

**EVERGREEN MARINE CORPORATION (TAIWAN)
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2013 AND 2012**

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

| | | | | For the years ended December 31 | | | |
|------|--|-----------------|-----------------|---------------------------------|-----------------|-------|--|
| | | | | 2013 | | 2012 | |
| | Notes | AMOUNT | % | AMOUNT | % | | |
| 4000 | Operating revenue | 6(23) and 7 | \$ 139,216,384 | 100 | \$ 141,026,391 | 100 | |
| 5000 | Operating costs | 6(27)(28) and 7 | (138,827,639) | (100) | (136,864,018) | (97) | |
| 5900 | Gross profit | | 388,745 | - | 4,162,373 | 3 | |
| 6200 | General and administrative expenses | | (5,496,528) | (4) | (5,278,403) | (4) | |
| 6000 | Operating expenses | 6(27)(28) and 7 | (5,496,528) | (4) | (5,278,403) | (4) | |
| 6900 | Operating loss | | (5,107,783) | (4) | (1,116,030) | (1) | |
| | Non-operating income and expenses | | | | | | |
| 7010 | Other income | 6(24) | 640,324 | 1 | 857,552 | 1 | |
| 7020 | Other gains and losses | 6(2)(25) | 4,396,930 | 3 | 1,496,952 | 1 | |
| 7050 | Finance costs | 6(26) | (412,086) | - | (457,770) | - | |
| 7060 | Share of profit/(loss) of associates and joint ventures accounted for using equity method | | (1,106,532) | (1) | (735,704) | (1) | |
| 7000 | Total non-operating income and expenses | | 3,518,636 | 3 | 1,161,030 | 1 | |
| 7900 | (Loss) profit before income tax | | (1,589,147) | (1) | 45,000 | - | |
| 7950 | Income tax expense | 6(29) | (457,657) | - | (256,671) | - | |
| 8200 | Loss for the year | | (\$ 2,046,804) | (1) | (\$ 211,671) | - | |
| | Other comprehensive income (loss) | | | | | | |
| 8310 | Exchange differences on translating the financial statements of foreign operations | | \$ 1,197,486 | 1 | (\$ 2,254,867) | (2) | |
| 8325 | Unrealized gain on valuation of available-for-sale financial assets | | 392,306 | - | 47,989 | - | |
| 8360 | Actuarial loss on defined benefit plans | | (126,233) | - | (110,563) | - | |
| 8370 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method | | (10,124) | - | (510,167) | - | |
| 8399 | Income tax relating to the components of other comprehensive income | | 3,802 | - | (2,386) | - | |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | | \$ 1,457,237 | 1 | (\$ 2,829,994) | (2) | |
| 8500 | Total comprehensive loss for the year | | (\$ 589,567) | - | (\$ 3,041,665) | (2) | |
| | Profit (loss), attributable to: | | | | | | |
| 8610 | Owners of the parent | | (\$ 1,497,304) | (1) | \$ 312,544 | - | |
| 8620 | Non-controlling interest | | (\$ 549,500) | - | (\$ 524,215) | - | |
| | Comprehensive loss attributable to: | | | | | | |
| 8710 | Owners of the parent | | (\$ 250,135) | - | (\$ 1,942,231) | (1) | |
| 8720 | Non-controlling interest | | (\$ 339,432) | - | (\$ 1,099,434) | (1) | |
| | (Loss) earnings per share (in dollars) | 6(30) | | | | | |
| 9750 | Basic (loss) earnings per share | | (\$ 0.43) | | \$ 0.09 | | |
| 9850 | Diluted (loss) earnings per share | | (\$ 0.43) | | \$ 0.09 | | |

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

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

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|------------------|--|---|---------------------|---------------------|---------------------|--|--|--|--|----------------------|-----------------------------|----------------------|
| | | Retained Earnings | | | | Other equity interest | | | | | | |
| | | | | | | Unappropriated retained earnings | Exchange differences on translating the financial statements of foreign operations | Unrealized gain or loss on available-for- sale financial assets | Hedging instrument gain (loss) on effective hedge of cash flow hedges | Total | Non-controlling interest | Total equity |
| Notes | Common stock | Capital surplus | Legal reserve | Special reserve | | | | | | | | |
| Year 2012 | | | | | | | | | | | | |
| | Balance at January 1, 2012 | \$ 34,734,581 | \$ 7,262,380 | \$ 9,102,785 | \$ 4,579,324 | \$ 4,074,031 | \$ - | (\$ 362,353) | \$ 19,364 | \$ 59,410,112 | \$ 4,366,479 | \$ 63,776,591 |
| | Appropriations of 2011 earnings | | | | | | | | | | | |
| | Special reserve | - | - | - | (986,044) | 986,044 | - | - | - | - | - | - |
| | Donated assets | - | 74 | - | - | (2) | - | - | - | 72 | - | 72 |
| | Conversion of convertible bonds into common stock | 14,826 | 12,038 | - | - | - | - | - | - | 26,864 | - | 26,864 |
| | Stock warrants of convertible bonds | - | (2,613) | - | - | - | - | - | - | (2,613) | - | (2,613) |
| | Loss for the year | - | - | - | - | 312,544 | - | - | - | 312,544 | (524,215) | (211,671) |
| | Other comprehensive loss for the year | - | - | - | - | (250,688) | (1,867,363) | (127,649) | (9,075) | (2,254,775) | (575,219) | (2,829,994) |
| | Balance at December 31, 2012 | <u>\$ 34,749,407</u> | <u>\$ 7,271,879</u> | <u>\$ 9,102,785</u> | <u>\$ 3,593,280</u> | <u>\$ 5,121,929</u> | <u>(\$ 1,867,363)</u> | <u>(\$ 490,002)</u> | <u>\$ 10,289</u> | <u>\$ 57,492,204</u> | <u>\$ 3,267,045</u> | <u>\$ 60,759,249</u> |
| Year 2013 | | | | | | | | | | | | |
| | Balance at January 1, 2013 | \$ 34,749,407 | \$ 7,271,879 | \$ 9,102,785 | \$ 3,593,280 | \$ 5,121,929 | (\$ 1,867,363) | (\$ 490,002) | \$ 10,289 | \$ 57,492,204 | \$ 3,267,045 | \$ 60,759,249 |
| | Appropriations of 2012 earnings | | | | | | | | | | | |
| | Legal reserve | - | - | 12,853 | - | (12,853) | - | - | - | - | - | - |
| | Special reserve | - | - | - | 2,221,713 | (2,221,713) | - | - | - | - | - | - |
| | Conversion of convertible bonds into common stock | 116 | 99 | - | - | - | - | - | - | 215 | - | 215 |
| | Stock warrants of convertible bonds | - | (21) | - | - | - | - | - | - | (21) | - | (21) |
| | Adjustments to share of changes in equity of associates and joint ventures | - | - | - | - | (215) | - | - | - | (215) | (72) | (287) |
| | Loss for the year | - | - | - | - | (1,497,304) | - | - | - | (1,497,304) | (549,500) | (2,046,804) |
| | Other comprehensive income (loss) for the year | - | - | - | - | (270,967) | 1,062,548 | 453,546 | 2,042 | 1,247,169 | 210,068 | 1,457,237 |
| | Balance at December 31, 2013 | <u>\$ 34,749,523</u> | <u>\$ 7,271,957</u> | <u>\$ 9,115,638</u> | <u>\$ 5,814,993</u> | <u>\$ 1,118,877</u> | <u>(\$ 804,815)</u> | <u>(\$ 36,456)</u> | <u>\$ 12,331</u> | <u>\$ 57,242,048</u> | <u>\$ 2,927,541</u> | <u>\$ 60,169,589</u> |

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

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

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

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

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

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

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

1. HISTORY AND ORGANIZATION

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

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

B. In the preparation of the balance sheet of January 1, 2012 (the Group’s date of transition to IFRSs) (“the opening IFRS balance sheet”), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Group’s financial position, financial performance and cash flows.

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

| <u>Name of Investor</u> | <u>Name of Subsidiary</u> | <u>Main business activities</u> | <u>Ownership (%)</u> | | <u>Description</u> |
|-------------------------|---------------------------|---|--------------------------|--------------------------|--------------------|
| | | | <u>December 31, 2013</u> | <u>December 31, 2012</u> | |
| The Company | TTSC | Cargo loading and discharging | 55.00 | 55.00 | |
| " | Peony | Investments in transport-related business | 100.00 | 100.00 | |
| " | ETS | Terminal Services | 100.00 | 100.00 | |
| Peony | GMS | Container Shipping | 100.00 | 100.00 | |
| " | Clove | Investments in container yards and port terminals | 100.00 | 100.00 | |
| " | Vigor | Investments in container manufacturing | 100.00 | 100.00 | |
| " | EMU | Container shipping | 51.00 | 51.00 | |
| " | EHIC(M) | Manufacturing of dry steel containers and container parts | 84.44 | 84.44 | |
| " | Armand N.V. | Investments in container yards and port terminals | 70.00 | 70.00 | |
| " | KTIL | Loading, discharging, storage, repairs and cleaning | 20.00 | 20.00 | (a) |

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

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

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

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

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

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

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

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

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

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

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

(4) Foreign currency translation

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

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

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

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

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Held-to-maturity financial assets

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

(10) Notes, accounts and other receivables

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

(11) Impairment of financial assets

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

- (f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- (g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
- (h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at cost

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

(b) Available-for-sale financial assets

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

(12) Derecognition of financial assets

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

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

(13) Leases (lessor)

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

(14) Inventories

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

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

(15) Investments accounted for using equity method / associates

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

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

- C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains and loss on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

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

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

(17) Leased assets/ leases (lessee)

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

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

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 55 years.

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Loans

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

(22) Accounts payable

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

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

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

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

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Financial liabilities and equity instruments

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

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

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

(27) Derivative financial instruments and hedging activities

A. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

B. The Group designates certain derivatives as Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

E. Cash flow hedge

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

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

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

(28) Employee benefits

A. Short-term employee benefits

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

B.Pensions

(a)Defined contribution plans

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

(b)Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and adjust to undistributed earnings.
- iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C.Termination benefits

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

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

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

(29) Income tax

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

legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

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

(30) Dividends

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

(31) Revenue recognition

A. Sales of goods

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

B. Sales of services

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

(32) Operating segments

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

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

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

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

Financial assets—impairment of equity investments

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

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

(2) Critical accounting estimates and assumptions

A. Revenue recognition

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

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

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

C.Impairment assessment of investments accounted for using equity method

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

D.Realisability of deferred income tax assets

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

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

E.Calculation of accrued pension obligations

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

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

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

(3) Available-for-sale financial assets

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

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

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

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

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

(4) Held-to-maturity financial assets

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

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

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

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

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

(5) Accounts receivable

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

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

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

Note:

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

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

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

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

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

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

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

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

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

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

(6) Inventories

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

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

(7) Other current assets

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

(8) Investments accounted for using equity method

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

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

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

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

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

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

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

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

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

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

| | <u>Assets</u> | <u>Liabilities</u> | <u>% Interest held</u> |
|--|-----------------------|-----------------------|------------------------|
| January 1, 2012 | | | |
| Charng Yang Development Co., Ltd. | \$ 1,951,396 | \$ 426,910 | 40.00% |
| Evergreen International Storage and Transport Corporation | 22,717,818 | 3,166,917 | 39.74% |
| EVA Airways Corporation | 143,059,766 | 106,865,713 | 19.32% |
| Taipei Port Container Terminal Corporation | 13,906,542 | 9,959,325 | 27.87% |
| Luanta Investment (Netherlands) N.V. | 5,059,494 | 14,058 | 50.00% |
| Balsam Investment (Netherlands) N.V. | 2,926,694 | - | 49.00% |
| Colon Container Terminal S.A. | 7,947,902 | 2,459,218 | 36.00% |
| Others | 2,541,456 | 746,728 | - |
| | <u>\$ 200,111,068</u> | <u>\$ 123,638,869</u> | |

(9) Property, plant and equipment

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

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

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

(10) Investment property

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

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

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

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

(11) Other non-current assets

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

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

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

(12) Short-term loans

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

(13) Other current liabilities

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|--------------------------|--------------------------|
| Receipt in advance | \$ 200,564 | \$ 39,720 |
| Long-term liabilities - current portion | 10,963,222 | 6,540,126 |
| Shipowner's accounts | 1,580,331 | 1,287,478 |
| Agency accounts | 2,909,828 | 3,597,875 |
| Long-term leases payable - current | 2,208,331 | 1,028,194 |
| Others | 23,431 | 27,344 |
| | <u>\$ 17,885,707</u> | <u>\$ 12,520,737</u> |

| | <u>January 1, 2012</u> |
|---|------------------------|
| Receipt in advance | \$ 29,461 |
| Long-term liabilities - current portion | 7,102,812 |
| Shipowner's accounts | 328,195 |
| Agency accounts | 1,635,738 |
| Long-term leases payable - current | 418,790 |
| Others | 27,281 |
| | <u>\$ 9,542,277</u> |

(14) Corporate bonds payable

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

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

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

a) Period: 3 years (July 23, 2009 to July 23, 2012)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

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

d) Collaterals

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

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

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

e) Object exchanged

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

f) Redemption at the Company's option

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

g) Terms of exchange

(a) Exchange period

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

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

(b) Exchange price

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

h) Entitlement to cash dividends or stock dividends

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

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

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

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

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

d) Collaterals

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

e) Redemption at the Company's option

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

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

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

f) Redemption at the bondholders' option

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

g) Terms of conversion

(a) Conversion period

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

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

(b) Conversion price

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

h) Entitlement to cash dividends or stock dividends

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

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

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

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

- a) Period: 5 years (April 26, 2012 to April 26, 2017)
 b) Coupon rate: 1.28% fixed per annum
 c) Principal repayment and interest payment

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

- d) Collaterals

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

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

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

(15) Long-term loans

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

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

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

(16) Other non-current liabilities

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--|--------------------------|--------------------------|
| Long-term leases payable - non-current | \$ 16,362,553 | \$ 14,772,436 |
| Accrued pension liabilities | 2,883,965 | 2,768,533 |
| Guarantee deposits received | 34,545 | 39,712 |
| Unrealized gain on sale and leaseback | 103,422 | 149,028 |
| Other liabilities - other | - | 2,046 |
| | <u>\$ 19,384,485</u> | <u>\$ 17,731,755</u> |
| | | <u>January 1, 2012</u> |
| Long-term leases payable - non-current | | \$ 3,279,671 |
| Accrued pension liabilities | | 2,726,719 |
| Guarantee deposits received | | 40,231 |
| Unrealized gain on sale and leaseback | | 209,156 |
| Other liabilities - other | | 468,372 |
| | | <u>\$ 6,724,149</u> |

(17) Finance lease liabilities

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

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

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

(18) Pension

A.(a) In accordance with the Labor Pension Act (“the Act”), effective July 1, 2005, which adopted a defined contribution scheme, employees of the Company and its subsidiary-TTSC may choose to be subject to either the Act, maintaining their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standard Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its subsidiary-TTSC contribute monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with the department of Trust of Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee.

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

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

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

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

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

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

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

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

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

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

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

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

| | <u>2013</u> | <u>2012</u> |
|--------------------------------|---------------------|---------------------|
| Recognition for current period | (\$ 126,233) | (\$ 110,563) |
| Accumulated amount | <u>(\$ 236,796)</u> | <u>(\$ 110,563)</u> |

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

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

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

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

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

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

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

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

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

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

(19) Capital stock

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

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

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

(20) Capital surplus

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

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

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

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

(21) Retained earnings

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

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

B. Dividend policy

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

C. Legal reserve

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

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

D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

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

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

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

(22) Other equity items

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

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

(23) Operating revenue

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

(24) Other income

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

(25) Other gains and losses

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

(26) Finance costs

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

(27) Expenses by nature

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

(28) Employee benefit expense

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

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

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

B.Reconciliation between income tax expense and accounting profit

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

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

For the year ended December 31, 2013

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

For the year ended December 31, 2012

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

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

| December 31, 2013 | | | |
|--------------------------|---------------------------|---|---------------------------------------|
| <u>Qualifying items</u> | <u>Unused tax credits</u> | <u>Unrecognised deferred tax assets</u> | <u>Final year tax credits are due</u> |
| Significant public works | \$ 26,803 | \$ - | 2015 |
| Significant public works | 60,000 | - | 2016 |
| Significant public works | 36,000 | - | 2017 |
| | <u>\$ 122,803</u> | <u>\$ -</u> | |

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

| January 1, 2012 | | | |
|--------------------------|---------------------------|---|---------------------------------------|
| <u>Qualifying items</u> | <u>Unused tax credits</u> | <u>Unrecognised deferred tax assets</u> | <u>Final year tax credits are due</u> |
| Significant public works | \$ 24,833 | \$ - | 2015 |

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

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

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

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

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

H.Unappropriated retained earnings:

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

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

(30) (Loss) earnings per share

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

| For the year ended December 31, 2012 | | | |
|--|-------------------------|--|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (share in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Net income attributable to ordinary shareholders of the parent | \$ 312,544 | 3,474,576 | <u>\$ 0.09</u> |
| <u>Diluted earnings per share</u> | | | |
| Net income attributable to ordinary shareholders of the parent | 312,544 | 3,474,576 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | <u>Note 2</u> | <u>Note 2</u> | |
| Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 312,544</u> | <u>3,474,576</u> | <u>\$ 0.09</u> |

Note 1:

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

Note 2:

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

(31) Non-cash transaction

A. Investing activities with partial cash payments

(a) Fixed assets

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

(b) Prepayments for equipment

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

B. Financing activities with no cash flow effects

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

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales of services:

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

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

B. Purchases of goods and services:

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

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

C. Accounts receivable:

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

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

D.Accounts payable:

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

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

E.Property transactions:

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

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

F.Other period-end balances:

(a)Other receivables from related parties:

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

(b) Other payables to related parties:

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

G. Agency accounts:

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

(a) Debit balance of agency accounts

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

(b) Credit balance of agency accounts

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

H.Shipowner's accounts:

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

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---------------------------------------|--------------------------|--------------------------|
| Debit balance of shipowner's accounts | | |
| Associates | \$ 2,589 | \$ - |
| Other related parties | <u>1,167,810</u> | <u>436,301</u> |
| | <u>\$ 1,170,399</u> | <u>\$ 436,301</u> |

January 1, 2012

Debit balance of shipowner's accounts

 Other related parties \$ 1,112,104

| <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

Credit balance of shipowner's accounts

 Associates \$ - (\$ 22,149)

 Other related parties (860,125) (556,167)

(\$ 860,125) (\$ 578,316)

January 1, 2012

Credit balance of shipowner's accounts

 Associates (\$ 93,208)

 Other related parties (234,987)

(\$ 328,195)

I.Loans to related parties:

(a)Receivables from related parties

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|------------|--------------------------|--------------------------|
| Associates | <u>\$ 274,463</u> | <u>\$ 155,751</u> |

January 1, 2012

 Associates \$ 442,114

(b)Interest income

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

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

J.Endorsements and guarantees provided to related parties:

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

(2) Key management compensation

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

8. PLEDGED ASSETS

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

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

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

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

D.Operating lease

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

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

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

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

| | <u>December 31, 2013</u> | |
|---|--------------------------|----------------------|
| | <u>Book value</u> | <u>Fair value</u> |
| Financial liabilities: | | |
| Bonds payable (including current portion) | \$ 3,561,023 | \$ 3,575,555 |
| Long-term loans (including current portion) | <u>67,332,258</u> | <u>72,987,809</u> |
| | <u>\$ 70,893,281</u> | <u>\$ 76,563,364</u> |
| | <u>December 31, 2012</u> | |
| | <u>Book value</u> | <u>Fair value</u> |
| Financial liabilities: | | |
| Bonds payable | \$ 3,548,791 | \$ 3,597,933 |
| Long-term loans (including current portion) | <u>48,074,664</u> | <u>49,143,282</u> |
| | <u>\$ 51,623,455</u> | <u>\$ 52,741,215</u> |
| | <u>January 1, 2012</u> | |
| | <u>Book value</u> | <u>Fair value</u> |
| Financial liabilities: | | |
| Bonds payable (including current portion) | \$ 2,955,661 | \$ 2,955,661 |
| Long-term loans (including current portion) | <u>42,010,676</u> | <u>42,010,676</u> |
| | <u>\$ 44,966,337</u> | <u>\$ 44,966,337</u> |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. The Group's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

| December 31, 2013 | | | |
|---|-------------------------------|---------------|---------------|
| | Foreign currency amount | | Book value |
| | (In Thousands) | Exchange rate | (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 396,681 | 29.8430 | \$ 11,838,151 |
| RMB:NTD | 61,920 | 4.9231 | 304,838 |
| RMB:USD | 37,270 | 0.1650 | 183,521 |
| EUR:USD | 3,794 | 1.3791 | 156,148 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 328,556 | 29.8430 | \$ 9,805,097 |
| RMB:NTD | 17,948 | 4.9231 | 88,360 |
| GBP:USD | 92,429 | 1.6496 | 4,550,188 |
| EUR:USD | 4,930 | 1.3791 | 202,901 |

| December 31, 2012 | | | |
|---|-------------------------------|---------------|--------------|
| | Foreign currency amount | | Book value |
| | (In Thousands) | Exchange rate | (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 79,756 | 29.0480 | \$ 2,316,752 |
| RMB:NTD | 11,364 | 4.6581 | 52,935 |
| GBP:USD | 6,745 | 1.6111 | 315,661 |
| RMB:USD | 7,067 | 0.1604 | 32,927 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 228,923 | 29.0480 | \$ 6,649,755 |
| EUR:NTD | 321 | 38.4741 | 12,350 |
| GBP:USD | 96,803 | 1.6111 | 4,530,306 |

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

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

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

For the year ended December 31, 2012

Sensitivity analysis

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

Price risk

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

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

Interest rate risk

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

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

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

Derivative financial liabilities:

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

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

(3) Fair value estimation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

Unit : Thousands of New Taiwan Dollars

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

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

(1) The Company is '0'.

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

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

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

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

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

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

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote

1. According to the company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statement.

The calculation is as follows:

PEONY USD1,339,790*29.843*20%=7,996,673

EMU USD94,293*29.843*20%=562,796

The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to a single company should not exceed 40% of the net worth stated in the financial statement.

The calculation is as follows:

PEONY USD1,339,790*29.843*40%=15,993,347

COLVE USD82,120*29.843*40%=980,286

2. According to the company's credit policy, the total amount of loans granted by the company should not exceed 40% of the net worth stated in the latest financial statement.

The calculation is as follows:

EMU USD94,293*29.843*40%=1,125,592

The company held 100% voting shares directly and indirectly in foreign company, that the total amount of loans granted to the company should not exceed 50% of the net worth stated in the financial statement.

The calculation is as follows:

PEONY USD1,339,790*29.843*50%=19,991,684

COLVE USD82,120*29.843*50%=1,225,358

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14,

Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in

its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears,

even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with

Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies",

the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors,

and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: This transaction was written off when the consolidated financial statements were prepared.

B. Provision of endorsements and guarantees to others:

Unit : Thousands of New Taiwan Dollars

| Number (Note1) | Endorser/guarantor | Party being endorsed / guaranteed | | Limit on endorsements/ guarantees provided for a single party (Note 3) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2013 (Note 4) | Outstanding endorsement/ guarantee amount at December 31, 2013 (Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements /guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China (Note 7) |
|-------------------|------------------------------|--------------------------------------|--|---|--|---|---|--|--|---|--|--|---|
| | | Company name | Relationship with the endorser/ guarantor (Note 2) | | | | | | | | | | |
| 0 | Evergreen Marine Corporation | Greencompass Marine S.A. | 3 | \$ 114,484,097 | \$ 37,173,167 | \$ 32,167,655 | \$ 19,892,510 | \$ - | 56.20 | \$ 143,105,121 | Y | | |
| 0 | Evergreen Marine Corporation | Peony Investment S.A. | 2 | 114,484,097 | 444,096 | 441,676 | 292,461 | - | 0.77 | 143,105,121 | Y | | |
| 0 | Evergreen Marine Corporation | Evergreen Marine (UK) Ltd. | 3 | 114,484,097 | 50,359,045 | 43,669,386 | 33,364,975 | - | 76.29 | 143,105,121 | Y | | |
| 0 | Evergreen Marine Corporation | Taranto Container Terminal S.p.A. | 6 | 28,621,024 | 607,632 | - | - | - | 0.00 | 143,105,121 | | | |
| 0 | Evergreen Marine Corporation | Whitney Equipment LLC. | 3 | 114,484,097 | 2,959,596 | 1,150,529 | 1,087,928 | - | 2.01 | 143,105,121 | Y | | |
| 0 | Evergreen Marine Corporation | Hemlock Equipment LLC. | 3 | 114,484,097 | 1,730,398 | 686,770 | 674,727 | - | 1.20 | 143,105,121 | Y | | |
| 0 | Evergreen Marine Corporation | Colon Container Terminal S.A. | 6 | 28,621,024 | 655,352 | 655,352 | 189,269 | - | 1.14 | 143,105,121 | | | |
| 0 | Evergreen Marine Corporation | Balsam Investment (Netherlands) N.V. | 6 | 28,621,024 | 2,617,167 | 1,534,112 | 1,387,881 | - | 2.68 | 143,105,121 | | | |
| 1 | Greencompass Marine S.A. | Taranto Container Terminal S.p.A. | 1 | 139,087 | 121,879 | 121,879 | 121,879 | - | 0.49 | 62,502,192 | | | |

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

- (1) The Company is '0'
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", state each individual party to which the endorsements/guarantees have been provided, and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

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

The calculation is as follows:

The Company: $57,242,048 * 250\% = 143,105,121$

Limit on endorsement or guarantees provided by the company for a single entity is \$28,621,024 (amounting to 50% of its net worth).

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

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

The calculation is as follows:

USD $837,747 * 29.8430 * 250\% = 62,502,192$

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

The calculation is as follows: $USD 4,660.61 * 29.8430 = 139,087$

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

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

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

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

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

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

Unit : Thousands of New Taiwan Dollars / Thousands of shares

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

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

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

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

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

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

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital

Unit : Thousands of New Taiwan Dollars / Thousands of shares

| Investor | Marketable securities (Note 1) | General ledger account | Counterparty (Note 2) | Relationship with the investor (Note 2) | Balance as at January 1, 2013 | | Addition (Note 3) | | Disposal (Note 3) | | | Balance as at December 31, 2013 | | |
|------------------------------------|-------------------------------------|--|--------------------------|--|----------------------------------|------------|----------------------|------------|----------------------|---------------|--------------|------------------------------------|---------------------|--------|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount |
| Evergreen Marine Corporation | Beneficiary Certificates: | | | | | | | | | | | | | |
| | PCAWell Pool Money Market Fund | Financial Assets at fair value through profit or loss -current | | | 16,104 | \$ 211,843 | 60,456 | \$ 800,000 | 76,560 | \$1,014,456 | \$ 1,011,843 | \$ 2,613 | - | - |
| | De-Bao Money Market Fund | " | | | 11,178 | 130,293 | 18,845 | 220,000 | 30,023 | 351,290 | 350,293 | 997 | - | - |
| | Taishin 1699 Money Market Fund | " | | | - | - | 72,132 | 950,000 | 72,132 | 951,015 | 950,000 | 1,015 | - | - |
| | Capital Money Market | " | | | - | - | 101,872 | 1,600,000 | 101,872 | 1,601,521 | 1,600,000 | 1,521 | - | - |
| | Yuanta Wan Tai Money Market Fund | " | | | 26,075 | 381,878 | 49,428 | 730,000 | 75,503 | 1,115,589 | 1,111,878 | 3,711 | - | - |
| | Mega Diamond Bond Fund | " | | | 40,849 | 493,910 | 24,556 | 300,000 | 65,405 | 799,092 | 793,910 | 5,182 | - | - |

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

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

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

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

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

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

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

Unit : Thousands of New Taiwan Dollars

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party transactions (Note1) | | Notes/accounts receivable (payable) | | Footnote (Note2) |
|------------------------------------|---|--|-------------------|------------|---------------------------------------|-------------|---|-------------|-------------------------------------|---|------------------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| Evergreen Marine Corporation | Evergreen International Storage & Transport Corp. | Investee accounted for using equity method | Purchases | \$ 379,957 | 2% | 30~60 Days | \$ - | - | (\$ 7,862) | - | |
| | Evergreen International Corp. | Investee of the Company's major shareholder | Sales | 1,670,744 | 9% | 30~60 Days | - | - | 75,821 | 5% | |
| | | | Purchases | 365,890 | 2% | 30~60 Days | - | - | (44,662) | 2% | |
| | Taiwan Terminal Services Co., Ltd. | Subsidiary of the Company | Purchases | 736,944 | 4% | 30~60 Days | - | - | (24,507) | 1% | (Note) |
| | Gaining Enterprise S.A. | Subsidiary of EITC accounted for using equity method | Purchases | 1,525,358 | 8% | 30~60 Days | - | - | - | - | |
| | Greencompass Marine S.A. | Indirect subsidiary of the Company | Sales | 1,387,698 | 7% | 30~60 Days | - | - | 9,584 | 1% | (Note) |
| | | | Purchases | 513,158 | 3% | 30~60 Days | - | - | - | - | (Note) |
| | Evergreen Marine (UK) Ltd. | Indirect subsidiary of the Company | Sales | 835,962 | 4% | 30~60 Days | - | - | 9,519 | 1% | (Note) |
| | | | Purchases | 267,375 | 1% | 30~60 Days | - | - | - | - | (Note) |
| | Italia Marittima S.p.A. | Investee of Balsam | Sales | 816,104 | 4% | 30~60 Days | - | - | 37,151 | 2% | |
| | | | Purchases | 563,881 | 3% | 30~60 Days | - | - | - | - | |
| | Evergreen Marine (Singapore) Pte Ltd. | Investee of the Company's major shareholder | Sales | 1,351,566 | 7% | 30~60 Days | - | - | 24,758 | 1% | |
| | | | Purchases | 165,494 | 1% | 30~60 Days | - | - | (1,866) | - | |
| | Evergreen Marine (Hong Kong) Pte Ltd. | Investee of the Company's major shareholder | Purchases | 163,170 | 1% | 30~60 Days | - | - | (84,434) | 4% | |
| Taiwan Terminal Services Co., Ltd. | Evergreen Marine Corp. | The parent | Sales | 736,944 | 99% | 30~60 Days | - | - | 24,507 | 36% | (Note) |

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

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

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | | | Differences in transaction terms compared to third party transactions (Note1) | | Notes/accounts receivable (payable) | | Footnote (Note2) |
|--|--|---|-------------------|-------------|---------------------------------------|-------------|---|-------------|-------------------------------------|---|------------------|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| Evergreen Shipping Agency (Netherlands) B.V. | Evergreen Marine (UK) Limited | Indirect subsidiary of the Parent Company | Sales | EUR 4,444 | 36% | 0 Days | \$ - | - | \$ - | - | (Note) |
| Evergreen Shipping Agency France S.A.S. | Evergreen Marine (UK) Limited | Indirect subsidiary of the Parent Company | Sales | EUR 2,670 | 38% | 0 Days | - | - | EUR 114 | 29% | (Note) |
| Evergreen Shipping Agency (Russia) Ltd. | Evergreen Shipping Agency (Deutschland) GmbH | Indirect subsidiary of the Parent Company | Sales | EUR 121,599 | 57% | 0 Days | - | - | EUR 7,045 | 9% | (Note) |

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

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

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

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

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

Unit : Thousands of New Taiwan Dollars

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

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

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

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

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

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

Unit : Thousands of New Taiwan Dollars

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

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|--|------------------------------------|---|--------------------------|--------------------------|-----------|-------------------|--|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | Evergreen Marine Corporation | Evergreen shipping Agency (Thailand) Co., Ltd. | 1 | Agency accounts - debit | \$ 10,270 | Note 3 | 0.01 |
| | | PT. Evergreen Shipping Agency Indonesia | 1 | Agency accounts - debit | 7,239 | " | - |
| | | " | 1 | Accounts payable | 8,222 | " | - |
| | | " | 1 | Operating cost | 47,647 | " | 0.03 |
| | | Evergreen Shipping Agency (Singapore) Pte. Ltd. | 1 | Accounts payable | 3,659 | " | - |
| | | " | 1 | Agency accounts - credit | 7,598 | " | - |
| | | " | 1 | Operating cost | 14,349 | " | 0.01 |
| | | Evergreen Shipping Agency (Korea) Corporation | 1 | Operating cost | 4,635 | " | - |
| | | " | 1 | Accounts payable | 2,262 | " | - |
| | | " | 1 | Agency accounts - credit | 5,640 | " | - |
| | | Evergreen Shipping Agency (Deutschland) GmbH | 1 | Accounts payable | 4,288 | " | - |
| | | " | 1 | Agency accounts - credit | 2,984 | " | - |
| | | " | 1 | Operating cost | 40,646 | " | 0.03 |
| | | Evergreen Shipping Agency (Ireland) Ltd. | 1 | Agency accounts - debit | 1,162 | " | - |
| | | " | 1 | Accounts payable | 221 | " | - |
| | | " | 1 | Operating cost | 1,997 | " | - |
| | | Evergreen Shipping Agency (Netherlands) B.V. | 1 | Accounts payable | 26,055 | " | 0.01 |
| " | 1 | Agency accounts - credit | 13,164 | " | 0.01 | | |
| " | 1 | Operating cost | 35,623 | " | 0.03 | | |
| Evergreen Shipping Agency (Poland) SP.ZO.O | 1 | Accounts payable | 37 | " | - | | |
| " | 1 | Agency accounts - credit | 1,094 | " | - | | |
| " | 1 | Operating cost | 1,976 | " | - | | |

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

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

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

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

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

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

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

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

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

(2) Disclosure information on investees

Unit : Thousands of shares/Thousands of New Taiwan Dollars

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|------------------------|---|---|---|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|---|--|--|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Evergreen Marine Corp. | Peony Investment S.A. | East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama | Investment activities | \$ 14,220,190 | \$ 14,220,190 | 4,765 | 100.00 | \$ 39,694,900 | (\$ 3,265,365) | (\$ 3,248,664) | Subsidiary of the Company (Note) |
| | Taiwan Terminal Services Co., Ltd. | No.6 Qijin 1st Rd. Qijin District, Kaohsiung, Taiwan | Loading and discharging operations of container yards | 55,000 | 55,000 | 5,500 | 55.00 | 25,557 | 19,485 | 10,717 | " (Note) |
| | Everport Terminal Services Inc. | 1209 Orange Street in the city of Wilmington, Country of New Castle, State of Delaware, USA | Terminal services | 2,984 | 2,984 | 1 | 100.00 | 67,382 | 54,384 | 54,384 | " (Note) |
| | Chang Yang Development Co., Ltd. | 2F, No.369, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan | Development, rental, and sale of residential and commercial | 320,000 | 320,000 | 52,738 | 40.00 | 448,138 | 160,227 | 64,091 | Investee accounted for using the equity method |
| | Evergreen International Storage and Transport Corporation | No.899, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan | Container transportation and gas stations | 4,753,514 | 4,753,514 | 424,062 | 39.74 | 7,775,737 | 580,653 | 233,592 | " |
| | Evergreen Security Corporation | 4&5F, No.111, Sungjiang Rd., Taipei, Taiwan | General security guards services | 25,000 | 25,000 | 6,336 | 31.25 | 78,170 | 44,201 | 13,813 | " |
| | EVA Airways Corporation | 11F, No.376, Section 1, Hsinnan Rd., Lu Chu Township, Taoyuan County, Taiwan | International passenger and cargo transportation | 10,767,879 | 10,767,879 | 629,483 | 19.32 | 6,922,314 | 747,450 | 144,374 | " |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|------------------------|---|---|--|---------------------------------|---------------------------------|-------------------------------------|---------------|--------------|---|--|--|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Evergreen Marine Corp. | Taipei Port Container Terminal Corporation | No.25 Sijahuwei, Syuntang Village, Bali District, New Taipei City, Taiwan | Container distribution and cargo stevedoring | \$ 1,094,073 | \$ 883,731 | 109,378 | 21.03 | \$ 1,000,040 | (\$ 131,256) | \$ 27,609 | Investee accounted for using the equity method |
| | Evergreen Marine (Latin America), S.A. | EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO, | Management consultancy | 3,134 | 3,134 | 105 | 17.50 | 3,369 | 1,112 | 195 | " |
| Peony Investment S.A. | Clove Holding Ltd. | Craigmuir Chambers, P.O. Box71, Road Town, Tortola, B.V.I. | Investment holding company | 1,568,228 | 1,568,228 | 10 | 100.00 | 2,450,716 | 169,460 | 169,460 | Indirect subsidiary of the Company (Note) |
| | Evergreen Shipping Agency (Deutschland) GmbH | Evergreen Building Amsinckstrasse 55 20097 Hamburg, Germany | Shipping agency | 248,174 | 248,174 | - | 100.00 | 246,251 | 9,289 | 9,289 | " (Note) |
| | Evergreen Shipping Agency (Ireland) Ltd. | 22 Fitzwilliam Place, Dublin 2, Ireland | Shipping agency | 2,835 | 2,835 | 0.1 | 100.00 | 7,927 | 814 | 814 | " (Note) |
| | Evergreen Shipping Agency (Korea) Corporation | 12FL, ROYAL BVILDING 5 ANGIJUDONG, JONGNO-GO, SEOUL, REPUBLIC OF KOREA | Shipping agency | 72,399 | 72,399 | 121 | 100.00 | 84,035 | 28,695 | 28,695 | " (Note) |
| | Evergreen Shipping Agency (Netherlands) B.V. | PortCity II - Havennummer 2235 Waalhaven ZZ 19 3089 JH Rotterdam, The Netherlands | Shipping agency | 118,686 | 118,686 | 0.047 | 100.00 | 188,717 | 10,561 | 10,561 | " (Note) |
| | Evergreen Shipping Agency (Poland) SP. ZO.O | ul. Chmielna 132/134, 00-805 Warszawa, Poland | Shipping agency | 19,756 | 19,756 | 2 | 100.00 | 19,701 | 647 | 647 | " (Note) |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|-----------------------|---|---|---|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|---|--|--|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Peony Investment S.A. | Greencompass Marine S.A. | East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama | Marine transportation | \$ 10,549,501 | \$ 10,549,501 | 3,535 | 100.00 | \$ 25,000,877 | (\$ 1,451,867) | (\$ 1,451,867) | Indirect subsidiary of the Company (Note) |
| | Vigor Enterprise S.A. | East 53rd Street, Marbella, MMG Building 2nd Floor, Panama, Republic of Panama | Investment holding company | 14,922 | 14,922 | 5 | 100.00 | 14,140 | (710) | (710) | " (Note) |
| | Evergreen Shipping Agency (India) Pvt. Ltd. | Mararhon Nextgon Innova"A"G01, Opp. Peninsula Corporate Park, Off G.K.Marg. Lower Parel (W) , MUMBAI 400 013, INDIA | Shipping agency | 35,118 | 35,118 | 100 | 99.99 | 98,080 | 63,014 | 63,013 | " (Note) |
| | Evergreen Argentina S.A. | Pje. Carabelas 344, (C1009AAD), Buenos Aires, Argentina | Leasing | 4,178 | 4,178 | 150 | 95.00 | 3,730 | (14,180) | (13,471) | " (Note) |
| | Evergreen Shipping Agency France S.A.S. | Tour Franklin-La Defense 8, 92042 PARIS LA DEFENSE CEDEX-FRANCE. | Shipping agency | 27,068 | 27,068 | 5 | 100.00 | 61,927 | 7,389 | 7,389 | " (Note) |
| | PT. Multi Bina Pura International | JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260,Indonesia | Loading and discharging operations of container yards and inland transportation | 233,997 | 233,997 | 17 | 95.03 | 297,803 | 81,058 | 77,029 | " (Note) |
| | PT. Multi Bina Transport | JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia | Container repair, cleaning and inland transportation | 24,003 | 24,003 | 2 | 17.39 | 11,782 | 11,176 | 1,944 | " (Note) |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|-----------------------------|--|---|-------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|---------------|--------------|--|--|---|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number. of shares | Ownership (%) | Book value | | | |
| Peony Investment S.A. | Evergreen Heavy Industrial Corp. (Malaysia) Berhad | Lot 139, Jalan Cecair, Phase 2, Free Trade Zone, Johor Port Authority, 81700 Pasir Gudang, Johor, Malaysia. | Container manufacturing | \$ 814,560 | \$ 814,560 | 42,120 | 84.44 | \$ 1,412,403 | \$ 90,091 | \$ 76,073 | Indirect subsidiary of the Company (Note) |
| | Armand Investment (Netherlands) N.V. | Van Engelenweg 23, Curacao | Investment holding company | 343,568 | 274,631 | 4 | 70.00 | 324,884 | (15,261) | (10,683) | " (Note) |
| | Evergreen Shipping (Spain) S.L. | CALLE SIETE AGUAS, 11 - ENTLO. 46023 VALENCIA, SPAIN | Shipping agency | 115,492 | 115,492 | 3 | 55.00 | 97,347 | 87,230 | 47,977 | " (Note) |
| | Evergreen Shipping Agency (Italy) S.p.A. | Scali Cerere 9 - 57122 Livorno, Italy | Shipping agency | 70,191 | 70,191 | 0.55 | 55.00 | 62,327 | 3,202 | 1,761 | " (Note) |
| | Evergreen Marine (UK) Ltd. | 160 Euston Road, London NW 12 DX, U.K. | Marine transportation | 501,441 | 44,843 | 765 | 51.00 | 1,435,236 | (1,893,794) | (965,835) | " (Note) |
| | Evergreen Shipping Agency (Australia) Pty. Ltd. | Level 13, 181 Miller Street, North Sydney NSW 2060 Australia | Shipping agency | 7,374 | 7,374 | 0.675 | 67.50 | 27,822 | 38,512 | 25,996 | " (Note) |
| | Evergreen Shipping Agency (Russia) Ltd. | Evergreen Office, 11 Millionnaya Street, ST. Petersburg, 191186 RUSSIA | Shipping agency | 25,307 | 25,307 | - | 51.00 | 62,319 | 119,442 | 60,916 | " (Note) |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|-----------------------|---|--|----------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|---|--|---|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Peony Investment S.A. | Evergreen Shipping Agency (Singapore) Pte. Ltd. | 200 Cantonment Road # 12-02 Southpoint, Singapore 089763 | Shipping agency | \$ 64,371 | \$ 64,371 | 765 | 51.00 | \$ 178,157 | \$ 58,405 | \$ 29,787 | Indirect subsidiary of the Company (Note) |
| | Evergreen Shipping Agency (Thailand) Co., Ltd. | 3656/81, 24-25th Floor, Green Tower, Rama 4 Road, Klongton, Klongtoey, Bangkok 10110 | Shipping agency | 43,989 | 43,989 | 408 | 51.00 | 64,074 | 92,651 | 47,252 | " (Note) |
| | Evergreen Shipping Agency (Vietnam) Corp. | 11F, Fideco Tower 81-85 Ham Nghi St., Dist. 1, Ho Chi Minh City, Vietnam | Shipping agency | 13,549 | 13,549 | - | 51.00 | 40,111 | 63,209 | 32,236 | " (Note) |
| | PT. Evergreen Shipping Agency Indonesia | GD. MEGA PLAZA 9th Floor. Jl. H.R. Rasuna said kav. C-03 Jakarta 12920, Indonesia | Shipping agency | 29,037 | 29,037 | 0.459 | 51.00 | 78,071 | 112,338 | 57,292 | " (Note) |
| | Evergreen Agency (South Africa) (PTY) Ltd. | 9B Riley Road Bedfordview, Johannesburg 2007, South Africa | Shipping agency | 17,332 | 17,332 | 5,500 | 55.00 | 137,936 | 101,665 | 55,916 | " (Note) |
| | Luanta Investment (Netherlands) N.V. | Van Engelenweg 21A, Curacao | Investment holding company | 1,280,513 | 1,185,382 | 460 | 50.00 | 2,464,516 | (362,518) | (181,529) | Investee company of Peony accounted for using the equity method |
| | Balsam Investment (Netherlands) N.V. | Van Engelenweg 23, Curacao | Investment holding company | 6,906,312 | 5,466,979 | 0.451 | 49.00 | 1,663,148 | (3,424,827) | (1,678,165) | " |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|--------------------------------------|---|---|--|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|---|--|--|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Peony Investment S.A. | Green Peninsula Agencies SDN. BHD. | NO.7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA. | Investment holding company | \$ 216,511 | \$ 216,511 | 1,500 | 30.00 | \$ 195,979 | \$ 189,624 | \$ 56,887 | Investee company of Peony accounted for using the equity method |
| | Evergreen Shipping Agency Co. (U.A.E.) LLC. | 5F, Shipping Tower, Al-Mina Road, P.O.BOX 34984, Dubai, U.A.E | Shipping agency | 62,133 | 62,133 | - | 49.00 | 86,270 | 108,644 | 53,236 | " |
| | Greenpen Properties Sdn. Bhd. | NO.7, JALAN JURUTERA U1/23, SECTION U1, HICOM GLENMARIE INDUSTRIAL PARK, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA. | Renting estate and storehouse company | 2,705,621 | - | 300 | 30.00 | 33,901 | 7,805 | 2,341 | " |
| Armand Investment (Netherlands) N.V. | Armand Estate B.V. | Claude Debussylaan 18, 1082 MD Amsterdam | Investment holding company | 505,419 | 406,937 | 0.045 | 100.00 | 464,308 | (14,621) | (14,621) | Indirect subsidiary of the Company (Note) |
| Armand Estate B.V. | Taipei Port Container Terminal Corporation | No.25 Sijahuwei, Syuntang Village, Bali District, New Taipei City, Taiwan | Container distribution and cargo stevedoring | 506,019 | 378,350 | 50,602 | 9.73 | 461,882 | (131,256) | (12,787) | Investee company of Armand Estate B.V. accounted for using the equity method |

| Investor | Investee (Note 1 and Note 2) | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2013 | | | Net profit (loss) of the investee for the year ended December 31, 2013 (Note 2(2)) | Investment income (loss) recognized by the Company for the year ended December 31, 2013 (Note 2(3)) | Footnote |
|-----------------------------------|--|---|--|---------------------------------|---------------------------------|-------------------------------------|---------------|--------------|---|--|--|
| | | | | Balance as at December 31, 2013 | Balance as at December 31, 2012 | Number of shares | Ownership (%) | Book value | | | |
| Clove Holding Ltd. | Colon Container Terminal S.A. | COCO SOLO NORTH ADM BUILDING PANAMA | Inland container storage and loading | \$ 682,211 | \$ 682,211 | 22,860 | 40.00 | \$ 2,515,716 | \$ 399,205 | \$ 159,682 | Investee company of Clove Holding Ltd. accounted for using the equity method |
| | Island Equipment LLC. | 655 Deep Valley Drive, Suite 305, Rolling Hills Estates, CA | Investment holding company | 4,297 | 4,297 | - | 36.00 | 117,885 | 36,750 | 13,230 | Indirect subsidiary of the Company (Note) |
| Island Equipment LLC. | Whitney Equipment LLC. | 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 | Equipment leasing company | 5,969 | 5,969 | - | 100.00 | 99,457 | 26,283 | 26,283 | " (Note) |
| | Hemlock Equipment LLC. | 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 | Equipment leasing company | 5,969 | 5,969 | - | 100.00 | 242,323 | 25,738 | 25,738 | " (Note) |
| Evergreen Marine (UK) Ltd. | Island Equipment LLC. | 655 Deep Valley Drive, Suite 300, Rolling Hills Estates, CA | Investment holding company | 1,791 | 1,791 | - | 15.00 | 49,119 | 36,750 | 5,512 | " (Note) |
| | Evergreen Shipping Agency (UK) Limited | 160 Euston Road, London NW 12 DX, U.K. | Shipping agency | 0.06 | 0.06 | - | 100.00 | 94,097 | 9,728 | 9,728 | " (Note) |
| | Evergreen Marine (Latin America), S.A. | EVERGREEN BUILDING 10TH FLOOR, 5TH B AVE AND 78 EAST STREET, SAN FRANCISCO, PANAMA. | Management consultancy | 2,954 | 2,954 | 99 | 16.50 | 3,177 | 1,339 | 221 | Investee company of Evergreen Marine (UK) Ltd. accounted for using the equity method |
| PT. Multi Bina Pura International | PT. Multi Bina Transport | JL. Raya Cakung Cilincing KM.4, Jakarta Utara 14260, Indonesia | Container repair, cleaning and inland transportation | 98,524 | 98,524 | 8.000 | 72.95 | 49,426 | 11,176 | 8,153 | Indirect subsidiary of the Company (Note) |

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

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

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

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

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

When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company)

should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

(3) Information on investments in Mainland China

A. Basic information:

Unit : Thousands of New Taiwan Dollars

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

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

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

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

- (1) Investing directly in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others (ex. entrusted investment).

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

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 1. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 2. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 3. Others.

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

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

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

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

For the year ended
December 31, 2012

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

(4) Reconciliation for segment income (loss)

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

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

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

(5) Trade information

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

(6) Geographical information

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

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

(7) Major customer information

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

15. INITIAL APPLICATION OF IFRSs

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

(1) Exemptions elected by the Group

A. Business combinations

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

B. Employee benefits

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

C. Cumulative translation differences

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

D. Deemed cost

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

E. Designation of previously recognized financial instruments

The Group has designate certain 'financial assets carried at cost' as 'available-for-sale financial assets' at the transition date.

F. Borrowing costs

The Group has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, "Borrowing Costs", amended in 2007 and apply IAS 23 from the transition date.

(2) Except for accounting estimates, derecognition of financial assets and financial liabilities and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

- (a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;
- (b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

| | R.O.C. GAAP | Effect of transition from R.O.C. GAAP to IFRSs | IFRSs | Remark |
|---|----------------|---|---------------|--------|
| <u>Current assets</u> | | | | |
| Cash and cash equivalents | \$ 23,006,258 | \$ - | \$ 23,006,258 | |
| Financial assets at fair value through profit or loss - current | 2,232,678 | - | 2,232,678 | |
| Held-to-maturity financial assets - current | 951,382 | - | 951,382 | |
| Notes receivable, net | 93,263 | - | 93,263 | |
| Accounts receivable, net | 7,835,603 | - | 7,835,603 | |
| Accounts receivable, net- related parties | 151,270 | - | 151,270 | |

| | R.O.C. GAAP | Effect of transition from R.O.C. GAAP to IFRSs | IFRSs | Remark |
|---|-----------------------|---|-----------------------|--------------------|
| Other receivables | 1,601,761 | (13,526) | 1,588,235 | (13) |
| Other receivables- related parties | 520,638 | - | 520,638 | |
| Current income tax assets | - | 13,526 | 13,526 | (13) |
| Inventories | 4,814,786 | - | 4,814,786 | |
| Prepayments | 717,212 | 1,483 | 718,695 | (1) |
| Deferred income tax assets -current | 253,930 | (253,930) | - | (2) |
| Restricted assets | 520,132 | (520,132) | - | |
| Other current assets | 3,395,777 | 627,803 | 4,023,580 | (3)(4) (11) |
| Financial assets at fair value through profit or loss - non-current | 62,959 | - | 62,959 | |
| Available-for-sale financial assets - non-current | 602,904 | 895,194 | 1,498,098 | (5) |
| Held-to-maturity financial assets - non-current | 370,000 | - | 370,000 | |
| Financial assets measured at cost - non-current | 1,515,391 | (1,511,970) | 3,421 | (5) |
| Investments accounted for using equity method | 23,591,816 | (561,934) | 23,029,882 | (7) |
| Investment property | - | 2,022,584 | 2,022,584 | (6) |
| Property, plant and equipment | 64,762,841 | (16,739,204) | 48,023,637 | (1)(6) (10)(12) |
| Intangible assets | - | 3,380 | 3,380 | (12) |
| Deferred pension costs | 61,058 | (61,058) | - | (3) |
| Deferred income tax assets | - | 568,435 | 568,435 | (2)(3) (4)(7) |
| Deferred expense | 274,235 | (274,235) | - | (3)(12) |
| Other non-current assets | 121,636 | 16,540,409 | 16,662,045 | (10)(12) |
| Total assets | <u>\$ 137,457,530</u> | <u>\$ 736,825</u> | <u>\$ 138,194,355</u> | |

| | R.O.C. GAAP | Effect of transition from R.O.C. GAAP to IFRSs | IFRSs | Remark |
|---|-------------------|---|-------------------|----------------------------|
| Short-term loans | \$ 3,910,312 | \$ - | \$ 3,910,312 | |
| Financial liabilities at fair value through profit or loss | 255,246 | - | 255,246 | |
| - current | | | | |
| Accounts payable | 12,635,674 | - | 12,635,674 | |
| Accounts payable-related parties | 77,701 | - | 77,701 | |
| Other payables | 1,890,571 | (222,156) | 1,668,415 | (1)(3) (4) |
| Other payables-related parties | 148,623 | - | 148,623 | |
| Current income tax liabilities | 184,138 | - | 184,138 | |
| Other current liabilities | 9,352,886 | 189,391 | 9,542,277 | (1) |
| Long-term loans | 37,863,525 | - | 37,863,525 | |
| Deferred income tax liabilities | 1,316,628 | 91,076 | 1,407,704 | (2)(3) (4) |
| Other non-current liabilities | 4,220,691 | 2,503,458 | 6,724,149 | (1)(3) |
| Total liabilities | <u>71,855,995</u> | <u>2,561,769</u> | <u>74,417,764</u> | |
| Common shares | 34,734,581 | - | 34,734,581 | |
| Capital reserve from long-term investments | 1,606,562 | (218,012) | 1,388,550 | (8) |
| Capital reserve - other | 5,873,830 | - | 5,873,830 | |
| Legal reserve | 9,102,785 | - | 9,102,785 | |
| Special reserve | 4,579,324 | - | 4,579,324 | |
| Unappropriated retained earnings | 8,862,023 | (4,787,992) | 4,074,031 | (1)(3) (4)(7) (8)(9) |
| Exchange differences on translating the financial statements of foreign operations | (2,656,053) | 2,656,053 | - | (9) |
| Unrecognized pension cost | (1,229,959) | 1,229,959 | - | (3)(7) |
| Unrealized gain on valuation of available-for-sale financial assets | 273,369 | (635,722) | (362,353) | (5)(7) |
| Hedging instrument gain (loss) on effective hedge of cash flow hedges | 19,364 | - | 19,364 | |
| Non-controlling interest | 4,435,709 | (69,230) | 4,366,479 | (3)(4) (7) |
| Total equity | <u>65,601,535</u> | <u>(1,824,944)</u> | <u>63,776,591</u> | |

B.Reconciliation for equity on December 31, 2012:

| | R.O.C. GAAP | Effect of transition from R.O.C. GAAP to IFRSs | IFRSs | Remark |
|---|----------------|---|---------------|--------------------|
| Cash and cash equivalents | \$ 31,984,708 | \$ - | \$ 31,984,708 | |
| Financial assets at fair value through profit or loss - current | 1,407,989 | - | 1,407,989 | |
| Notes receivable, net | 131,332 | - | 131,332 | |
| Accounts receivable, net | 12,984,094 | - | 12,984,094 | |
| Accounts receivable, net- related parties | 172,326 | - | 172,326 | |
| Other receivables | 618,997 | (28,930) | 590,067 | (4)(13) |
| Other receivables- related parties | 239,489 | (15,456) | 224,033 | (4) |
| Current income tax assets | - | 28,905 | 28,905 | (13) |
| Inventories | 5,233,026 | - | 5,233,026 | |
| Prepayments | 801,972 | (22,364) | 779,608 | (1) |
| Deferred income tax assets -current | 275,927 | (275,927) | - | (2) |
| Restricted assets | 550,214 | (550,214) | - | |
| Other current assets | 1,368,992 | 653,886 | 2,022,878 | (3)(4) (11) |
| Financial assets at fair value through profit or loss - non-current | 76,648 | - | 76,648 | |
| Available-for-sale financial assets - non-current | 640,209 | 897,923 | 1,538,132 | (5) |
| Held-to-maturity financial assets - non-current | 370,000 | - | 370,000 | |
| Financial assets measured at cost - non-current | 1,505,358 | (1,505,358) | - | (5) |
| Investments accounted for using equity method | 23,692,633 | (451,878) | 23,240,755 | (7) |
| Investment property | 71,944,088 | (14,049,007) | 57,895,081 | (1)(6) (10)(12) |

| | R.O.C. GAAP | Effect of transition from R.O.C. GAAP to IFRSs | IFRSs | Remark |
|----------------------------------|-----------------------|---|----------------------|------------------|
| Property, plant and equipment | - | 2,040,255 | 2,040,255 | (6) |
| Intangible assets | - | 6,214 | 6,214 | (12) |
| Deferred pension costs | 458,670 | (458,670) | - | (3) |
| Deferred income tax assets | - | 620,383 | 620,383 | (2)(3) (4)(7) |
| Deferred expense | 395,641 | (395,641) | - | (3)(12) |
| Other non-current assets | <u>117,767</u> | <u>13,735,521</u> | <u>13,853,288</u> | (10)(12) |
| Total assets | <u>\$ 154,970,080</u> | <u>\$ 229,642</u> | <u>\$155,199,722</u> | |
| Short-term loans | \$ 1,452,400 | \$ - | \$ 1,452,400 | |
| Accounts payable | 13,539,719 | - | 13,539,719 | |
| Accounts payable-related parties | 687,299 | - | 687,299 | |
| Other payables | 1,805,184 | 29,740 | 1,834,924 | (1)(3) (4) |
| Other payables-related parties | 113,223 | - | 113,223 | |
| Current income tax liabilities | 84,832 | 116 | 84,948 | |
| Other current liabilities | 12,361,726 | 159,011 | 12,520,737 | (1) |
| Bonds payable | 3,548,791 | - | 3,548,791 | |
| Long-term loans | 41,534,538 | - | 41,534,538 | |
| Deferred income tax liabilities | 1,275,630 | 116,509 | 1,392,139 | (2)(3) (4) |
| Other non-current liabilities | <u>16,137,897</u> | <u>1,593,858</u> | <u>17,731,755</u> | (1)(3) |
| Total liabilities | <u>92,541,239</u> | <u>1,899,234</u> | <u>94,440,473</u> | |

| | Effect of transition from R.O.C. GAAP | | | Remark |
|---|---|---------------------|-------------------|----------------------------|
| | R.O.C. GAAP | to IFRSs | IFRSs | |
| Common shares | 34,749,407 | - | 34,749,407 | |
| Capital reserve from long-term investments | 1,606,562 | (218,012) | 1,388,550 | (8) |
| Capital reserve - other | 5,883,329 | - | 5,883,329 | |
| Legal reserve | 9,102,785 | - | 9,102,785 | |
| Special reserve | 3,593,280 | - | 3,593,280 | |
| Unappropriated retained earnings | 9,976,596 | (4,854,667) | 5,121,929 | (1)(3) (4)(7) (8)(9) |
| Exchange differences on translating the financial statements of foreign operations | (4,877,940) | 3,010,577 | (1,867,363) | (9) |
| Unrecognized pension cost | (1,284,299) | 1,284,299 | - | (3)(7) |
| Unrealized gain on valuation of available-for-sale financial assets | 336,958 | (826,960) | (490,002) | (5)(7) |
| Hedging instrument gain (loss) on effective hedge of cash flow hedges | 10,289 | - | 10,289 | |
| Non-controlling interest | <u>3,331,874</u> | <u>(64,829)</u> | <u>3,267,045</u> | (3)(4) (7) |
| Total equity | <u>62,428,841</u> | <u>(1,669,592)</u> | <u>60,759,249</u> | |

D.Reconciliation for comprehensive income for the year ended December 31, 2012:

| | Effect of transition from R.O.C. GAAP to | | | Remark |
|--|--|------------|----------------|---------------|
| | R.O.C. GAAP | IFRSs | IFRSs | |
| Operating revenue | \$ 141,028,128 | (\$ 1,737) | \$ 141,026,391 | (3)(4) |
| Operating costs | (136,948,924) | 84,906 | (136,864,018) | (1)(3) (4) |
| General & administrative expenses | (5,350,577) | 72,174 | (5,278,403) | (3)(4) |
| Operating loss | (1,271,373) | 155,343 | (1,116,030) | |
| Non-operating revenue and expenses | 1,116,195 | 44,835 | 1,161,030 | (7) |
| (Loss) profit before income tax | (155,178) | 200,178 | 45,000 | |
| Income tax expense | (263,459) | 6,788 | (256,671) | (3)(4) (7) |
| Consolidated net loss | (418,637) | 206,966 | (211,671) | |
| Non-controlling interest loss | (547,168) | 22,953 | (524,215) | (3)(4) (7) |
| Profit for the year | 128,531 | 184,013 | 312,544 | |
| Other comprehensive income | | | | |
| Exchange differences on translating the financial statements of foreign operations | | | (2,254,867) | (14) |
| Unrealised gain on valuation of available-for-sale financial assets | | | 47,989 | (14) |
| Actuarial loss on defined benefit plan | | | (110,563) | (14) |
| Income tax relating to the components of other comprehensive income | | | (2,386) | (14) |
| Share of other comprehensive income of associates and joint ventures accounted for under equity method | | | (510,167) | (14) |
| Total comprehensive loss for the year | | | (\$ 3,041,665) | |

| | |
|--|-----------------------|
| Consolidated net income (loss) | |
| Owners of the parent | \$ 312,544 |
| Non-controlling interest | (524,215) |
| | <u>(\$ 211,671)</u> |
| Total comprehensive income attributable to: | |
| Owners of the parent | (\$ 1,942,231) |
| Non-controlling interest | (1,099,434) |
| | <u>(\$ 3,041,665)</u> |

Reasons for reconciliation are outlined below:

- (1) In accordance with IAS 17, “Leases”, that the Group accounted for under operating lease to capital lease.
- (2) In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. Further deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, “Income Taxes”. Thus, the Group reclassified deferred income tax assets and liabilities at the transition date.
- (3) On the date of transition, the reasons for reconciliations are as follows:
 - (a) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.
 - (b) In accordance with the Group’s accounting policies, unrecognised transitional net benefit obligation should be amortised on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Group as a first-time adopter of IFRSs, so the Group has no unrecognised transitional liabilities.

- (c) In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.
- (d) The Group selects to recognise all the accumulated actuarial pension gain or loss related to the plan of employee benefits in undistributed earnings at the transition date.
- (e) In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the ‘corridor’ method. However, in accordance with IAS 19, “Employee Benefits”, the Group selects to recognise immediately actuarial pension gain or loss in other comprehensive income.
- (4) R.O.C. GAAP does not specify the rules on recognition of the cost of accumulated unused compensated absences. The Group recognized such cost as expense upon actual payment. However, IAS 19, “Employee Benefits”, requires that cost of accumulated unused compensated absences should be accrued as expense at the balance sheet date after considering the effect of income tax.
- (5) In accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” before amendment on July 7, 2011, unlisted stocks and emerging stocks held by the Group were measured at cost and recognized as “Financial assets measured at cost–non-current”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value. Therefore, the Group designated such financial assets measured at cost as “Available-for-sale financial assets–non-current” at the transition date in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.
- (6) In accordance with R.O.C. GAAP, the Group’s property that is leased to others is presented in “Property, Plant and Equipment” account. In accordance with IAS 40, “Investment Property”, property that meets the definition of investment property is classified and accounted for as “Investment property”. The Group thus reclassified “Property, Plant and Equipment, Net” to “Investment Property” on transition date.
- (7) As the investee has elected to adopt IFRSs, the Group recognized such effect of IFRS adjusted to the investment accounted for under the equity method in proportion to its share ownership in the investee.

- (8) The Group has elected not to apply the requirements in IFRS 3, “Business Combinations”, retrospectively to investments in associates that occurred prior to the date of transition to IFRSs, and has adjusted to “Undistributed Earnings” on the date of transition to IFRSs for the “Capital Surplus—long-term investments” under ROC GAAP that did not meet the regulations of IFRSs.
- (9) In accordance with R.O.C. GAAP, exchange differences arising from translation of the financial statements of overseas investee companies accounted for using equity method are recorded as “Cumulative Translation Adjustments” under stockholders’ equity. In accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, the Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign entities to “Undistributed Earnings” at the opening IFRS balance sheet date, and to deal with translation differences arising subsequent to the opening IFRS balance sheet date in accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates”.
- (10) Prepayment for acquisition of property, plant and equipment is presented in “Property, plant and equipment” in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”. However, such prepayment should be presented in “Other non-current assets” based on its nature under IFRSs.
- (11) In accordance with R.O.C. GAAP, restricted cash and cash equivalents are presented in “Restricted assets”. However, under IFRSs, as the Group’s restricted assets did not meet the definitions of cash equivalents, they were reclassified to “Other financial assets” on the date of transition to IFRSs. (Classified as other non – current assets).
- (12) In accordance with R.O.C. GAAP, deferred expenses are accounted for under ‘other assets’. However, under IFRSs, deferred expenses shall be classified appropriately based on their nature. Thus, the Group reclassified deferred expenses to “Property, plant and equipment”, “Computer software” and “Other non-current assets”, respectively, on the date of transition to IFRSs.
- (13) In accordance with R.O.C. GAAP, income tax refundable are classified as “Other receivables”. However, under IFRSs, current income tax shall be classified appropriately based on their nature. Thus, the Group reclassified current income tax refundable to “Current income tax assets”, on the date of transition to IFRSs.
- (14) R.O.C GAAP does not provide any guidance regarding other comprehensive income, and the ending balance of other comprehensive accounts are presented, net of tax, as equity components in the balance sheets. However, under IAS 1 “Presentation of Financial Statements”, an entity shall disclose the amount of income tax relating to each component of other comprehensive income, including reclassification adjustments, either in the statement of comprehensive income or in the notes.

F. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012:

- (a) The transition from R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.
- (b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.