credit Term	Unit Price	Credit Term	Balance	
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp. (EITC)	Investee accounted for by equity method	Purchases	\$1,403,285	3.89	30-60 days	\$-	-	\$(4,828)	0.17
			Sales	101,742	0.24	30-60 days	-	-	24,731	0.99
	Evergreen International Corp.	Investee of the Company's major stockholder	Purchases	487,692	1.41	30-60 days	-	-	(17,660)	0.64
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	626,034	1.78	30-60 days	-	-	(36,466)	1.32
Hatsu Marine Limited	Hatsu Marine Limited	Indirect subsidiary of the Company	Purchases	734,806	2.09	30-60 days	-	-	(167,176)	6.05
			Sales	284,850	0.68	30-60 days	-	-	-	-
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Purchases	1,045,103	2.97	30-60 days	-	-	(7,413)	0.27
			Sales	115,163	0.28	30-60 days	-	-	-	-
Evergreen Marine Corporation	Gaining Enterprise S.A.	Subsidiary of EITC accounted for by equity method	Purchases	1,954,468	5.56	30-60 days	-	-	-	-
			Purchases	117,826	0.33	30-60 days	-	-	(15,028)	0.54
	Lloyd Triestino Di Navigazione S.P.A.	Investee of the Company's subsidiary with significant influence	Sales	640,013	1.52	30-60 days	-	-	-	-
			Sales	624,075	99.88	30-60 days	-	-	56,779	99.25
Taiwan Terminal Service Co., Ltd.	Evergreen Marine Corporation	Parent company	Sales	624,075	99.88	30-60 days	-	-	56,779	99.25
Hatsu Marine Limited	Evergreen Marine Corporation	Parent company	Sales	GBP 13,712	3.11	30-60 days	-	-	GBP 3,029	10.33
			Purchase	GBP 588	0.15	30-60 days	-	-	GBP -	-
Greencompass Marine S.A.	Evergreen Marine Corporation	Parent company	Sales	USD 32,214	1.43	30-60 days	-	-	USD -	-
			Purchase	USD 3,561	0.18	30-60 days	-	-	USD -	-

Evergreen Marine Corporation and Subsidiaries
 Receivables from Related Parties
 Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
 December 31, 2005
 (Expressed in Thousands of Dollars)

Creditor	Counterparty	Nature of Relationship	Balance as at December 31, 2005	Turnover Rate (No. of Times)	Overdue Receivables		Amount Received Subsequent to the Balance Sheet Date	Allowance for Bad Debts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Corp.	Investee of the Company's major stockholder	Accounts receivable	-	NTD -	-	NTD 82,812	NTD -
			Other receivable	\$17,521	-	NTD -	NTD 17,354	NTD -
Hatsu Marine Limited	Island Equipment LLC.	Indirect subsidiary of Peony	Accounts receivable - related party	-	USD -	-	USD 2,458	USD -
			Accounts receivable - related party	USD\$14,085	-	USD -	USD 5,500	USD -

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars / Thousand Shares)

Schedule 11

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005			Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at December 31, 2005	Balance as at January 1, 2005	No. of Shares	Ownership (%)	Carrying Value			
Evergreen Marine Corporation	Peony Investment S.A.	53RD Street, Urbanization Obarrio Torre Swiss Bank, 2nd Floor, Panama	Investment activities	USD 476,600	USD 476,600	4,765	100.00	\$41,434,463	\$6,879,947	Subsidiary of the Company	
	Taiwan Terminal Services Co., Ltd.	2F, No.177, Ssu Wei 4th Rd., Lingya District, Kaohsiung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,600	55.00	72,714	(1,368)	Subsidiary of the Company	
	Chang Yang Development Co., Ltd.	2F, No.389, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental and sale of residential and commercial buildings	320,000	320,000	32,000	40.00	401,997	27,686	Investee accounted for by equity method	
	Evergreen International Storage and Transport Corporation	No.699, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	7,548,310	517,375	Investee accounted for by equity method	
	Evergreen Security Corporation	4&5F, No. 111, Sungliang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	3,125	31.25	40,827	6,695	Investee accounted for by equity method	
	EVA Airways Corporation	11F, No.376, Hsiman Rd., Section 1, Lu Chu Hsiang, Taoyuan County, Taiwan	International passenger and cargo transportation	8,669,973	8,069,973	692,412	20.43	8,982,435	259,284	Investee accounted for by equity method	
	Taipei Port Container Terminal Corporation	6F-1, No.220, Songliang Rd., Taipei, Taiwan	Container distribution and cargo stevedoring	160,000	160,000	16,000	20.00	153,219	(1,776)	Investee accounted for by equity method	
	Topogis Technology Corporation	3F-3, No.185, Kewang Rd., Gaoyuan Village, Longlan Shiang, Taoyuan County	IT services and design and wholesale of software	10,000	10,000	1,000	25.00	4,063	(4,746)	Investee accounted for by equity method	

(Forward)

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars / Thousand Shares)

Schedule 11 (Continued)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005		Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at December 31, 2005	Balance as at January 1, 2005	No. of Shares	Ownership (%)				
Peony Investment S.A.	Greencompass Marine S.A.	53rd Street, Urbanization Obispo Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Marine transportation	USD 353,500	USD 353,500	3,535	100.00	USD 798,145	USD 139,444	USD 139,444	Indirect subsidiary of the Company
	Vigor Enterprise S.A.	53rd Street, Urbanization Obispo Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Investment holding company	USD 8,000	USD 8,000	80	100.00	USD 4,575	(USD 724)	(USD 724)	Indirect subsidiary of the Company
	Cleve Holding Ltd.	Coajimar Chambers, P. O. Box 71, Road Town, Tortola, B. V. I.	Investment holding company	USD 10	USD 10	10	100.00	USD 59,968	USD 7,827	USD 7,827	Indirect subsidiary of the Company
	Hatsu Marine Limited	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	USD 1,503	USD 1,503	765	51.00	USD 105,674	USD 10,532	USD 7,827	Indirect subsidiary of the Company
	Evergreen Heavy Industrial Co. (Malaysia) Berhad	Lot 139, Jalan Cecil, Phase 2 Free Trade Zone Johor Port Authority, B1700 Pasir Gudang, Johor, Johore Bahru, Malaysia	Container manufacturing	USD 27,295	USD 27,295	42,120	84.44	USD 36,371	USD 5,027	USD 4,792	Indirect subsidiary of the Company
	PT. Multi Bina Pura International	Jl. Raya Cakung Cilincing, RT. 002-05, Desa Roonan P.O. Box 6043 Jakarta 14260, Indonesia Lot 139, Jalan	Loading and discharging operations of container yards and inland transportation	USD 20,204	USD 20,204	68	95.30	USD 8,518	USD 675	USD 644	Indirect subsidiary of the Company
	PT. Multi Bina Transport	Jl. Raya Cakung Cilincing, RT. 002-05, Desa Roonan P.O. Box 6043 Jakarta 14260, Indonesia Lot 139, Jalan	Loading and discharging operations of container yards and inland transportation	Rp 1,800,000	Rp 1,800,000	2	17.39	USD 185	USD 320	USD 56	Indirect subsidiary of the Company
	PT. Evergreen Marine Indonesia	Gedung Pricewaterhouse Coopers 9-10th Floors, Jl. H.R. Rasuna Said Kav. C-03 Jakarta 12920, Indonesia	Shipping agency	USD 258	USD 258	-	25.44	USD 753	USD 1,237	USD 315	Investee company of Peony accounted for under equity method
	Luanba Investment (Netherlands) N.V.	21-A Van Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 21,973	USD 15,785	-	50.00	USD 17,788	(USD 4,157)	(USD 2,079)	Investee company of Peony accounted for under equity method
	Balsam Investment (Netherlands) N.V.	21-A Van Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 30,715	USD 50,715	-	49.00	USD 184,387	USD 63,213	USD 45,674	Investee company of Peony accounted for under equity method
	Shanghai Jifa Logistics Co., Ltd.	7-9F, Jifa Building, No.4049C, Jungting Rd., Shanghai City	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 6,635	USD 6,635	-	21.06	USD 8,143	USD 1,957	USD 385	Investee company of Peony accounted for under equity method
	Sherchen Greentrans Transportation Co., Ltd.	San Jiao Long Warehouse & Storage Zone, Fu Kang Road, Hengyang Town, Shenzhen, China	Loading, discharging, storage, repair, cleaning and transportation of containers	USD 3,134	USD 3,134	-	55.00	USD 3,279	USD 133	USD 69	Indirect subsidiary of the Company
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Unit 403, 3F, Eastern Garden, No.138 A-Li Mountain Rd., Huangdao Development Dist. Qingdao City	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 4,447	USD 4,447	-	40.00	USD 5,281	USD 1,256	USD 462	Investee company of Peony accounted for under equity method
	Ningbo Victory Container Co., Ltd.	No.1 Area, Beilun, Xiaoshan Industrial Estate, Ningbo Economic and Technical Development Zone, China	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 1,199	USD 1,199	-	40.00	USD 2,473	USD 2,004	USD 602	Investee company of Peony accounted for under equity method

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Information on Investee Companies
 For the Year Ended December 31, 2005
 (Expressed in Thousands of Dollars / Thousand Shares)

Schedule 11 (Continued)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at December 31, 2005		Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at December 31, 2005	Balance as at January 1, 2005	No. of Shares	Ownership (%)			
Peony Investment S.A.	Evergreen Container Terminal (Thailand) Ltd.	33/4 Moo 1, Chaokhun Tahan Road, Sun District Klong 3, Lat Krabang District, Bangkok 10520	Loading and discharging of containers	USD 28,636	USD 28,636	12,250	48.18	USD 5,305	USD 2,556	Investee company of Peony accounted for under equity method
	Evergreen Shipping (S) Pte. Ltd.	333 Jalan Besar, Singapore 208018	Shipping agency	USD 219	USD 219	383	25.50	USD 1,422	USD 363	Investee company of Peony accounted for under equity method
	Evergreen Star (Thailand) Co. Ltd.	Green Tower, 24-25th Floors 3658/61 Rama IV Road Klongton Klongtoey Bangkok 10110	Shipping agency	USD 238	USD 238	204	25.50	USD 3,421	USD 872	Investee company of Peony accounted for under equity method
	Evergreen Korea Corporation	15th Fl., Korea Express Center, 83-5, 4-Ka, Jung-Ang Dong Jung-Ku, Pusan, Republic of Korea	Shipping agency	USD 238	USD 238	61	50.00	USD 1,780	USD 890	Investee company of Peony accounted for under equity method
	Armand Investment (Netherlands) N.V.	Van Engelenweg 21A, Curacao Netherlands Antilles	Investment holding company	USD 1,750	USD 1,622	4	70.00	(USD 114)	(USD 80)	Indirect subsidiary of the Company
	Evergreen India Pte. Ltd.	J.N. Heredia Marg Ballard Estate Mumbai 400 038, India	Shipping agency	USD 12	USD 12	5	49.98	USD 25	USD 13	Investee company of Peony accounted for under equity method
	Evergreen Marine Australia Pty Ltd.	Level 13, 181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	USD-	USD-	-	25.50	USD 768	USD 196	Investee company of Peony accounted for under equity method

Evergreen Marine Corporation and Subsidiaries – Greencompass Marine S. A.
 Derivative financial instrument undertaken by the Company and its investee
 December 31, 2005

1. Derivative financial instruments:

(1) The contract (notional principal) amounts and credit risk (expressed in thousand dollars)

Financial Instruments	December 31, 2005		December 31, 2004	
	Notional Principal (Contract Amount)	Credit Risk	Notional Principal (Contract Amount)	Credit Risk
Interest rate swaps (IRS)	USD 108,176	USD 598	USD -	USD -
Foreign exchange option	EUR 3,000	USD -	USD -	USD -

The above credits risk amounts are based on the contracts with positive fair values on the balance sheet date and represent the possible loss that will be incurred by the Company in the event that the counterparties default. The counterparties of the Company are all well-known banks with good credit ratings. Thus, the credit risk is assessed to be remote.

(2) Market risk

The interest rate swaps are utilized to hedge against fluctuations in interest rates, exchange rates. And the foreign exchange options are derivative financial instruments which are held for trading. Periodic reviews are conducted on the Subsidiary's exposure to market risk, and a stop-loss mechanism has been established to minimize the impact of market risk on the Subsidiary's operations.

(3) Liquidity risk, cash flow risk and the amount, timing and uncertainty of future cash requirements

As no principals are exchanged upon settlement of the interest rate swaps and forward exchange options, no significant cash requirement is expected. Therefore, the Subsidiary's working capital is assessed to be adequate and no funding risk is expected. In addition, the interest rates, exchange rates and prices are fixed. Thus, cash flow risk is remote.

(4) The purposes and strategies of holding derivative financial instruments

The derivative financial instruments are held for trading and non-trading purposes. Interest rate swaps are undertaken to hedge against fluctuations in interest rates and exchange rates. The aim of the hedging strategy is to hedge most of the market risk. For the derivative financial instruments held for trading purposes, they are undertaken to make profits on the interest rate, exchange rate and price differentials.

(5) Disclosures of derivative financial instruments in the financial statements

1) Interest rate swaps:

The contracts are settled based on the difference between the spot interest rate and contracted interest rate. The amount received and paid upon settlement is recorded as a deduction from and an addition to the interest expense on shipping finance, respectively.

2) Foreign Exchange Option:

As the Company has actual position in the underlying assets, full settlements are conducted at expiration of the contracts. The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss upon settlement.

2. Fair values of financial instruments

	94.12.31		93.12.31	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Derivative financial instruments				
Interest rate swaps	USD -	USD 126	USD -	USD -
Foreign exchange options	USD 166	USD 166	USD -	USD -

Evergreen Marine Corporation
Investments in Mainland China
For the Year Ended December 31, 2005
(Expressed in Thousands of Dollars)

Schedule 13

Investee in Mainland China	Main Business	Paid-in Capital	Way of Investing in Mainland China (Note 1)	Balance of Investments in Mainland China as at January 1, 2005 (USD 6,000)	Investment Amount Remitted to Mainland China from Taiwan during 2005	Amount Remitted Back to Taiwan from Mainland China during 2005	Balance of Investments in Mainland China as at December 31, 2005 (USD 6,000)	The Company's Direct/ Indirect Ownership in the Investee (%)	Investment Income (Loss) for 2005 (Note 2)	Carrying Value of Investments as at December 31, 2005	Accumulated Amount of Investment Income Remitted Back to Taiwan as at December 31, 2005
Shanghai Jifa Logistics Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB271,565	(2)	\$196,275 (USD 6,000)	\$-	\$-	\$196,275 (USD 6,000)	21.06	\$12,360 (USD 365)	\$266,378 (USD 8,143)	\$-
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading and discharging	RMB24,119	(2)	\$33,301 (USD 1,018)	-	-	\$33,301 (USD 1,018)	40.00	25,747 (USD 802)	80,888 (USD 2,473)	-
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB92,500	(2)	\$145,472 (USD 4,447)	-	-	\$145,472 (USD 4,447)	40.00	14,832 (USD 462)	172,100 (USD 5,261)	-
Shenzhen Greentrans Transportation Co., Ltd.	Inland container loading, discharging, storage, repair, cleaning and related activities	RMB44,960	(2)	\$102,521 (USD 3,134)	-	-	\$102,521 (USD 3,134)	55.00	2,215 (USD 69)	107,264 (USD 3,279)	-
Shenzhen Hutchison Inland Container Deposits Co., Ltd.	Inland container yard	HKD92,000	(2)	26,598 (HKD 6,304)	-	-	26,598 (HKD 6,304)	6.85	-	26,598 (HKD 6,304)	-

Balance of Investments in Mainland China as at December 31, 2005	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Quota of Investments in Mainland China Imposed by the Investment Commission of MOEA
\$504,156 (USD 14,599) (HKD 6,304)	\$1,095,368 (USD 33,485)	Net worth under \$5,000,000,000
		Net worth between \$5,000,000,000 and Net worth over \$10,000,000,000
		\$2,000,000
		1,500,000
		9,811,453
		\$13,311,453

(Net worth of the Company: NT\$59,057,266)

Note 1: Investments in Mainland China can be conducted by the following ways:

- (1) Remitting the funds to Mainland China via a third country
- (2) Via a new investee to be set up in a third country
- (3) Via an existing investee set up in a third country
- (4) Via a company directly in Mainland China
- (5) Others

Note 2: Investment income (loss) for the year

- (1)* Denotes that the investee is still in the start-up stage.
- (2)* Denotes the basis on which the investment income (loss) is recorded.
- (3) Denotes the investment income (loss) recorded on the consolidated financial statements of the investment firm other than the Company's auditor
- (c) Based on the investee's financial statements audited by the Company's auditor



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