EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2017 AND 2016

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.

Opinion

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the“ Company”) and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other Matter* section of the report), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2017 are as follows:

Accuracy of freight revenue

Description

Please refer to Note 4(31) for accounting policies on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(21) for details of sales revenue.

Evergreen Marine Corporation (Taiwan) Ltd. primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. In 2017, freight revenue was NT$ 135,358,310 thousand, representing 89.89% of operating revenue. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the date of balance sheet. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel during the reporting period.

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

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

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

Impairment of property, plant and equipment

Description

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

As of December 31, 2017, property, plant and equipment amounted to NT$ 97,687,454 thousand, constituting 48.82% of total assets, and ship equipment, transport equipment and cargo handling equipment amounted to NT$ 76,190,454 thousand, accounting for approximately 77.99% of total property, plant and equipment. As new ships have been built and put into operation by many carriers around the world, market supply has exceeded demand. Therefore, the market imbalance led to price competition, resulting to losses for the industry and raising the risk of asset impairment. The valuation of impairment and recoverable amounts are evaluated by the Group using the present value of the future cash flows expected to be derived from an asset or cash-generating unit compared to the book value. The main assumptions of discount rates used in recoverable amounts, and expected operating revenue growth rates, gross profit, operating profit rates, capital expenditures and discount rates used in future cash flow estimates are subject to management's judgement and involve high uncertainty, and the estimated results are material to the consolidated financial statements. Given the conditions mentioned above, we consider the impairment assessment of ship equipment, transport equipment and cargo handling equipment in the property, plant and equipment under the Group and its investee companies as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

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

Other matter – Audit by other independent accountants

We did not audit the financial statements of all the consolidated subsidiaries. Those statements and the information disclosed in Note 13 were performed by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein is based solely on the reports of the other independent accountants. The statements reflect that total assets in these subsidiaries amounted to NT$53,765,827 thousand and NT$62,747,081 thousand, constituting 26.87% and 33.07% of the total consolidated assets as of December 31, 2017, and 2016, respectively. Net operating revenues in the subsidiaries amounted to NT$55,681,727 thousand and NT$46,208,197 thousand, constituting 36.98% and 37.12% of the total consolidated net operating revenues of 2017 and 2016 for the years then ended. In addition, we did not audit the financial statements of all the investee companies accounted for using equity method. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our audit expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 related to these long-term equity investments, is based solely on the reports of other independent accountants. Long-term equity investments in these investee companies amounted to NT$16,239,361 thousand and NT$15,396,048 thousand, constituting 8.12% and 8.11% of the total consolidated assets as of December 31, 2017 and 2016, 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$1,892,245 thousand and NT$1,049,924 thousand for the years then ended.

We have also audited the parent company only financial statement of Evergreen Marine Corporation (Taiwan) Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unqualified opinion with explanatory paragraph thereon.

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

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

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

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

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

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

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

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

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lai, Chung-Hsi

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2018

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)

		December 31, 2017		December 31, 2016	
Assets	Notes	AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 38,108,263	19	$ 34,413,449	18
Held-to-maturity financial assets - current	6(3)	-	-	170,000	-
Notes receivable, net		66,410	-	30,011	-
Accounts receivable, net	6(4)	12,976,049	7	11,572,595	6
Accounts receivable, net - related parties	7	793,621	-	922,674	-
Other receivables		396,179	-	785,855	-
Other receivables - related parties	7	486,727	-	287,067	-
Current income tax assets		159,893	-	218,829	-
Inventories	6(5)	3,719,429	2	3,174,920	2
Prepayments		1,579,564	1	1,063,328	1
Other current assets	6(6)	2,665,093	1	1,338,279	1
Current assets		60,951,228	30	53,977,007	28
Non-current assets					
Available-for-sale financial assets - non-current	6(2)	2,282,619	1	2,694,826	2
Held-to-maturity financial assets - non-current	6(3)	100,000	-	50,000	-
Investments accounted for using equity method	6(7)	26,783,026	14	25,779,053	14
Property, plant and equipment, net	6(8)	97,687,454	49	99,470,430	52
Investment property, net	6(9)	4,969,272	3	1,938,774	1
Intangible assets		159,667	-	121,341	-
Deferred income tax assets	6(28)	708,266	-	662,014	-
Other non-current assets	6(10) and 8	6,438,365	3	5,060,319	3
Non-current assets		139,128,669	70	135,776,757	72
Total assets		$ 200,079,897	100	$ 189,753,764	100

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

Liabilities and Equity	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
Current liabilities					
Accounts payable		$ 15,358,651	8	$ 12,615,885	7
Accounts payable - related parties	7	203,868	-	291,777	-
Other payables		3,111,155	2	1,838,287	1
Other payables - related parties	7	1,002,731	1	142,174	-
Current income tax liabilities		368,327	-	108,469	-
Other current liabilities	6(11)	24,715,669	12	27,034,577	14
Current liabilities		44,760,401	23	42,031,169	22
Non-current liabilities					
Corporate bonds payable	6(12)	8,000,000	4	-	-
Long-term loans	6(13)	65,369,665	32	77,673,504	41
Deferred income tax liabilities	6(28)	1,749,020	1	633,182	1
Other non-current liabilities	6(14)(15)	13,512,021	7	15,777,408	8
Non-current liabilities		88,630,706	44	94,084,094	50
Total liabilities		133,391,107	67	136,115,263	72
Equity attributable to owners of the parent					
Capital					
Common stock	6(17)	40,123,560	20	35,123,560	18
Capital surplus	6(18)				
Capital surplus		10,838,075	5	7,989,014	4
Retained earnings	6(19)				
Legal reserve		4,985,031	3	9,233,242	5
Unappropriated retained earnings (deficit)		6,769,575	3	(4,248,211)	(2)
Other equity interest	6(20)				
Other equity interest		682,313	1	2,889,888	2
Equity attributable to owners of the parent		63,398,554	32	50,987,493	27
Non-controlling interest		3,290,236	1	2,651,008	1
Total equity		66,688,790	33	53,638,501	28
Significant Contingent Liabilities And Unrecognized Contract Commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		$ 200,079,897	100	$ 189,753,764	100

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

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

		Years ended December 31			
		2017		2016	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(21) and 7	$ 150,582,692	100	$ 124,467,608	100
Operating costs	6(26)(27) and 7	(139,693,568)	(93)	(127,955,772)	(103)
Gross profit (loss)		10,889,124	7	(3,488,164)	(3)
Unrealized profit from sales		(27,306)	-	(14,136)	-
Realized profit on from sales		12,469	-	8,187	-
Gross profit (loss)		10,874,287	7	(3,494,113)	(3)
Operating expenses	6(26)(27) and 7	(6,558,601)	(4)	(6,235,412)	(5)
Other gains - net	6(22)	501,784	-	1,881,263	2
Operating profit (loss)		4,817,470	3	(7,848,262)	(6)
Other income	6(23)	954,306	1	802,322	1
Other gains and losses	6(24)	572,894	-	470,571	-
Finance costs	6(25)	(1,380,716)	(1)	(1,245,952)	(1)
Share of loss of associates and joint ventures accounted for using equity method		2,483,595	2	(987,662)	(1)
Total non-operating income and expenses		2,630,079	2	(960,721)	(1)
Profit (loss) before income tax		7,447,549	5	(8,808,983)	(7)
Income tax expense	6(28)	(785,928)	(1)	243,672	-
Profit (loss) for the year		$ 6,661,621	4	($ 8,565,311)	(7)

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

		Years ended December 31			
		2017		2016	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Actuarial loss on defined benefit plan		($ 149,004)	-	($ 62,172)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(114,187)	-	(155,908)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		16,942	-	20,614	-
Components of other comprehensive income that will not be reclassified to profit or loss		(246,249)	-	(197,466)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translating the financial statements of foreign operations		(2,564,224)	(2)	498,341	1
Unrealized gain on valuation of available-for-sale financial assets		103,671	-	145,411	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(259,276)	-	448,018	-
Income tax relating to the components of other comprehensive (loss) income		(5,829)	-	12,525	-
Components of other comprehensive income that will be reclassified to profit or loss		(2,725,658)	(2)	1,104,295	1
Other comprehensive (loss) income for the year, net of income tax		($ 2,971,907)	(2)	$ 906,829	1
Total comprehensive income (loss) for the period		$ 3,689,714	2	($ 7,658,482)	(6)
Profit (loss), attributable to:					
Owners of the parent		$ 7,005,171	4	($ 6,607,986)	(5)
Non-controlling interest		($ 343,550)	-	($ 1,957,325)	(2)
Comprehensive income (loss) attributable to:					
Owners of the parent		$ 4,562,000	3	($ 7,015,935)	(5)
Non-controlling interest		($ 872,286)	(1)	($ 642,547)	(1)
Earnings (loss) per share (in dollars)	6(29)				
Basic earnings (loss) per share		$ 1.97		($ 1.88)	
Diluted earnings (loss) per share		$ 1.97		($ 1.88)	

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

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

		Equity attributable to owners of the parent									
				Retained Earnings		Other equity interest					
	Notes	Common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings / (deficit)	Financial statements translation differences 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
Year 2016											
Balance at January 1, 2016		$ 35,123,560	$ 7,986,633	$ 9,233,242	$ 2,561,825	$ 2,155,086	$ 1,461,850	($ 521,149)	$ 58,001,047	$ 3,293,555	$ 61,294,602
Adjustments to share of changes in equity of associates and joint ventures	6(18)	-	2,381	-	-	-	-	-	2,381	-	2,381
Loss for the year		-	-	-	(6,607,986)	-	-	-	(6,607,986)	(1,957,325)	(8,565,311)
Other comprehensive income (loss) for the year	6(20)	-	-	-	(202,050)	(900,464)	241,311	453,254	(407,949)	1,314,778	906,829
Balance at December 31, 2016		$ 35,123,560	$ 7,989,014	$ 9,233,242	($ 4,248,211)	$ 1,254,622	$ 1,703,161	($ 67,895)	$ 50,987,493	$ 2,651,008	$ 53,638,501
Year 2017											
Balance at January 1, 2017		$ 35,123,560	$ 7,989,014	$ 9,233,242	($ 4,248,211)	$ 1,254,622	$ 1,703,161	($ 67,895)	$ 50,987,493	$ 2,651,008	$ 53,638,501
Distribution of 2016 earnings:	6(19)										
Legal reserve used to cover accumulated deficit		-	-	(4,248,211)	4,248,211	-	-	-	-	-	-
Issuance of common stock	6(17)	5,000,000	2,711,222	-	-	-	-	-	7,711,222	-	7,711,222
Cash capital increase reserved for employee preemption	6(18)	-	76,280	-	-	-	-	-	76,280	-	76,280
Adjustments to share of changes in equity of associates and joint ventures	6(18)	-	67,866	-	-	-	-	-	67,866	-	67,866
Profit (loss) for the year		-	-	-	7,005,171	-	-	-	7,005,171	(343,550)	6,661,621
Other comprehensive income (loss) for the year	6(20)	-	-	-	(235,596)	(2,389,736)	130,178	51,983	(2,443,171)	(528,736)	(2,971,907)
Effect of business combination		-	-	-	-	-	-	-	-	1,613,445	1,613,445
Change in non-controlling interests	6(30)	-	(6,307)	-	-	-	-	-	(6,307)	(101,931)	(108,238)
Balance at December 31, 2017		$ 40,123,560	$ 10,838,075	$ 4,985,031	$ 6,769,575	($ 1,135,114)	$ 1,833,339	($ 15,912)	$ 63,398,554	$ 3,290,236	$ 66,688,790

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

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

	Notes	Years ended December 31 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 7,447,549	($ 8,808,983)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)	7,691,699	8,106,130
Amortization	6(26)	38,375	30,501
Bad debts expense	6(4)	21,646	144,901
Interest income	6(23)	(436,954)	(277,749)
Interest expense	6(25)	1,380,716	1,245,952
Dividend income	6(23)	(117,436)	(142,152)
Gain on disposal of available-for-sale financial assets		(612,704)	-
Realized loss from capital reduction of available-for-sale financial assets	6(24)	-	1,878
(Profit) loss on disposal of investments accounted for using equity method		(6,578)	1,865
Share of (profit) loss of associates and joint ventures accounted for using equity method		(2,483,595)	987,662
Gain from bargain purchase	6(31)	(5,983)	-
Net gain on disposal of property, plant and equipment	6(22)	(501,784)	(1,881,263)
Realized loss from property, plant and equipment	6(24)	-	49,429
Net loss on disposal of intangible assets		-	3
Loss on disposal of other investments		312	-
Realized income with affliated companies		(19,912)	(17,120)
Unrealized income with affliated companies		27,306	14,136
Cash capital increase reserved for employee preemption		76,280	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Notes receivable, net		(17,342)	8,823
Accounts receivable		(509,152)	(1,067,949)
Accounts receivable, net - related parties		238,192	(171,827)
Other receivables		416,368	(476,640)
Other receivables - related parties		(184,257)	177,204
Inventories		(712,073)	(423,095)
Prepayments		(364,000)	(160,259)
Other current assets		(83,272)	1,378,329
Other non-current assets		2,740	(1,464)
Net changes in liabilities relating to operating activities			
Accounts payable		1,785,500	165,241
Accounts payable - related parties		(258,732)	102,996
Other payables		894,990	(106,113)
Other payables - related parties		87,866	(28,318)
Other current liabilities		(1,180,528)	1,811,096
Other non-current liabilities		2,130	(63,008)
Cash inflow generated from operations		12,617,367	600,206
Interest received		436,954	277,749
Interest paid		(1,456,592)	(1,282,509)
Income tax paid		(406,889)	(333,038)
Net cash flows from (used in) operating activities		11,190,840	(737,592)

(Continued)

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

	Notes	Years ended December 31 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ 1,053,435	$ -
Proceeds from capital reduction of available-for-sale financial assets		-	1,253
Proceeds from disposal of held-to-maturity financial assets		170,000	200,000
Acquisition of held-to-maturity financial assets		(50,000)	-
Proceeds from capital reduction of investments accounted for using equity method		-	97,704
Acquisition of investments accounted for using equity method		(16,683)	(2,866,762)
Proceeds from disposal of investments accounted for using equity method		42,803	-
Acquisition of property, plant and equipment	6(32)	(1,559,769)	(1,669,499)
Proceeds from disposal of property, plant and equipment		551,502	2,651,016
Acquisition of intangible assets	6(32)	(55,744)	(76,428)
Increase in guarantee deposits paid		(43,328)	(29,793)
Increase in other non-current assets	6(32)	(5,628,835)	(2,596,335)
Non-current prepayments for investments		(23,166)	-
Effect of initial consolidation of subsidiaries	6(32)	(5,106,379)	-
Cash dividend received		796,989	848,702
Net cash flows used in investing activities		(9,869,175)	(3,440,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		600,000	10,600,283
Decrease in short-term loans		(600,000)	(10,600,283)
Increase (decrease) in other payables	7	814,101	(5,716)
Increase in long-term loans		8,447,360	23,897,467
Decrease in long-term loans		(16,660,954)	(18,353,483)
Net change in non-controlling interest	6(32)	(85,393)	-
Increase in corporate bonds payable		8,000,000	-
Decrease in corporate bonds payable		(3,000,000)	-
Decrease other non-current liabilities		(1,350,278)	(819,087)
Decrease in guarantee deposits received		(1,262)	(8,012)
Proceeds from issuance of common stock		7,711,222	-
Net cash flows from financing activities		3,874,796	4,711,169
Effect of exchange rate changes		(1,501,647)	1,045,494
Net increase in cash and cash equivalents		3,694,814	1,578,929
Cash and cash equivalents at beginning of year		34,413,449	32,834,520
Cash and cash equivalents at end of year		$ 38,108,263	$ 34,413,449

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

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised by the Board of Directors on March 23, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, ‘Investment entities: applying the consolidation exception’	January 1, 2016
Amendments to IFRS 11, ‘Accounting for acquisition of interests in joint operations’	January 1, 2016
IFRS 14,‘Regulatory deferral accounts’	January 1, 2016
Amendments to IAS 1, ‘Disclosure initiative’	January 1, 2016
Amendments to IAS 16 and IAS 38, ‘Clarification of acceptable methods of depreciation and amortisation’	January 1, 2016
Amendments to IAS 16 and IAS 41, ‘Agriculture: bearer plants’	January 1, 2016
Amendments to IAS 19, ‘Defined benefit plans: employee contributions’	July 1, 2014
Amendments to IAS 27, ‘Equity method in separate financial statements’	January 1, 2016
Amendments to IAS 36, ‘Recoverable amount disclosures for non-financial assets’	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 39, ‘Novation of derivatives and continuation of hedge accounting’	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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

A. Amendments to IAS 19, ‘Defined benefit plans: Employee contributions’

The amendment allows contributions made by 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 made by employees or third parties 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.

B. Annual improvements to IFRSs 2010-2012 cycle

IFRS 8, ‘Operating segments’

The standard is amended to require disclosure of judgements made by management in aggregating operating segments. This amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets is required only when segment asset is provided to chief operating decision maker regularly.

Based on the Group’s assessment, the amendment will result in an additional disclosure of judgements made by management in aggregating operating segments and a deletion of a reconciliation of segments’ assets.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from contracts with customers’	January 1, 2018
Amendments to IAS 7, ‘Disclosure initiative’	January 1, 2017
Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’	January 1, 2017
Amendments to IAS 40, ‘Transfers of investment property’	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

A. In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets in the amount of $2,282,619 by increasing financial assets at fair value through other comprehensive income in the amount of $2,282,619.

B. In accordance with IFRS 9, the Group expects to reclassify held-to-maturity financial assets of $100,000 by increasing financial assets at amortised cost in the amount of $100,000.

C. In line with the regulations under IFRS 9 on provision for impairment, other equity interest will have to be decreased by $192,156 and retained earnings increased by $192,156.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 16, 'Leases'

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

B. Amendments to IAS 19, 'Plan amendment, curtailment or settlement'

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

C. Annual improvements to IFRSs 2015-2017 cycle

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

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

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

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

(d) Amendments to IAS 23, ‘Borrowing costs’

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
The Company	Peony	Investments in transport-related business	100.00	100.00	
The Company	ETS	Terminal Services	100.00	100.00	
The Company	EGH	Container shipping and agency services dealing with port formalities	79.00	-	(i)
Peony	GMS	Container shipping	100.00	100.00	
Peony	Clove	Investments in container yards and port terminals	100.00	100.00	
Peony	EMU	Container shipping	51.00	51.00	
Peony	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	84.44	
Peony	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	
Peony	KTIL	Loading, discharging, storage, repairs and cleaning	20.00	20.00	(a)
Peony	MBPI	Containers storage and inspections of containers at the customs house	95.03	95.03	
Peony	MBT	Inland transportation, repairs and cleaning of containers	17.39	17.39	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Peony	EGS	Agency services dealing with port formalities	51.00	51.00	
Peony	EGK	Agency services dealing with port formalities	100.00	100.00	
Peony	EGT	Agency services dealing with port formalities	85.00	51.00	(j)
Peony	EGI	Agency services dealing with port formalities	99.99	99.99	
Peony	EMA	Agency services dealing with port formalities	67.50	67.50	
Peony	EIT	Agency services dealing with port formalities	55.00	55.00	
Peony	EES	Agency services dealing with port formalities	100.00	55.00	(k)
Peony	ERU	Agency services dealing with port formalities	51.00	51.00	
Peony	EEU	Agency services dealing with port formalities	100.00	100.00	
Peony	EGD-WWX	Agency services dealing with port formalities	100.00	100.00	(d)
Peony	EGF	Agency services dealing with port formalities	-	100.00	(c)
Peony	EGN	Agency services dealing with port formalities	-	100.00	(g)
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Peony	EGB	Real estate leasing	95.00	95.00	
Peony	EGM	Agency services dealing with port formalities	100.00	-	(h)
Peony	EGH	Container shipping and agency services dealing with port formalities	1.00	-	(i)
EGH	Ever shine (Shanghai)	Management consultancy and self-owned property leasing	100.00	-	
EGH	Ever shine (Ningbo)	Management consultancy and self-owned property leasing	100.00	-	
EMU	Island	Investments in operating machinery and equipment of port terminals	15.00	15.00	
EMU	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	(a)
EMU	EGU	Agency services dealing with port formalities	100.00	100.00	
EMU	EGUD	Agency services dealing with port formalities	100.00	100.00	(b)
EEU	EGDL	Agency services dealing with port formalities	100.00	100.00	(e)
EEU	EGDV	Agency services dealing with port formalities	-	100.00	(f)

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main business activities	December 31, 2017	December 31, 2016	Description
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	
Island	Hemlock	Investments and leases of operating machinery and equipment of port terminals	100.00	100.00	
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	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) On August 1, 2016, the Board of Directors has resolved that the subsidiary – Peony to sell 100% share ownership of EGUD to the indirect subsidiary – EMU. Since EMU obtained the wholly-owned ownership, the Board of Directors resolved a reorganization plan to transfer businesses from EGU and EGUD to EMU on August 1, 2016. As of the issuance of financial report, the liquidation of EGU and EGUD are still in process.

(c) On May 12, 2017, the Board of Directors of the subsidiary, Peony, has approved the proposal of reorganisation and disposal of 100% of EGF's equity to the sub-subsidiary, EEU. After acquiring EGF's equity, EEU consummated a merger with its subsidiary, EGF, under the resolution of shareholders' meeting on August 1, 2017. The merger made EEU the surviving company as EGF was dissolved thereafter.

(d) The proposal of reorganisation of the subsidiary, Peony, has been approved by the Board of Directors on May 12, 2017 to transfer EGDW's business to the sub-subsidiary, EEU, beginning on August 1, 2017. As of the issuance of financial report, the liquidation of EGDW is still in process.

(e) The proposal of reorganisation of the sub-subsidiary, EEU, has been resolved at the shareholders' meeting on May 18, 2017, to transfer its business to its subsidiary, EGDL, effective on August 1, 2017. As of the issuance of financial report, the liquidation of EGDL is still in process.

(f) The merger of the sub-subsidiary, EEU, and its subsidiary, EGDV, has been approved at the shareholders' meeting on July 4, 2017. The merger made EEU the surviving company as EGDV was dissolved thereafter.

(g) On May 12, 2017, the Board of Directors adopted a resolution to approve the reorganization of subsidiary Peony Investment. On December 21, 2017, the EGN business was handed over to subsidiary EEU. EGN has proceeded to deregister as a legal entity. At the time of the issuance of these financial statements, EGN is still in the process of deregistration.

(h) On November 30, 2017, the Board of Directors resolved to have subsidiary Peony Investment acquire the remaining 70% of the shares of EGM from the other shareholders. The acquisition date was December 27, 2017.

(i) On August 11, 2017, the Board of Directors resolved to have the Company and subsidiary Peony Investment acquire 79% and 1%, respectively, of the shares of EGH from Evergreen International S.A. The transaction amount was US $212,000. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 18, 2017.

(j) On December 27, 2017, the Board of Directors of resolved to have subsidiary Peony Investment acquire 34% of the shares of EGT from the non-controlling interest. The effective date of ownership transfer was December 31, 2017.

(k) On November 21, 2017, the Board of Directors resolved to have subsidiary Peony Investment acquire 45% of the shares of EES from the non-controlling interest. The effective date of ownership transfer was December 31, 2017.

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

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

E. Significant restrictions: None.

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

As of December 31, 2017 and 2016, the non-controlling interest amounted to $3,290,236 and $2,651,008, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2017 Amount	Ownership (%)	December 31, 2016 Amount	Ownership (%)	Description
EMU	U.K.	$ 598,392	49%	$ 1,346,808	49%	
EGH	Hong Kong	1,591,869	20%	-	-	

Summarised financial information of the subsidiaries:

Balance sheets

	EMU December 31, 2017	EMU December 31, 2016
Current assets	$ 9,113,834	$ 8,558,298
Non-current assets	38,436,657	43,908,688
Current liabilities	(20,121,083)	(18,383,253)
Non-current liabilities	(26,208,199)	(31,335,146)
Total net assets	$ 1,221,209	$ 2,748,587

	EGH December 31, 2017
Current assets	$ 3,119,694
Non-current assets	8,673,850
Current liabilities	(2,054,676)
Non-current liabilities	(1,779,522)
Total net assets	$ 7,959,346

Statements of comprehensive income

	EMU Year ended December 31, 2017	EMU Year ended December 31, 2016
Revenue	$ 54,151,814	$ 44,957,343
Loss before income tax	($ 1,313,841)	($ 4,301,640)
Income tax expense	(15,818)	(11,309)
Loss for the period from continuing operations	(1,329,659)	(4,312,949)
Other comprehensive loss, net of tax	(13,202)	(1,144)
Total comprehensive loss for the period	($ 1,342,861)	($ 4,314,093)
Comprehensive loss attributable to non-controlling interest	($ 658,002)	($ 2,113,906)

	EGH
	Year ended December 31, 2017
Revenue	$ 3,883,278
Profit before income tax	$ 977,953
Income tax expense	(114,967)
Profit for the period from continuing operations	862,986
Other comprehensive loss, net of tax	(3,310)
Total comprehensive income for the period	$ 859,676
Comprehensive income attributable to non-controlling interest	$ 12,402

Statements of cash flows

	EMU	
	Year ended December 31, 2017	Year ended December 31, 2016
Net cash provided by (used in) operating activities	$ 4,996,091	($ 133,883)
Net cash (used in) provided by investing activities	(246,896)	158,015
Net cash (used in) provided by financing activities	(4,648,565)	98,750
Effect of exchange rates on cash and cash equivalents	(150,575)	(36,117)
(Decrease) increase in cash and cash equivalents	(49,945)	86,765
Cash and cash equivalents, beginning of period	1,890,638	1,803,873
Cash and cash equivalents, end of period	$ 1,840,693	$ 1,890,638

		EGH
		Year ended December 31, 2017
Net cash provided by operating activities	$	1,944,965
Net cash provided by investing activities		80,984
Net cash used in financing activities	(	1,252,423)
Effect of exchange rates on cash and cash equivalents	(	39,186)
Increase in cash and cash equivalents		734,340
Cash and cash equivalents, beginning of period		269,294
Cash and cash equivalents, end of period	$	1,003,634

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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

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

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

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

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

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits with original maturities of 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 recognised and derecognised using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognised 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 recognised 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 recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised 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 recognised 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 recognised and derecognised using trade date accounting.

C. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised 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 recognised initially at fair value and subsequently measured at amortised 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 reorganisation;

(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 assets, 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, 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 derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) 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 realisable value, and the individual item approach is used in the comparison of cost and net realisable value. The calculation of net realisable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(15) Investments accounted for using equity method / associates

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

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

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

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

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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 ~ 135 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/ operating 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 recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

C. The accounting treatment of sale and leaseback transactions depends on the substance of the transaction. If sale and finance leaseback is in substance a financing transaction, the difference between the sales proceeds and the carrying value of the asset is deferred and amortised to the income statement over the lease term. If the sale price is below the fair value, the difference between sale price and carrying amount should be recognised immediately except that, if a loss arising is compensated by future rent at below market price, it should be deferred and amortised in proportion to the rent payments over the period for which the asset is expected to be used. If the sale price is above the fair value, the excess of proceeds over fair value should be deferred and amortised over the period for which the asset is expected to be used.

(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 20 ~ 60 years.

(19) Intangible assets

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

(20) Impairment of non-financial assets

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

(21) Borrowings

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

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

(22) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised 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 derecognised 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Financial liabilities and equity instruments

A. Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised 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 amortised 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 recognised 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 recognised 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 recognised at fair value and subsequently stated at amortised 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 amortised 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 recognised 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 abovementioned liability component plus the book value of capital surplus - share options.

(27) <u>Derivative financial instruments and hedging activities</u>

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 recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises 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 recognised 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' compensation and directors' and supervisors' remuneration

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

(29) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Dividends

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

B. Sales of services

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

(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. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

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 recognised 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.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

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

B. Impairment assessment of tangible 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.

As of December 31, 2017, the Group had property, plant, equipment and intangible assets amounting to $97,687,454 and $159,667, respectively.

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 recovered. 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. 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, 2017, the carrying amount of unlisted stocks without active market was $1,137,645.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand and petty cash	$ 20,739	$ 17,294
Checking accounts and demand deposits	6,300,219	5,625,604
Time deposits	31,787,305	28,770,551
	$ 38,108,263	$ 34,413,449

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

Items	December 31, 2017	December 31, 2016
Non-current items:		
Listed (TSE and OTC) stocks	$ 631,039	$ 1,023,088
Emerging stocks	-	-
Unlisted stocks	205,227	266,779
	836,266	1,289,867
Valuation adjustment	1,446,353	1,404,959
	$ 2,282,619	$ 2,694,826

A. The Group recognised $41,394 and $124,684 in other comprehensive income for fair value change for the years ended December 31, 2017 and 2016, respectively.

B. The Company originally owned the emerging stock of Taiwan High Speed Rail Corporation which was first publicly traded on October 27, 2016. However, for the year ended December 31, 2015, the Company assessed that there had been objective evidence of impairment given that the market price of the shares continuously fell. As of December 31, 2017, the Company has recognized $189,091 as impairment loss.

C. The Group recognised impairment loss of $3,065 on unlisted stocks.

D. The Group has no available-for-sale assets pledged to others.

(3) Held-to-maturity financial assets

Items	December 31, 2017	December 31, 2016
Current items:		
Financial bonds	$ -	$ 170,000
Non-current items:		
Financial bonds	$ 100,000	$ 50,000

A. The Group recognised interest income of $2,339 and $8,197 for amortised cost in profit or loss for the years ended December 31, 2017 and 2016, respectively.

B. The counterparties of the Group’s investments have good credit quality.

C. The Group has no held-to-maturity financial assets held by the Group pledged to others.

(4) Accounts receivable, net

	December 31, 2017	December 31, 2016
Accounts receivable	$ 13,072,332	$ 11,671,670
Less: Allowance for bad debts	(96,283)	(99,075)
	$ 12,976,049	$ 11,572,595

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.

	December 31, 2017	December 31, 2016
Group 1	$ 1,438,533	$ 1,284,920
Group 2	9,514,967	8,806,443
	$ 10,953,500	$ 10,091,363

Note:

Group 1: 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.

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

	December 31, 2017	December 31, 2016
Up to 30 days	$ 1,749,509	$ 1,232,006
31 to 180 days	273,040	249,226
	$ 2,022,549	$ 1,481,232

The above ageing analysis was based on past due date.

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

(a)As of December 31, 2017 and 2016, the Group's accounts receivable that were impaired amounted to $96,283 and $99,075 respectively.

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

	2017		
	Individual provision	Group provision	Total
At January 1	($ 99,075)	$ -	($ 99,075)
Provision for impairment	(21,646)	-	(21,646)
Reversal of impairment	18,569	-	18,569
Write-offs during the period	3,490	-	3,490
Net exchange differences	2,379	-	2,379
At December 31	($ 96,283)	$ -	($ 96,283)

	2016		
	Individual provision	Group provision	Total
At January 1	($ 30,772)	$ -	($ 30,772)
Provision for impairment	(97,446)	-	(97,446)
Reversal of impairment	25,275	-	25,275
Write-offs during the period	3,826	-	3,826
Net exchange differences	42	-	42
At December 31	($ 99,075)	$ -	($ 99,075)

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

(5) Inventories

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Ship fuel	$ 3,306,081	$ -	$ 3,306,081
Steel and others	413,348	-	413,348
	$ 3,719,429	$ -	$ 3,719,429

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Ship fuel	$ 2,782,953	$ -	$ 2,782,953
Steel and others	391,967	-	391,967
	$ 3,174,920	$ -	$ 3,174,920

(6) Other current assets

	December 31, 2017	December 31, 2016
Shipowner's accounts	$ 1,207,851	$ 110,646
Agency accounts	824,422	772,724
Other financial assets	324,508	183,200
Temporary debits	308,312	271,709
	$ 2,665,093	$ 1,338,279

A. Shipowner’s accounts:

(a) Temporary accounts, between the Group and other related parties – Evergreen International S.A., Gaining Enterprise S.A., Italia Marittima S.p.A., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd. incurred due to foreign port formalities and pier rental expenses.

(b) In response to market competition and enhancement of global transportation network to provide better logistics services to customers, the Group has joined Cosco Container Lines Co., Ltd., Kawasaki Kisen Kaisha, Ltd., Yang Ming (UK), Ltd. and Hanjin Shipping Co., Ltd. to form the CKYHE Alliance Transactions for trading of shipping spaces.

(c) In response to market competition and enhancement of global transportation network to provide better logistics services to customers, the Group has joined Cosco Container Lines Co., Ltd., CMA CGM, Ltd., and the Orient Overseas Container Line, Ltd. to form the OCEAN Alliance on March 31, 2017 for trading of shipping space.

B. Agency accounts:

The Group entered into agency agreements with its related parties, whereby the related parties act as the Group’s agents to deal with domestic and foreign port formalities, such as arrival and departure of the Group’s ships, cargo stevedoring and forwarding, freight collection, and payment of expenses incurred in domestic and foreign ports.

C. On February 2, 2017, the aforementioned CKYHE member, Hanjin Shipping Co., Ltd. was judged by the Seoul Central District Court to undergo liquidation instead of reorganization, in accordance with Article 286 of Debtor Rehabilitation and Bankruptcy Act 2005 (Republic of Korea). For the year ended December 31, 2016, the Group recognised $47,455 as impairment loss of net receivables from ship-owners due to a remote probability to recover the debt from the ship-owners.

(7) Investments accounted for using equity method

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

	December 31, 2017	December 31, 2016
Evergreen International Storage and Transport Corporation	$ 8,452,437	$ 8,517,744
EVA Airways Corporation	9,462,402	8,699,063
Taipei Port Container Terminal Corporation	1,428,295	1,414,293
Charng Yang Development Co., Ltd.	537,532	531,069
Luanta Investment (Netherlands) N.V.	1,865,804	1,993,507
Balsam Investment (Netherlands) N.V.	1,282,862	550,749
Colon Container Terminal S.A.	2,532,187	2,740,375
Others	1,221,507	1,332,253
	$ 26,783,026	$ 25,779,053

B. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Ownership(%)		Nature of relationship	Methods of measurement
		December 31, 2017	December 31, 2016		
Evergreen International Storage and Transport Corporation	TW	39.74%	39.74%	With a right over 20% to vote	Equity method
EVA Airways Corporation	TW	16.31%	16.31%	Have a right to vote in the Board of Directors	Equity method

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Evergreen International Storage and Transport Corporation	
	December 31, 2017	December 31, 2016
Current assets	$ 5,429,946	$ 4,883,682
Non-current assets	27,662,565	28,917,060
Current liabilities	(2,369,781)	(2,380,308)
Non-current liabilities	(9,031,865)	(9,592,754)
Total net assets	$ 21,690,865	$ 21,827,680
Share in associate's net assets	$ 8,558,554	$ 8,611,875
Unrealized income with affiliated companies	(106,117)	(94,131)
Carrying amount of the associate	$ 8,452,437	$ 8,517,744

	EVA Airways Corporation	
	December 31, 2017	December 31, 2016
Current assets	$ 69,002,340	$ 69,375,363
Non-current assets	159,204,888	148,288,041
Current liabilities	(60,428,208)	(62,284,933)
Non-current liabilities	(103,569,512)	(96,042,190)
Total net assets	$ 64,209,508	$ 59,336,281
Share in associate's net assets	$ 9,462,402	$ 8,699,063

Statement of comprehensive income

	Evergreen International Storage and Transport Corporation	
	Year ended December 31, 2017	Year ended December 31, 2016
Revenue	$ 7,554,009	$ 7,472,097
Profit for the period	$ 884,258	$ 809,015
Other comprehensive loss, net of tax	(647,260)	(123,347)
Total comprehensive income	$ 236,998	$ 685,668
Dividends received from associates	$ 148,422	$ 148,422

	EVA Airways Corporation	
	Year ended December 31, 2017	Year ended December 31, 2016
Revenue	$ 163,561,731	$ 144,679,665
Profit for the period	$ 6,310,934	$ 3,953,667
Other comprehensive (loss) income, net of tax	(769,683)	2,084,356
Total comprehensive income	$ 5,541,251	$ 6,038,023
Dividends received from associates	$ 132,191	$ 188,845

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

As of December 31, 2017 and 2016, the carrying amount of the Group's individually immaterial associates amounted to $8,868,187 and $8,562,246, respectively.

	Year ended December 31, 2017	Year ended December 31, 2016
Gain (loss) for the period	$ 2,410,843	($ 3,686,346)
Other comprehensive loss, net of tax	(4,318)	(22,627)
Total comprehensive income (loss)	$ 2,406,525	($ 3,708,973)

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

	December 31, 2017	December 31, 2016
Evergreen International Storage and Transport Corporation	$ 6,000,494	$ 5,428,009
EVA Airways Corporation	10,790,460	9,649,978
	$ 16,790,954	$ 15,077,987

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

E. To meet the operational needs in Vietnam, the Board of Directors has resolved on November 13, 2015, that the Company to participate in VIP Greenport Joint Stock Company's capital increase as the original shareholder. The investment amount was VND125,000 thousand and the capital increase was effective from January 16, 2016. The shareholding ratio is 21.74% after the capital increase and VIP Greenport Joint Stock Company is accounted for using equity method.

F. On May 12, 2017, the Board of Directors resolved to purchase newly issued shares of VIP Greenport Joint Stock Company for VND 12,500,000 as an original shareholder. The ownership percentage remains at 21.74% after the purchase.

G. The Board of Directors has resolved that the subsidiary - Peony Investment S.A. to participate in Ningbo Victory Container Co., Ltd. capital increase as the original shareholder, and the investment amount was USD 6,144 thousand as of May 26, 2016. The shareholding ratio remained at 40% after the capital increase and Ningbo Victory Container Co., Ltd. is accounted for using equity method.

H. The Board of Directors has resolved that the subsidiary - Peony Investment S.A. to participate in Balsam Investment (Netherlands) N.V.'s capital increase as an original shareholder. The investment amount was USD 76,930 thousand for the year ended December 31, 2016. The shareholding ratio remains at 49% after the capital increase and Balsam Investment (Netherlands) N.V. is accounted for using equity method.

(8) Property, plant and equipment, net

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1, 2017												
Cost	$ 845,610	$1,632,334	$600,442	$9,269,204	$ 1,064,943	$ 17,025,213	$110,782,722	$ 511,701	$21,192,069	$ 366,787	$138,493	$ 163,429,518
Accumulated depreciation	-	(1,004,644)	(479,520)	(5,612,263)	(248,689)	(7,412,028)	(42,981,997)	(411,375)	(5,565,381)	(242,660)	(531)	(63,959,088)
	$ 845,610	$ 627,690	$120,922	$3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430
2017												
Opening net book amount	$ 845,610	$ 627,690	$120,922	$3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430
Additions	-	1,891	3,169	202,894	58,911	985,566	207,088	21,224	70,957	15,488	35,235	1,602,423
Disposals	-	(1,067)	(285)	(3,875)	(617)	(25,375)	(3,451)	(3,721)	(6,337)	(6,155)	-	(50,883)
Reclassifications	-	7,130	-	482,220	76,298	-	3,660,780	(4,012)	(81,527)	204,088	(81,922)	4,263,055
Depreciation	-	(40,958)	(10,041)	(464,240)	(192,670)	(1,328,043)	(4,406,998)	(33,435)	(1,063,223)	(120,753)	(2,822)	(7,663,183)
Acquired from business combinations	-	5,615,200	173	-	2,265	2,970	116,948	27,237	-	-	-	5,764,793
Net exchange differences	(15,865)	(127,375)	1,831	(152,091)	(56,521)	(518,868)	(3,635,922)	2,642	(1,190,470)	(627)	(5,915)	(5,699,181)
Closing net book amount	$ 829,745	$6,082,511	$115,769	$3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454
At December 31, 2017												
Cost	$ 829,745	$7,194,260	$611,447	$9,600,294	$ 1,120,713	$ 16,325,955	$107,532,947	$ 533,874	$19,524,906	$ 574,438	$ 85,891	$ 163,934,470
Accumulated depreciation	-	(1,111,749)	(495,678)	(5,878,445)	(416,793)	(7,596,520)	(43,793,777)	(423,613)	(6,168,818)	(358,270)	(3,353)	(66,247,016)
	$ 829,745	$6,082,511	$115,769	$3,721,849	$ 703,920	$ 8,729,435	$ 63,739,170	$ 110,261	$13,356,088	$ 216,168	$ 82,538	$ 97,687,454

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1, 2016												
Cost	$ 823,656	$1,658,060	$638,955	$8,698,643	$ 235,114	$ 19,390,776	$112,145,161	$ 516,257	$23,354,144	$ 350,042	$466,263	$ 168,277,071
Accumulated depreciation	-	(976,105)	(499,554)	(5,283,786)	(197,883)	(7,513,029)	(39,141,571)	(420,350)	(6,450,500)	(175,065)	(48)	(60,657,891)
	$ 823,656	$ 681,955	$139,401	$3,414,857	$ 37,231	$ 11,877,747	$ 73,003,590	$ 95,907	$16,903,644	$ 174,977	$466,215	$ 107,619,180
2016												
Opening net book amount	$ 823,656	$ 681,955	$139,401	$3,414,857	$ 37,231	$ 11,877,747	$ 73,003,590	$ 95,907	$16,903,644	$ 174,977	$466,215	$ 107,619,180
Additions	-	7,347	1,119	131,437	29,450	69,587	289,117	25,971	639,439	17,937	463,428	1,674,832
Disposals	-	-	-	(8,461)	(86)	(744,084)	-	(815)	(17,134)	(343)	-	(770,923)
Reclassifications	24,654	46,805	-	602,976	814,578	785	97,989	14,540	(103,230)	1,128	(782,244)	717,981
Depreciation	-	(34,456)	(11,850)	(442,298)	(64,211)	(1,427,453)	(4,564,734)	(33,466)	(1,438,719)	(68,970)	(483)	(8,086,640)
Impairment loss	-	(42,932)	-	(6,497)	-	-	-	-	-	-	-	(49,429)
Net exchange differences	(2,700)	(31,029)	(7,748)	(35,073)	(708)	(163,397)	(1,025,237)	(1,811)	(357,312)	(602)	(8,954)	(1,634,571)
Closing net book amount	$ 845,610	$ 627,690	$120,922	$3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430
At December 31, 2016												
Cost	$ 845,610	$1,632,334	$600,442	$9,269,204	$ 1,064,943	$ 17,025,213	$110,782,722	$ 511,701	$21,192,069	$ 366,787	$138,493	$ 163,429,518
Accumulated depreciation	-	(1,004,644)	(479,520)	(5,612,263)	(248,689)	(7,412,028)	(42,981,997)	(411,375)	(5,565,381)	(242,660)	(531)	(63,959,088)
	$ 845,610	$ 627,690	$120,922	$3,656,941	$ 816,254	$ 9,613,185	$ 67,800,725	$ 100,326	$15,626,688	$ 124,127	$137,962	$ 99,470,430

A. The Group has issued a negative pledge to granting banks for drawing borrowings within the credit line to purchase the above transportation equipment.

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

(9) Investment property, net

	Land	Buildings	Total
At January 1, 2017			
Cost	$ 1,414,631	$ 1,000,649	$ 2,415,280
Accumulated depreciation	-	(476,506)	(476,506)
	$ 1,414,631	$ 524,143	$ 1,938,774
2017			
Opening net book amount	$ 1,414,631	$ 524,143	$ 1,938,774
Reclassifications	174	-	174
Depreciation	-	(28,516)	(28,516)
Acquired from business combinations	-	3,119,127	3,119,127
Net exchange differences	(48)	(60,239)	(60,287)
Closing net book amount	$ 1,414,757	$ 3,554,515	$ 4,969,272
At December 31, 2017			
Cost	$ 1,414,757	$ 4,066,438	$ 5,481,195
Accumulated depreciation	-	(511,923)	(511,923)
	$ 1,414,757	$ 3,554,515	$ 4,969,272

	Land	Buildings	Total
At January 1, 2016			
Cost	$ 1,420,461	$ 1,046,174	$ 2,466,635
Accumulated depreciation	-	(499,610)	(499,610)
	$ 1,420,461	$ 546,564	$ 1,967,025
2016			
Opening net book amount	$ 1,420,461	$ 546,564	$ 1,967,025
Reclassifications	(5,701)	-	(5,701)
Depreciation charge	-	(19,490)	(19,490)
Net exchange differences	(129)	(2,931)	(3,060)
Closing net book amount	$ 1,414,631	$ 524,143	$ 1,938,774
At December 31, 2016			
Cost	$ 1,414,631	$ 1,000,649	$ 2,415,280
Accumulated depreciation	-	(476,506)	(476,506)
	$ 1,414,631	$ 524,143	$ 1,938,774

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

	Year ended December 31, 2017	Year ended December 31, 2016
Rental revenue from the lease of the investment property	$ 125,880	$ 109,254
Direct operating expenses arising from the investment property that generated rental income in the period	$ 25,294	$ 21,986
Direct operating expenses arising from the investment property that did not generate rental income in the period	$ 1,017	$ 1,586

B. The fair value of the investment property held by the Group as at December 31, 2017 and 2016 was $6,743,253 and $3,696,799, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

C. Information about the investment property that were pledged to others as collaterals is provided in Note 8.

(10) Other non-current assets

	December 31, 2017	December 31, 2016
Prepayments for equipment	$ 6,080,908	$ 4,898,843
Refundable deposits	197,413	159,013
Others	160,044	2,463
	$ 6,438,365	$ 5,060,319

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

	Year ended December 31, 2017	Year ended December 31, 2016
Amount capitalised	$ 107,084	$ 55,774
Interest rate	1.31%~3.06%	1.31%~2.93%

(11) Other current liabilities

	December 31, 2017	December 31, 2016
Receipt in advance	$ 12,367	$ 13,827
Long-term liabilities - current portion	16,117,966	14,965,142
Corporate bonds - current portion	-	3,000,000
Shipowner's accounts	2,322,289	3,535,446
Agency accounts	4,838,099	3,938,029
Long-term leases payable - current	1,349,699	1,530,688
Others	75,249	51,445
	$ 24,715,669	$ 27,034,577

(12) Corporate bonds payable

	December 31, 2017	December 31, 2016
Domestic secured corporate bonds	$ 8,000,000	$ 3,000,000
Less: Current portion or exercise of put options	-	(3,000,000)
	$ 8,000,000	$ -

1. On April 25, 2017, the Company issued its thirteenth domestic secured corporate bonds (referred herein as the “Thirteenth Bonds”), totaling $8,000,000. The Thirteenth Bonds are categorized into Bond A, B, C, D, E, F and G, depending on the guarantee institution. Bond A totals $2,000,000, and the rest total $6,000,000, with each par value of $1,000,000. The major terms of the issuance are set forth below:

   (a) Period: 5 years (April 25, 2017 to April 25, 2022)

   (b) Coupon rate: 1.05% fixed per annum

   (c) Principal repayment and interest payment

   Repayments for the Thirteenth Bonds are paid annually on coupon rate, starting a year from the issuing date. For each category of the bonds mentioned above, half the principal must be paid at the end of the fourth year, and another half at the maturity date.

   (d) Collaterals

   The Thirteenth Bonds are secured. Bond A is guaranteed by Hua Nan Bank, Bond B is guaranteed by First Bank, Bond C is guaranteed by Mega International Commercial Bank, Bond D is guaranteed by Land Bank of Taiwan, Bond E is guaranteed by Chang Hwa Bank, Bond F is guaranteed by Taiwan Cooperative Bank, and Bond G is guaranteed by Bank Sinopac.

2. 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 is guaranteed by Bank Sinopac, and Bond B is guaranteed by Far Eastern International Bank.

(13) Long-term loans

	December 31, 2017	December 31, 2016
Secured bank loans	$ 55,586,429	$ 62,831,664
Unsecured bank loans	25,915,897	29,737,286
Add : unrealised foreign exchange losses	10,339	105,294
Less: hosting fee credit	(25,034)	(35,598)
	81,487,631	92,638,646
Less: current portion	(16,117,966)	(14,965,142)
	$ 65,369,665	$ 77,673,504
Borrowing period	107.02~116.06	106.03~116.06
Interest rate	1.18%~5.15%	0.85%~5.22%

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

(14) Other non-current liabilities

	December 31, 2017	December 31, 2016
Long-term leases payable - non-current	$ 10,381,197	$ 12,730,572
Accrued pension liabilities	3,053,342	2,968,046
Guarantee deposits received	37,608	23,322
Unrealised gain on sale and leaseback	39,874	55,468
	$ 13,512,021	$ 15,777,408

(15) 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, 2017 and 2016 are as follows:

	December 31, 2017				
	Total finance lease liabilities		Future finance charges		Present value of finance lease liabilities
Current					
Not later than one year	$	1,761,272	($ 411,573)	$	1,349,699
Non-current					
Later than one year but not later than five years		11,124,634	(1,092,641)		10,031,993
Over five years		356,716	(7,512)		349,204
		11,481,350	(1,100,153)		10,381,197
	$	13,242,622	($ 1,511,726)	$	11,730,896

	December 31, 2016				
	Total finance lease liabilities		Future finance charges		Present value of finance lease liabilities
Current					
Not later than one year	$	2,016,904	($ 486,216)	$	1,530,688
Non-current					
Later than one year but not later than five years		6,761,219	(1,397,946)		5,363,273
Over five years		7,562,359	(195,060)		7,367,299
		14,323,578	(1,593,006)		12,730,572
	$	16,340,482	($ 2,079,222)	$	14,261,260

(16) Pension

A.(a) In accordance with the Labor Pension Act (“the Act”), effective July 1, 2005, which adopted a defined contribution scheme, employees of the Company 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 Trust Department of Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) The employees with R.O.C. nationality of the Group's subsidiaries, Evergreen Marine (Hong Kong) Ltd., 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 as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	($ 4,236,061)	($ 4,165,132)
Fair value of plan assets	1,182,719	1,197,086
Net defined benefit liability	($ 3,053,342)	($ 2,968,046)

(d) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 4,165,132)	$ 1,197,086	($ 2,968,046)
Current service cost	(159,331)	-	(159,331)
Interest (expense) income	(59,773)	11,664	(48,109)
Past service cost	1,415	-	1,415
Settlement profit or loss	668	-	668
	(4,382,153)	1,208,750	(3,173,403)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(40,092)	(40,092)
Change in demographic assumptions	(6,478)	-	(6,478)
Change in financial assumptions	(34,108)	-	(34,108)
Experience adjustments	(68,326)	-	(68,326)
	(108,912)	(40,092)	(149,004)
Pension fund contribution	22,718	188,078	210,796
Paid pension	302,970	(201,422)	101,548
Exchange difference	(33,781)	27,405	(6,376)
Effect of business combination	(36,903)	-	(36,903)
Balance at December 31	($ 4,236,061)	$ 1,182,719	($ 3,053,342)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 4,118,557)	$ 1,106,224	($ 3,012,333)
Current service cost	(163,423)	-	(163,423)
Interest (expense) income	(61,370)	17,649	(43,721)
	(4,343,350)	1,123,873	(3,219,477)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	62,596	62,596
Change in demographic assumptions	(16,916)	-	(16,916)
Change in financial assumptions	(77,889)	-	(77,889)
Experience adjustments	(29,963)	-	(29,963)
	(124,768)	62,596	(62,172)
Pension fund contribution	-	189,568	189,568
Paid pension	258,903	(147,795)	111,108
Exchange difference	44,083	(31,156)	12,927
Balance at December 31	($ 4,165,132)	$ 1,197,086	($ 2,968,046)

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries-TTSC's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from twoyear time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	0%~7.3%	0.05%~8.5%
Future salary increases	0.5%~11%	0.5%~11%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.025%~1.00%	Decrease 0.025%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
December 31, 2017				
Effect on present value of defined benefit obligation	(150,553)	161,436	108,296	(98,285)

	Discount rate		Future salary increases	
	Increase 0.025%~1.00%	Decrease 0.025%~1.00%	Increase 0.25%~1.00%	Decrease 0.25%~1.00%
December 31, 2016				
Effect on present value of defined benefit obligation	(145,285)	155,788	102,046	(91,900)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(g) Expected contributions to the defined benefit pension plans of the Company and its subsidiary-TTSC for the year ending December 31, 2018 amounts to $96,497.

(h) As of December 31, 2017, the weighted average duration of the retirement plan is 9 ~ 21 years.

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

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2017 and 2016 were $186,442 and $184,067, respectively.

(17) Capital stock

A. As of December 31, 2017, the Company's authorized capital was $50,000,000, and the paid-in capital was $ 40,123,560, consisting of 4,012,356 thousand shares of common stocks with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. On August 11, 2017, the Board of Directors of the Company resolved to increase capital of $5,000,000 by issuing 500,000 thousand shares at a par value of NT$10. Of which 50,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on December 5, 2017. The issue price is NT$15.3 per share and amount of shares was $7,711,222. All proceeds from share issuance was completed on December 27, 2017.

(18) Capital surplus

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

	2017				
	Share premium	Employe stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1, 2017	$5,895,171	$ -	$ 2,086,684	$ 446	$6,713
Issuance of common stock for cash	2,711,222	76,280	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	61,559	-	-
At December 31, 2017	$8,606,393	$ 76,280	$ 2,148,243	$ 446	$6,713

	2016			
	Share premium	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1, 2016	$ 5,895,171	$ 2,084,303	$ 446	$ 6,713
Recognition of change in equity of associates in proportion to the Company's ownership	-	2,381	-	-
At December 31, 2016	$ 5,895,171	$ 2,086,684	$ 446	$ 6,713

(19) Retained earnings

	2017	2016
At January 1	($ 4,248,211)	$ 2,561,825
Profit (loss) for the year	7,005,171	(6,607,986)
Legal reserve used to cover accumulated deficits	4,248,211	-
Remeasurement on post employment benefit obligations, net of tax	(235,596)	(202,050)
At December 31	$ 6,769,575	($ 4,248,211)

A. According to the Company’s Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for all taxes and cover prior years’ losses and then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders.

B. Dividend policy

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

C. Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

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

E.(a) As of 2015, the Company distributed no dividends to shareholders in order to facilitate future operation plans.

(b) For the year ended December 31, 2016, the Company incurred accumulated deficit. On June 22, 2017, the Board of Directors proposed to offset the accumulated deficit totaling $4,248,211 with the legal reserve.

F. The appropriation of earnings of year 2017 as resolved by the Board of Directors on March 23, 2018 is as follows:

	Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	$ 700,517	
Appropriate cash dividends to shareholders	$ 802,471	$ 0.2
Appropriate stock dividends to shareholders	$ 2,006,178	$ 0.5

As of March 23, 2018, the above-mentioned 2017 earnings appropriation had not been resolved by the stockholders.

G. For information relating to employees', directors' and supervisors' remuneration, please refer to Note 6(29).

(20) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
At January 1, 2017	($ 67,895)	$ 1,703,161	$ 1,254,622	$ 2,889,888
Revaluation – gross	-	103,585	-	103,585
Revaluation – tax	-	(8,110)	-	(8,110)
Revaluation – associates	-	34,703	-	34,703
Cash flow hedges:				
– Fair value loss in the period				
– Associates	51,983	-	-	51,983
Currency translation differences:				
– Group	-	-	(2,046,070)	(2,046,070)
– Group – tax	-	-	2,296	2,296
– Associates	-	-	(345,962)	(345,962)
At December 31, 2017	($ 15,912)	$ 1,833,339	($ 1,135,114)	$ 682,313

	Hedging reserve	Available-for-sale investment	Currency translation	Total
At January 1, 2016	($ 521,149)	$ 1,461,850	$ 2,155,086	$ 3,095,787
Revaluation – gross	-	145,411	-	145,411
Revaluation – tax	-	10,331	-	10,331
Revaluation – associates	-	85,569	-	85,569
Cash flow hedges:				
– Fair value gain in the period				-
– Associates	453,254	-	-	453,254
Currency translation differences:				
– Group	-	-	(811,853)	(811,853)
– Group – tax	-	-	2,194	2,194
– Associates	-	-	(90,805)	(90,805)
At December 31, 2016	($ 67,895)	$ 1,703,161	$ 1,254,622	$ 2,889,888

(21) Operating revenue

	Year ended December 31, 2017	Year ended December 31, 2016
Marine freight income	$ 135,358,310	$ 110,022,623
Ship rental and slottage income	1,545,894	2,061,104
Container manufacturing income	1,659,315	1,291,148
Commission income and agency service income	1,366,761	1,267,085
Container income and others	10,652,412	9,825,648
	$ 150,582,692	$ 124,467,608

(22) Other income and expenses, net

	Year ended December 31, 2017	Year ended December 31, 2016
Gains on disposal of property, plant and equipment	$ 501,784	$ 1,881,263

(23) Other income

	Year ended December 31, 2017	Year ended December 31, 2016
Rental revenue	$ 127,807	$ 111,613
Dividend income	117,436	142,152
Interest income:		
Interest income from bank deposits	434,615	269,552
Interest income from financial assets other than financial assets at fair value through profit or loss	2,339	8,197
Gain from bargain purchase	5,983	-
Other income - other	266,126	270,808
	$ 954,306	$ 802,322

(24) Other gains and losses

	Year ended December 31, 2017	Year ended December 31, 2016
Net currency exchange gains	$ 51,516	$ 657,945
Gains on disposal of investments	644,554	432
Impairment loss on available-for-sale financial assets	-	(1,878)
Impairment loss on property, plant and equipment	-	(49,429)
Other non-operating expenses	(123,176)	(136,499)
	$ 572,894	$ 470,571

(25) Finance costs

	Year ended December 31, 2017	Year ended December 31, 2016
Interest expense:		
Bank loans	$ 1,417,937	$ 1,263,326
Corporate bonds	69,863	38,400
	1,487,800	1,301,726
Less: capitalisation of qualifying assets	(107,084)	(55,774)
Finance costs	$ 1,380,716	$ 1,245,952

(26) Expenses by nature

	Year ended December 31, 2017	Year ended December 31, 2016
Employee benefit expense	$ 6,932,955	$ 6,493,978
Depreciation on property, plant and equipment	7,663,183	8,086,640
Amortisation on intangible assets	38,375	30,501
Other operating costs and expenses	131,617,656	119,580,065
	$ 146,252,169	$ 134,191,184

(27) Employee benefit expense

	Year ended December 31, 2017	Year ended December 31, 2016
Wages and salaries	$ 5,770,241	$ 5,359,634
Labor and health insurance fees	440,465	423,550
Pension costs	391,799	391,211
Other personnel expenses	330,450	319,583
	$ 6,932,955	$ 6,493,978

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for no less than 0.5% and pay remuneration to the directors and supervisors that account for no more than 2% of the total distributed amount.

B. (a) For the year ended December 31, 2017, employees' compensation was accrued at $36,322, while directors' and supervisors' remunerations were accrued at $10,207. The aforementioned amounts were recognised in salary expenses.

(b) The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.5% and 0.14% of distributable profit of current year for the year ended December 31, 2017.

(c) For the year ended December 31, 2016, the Company generated loss and thus did not accrue employees' and supervisors' remuneration.

Information about the appropriation of employees', directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense (benefit)

(a)Components of income tax expense (benefit):

	Year ended December 31, 2017	Year ended December 31, 2016
Current tax:		
Current tax on profits for the period	$ 629,009	$ 294,699
Alternative MinimumTax	31,399	-
Prior year income tax overestimation	(32,894)	(71,897)
Total current tax	627,514	222,802
Deferred tax:		
Origination and reversal of temporary differences	155,464	(466,474)
Impact of change in tax rate (Note1)	2,950	-
Total deferred tax	158,414	(466,474)
Income tax expense (benefit)	$ 785,928	($ 243,672)

Note 1: The impact of the change in tax rate was primarily from the tax bill signed into law by the President of the United States on December 22, 2017 (Taiwan time), which lowered the corporate income tax rate from 35% to 21%.

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

	Year ended December 31, 2017	Year ended December 31, 2016
Fair value gains/losses on available-for-sale financial assets	($ 8,125)	$ 10,331
Exchange differences on translating the financial statements of foreign operations	2,296	2,194
Remeasurement of defined benefit obligations	16,942	20,614
	$ 11,113	$ 12,525

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

	Year ended December 31, 2017	Year ended December 31, 2016
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	($ 95)	($ 98)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	Year ended December 31, 2017	Year ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate	$ 1,823,489	($ 940,918)
Expenses disallowed by tax regulation	19,362	781,390
Tax exempt income by tax regulation	(1,028,143)	(11,824)
Effect from investment tax credits	(42,068)	(423)
Prior year income tax overestimation	(32,894)	(71,897)
Effect from Alternative Minimum Tax	31,399	-
Effect from changes in tax regulation	2,950	-
Effect from income tax deduction from prior years	7,984	-
Effect of defferd tax from prior year income tax underestimation	3,849	-
Income tax expense (benefit)	$ 785,928	($ 243,672)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2017						
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	Business combination	December 31
Temporary differences:							
—Deferred tax assets:							
Bad debts expense	$ 14,493	$ 1,501	$ -	$ -	$ 53	$ -	$ 16,047
Loss on valuation of financial assets	1,766	-	209	-	4	-	1,979
Deferred profit from disposal of loading and unloading equipment	16,708	(2,790)	-	-	-	-	13,918
Unrealized expense	32,248	(1,301)	-	-	(762)	-	30,185
Unrealized exchange loss	50,198	(9,482)	-	-	25	-	40,741
Pension expense and actuarial losses/(gains)	365,725	(13,376)	15,284	-	2,026	-	369,659
Others	4,165	(3,706)	-	-	(184)	-	275
Net operating loss carryforward	176,711	16,474	-	-	209	-	193,394
Investment tax credits	-	42,068	-	-	-	-	42,068
Subtotal	$ 662,014	$ 29,388	$ 15,493	$ -	$ 1,371	$ -	$ 708,266
—Deferred tax liabilities:							
Temporary differences:							
Gain on valuation of financial assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrealized exchange gain	(20,999)	20,112	-	-	303	-	(584)
Unrealized gain	(5,833)	454	-	-	360	-	(5,019)
Pension expense and actuarial losses/(gains)	(233)	-	(133)	-	(251)	-	(617)
Foreign investment income	(558,247)	(207,171)	(4,247)	(95)	1,619	-	(768,141)
Others	(47,870)	(1,197)	-	-	22,026	(947,618)	(974,659)
Subtotal	($ 633,182)	($ 187,802)	($ 4,380)	($ 95)	$ 24,057	($ 947,618)	($ 1,749,020)
Total	$ 28,832	($ 158,414)	$ 11,113	($ 95)	$ 25,428	($ 947,618)	($ 1,040,754)

	2016					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	December 31
Temporary differences:						
－Deferred tax assets:						
Bad debts expense	$ 2,460	$ 11,859	$ -	$ -	$ 174	$ 14,493
Loss on valuation of financial assets	3,769	-	(2,002)	-	(1)	1,766
Deferred profit from disposal of loading and unloading equipment	3,972	12,736	-	-	-	16,708
Unrealized expense	26,520	5,875	-	-	(147)	32,248
Unrealized exchange loss	27,949	22,279	-	-	(30)	50,198
Pension expense and actuarial losses/(gains)	364,911	(10,499)	14,609	-	(3,296)	365,725
Others	548	3,816	-	-	(199)	4,165
Net operating loss carryforward	59,402	117,309	-	-	-	176,711
Subtotal	$ 489,531	$ 163,375	$ 12,607	$ -	($ 3,499)	$ 662,014
－Deferred tax liabilities:						
Temporary differences:						
Unrealized exchange gain	($ 24,003)	$ 1,644	$ -	$ -	$ 1,360	($ 20,999)
Unrealized gain	(9,131)	147	-	-	3,151	(5,833)
Pension expense and actuarial losses/(gains)	(2,926)	-	5,558	-	(2,865)	(233)
Foreign investment income	(876,385)	303,322	14,974	(98)	(60)	(558,247)
Others	(48,946)	(2,014)	-	-	3,090	(47,870)
Subtotal	($ 961,391)	$ 303,099	$ 20,532	($ 98)	$ 4,676	($ 633,182)
Total	($ 471,860)	$ 466,474	$ 33,139	($ 98)	$ 1,177	$ 28,832

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

	December 31, 2017		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investments in emerging important strategic industries	$ 42,068	$ -	2020

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2017

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 116,177	$ 116,177	$ -	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	$ 1,133,009	$ 1,133,009	$ -	

December 31, 2016

Year incurred	Amount filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	$ 747,045	$ 747,045	$ -	2026
2015	292,430	292,430	-	2025
	$ 1,039,475	$ 1,039,475	$ -	

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were $13,018,477 and $10,868, 779, respectively.

G. The Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

H. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February, 2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

Accumulated deficit on December 31, 2016:

	December 31, 2016
Deficit incurred in and before 1997	($ 4,248,211)

I. As of December 31, 2016, the balance of the imputation tax credit account was $2,412,471. As of December 31, 2016, the Company has accumulated deficits and has no distributable earnings. As a result, creditable tax rate was not disclosed.

(29) Earnings (loss) per share

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income attributable to ordinary shareholders of the parent	$ 7,005,171	3,549,342	$ 1.97
Diluted earnings per share			
Net income attributable to ordinary shareholders of the parent	7,005,171	3,459,342	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,375	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 7,005,171	3,462,717	$ 1.97

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Net loss attributable to ordinary shareholders of the parent	($ 6,607,986)	3,512,356	($ 1.88)
Diluted loss per share			
Net loss attributable to ordinary shareholders of the parent	($ 6,607,986)	3,512,356	($ 1.88)

(30) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

(a) Subsidiary Peony Investment purchased 34% of outstanding shares of subsidiary EGT for cash of $22,845 (approx. USD 769) on December 31, 2017. The carrying amount of non-controlling interest in EGT was $15,311 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $15,311 and a decrease in the equity attributable to owners of the parent by $7,534.

(b) Subsidiary Peony Investment purchased 45% of outstanding shares of subsidiary EES for cash of $85,393 (approx. USD 2,875) on December 31, 2017. The carrying amount of non-controlling interest in EES was $86,620 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $86,620 and an increase in the equity attributable to owners of the parent by $1,227.

B. The effect of changes in interests in EGT and EES on the equity attributable to owners of the parent for the year ended December 31, 2017 is shown below:

	Year ended December 31, 2017
Carrying amount of non-controlling interest acquired	$ 101,931
Consideration paid to non-controlling interest	(108,238)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	($ 6,307)

(31) Business combinations

A. On December 18, 2017, the Company and subsidiary Peony Investment acquired 80% of the shares of EGH for cash of $6,452,225 and obtained control of the company. The company primarily provides cargo services domestically and internationally and shipping agency services. As a result of the acquisition, the Group is expected to strengthen our foothold in the Greater China market and expand our shipping agency, liner transport, and other related businesses in the region.

B. On December 27, 2017, subsidiary Peony Investment acquired 70% of the shares of EGM for cash of $280,668. Previously, on November 30, 2017, Peony Investment received 30% of the shares of EGM from its associate Green Peninsula Agencies SDN. BHD. as a dividend payment. Therefore, Peony owns 100% of the shares of EGM after the acquisition and has control of EGM. The company primarily provides cargo and shipping agency services in Malaysia. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.

C. The following table summarises the consideration paid and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	EGH	EGM	Total
Purchase consideration			
Cash paid	$ 6,452,225	$ 280,668	$ 6,732,893
Fair value of equity interest in EGM held before the business combination	-	120,287	120,287
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	1,613,445	-	1,613,445
	8,065,670	400,955	8,466,625
Fair value of the identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	1,251,341	375,173	1,626,514
Notes receivable	3,327	18,084	21,411
Accounts receivable	1,360,142	294,674	1,654,816
Prepayments	241,686	116,245	357,931
Other receivables	28,447	9,928	38,375
Inventories	50,253	-	50,253
Other current assets	1,223,859	191,345	1,415,204
Investments accounted for using equity method	4,195	-	4,195
Property, plant and equipment, net	5,665,779	99,014	5,764,793
Investment property, net	3,119,127	-	3,119,127
Intangible assets	75,928	-	75,928
Other non-current assets	10,922	138,069	148,991
Accounts payable	(1,655,631)	(351,065)	(2,006,696)
Other payables	(159,458)	(82,512)	(241,970)
Current income tax liabilities	(108,094)	(106,923)	(215,017)
Other current liabilities	(1,512,444)	(292,605)	(1,805,049)
Long-term loans	(534,492)	-	(534,492)
Deferred income tax liabilities	(947,618)	-	(947,618)
Other non-current liabilities	(50,046)	(4,042)	(54,088)
Total identifiable net assets	8,067,223	405,385	8,472,608
Gain from bargain purchase	($ 1,553)	($ 4,430)	($ 5,983)

D. The fair value of the acquired identifiable intangible assets was estimated to be $75,928

E. The Group originally held 30% of share ownership in EGM before the business combination. Gain on remeasurement of fair value amounted to $30,253.

F. The Company and subsidiary Peony Investment consolidated EGH as of December 18, 2017, and EGH contributed operating income and pre-tax loss of $317,144 and $28,251 respectively. Had EGH been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show operating revenue of $2,340,377 and profit before income tax of $455,118.

G. Subsidiary Peony Investment consolidated EGM as of December 27, 2017, and EGM contributed operating income and pre-tax loss of $3,531 and $331, respectively. Had EGM been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show operating revenue of $341,516 and profit before income tax of $98,988.

(32) Supplemental cash flow information

Investing activities with partial cash payments

A.Property, plant and equipment

	Year ended December 31, 2017	Year ended December 31, 2016
Purchase of property, plant and equipment	$ 1,602,423	$ 1,674,832
Add: Opening balance of payable on equipment	15,693	10,360
Less: Ending balance of payable on equipment	(58,347)	(15,693)
Cash paid during the period	$ 1,559,769	$ 1,669,499

B.Prepayments for equipment (recorded as other non-current assets)

	Year ended December 31, 2017	Year ended December 31, 2016
Purchase of prepayments for equipment	$ 5,615,770	$ 2,771,129
Add: Opening balance of payable on prepayments for equipment	124,787	5,767
Less: Ending balance of payable on prepayments for equipment	(4,638)	(124,787)
Capitalisation of qualifying assets	(107,084)	(55,774)
Cash paid during the period	$ 5,628,835	$ 2,596,335

C.Intangible assets

	Year ended December 31, 2017	Year ended December 31, 2016
Purchase of intangible assets	$ 7,397	$ 124,775
Add: Opening balance of payable on intangible assets	48,347	-
Less: Ending balance of payable on intangible assets	-	(48,347)
Cash paid during the period	$ 55,744	$ 76,428

D. The balances of the assets and liabilities of consolidated subsidiaries for the current period are as follows:

	Year ended December 31, 2017
Cash and cash equivalents	$ 1,626,514
Notes receivable	21,411
Accounts receivable	1,654,816
Prepayments	357,931
Other receivable	38,375
Inventories	50,253
Other current assets	1,415,204
Investments accounted for using equity method	4,195
Property, plant and equipment, net	5,764,793
Investment property, net	3,119,127
Intangible assets	75,928
Deferred income tax assets	142,849
Other non-current assets	6,142
Accounts payable	(2,006,696)
Other payables	(241,970)
Current income tax liabilities	(215,017)
Other current liabilities	(1,805,049)
Long-term loans	(534,492)
Deferred income tax liabilities	(947,618)
Other non-current liabilities	(54,088)
Gain from bargain purchase	(5,983)
	$ 8,466,625

Cash paid for the acquisition	$ 6,732,893
Cash and cash equivalents	(1,626,514)
Net cash paid for the acquisition	$ 5,106,379

E. Change in non-controlling interest

	Year ended December 31, 2017
Change in transactions with non-controlling interest	$ 108,238
Add: Opening balance of payable on investments	-
Less: Ending balance of payable on investments	(22,845)
Cash paid during the period	$ 85,393

7. RELATED PARTY TRANSACTIONS

(1) Name of related parties and their relationship with the Group

Name of related parties	Relationship with the Group
Evergreen International Storage and Transport Corp.	Associate
Eva Airways Corp.	Associate
Evergreen Security Corp.	Associate
Charng Yang Development Co., Ltd.	Associate
Taipei Port Container Terminal Corp.	Associate
Ningbo Victory Container Co. Ltd.	Associate
Qingdao Evergreen Container Storage & Transportation Co. Ltd.	Associate
Evergreen Marine (Latin America) S.A.	Associate
Green Peninsula Agencies SDN.BHD	Associate
Luanta Investment (Netherlands) N.V.	Associate
Taranto Container Terminal S.p.A.	Associate
Balsam Investment (Netherlands) N.V.	Associate
Italia Marittima S.p.A.	Associate
Colon Container Terminal S.A.	Associate
PT. Evergreen Shipping Agency Indonesia	Associate
Evergreen Shipping Agency (Vietnam) Corp.	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC	Associate
Evergreen International Corp.	Other related party
Evergreen Airline Service Corp.	Other related party
Chang Yung-Fa Charity Foundation	Other related party
Chang Yung-Fa Foundation	Other related party
Eever Accord Construction Corporation	Other related party
Evergreen International S.A.	Other related party
Evergreen Marine (Singapore) Pte. Ltd.	Other related party
Gaining Enterprise S.A.	Other related party
Eevergreen Insurance Company Limited	Other related party
Evergreen Shipping Agency (America) Corporation	Other related party
Evergreen Shipping Agency (Japan) Corporation	Other related party
Evergreen Shipping Agency (Philippines) Corporation	Other related party
Evergreen Marine (Hong Kong) Ltd.	Other related party (As of subsidiary since December 18, 2017)

(2) Significant related party transactions and balances

A.Operating revenue:

		Year ended December 31, 2017		Year ended December 31, 2016
Sales of services:				
Associates	$	3,191,386	$	3,655,458
Other related parties		10,692,025		12,117,953
	$	13,883,411	$	15,773,411

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

B.Purchases:

		Year ended December 31, 2017		Year ended December 31, 2016
Purchases of services:				
Associates	$	3,717,601	$	3,126,670
Other related parties		7,698,504		5,880,186
	$	11,416,105	$	9,006,856

Goods and services are purchased from associates and other related parties on normal commercial terms and conditions.

C.Receivables from related parties :

		December 31, 2017		December 31, 2016
Accounts receivable:				
Associates	$	162,609	$	183,493
Other related parties		631,012		739,181
Subtotal	$	793,621	$	922,674
Other receivables:				
Associates				
-Other	$	3,038	$	2,527
Other related parties				
-EIC		162,433		181,900
-Other		48,789		22,829
Subtotal	$	214,260	$	207,256
Total	$	1,007,881	$	1,129,930

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

D.Payables to related parties:

	December 31, 2017	December 31, 2016
Accounts payable:		
Associates	$ 57,279	$ 116,075
Other related parties	146,589	175,702
Subtotal	$ 203,868	$ 291,777
Other payables:		
Associates	$ 11,752	$ 5,992
Other related parties	113,616	72,921
Subtotal	$ 125,368	$ 78,913
Total	$ 329,236	$ 370,690

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

E.Property transactions:

(a) Acquisition of property, plant and equipment:

	Year ended December 31, 2017	Year ended December 31, 2016
Associates	$ 4,350	$ 10,620
Other related parties	4,199	54,979
	$ 8,549	$ 65,599

(b) Disposal of property, plant and equipment:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Other related parties	$ 4,890	$ 746	$ 94	$ 6

F.Agency accounts:

	December 31, 2017	December 31, 2016
Debit balance of agency accounts:		
Associates	$ -	$ 21,542

	December 31, 2017	December 31, 2016
Credit balance of agency accounts:		
Associates	($ 196,045)	($ 33,835)
Other related parties		
-EIC	(515,617)	(645,696)
-Other	(1,258,818)	-
	($ 1,970,480)	($ 679,531)

G.Shipowner's accounts:

	December 31, 2017	December 31, 2016
Debit balance of shipowner's accounts:		
Other related parties		
-EIS	$ 696,616	$ -
-GESA	25,028	24,154
	$ 721,644	$ 24,154

	December 31, 2017	December 31, 2016
Credit balance of shipowner's accounts:		
Associates		
-ITS	($ 889,198)	($ 310,278)
Other related parties		
-EMS	(525,647)	(496,707)
-EGH	-	(919,072)
-EIS	-	(865,317)
	($ 1,414,845)	($ 2,591,374)

H.Loans to/from related parties:

(a)Loans to related parties:

i.Outstanding balance:

	December 31, 2017	December 31, 2016
Associates	$ 272,467	$ 79,811

ii.Interest income

	Year ended December 31, 2017	Year ended December 31, 2016
Associates	$ 2,876	$ 2,964

The loans to associates carry interest at floating rates for the years ended December 31, 2017 and 2016.

(b)Loans from related parties:

i.Outstanding balance:

	December 31, 2017	December 31, 2016
Associates	$ -	$ 48,472
Other related parties	877,363	14,789
	$ 877,363	$ 63,261

ii.Interest expense:

	Year ended December 31, 2017	Year ended December 31, 2016
Associates	$ 765	$ 917
Other related parties	15,401	-
	$ 16,166	$ 917

The loans from associates carry interest at floating rates for the years ended December 31, 2017 and 2016.

I.Endorsements and guarantees provided to related parties:

	December 31, 2017	December 31, 2016
Associates	$ 3,035,391	$ 2,689,558

(3) Key management compensation

	Year ended December 31, 2017	Year ended December 31, 2016
Salaries and other short-term employee benefits	$ 207,058	$ 166,850
Post-employment benefits	3,909	5,073
	$ 210,967	$ 171,923

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	December 31, 2017	December 31, 2016	Purpose
Other financial assets			
- Pledged time deposits	$ 324,508	$ 183,200	Performance guarantee
Refundable deposits			
- Pledged time deposits	2,000	2,000	〃
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	2,081,017	195,726	〃
-Loading and unloading equipment	1,968,231	2,977,745	〃
-Ships	56,643,395	60,825,653	〃
-Transportation equipment	603,463	801,241	〃
-Computer and communication equipment	659,279	740,223	〃
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	3,523,332	489,315	〃
	$ 67,605,318	$ 68,015,196	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(4) Contingencies

None.

(5) Commitments

A. As of December 31, 2017, the Company had delegated Crédit Agricole Corporate and Investment Bank to issue Standby Letter of Credit amounting to USD 5,000 thousand.

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 total amount of the issuance of GDRs was USD 115,000 thousand. 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 USD 115,000 thousand. Another 2,089,061 units, representing 20,890,685 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2017. As of December 31, 2017, 7,994,656 units were redeemed and 361,435 units were outstanding, representing 3,614,425 shares of the Company's common stock.

C. As of December 31, 2017, 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 $95,626,923 and the unutilized credits was $14,958,521.

D. Operating lease

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

	December 31, 2017	
Within 1 year	USD	384,917
1~5 years		1,364,964
Over 5 years		432,063
	USD	2,181,944

E. As of December 31, 2017, the amount of guaranteed notes issued by the Company for loans borrowed was $74,174,616.

F. To meet its operational needs, the Company signed the shipbuilding contracts with Taiwan Shipbuilding Co., Ltd. and Imabari Shipbuilding Co., Ltd. As of December 31, 2017, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 648,900 thousand, USD 461,802 thousand of which remain unpaid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $88,349 and $129,570, respectively, which will be adjusted in the first quarter of 2018.

B. For details of appropriation of earnings as proposed by the Board of Directors on March 23, 2018, please refer to Note 6(19).

C. On February 8, 2018, the consolidated Company signed a shipbuilding contract with Samsung Heavy Industries Co., Ltd., which is valued at USD 755,040 for operational purposes. At the time of the issuance of these financial statements, no payments have been made yet.

D. For operational purposes, the Board of Directors resolved on March 23, 2018 to purchase shipping equipment (including dry containers, reefer containers and freezing equipment) from China International Marine Containers (Group) Co., Ltd. and Carrier Transicold Pte. Ltd. for USD 144,148 and USD 18,900, respectively.

E. In response to international regulations on sulfur content in shipping fuel, the Board of Directors resolved on March 23, 2018 to purchase sulfur emission abatement equipment from Wartsila Finland Oy and Alfa Laval Nijmegen B.V. for USD 54,500 and EUR 19,362, respectively.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

	December 31, 2017	
		Fair value
	Book value	Level 3
Financial liabilities:		
Bonds payable	$ 8,000,000	$ 8,177,927
Long-term loans (including current portion)	81,487,631	85,935,082
	$ 89,487,631	$ 94,113,009

	December 31, 2016	
		Fair value
	Book value	Level 3
Financial liabilities:		
Bonds payable (including current portion)	$ 3,000,000	$ 3,029,085
Long-term loans (including current portion)	92,638,646	97,079,974
	$ 95,638,646	$ 100,109,059

(b)The methods and assumptions of fair value measurement are as follows:

i.Bonds payable:

With regards to corporate bonds issued by the Company, the coupon rate is approximate to the current market rate. This is due to the discounted value of the expected cash flows to estimate the fair value is equivalent with the carrying amount.

ii.Long-term loans:

The Group estimates the fair value using the discounted value of the expected cash flows.

B.Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b)Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. The Group's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's Operating Department. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C.Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and GBP. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

ii. The Group's management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group's Finance Department. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, GBP, 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, 2017		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	946,352	29.7005	$ 28,107,128
EUR:USD	9,375	1.1993	333,936
Financial liabilities			
Monetary items			
USD:NTD	830,955	29.7005	$ 24,679,779
HKD:USD	93,861	0.1279	356,549
RMB:USD	143,195	0.1532	651,554

	December 31, 2016		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	763,170	32.2315	$ 24,598,114
GBP:USD	13,863	1.2294	549,327
Financial liabilities			
Monetary items			
USD:NTD	620,961	32.2315	$ 20,014,504
GBP:USD	43,874	1.2294	1,738,525

iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2017 and 2016 amounted to $51,516 and $657,945, respectively.

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

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 281,071	$ -
EUR:USD	1%	3,339	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 246,798	$ -
HKD:USD	1%	3,565	-
RMB:USD	1%	6,516	-

	Year ended December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 245,981	$ -
GBP:USD	1%	5,493	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 200,145	$ -
GBP:USD	1%	17,385	-

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet 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.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity would have increased/decreased by $22,364 and $26,514 for the years ended December 31, 2017 and 2016, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2017 and 2016, the Group's borrowings at variable rate were denominated in the NTD, USD and GBP.

ii. At December 31, 2017 and 2016, 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, 2017 and 2016 would have been $702,141 and $795,571 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. 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.

ii. For the years ended December 31, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

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

(c)Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	$ 15,358,566	$ 71	$ 14	$ -	$ -	$15,358,651
Accounts payable - related parties	188,582	15,286	-	-	-	203,868
Other payables	2,683,132	426,465	-	-	1,558	3,111,155
Other payables - related parties	138,764	863,967	-	-	-	1,002,731
Bonds payable	-	84,000	84,000	8,210,000	-	8,378,000
Long-term loans (including current portion)	3,611,101	14,125,522	19,548,867	32,884,400	16,685,608	86,855,498
Long-term leases (including current portion)	505,416	844,283	1,672,398	8,359,595	349,204	11,730,896

Non-derivative financial liabilities:

December 31, 2016	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	$ 12,609,645	$ 6,221	$ 19	$ -	$ -	$12,615,885
Accounts payable - related parties	291,777	-	-	-	-	291,777
Other payables	1,465,884	367,305	3,435	-	1,663	1,838,287
Other payables - related parties	78,913	63,261	-	-	-	142,174
Bonds payable (including current portion)	-	3,038,400	-	-	-	3,038,400
Long-term loans (including current portion)	4,605,509	12,025,996	19,856,241	39,796,394	22,434,912	98,719,052
Long-term leases (including current portion)	542,235	988,453	1,464,716	3,898,557	7,367,299	14,261,260

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

(3) Fair value estimation

A.Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

B.The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

C.The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 1,144,974	$ -	$ 1,137,645	$ 2,282,619

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 1,638,024	$ -	$ 1,056,802	$ 2,694,826

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed shares
Market quoted price	Closing price

(b)Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c)When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

(e)The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

E.For the years ended December 31, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F.The following chart is the movement of Level 3 for the years ended December 31, 2017 and 2016:

	2017	2016
At January 1	$ 1,056,802	$ 1,344,962
Gains and losses recognised in other comprehensive income (Note 1)	80,843	(288,160)
At December 31	$ 1,137,645	$ 1,056,802

Note 1: Recorded as unrealised valuation gain or loss of available-for-sale financial assets.

G.For the years ended December 31, 2017 and 2016, there was no transfer into or out from Level 3.

H.The Group is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I.The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1,129,949	Market comparable companies	Price to earnings ratio multiple	15.33~31.89	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.48~1.71	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	7,696	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 1,049,106	Market comparable companies	Price to earnings ratio multiple	9.32~32.31	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.42~2.97	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	7,696	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	$ -	$ -	$ 11,299	$ 11,299
	Net asset value	±1%	-	-	77	77
			$ -	$ -	$ 11,376	$ 11,376

			December 31, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	$ -	$ -	$ 10,491	$ 10,491
	Net asset value	±1%	-	-	77	77
			$ -	$ -	$ 10,568	$ 10,568

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees (not including investees in Mainland China)

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

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

(2) Measure of segment information

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

(3) Segment information

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

	Year ended December 31, 2017			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	$ 148,746,685	$ 1,836,007	$ -	$ 150,582,692
Revenue from internal customers	17,503,128	-	(17,503,128)	-
Segment revenue	166,249,813	1,836,007	(17,503,128)	150,582,692
Interest income	417,798	19,156	-	436,954
Interest expense	(1,336,931)	(43,785)	-	(1,380,716)
Depreciation and amortisation	(7,410,359)	(319,715)	-	(7,730,074)
Share of income (loss) of associates and joint ventures accounted for using equity method	1,401,092	1,082,503	-	2,483,595
Other items	(135,361,899)	(1,583,003)	-	(136,944,902)
Segment profit (loss)	$ 23,959,514	$ 991,163	($ 17,503,128)	$ 7,447,549
Recognizable assets	$ 168,476,948	$ 4,819,923	$ -	$ 173,296,871
Investments accounted for using equity method	19,745,077	7,037,949	-	26,783,026
Segment assets	$ 188,222,025	$ 11,857,872	$ -	$ 200,079,897
Segment liabilities	$ 131,942,538	$ 1,448,569	$ -	$ 133,391,107

	Year ended December 31, 2016				
	Transportation Department	Investing and holding Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	$122,900,865	$ 275,595	$ 1,291,148	$ -	$ 124,467,608
Revenue from internal customers	16,132,037	-	-	(16,132,037)	-
Segment revenue	139,032,902	275,595	1,291,148	(16,132,037)	124,467,608
Interest income	269,889	5,071	2,789	-	277,749
Interest expense	(1,194,704)	(51,238)	(10)	-	(1,245,952)
Depreciation and amortisation	(7,787,317)	(325,103)	(24,211)	-	(8,136,631)
Share of income (loss) of associates and joint ventures accounted for using equity method	968,689	(1,956,351)	-	-	(987,662)
Other items	(121,831,922)	(103,886)	(1,248,287)	-	(123,184,095)
Segment profit (loss)	$ 9,457,537	($ 2,155,912)	$ 21,429	($ 16,132,037)	($ 8,808,983)
Recognizable assets	$159,419,897	$ 3,004,703	$ 1,550,111	$ -	$ 163,974,711
Investments accounted for using equity method	18,994,978	6,784,075	-	-	25,779,053
Segment assets	$178,414,875	$ 9,788,778	$ 1,550,111	$ -	$ 189,753,764
Segment liabilities	$134,304,831	$ 1,521,363	$ 289,069	$ -	$ 136,115,263

(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.

D. The amounts provided to the Chief Operating Decision-Maker with respect to segment profit (loss) are measured in a manner consistent with the income (loss) before tax from continuing operations.

(5) Trading information

Service routes	Year ended December 31, 2017 Amount	Year ended December 31, 2017 % of Account Balance	Year ended December 31, 2016 Amount	Year ended December 31, 2016 % of Account Balance
North America	$ 52,789,741	39	$ 47,309,728	43
Europe	37,900,327	28	22,004,525	20
Asia	29,778,828	22	25,305,203	23
Others	14,889,414	11	15,403,167	14
	$ 135,358,310	100	$ 110,022,623	100

(6) Geographical information

Service routes	Year ended December 31, 2017 Revenue	Year ended December 31, 2017 Non-current assets	Year ended December 31, 2016 Revenue	Year ended December 31, 2016 Non-current assets
Taiwan	$ 26,534,097	32,260,172	$ 19,814,103	30,637,333
America	66,722,280	28,478,053	57,465,469	30,781,100
Europe	53,904,721	38,404,276	44,776,521	43,895,208
Asia	2,890,167	10,104,135	2,074,550	1,273,640
Others	531,427	8,122	336,965	3,583
	$ 150,582,692	$ 109,254,758	$ 124,467,608	$ 106,590,864

(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.

Evergreen Marine Corporation (Taiwan) Ltd.
Loans to others
For the year ended December 31, 2017

Table 1 Expressed in thousands of NTD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2017 (Note 3)	Balance at December 31, 2017 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	Peony Investment S.A.	Luanta Investment (Netherlands) N.V.	Receivables from related parties	Yes	$ 78,238	$ 74,251	$ 56,431	2.4376-2.6638	2	$ -	Working capital requirement	$ -	None	$ -	$ 6,060,035	$ 15,150,087	
1	Peony Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	696,647	683,112	525,699	2.2942-2.6349	2	-	Working capital requirement	-	None	-	12,120,070	15,150,087	(Note 9)
2	Clove Holding Ltd.	Whitney Equipment LLC.	Receivables from related parties	Yes	93,885	89,102	89,102	2.3356	2	-	Working capital requirement	-	None	-	518,348	1,036,695	(Note 9)
2	Clove Holding Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	363,468	356,406	213,844	2.3942-2.6349	2	-	Working capital requirement	-	None	-	518,348	1,036,695	

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

(1)The Company is ‘0’.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2017.

Note 4: The column of‘Nature of loan’ shall fill in 1.‘Business transaction’ 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 period.

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

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

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

PEONY：USD 1,020,191*29.7005*20%=6,060,035

Clove Holding Ltd.：USD 87,262*29.7005*20%=518,348

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

PEONY：USD 1,020,191*29.7005*40%=12,120,070

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

Clove Holding Ltd.：USD 87,262*29.7005*40%=1,036,695

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

PEONY：USD 1,020,191*29.7005*50%=15,150,087

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

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

Evergreen Marine Corporation (Taiwan) Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2017

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarntees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2017 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2017 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Evergreen Marine Corporation	Greencompass Marine S.A.	3	$ 126,797,107	$ 35,449,742	$ 30,736,753	$ 19,928,297	$ -	48.48%	$ 158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	126,797,107	156,475	148,503	-	-	0.23%	158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	3	126,797,107	37,459,486	31,733,797	30,333,753	-	50.05%	158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	3	126,797,107	701,632	241,425	235,824	-	0.38%	158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Hemlock Equipment LLC.	3	126,797,107	433,748	240,598	232,935	-	0.38%	158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	31,699,277	2,162,196	2,162,196	2,162,196	-	3.41%	158,496,384	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	31,699,277	1,234,431	873,195	582,130	-	1.38%	158,496,384	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	$ 126,797,107	$ 1,533,455	$ 1,433,420	$ 1,205,191	$ -	2.26%	$ 158,496,384	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	3	126,797,107	2,019,634	2,019,634	705,387	-	3.19%	158,496,384	Y	N	N	

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

(1)The Company is '0'.

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

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

(1) Having business relationship.

(2) The endorser/guarantor parent company 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", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

The calculation is as follows:

The Company:63,398,553*250% = 158,496,384

Limit on endorsement or guarantees provided by the Company for a single entity is $31,699,277 (Amounting to 50% of its net worth).

When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to $126,797,107.

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, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2017

Table 3

Expressed in thousands of shares/thousands

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Genearl ledger account	As of December 31, 2017				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 asset - non-current	770	$ 7,696	5.68%	$ 7,696	
	Taiwan HSR Consortium		〃	13,356	313,866	0.24%	313,866	
	Linden Technologies, Inc.		〃	50	11,081	1.44%	11,081	
	TopLogis, Inc.		〃	2,464	14,750	17.48%	14,750	
	Ever Accord Construction Corp.	Other related party	〃	9,317	119,427	17.50%	119,427	
	Central Reinsurance Corp.		〃	47,492	831,108	8.45%	831,108	
	Financial bonds:							
	Sunny Bank 2nd Subordinate Financial Debentures-B Issue in 2015		Held-to-maturity financial asset - non-current	-	50,000	-	50,000	
	Sunny Bank 3rd Subordinate Financial Debentures-B Issue in 2017		〃	-	50,000	-	50,000	
Peony Investment S.A.	Hutchison Inland Container Depots Ltd.		Available-for-sale financial asset - non-current	0.75	USD 199	4.60	USD 199	
	South Asia Gateway Terminals (Private) Ltd.		〃	18,942	USD 32,943	5.00	USD 32,943	
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 IAS39, 'Financial instruments: recognition and measurement'.

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2017

Table 4

Expressed in thousands of shares/thousands of NTD

Investor	Marketable securities （Note 1）	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2017		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2017	
					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:													
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current			-	$ -	3,958	$ 700,000	3,958	$ 700,094	$ 700,000	$ 94	-	$ -
	Taishin Ta-Chong Money Market Fund	〃			-	-	28,405	400,000	28,405	400,051	400,000	51	-	-
	Taishin 1699 Money Market Fund	〃			-	-	44,742	600,000	44,742	600,058	600,000	58	-	-
	Capital Money Market Fund	〃			-	-	62,514	1,000,000	62,514	1,000,106	1,000,000	106	-	-
	TCB Taiwan Money Market Fund	〃			-	-	49,625	500,000	49,625	500,249	500,000	249	-	-
	Stock:													
	Taiwan HSR Consortium	Available-for-sale financial asset - non-current			50,694	532,287	-	-	37,338	915,160	392,049	523,111	13,356	140,238
	Evergreen Marine (Hong Kong) Ltd.	Investments accounted for using equity method	Evergreen Inernational S.A.	Major shareholder of the Parent Company	-	-	6,320	6,287,883	-	-	-	-	6,320	6,287,883

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.

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2017

Table 5

Expressed in thousands

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Everport Terminal Services Inc.	Subsidiary	Purchases	$ 1,153,476	4%	30 days	$ -	-	$ -	-	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Purchases	1,278,055	4%	30~60 days	-	-	-	-	(Note)
			Sales	1,209,020	4%	30~60 days	-	-	19,489	1%	(Note)
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	835,846	3%	30~60 days	-	-	(84,451)	2%	(Note)
	Italia Marittima S.p.A.	Associates	Purchases	526,940	2%	30~60 days	-	-	-	-	
			Sales	502,561	2%	30~60 days	-	-	2,441	-	
	Evergreen International Storage and Transport Corp.	Associates	Purchases	432,190	1%	30~60 days	-	-	(11,455)	-	
	Evergreen Shipping Agency (America) Corporation	Other related parties	Purchases	268,549	1%	30~60 days	-	-	-	-	
	Gaining Enterprise S.A.	Other related parties	Purchases	1,373,466	5%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Other related parties	Purchases	398,234	1%	30~60 days	-	-	(4,390)	-	
			Sales	1,798,898	6%	30~60 days	-	-	108,665	4%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Company	Purchases	207,487	1%	30~60 days	-	-	-	-	(Note)
			Sales	718,114	2%	30~60 days	-	-	20,444	1%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Purchases	159,824	1%	30~60 days	-	-	-	-	
			Sales	997,565	3%	30~60 days	-	-	25,936	1%	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Purchases	497,155	2%	30~60 days	-	-	-	-	(Note 4)

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Terminal Services Co.,Ltd.	Evergreen Marine Corp.	The parent	Sales	$ 835,846	97%	30~60 days	$ -	-	$ 84,451	98%	(Note)
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	USD 37,931	9%	30 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 75,754	19%	30 days	-	-	USD 585	3%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 38,821	10%	30 days	-	-	USD 274	1%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 125,127	31%	30 days	-	-	-	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam	Sales	USD 17,327	4%	30 days	-	-	USD 192	1%	
	Whitney Equipment LLC.	Investee of the Parent Company	Purchases	USD 7,479	2%	30 days	-	-	-	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 7,987	2%	30 days	-	-	-	-	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine Corp.	The parent	Sales	USD 16,349	13%	30~60 days	-	-	-	-	(Note 4)
Greencompass Marine S.A.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 52,927	2%	30~60 days	-	-	USD 2,264	1%	(Note)
			Purchases	USD 24,390	1%	30~60 days	-	-	(USD 158)	-	(Note)
	Evergreen Marine Corp.	The parent	Sales	USD 42,028	2%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 39,758	2%	30~60 days	-	-	(USD 656)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 38,821	2%	30 days	-	-	(USD 274)	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 78,652	4%	30~60 days	-	-	USD 1,218	1%	
			Purchases	USD 20,735	1%	30~60 days	-	-	(USD 1)	-	
	Italia Marittima S.p.A.	Investee of Balsam	Sales	USD 36,390	2%	30~60 days	-	-	-	-	
			Purchases	USD 34,034	2%	30~60 days	-	-	-	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencompass Marine S.A.	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 14,116	1%	30~60 days	$ -	-	$ -	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 10,500	1%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Japan)	Investee of the Parent Company's major shareholder	Purchases	USD 5,435	0%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 5,468	0%	30~60 days	-	-	-	-	(Note)
	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 3,848	0%	30~60 days	-	-	(USD 774)	-	
Evergreen Marine (UK) Limited	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 24,390	1%	30~60 days	-	-	USD 158	-	(Note)
			Purchases	USD 52,927	3%	30~60 days	-	-	(USD 2,264)	1%	(Note)
	Evergreen Marine Corp.	The Parent	Sales	USD 6,823	0%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 23,615	1%	30~60 days	-	-	(USD 688)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 125,127	7%	30 days	-	-	-	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam	Sales	USD 16,256	1%	30~60 days	-	-	USD 2,774	1%	
			Purchases	USD 39,010	2%	30~60 days	-	-	(USD 372)	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 22,149	1%	30~60 days	-	-	USD 446	-	
			Purchases	USD 10,149	1%	30~60 days	-	-	(USD 415)	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 29,473	2%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 10,010	1%	30~60 days	-	-	(USD 276)	-	
	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 4,187	0%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 6,471	0%	30~60 days	-	-	-	-	(Note)
Evergreen Heavy Industrial Corp.(Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 234,462	100%	45 days	-	-	MYR 43,907	100%	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/ sales	Amount	Percentage of total purchases/ sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Shipping Agency (Europe) GmbH	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	EUR 4,840	21%	30~60 days	$ -	-	$ -	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam	Sales	EUR 4,469	20%	30~60 days	-	-	EUR 644	2%	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 5,728	25%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	EUR 5,573	25%	30~60 days	-	-	EUR 918	2%	
Whitney Equipment LLC.	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Sales	USD 7,479	51%	30 days	-	-	-	-	(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.

Note 4: Subsidiary Evergreen Marine (Hong Kong) Ltd., which was incorporated into the consolidated financial statements on December 18, 2017, was only written off against the post-merger transaction amount.

Evergreen Marine Corporation (Taiwan) Ltd.
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2017

Table 6

Expressed in thousands

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Evergreen Marine Corp.	Evergreen International Corporation	Investee of the Company's major shareholder	$ 271,096	-	$ -	-	$ 190,636	$ -
Peony Investment S.A.	Clove Holding Ltd. (Note)	Subsidiary	USD 17,754	-	-	-	-	-
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaining Enterprise S.A.	Investee of the Parent Company's major shareholder	MYR 43,907	-	-	-	MYR 43,907	-
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove accounted for using equity method	USD 7,254	-	-	-	-	-

Note: This transaction was written off when the consolidated financial statements were prepared.
Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties, etc.
Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2017

Table 7

Expressed in thousands of NTD

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 Services Co.,Ltd.	1	Operating cost	$ 835,846	Note 4	0.56
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Shipowner's account - credit	362,323	"	0.18
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	1,209,020	"	0.80
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	1,278,055	"	0.85
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Shipowner's account - debit	595,393	"	0.30
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	718,114	"	0.48
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	207,487	"	0.14
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	301,631	"	0.15
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	1,153,476	"	0.77
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Operating revenue	1,609,487	"	1.07
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Operating cost	741,678	"	0.49
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	-	"	-
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	445,006	"	0.22
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	1,180,536	"	0.78
1	Greencompass Marine S.A.	Evergreen Shipping Agency (Europe) GmbH	3	Operating cost	170,248	"	0.11
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	3,805,088	"	2.53
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Shipowner's account - credit	-	"	-
2	Evergreen Marine (UK) Limited	Evergreen Shipping Agency (Europe) GmbH	3	Operating cost	199,369	"	0.13
3	Whitney Equipment LLC.	Everport Terminal Services Inc.	3	Operating revenue	270,240	"	0.18
4	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	527,297	"	0.26
5	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	145,969	"	0.07

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

Note 4: Terms are approximately the same as for general transactions.

Note 5:The Company may decide whether or not to disclose transaction details in this table based on the Materiality Principle.

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investees

For the year ended December 31, 2017

Table 8

Expressed in thousands of shares/thousands of NTD

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2017			Net profit (loss) of the investee For the year ended December 31, 2017 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2017 (Note 2(3))	Footnote
				Balance as of December 31, 2017	Balance as of December 31, 2016	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	Republic of Panama	Investment activities	$ 14,152,288	$ 14,152,288	4,765	100.00	$ 30,152,551	$ 4,817,092	$ 4,822,278	Subsidiary of the Company (Note)
	Taiwan Terminal Services Co., Ltd.	Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	39,912	5,553	3,054	〃 (Note)
	Everport Terminal Services Inc.	U.S.A	Terminal services	2,970	2,970	1	100.00	568,156	415,389	415,389	〃 (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	6,217,800	-	6,320	79.00	6,287,883	862,722	50,870	〃 (Note)
	Charng Yang Development Co.,Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	537,532	172,458	68,983	Investee accounted for using equity method
	Evergreen International Storage and Transport Corporation	Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,063	39.74	8,452,437	883,121	353,789	〃
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	97,140	28,651	8,954	〃
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	10,767,879	10,767,879	680,786	16.31	9,462,402	5,752,067	938,295	〃
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,094,073	1,094,073	109,378	21.03	977,049	45,516	9,574	〃
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	3,119	3,119	105	17.50	4,364	1,494	262	〃
	VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	162,500	13,750	21.74	205,923	96,413	20,959	〃
Peony Investment S.A.	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,560,740	1,560,740	10	100.00	2,591,738	17,673	17,673	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	246,989	246,989	-	100.00	273,947	17,255	17,255	〃 (Note)
	Evergreen Shipping Agency (Korea) Corporation	South Korea	Shipping agency	72,053	72,053	121	100.00	64,326	20,095	20,095	〃 (Note)
	Evergreen Shipping Agency (Netherlands) B.V.	Netherlands	Shipping agency	-	118,119	0.047	100.00	-	(2,426)	(2,426)	〃 (Note)
	Evergreen Shipping Agency (Poland) SP. ZO. O	Poland	Shipping agency	19,662	19,662	2	100.00	10,842	1,080	1,080	〃 (Note)
	Greencompass Marine S.A.	Republic of Panama	Marine transportation	10,499,127	10,499,127	3,535	100.00	17,695,428	3,806,113	3,806,113	〃 (Note)
	Evergreen Shipping Agency (India) Pvt. Ltd.	India	Shipping agency	34,951	34,951	100	99.99	102,526	41,396	41,396	〃 (Note)
	Evergreen Argentina S.A.	Argentina	Leasing	4,158	4,158	150	95.00	1,522	(4,943)	(4,696)	〃 (Note)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2017			Net profit (loss) of the investee For the year ended December 31, 2017 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2017 (Note 2(3))	Footnote
				Balance as of December 31, 2017	Balance as of December 31, 2016	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Shipping Agency (France) S.A.S.	France	Shipping agency	$ -	$ 26,938	-	-	$ -	$ 4,230	$ 4,230	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Pura International	Indonesia	Loading and discharging operations of container yards and inland transportation	232,880	232,880	17	95.03	404,966	87,029	82,704	〃 (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	23,888	23,888	2	17.39	13,225	1,680	292	〃 (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	810,671	810,671	42,120	84.44	947,392	22,465	18,969	〃 (Note)
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	341,928	341,928	4	70.00	309,784	1,685	1,180	〃 (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	200,333	114,941	6	100.00	194,800	102,541	56,398	〃 (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	69,856	69,856	0.55	55.00	83,564	58,522	32,187	〃 (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	2,468,190	953,465	765	51.00	622,821	1,329,659	678,126	〃 (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	7,339	7,339	0.675	67.50	58,303	82,193	55,481	〃 (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	25,186	25,186	-	51.00	17,411	63,574	32,423	〃 (Note)
	Evergreen Shipping Agency(Singapore) Pte. Ltd.	Singapore	Shipping agency	64,064	64,064	765	51.00	36,290	39,947	20,373	〃 (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	59,089	43,779	650	85.00	38,276	86,474	44,102	〃 (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,249	17,249	5,500	55.00	110,639	124,049	68,227	〃 (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	13,484	13,484	-	49.00	192,172	126,272	61,873	Investee company of Peony accounted for using equity method
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	28,899	28,899	0.441	49.00	112,782	127,144	62,301	〃
	Luanta Investment (Netherlands) N.V.	Curaçao	Investment holding company	1,404,165	1,404,165	460	50.00	1,865,804	59,055	29,527	〃
	Balsam Investment (Netherlands) N.V.	Curaçao	Investment holding company	11,241,236	11,241,236	0.451	49.00	1,282,862	1,393,694	682,910	〃
	Green Peninsula Agencies SDN. BHD.	Malaysia	Investment holding company	215,477	215,477	1,500	30.00	12,687	277,637	83,291	〃
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	61,836	61,836	-	49.00	81,102	96,209	47,142	〃
	Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	12,654	12,654	1,500	30.00	50,096	14,909	4,473	〃
	Evergreen Marine Corp. (Malaysia) Sdn Bhd	Malaysia	Shipping agency	3,658	-	500	100.00	407,454	253,161	3,188	Indirect subsidiary of the Company (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	78,706	-	80	1.00	79,593	862,722	653	Investee company of Peony accounted for using equity method

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2017			Net profit (loss) of the investee For the year ended December 31, 2017 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2017 (Note 2(3))	Footnote
				Balance as of December 31, 2017	Balance as of December 31, 2016	Number of shares	Ownership (%)	Book value			
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Netherlands	Investment holding company	$ 503,006	$ 503,006	0.045	100.00	$ 445,592	$ 2,414	$ 2,414	Indirect subsidiary of the Company (Note)
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	506,019	506,019	50,602	9.73	451,246	45,516	4,429	Investee company of Armand Estate B.V. accounted for using equity method
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	678,953	678,953	22,860	40.00	2,532,187	36,178	14,472	Investee company of Clove Holding Ltd. accounted for using equity method
	Island Equipment LLC.	U.S.A	Investment holding company	4,277	4,277	-	36.00	163,841	24,479	8,812	Indirect subsidiary of the Company (Note)
Island Equipment LLC	Whitney Equipment LLC.	U.S.A	Equipment leasing company	5,940	5,940	-	100.00	173,294	28,598	28,598	〃 (Note)
	Hemlock Equipment LLC.	U.S.A	Equipment leasing company	5,940	5,940	-	100.00	309,839	21,803	21,803	〃 (Note)
Evergreen Marine (UK) Limited	Island Equipment LLC.	U.S.A	Investment holding company	1,782	1,782	-	15.00	68,267	24,479	3,672	〃 (Note)
	Evergreen Shipping Agency (UK) Limited	U.K	Shipping agency	0.06	0.06	-	100.00	25,109	-	-	〃 (Note)
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	2,940	2,940	99	16.50	4,115	1,494	247	Investee company of Evergreen Marine (UK) Limited accounted for using equity method
	Evergreen Shipping Agency (Ireland) Ltd.	Ireland	Shipping agency	3,006	3,006	0.1	100.00	3,006	-	-	Indirect subsidiary of the Company (Note)
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	98,054	98,054	8	72.95	55,480	1,680	1,225	〃 (Note)
Evergreen Shipping Agency (Europe) GmbH	Evergreen Shipping Agency (Austria) GmbH	Austria	Shipping agency	-	647	-	-	-	330	330	〃 (Note)
	Evergreen Shipping Agency (Switzerland) S.A.	Switzerland	Shipping agency	2,453	2,453	0.1	100.00	8,958	764	764	〃 (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, 2017' 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 theyear ended December 31, 2017' column should fill in amount of net profit (loss) of the investee for this period.

(3) The'Investment income (loss) recognised by the Company For the year ended December 31, 2017' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investments in Mainland China

For the year ended December 31, 2017

Table 9

Expressed in thousands of NTD

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, 2017	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income (loss) of the investee for the year ended December 31, 2017	Ownership held by the Company (direct of indirect) (%)	Investment income (loss) recognised by the Company. For the year ended December 31, 2017 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2017	Accumulted amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, repair and related activities	$ 568,582	(2)	$ 212,700	$ -	$ -	$ 212,700	$ 11,309	40.00	$ 4,524	$ 270,553	$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	193,358	(2)	42,083	-	-	42,083	204,390	40.00	81,756	186,458	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	354,547	(2)	118,802	-	-	118,802	44,214	40.00	17,686	186,091	-	
Ever Shine (Shanghai) Enerprise Management Consulting Co., Ltd	Management consultancy, self-owned property leasing	1,976,695	(2)	-	2,419,413	-	2,419,413	22,058	80.00	1,441	3,733,685	-	
Ever Shine (Ningbo) Enerprise Management Consulting Co., Ltd	Management consultancy, self-owned property leasing	195,633	(2)	-	267,658	-	267,658	(1,131)	80.00	(162)	155,366	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Evergreen Marine Corp.	$ 3,060,656	$ 3,608,367	$ 38,039,132

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

(1) Directly invest in a company in Mainland China.

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

(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2017’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

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

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

C. Others.

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