

**EVERGREEN MARINE CORPORATION (TAIWAN)
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019**

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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Introduction

We have audited the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the“ Company”) and its subsidiaries (collectively referred herein as the “Group”) as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (please refer to Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2020 and 2019, and its financial performance and cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Accuracy and cut-off of freight revenue

Description

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

Evergreen Marine Corporation (Taiwan) Ltd. primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. In 2020, freight revenue from contracts with customers was NT\$ 186,426,489 thousand, representing 90.03% of operating revenue. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the balance sheet date. Also, demand for freight services is consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel of which the service has been provided during the reporting period.

Despite the 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, the management could recognize freight revenue in accordance with the data on bill of lading reports generated from the system, accompanied by estimation made from past experience and current cargo loading conditions the revenue that would flow in, and calculate the revenue under the percentage-of-completion method. As the process of recording transactions, communicating with agencies, and maintaining the system are done manually, and the estimation of freight revenue are subject to management's judgement, therefore freight revenue involves high uncertainty and is material to the financial statements. Given the conditions mentioned above, we consider the accuracy of freight revenue and the appropriate use of cut-off by the Group and its investee companies as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the operation and industry of the Group to assess the reasonableness of policies and procedures on revenue recognition, and confirmed whether it is appropriate to the financial statements.
2. Obtained an understanding of the procedures of revenue recognition from booking, picking, billing to receiving. Assessed and tested relevant internal controls, including checking freight items and amounts of delivery information against the approved contracts and booking list. In addition, recalculated the accuracy of freight revenue, and ensured its consistency with the bill of lading report.
3. Obtained the estimated freight income report for vessels underway as of balance sheet 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 checking whether the total shipping days shown on the Company's website are in agreement with cruise timetables as well as recalculating the shipping days (days between departure and balance sheet date), in order to examine the reasonableness of percentage applied.

Other matter – Reference to the reports of other independent auditors

We did not audit the financial statements of all the consolidated subsidiaries. Those statements and the information disclosed in Note 13 were audited by other independent auditors whose reports thereon have been furnished to us, and our audit expressed herein is based solely on the reports of the other independent auditors. The statements reflect that total assets in these subsidiaries amounted to NT\$ 62,069,621 thousand and NT\$ 64,007,665 thousand, constituting 18.57% and 20.88% of the total consolidated assets as of December 31, 2020, and 2019, respectively. Net operating revenues in the subsidiaries amounted to NT\$ 40,599,878 thousand and NT\$ 41,978,500 thousand, constituting 19.61% and 22.03% of the total consolidated net operating revenues of 2020 and 2019 for the years then ended. In addition, we did not audit the financial statements of all the investee companies accounted for using equity method. Those statements and the information disclosed in Note 13 were audited by other independent auditors 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 the other independent auditors. Long-term equity investments in these investee companies amounted to NT\$ 18,591,003 thousand and NT\$ 18,297,311 thousand, constituting 5.56% and 5.97% of the total consolidated assets as of December 31, 2020 and 2019, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT\$ 958,072 thousand and NT\$ 331,944 thousand, constituting 3.63% and (51.01%) of the consolidated total comprehensive income and loss for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited the parent company only financial statement of Evergreen Marine Corporation (Taiwan) Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unqualified opinion with explanatory paragraph thereon.

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

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

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

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

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Auditors’ 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 auditors’ 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgment 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lee, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2021

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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

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

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 44,096,485	13	\$ 37,871,889	12
1110	Financial assets at fair value through profit or loss - current		4,289	-	-	-
1136	Current financial assets at amortised cost, net	6(3) and 8	6,768,603	2	1,769,815	1
1140	Current contract assets	6(22)	3,041,569	1	1,693,497	1
1150	Notes receivable, net	6(4)	113,313	-	129,545	-
1170	Accounts receivable, net	6(4)	20,955,878	6	13,979,251	5
1180	Accounts receivable, net - related parties	6(4) and 7	849,432	-	780,562	-
1200	Other receivables		239,653	-	283,739	-
1210	Other receivables - related parties	7	747,230	-	743,540	-
1220	Current income tax assets		205,171	-	381,933	-
130X	Inventories	6(5)	2,931,711	1	4,547,919	1
1410	Prepayments		1,562,365	1	1,500,038	1
1470	Other current assets	6(6) and 7	4,322,192	2	2,368,627	1
11XX	Current assets		<u>85,837,891</u>	<u>26</u>	<u>66,050,355</u>	<u>22</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,657,983	-	1,719,423	-
1535	Non-current financial assets at amortised cost, net	6(3)	348,609	-	350,721	-
1550	Investments accounted for using equity method	6(7)	29,919,994	9	29,400,925	10
1600	Property, plant and equipment, net	6(8), 8 and 9	118,642,644	36	108,393,511	35
1755	Right-of-use assets	6(9)	76,189,187	23	82,624,186	27
1760	Investment property, net	6(11) and 8	5,171,512	2	5,455,070	2
1780	Intangible assets		1,552,438	-	1,929,667	1
1840	Deferred income tax assets	6(30)	664,194	-	1,035,398	-
1900	Other non-current assets	6(4)(12) and 8	14,236,388	4	9,636,382	3
15XX	Non-current assets		<u>248,382,949</u>	<u>74</u>	<u>240,545,283</u>	<u>78</u>
1XXX	Total assets		<u>\$ 334,220,840</u>	<u>100</u>	<u>\$ 306,595,638</u>	<u>100</u>

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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, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2126	Current financial liabilities for hedging	6(9) and 7	\$ 898,484	-	\$ 1,861,026	1
2130	Current contract liabilities	6(22)	3,677,100	1	2,213,538	1
2150	Notes payable		3,973	-	-	-
2170	Accounts payable		20,327,030	6	16,169,710	5
2180	Accounts payable - related parties	7	236,204	-	411,102	-
2200	Other payables		5,455,869	2	4,406,879	2
2220	Other payables - related parties	7	130,767	-	706,239	-
2230	Current income tax liabilities		1,436,225	1	841,265	-
2280	Current lease liabilities	6(9) and 7	9,469,102	3	9,075,576	3
2300	Other current liabilities	6(13) and 7	30,856,051	9	27,764,309	9
21XX	Current liabilities		<u>72,490,805</u>	<u>22</u>	<u>63,449,644</u>	<u>21</u>
Non-current liabilities						
2511	Non-current financial liabilities for hedging	6(9) and 7	9,971,891	3	18,327,916	6
2530	Corporate bonds payable	6(14)	12,779,043	4	10,000,000	3
2540	Long-term loans	6(15)	77,040,500	23	83,859,972	27
2570	Deferred income tax liabilities	6(30)	2,872,242	1	2,027,378	1
2580	Non-current lease liabilities	6(9) and 7	53,831,455	16	51,967,317	17
2600	Other non-current liabilities	6(16)(17)	3,740,611	1	3,368,565	1
25XX	Non-current liabilities		<u>160,235,742</u>	<u>48</u>	<u>169,551,148</u>	<u>55</u>
2XXX	Total liabilities		<u>232,726,547</u>	<u>70</u>	<u>233,000,792</u>	<u>76</u>
Equity attributable to owners of the parent						
Capital						
3110	Common stock	6(18)	48,980,353	15	48,129,738	16
Capital surplus						
3200	Capital surplus	6(19)	12,433,364	4	11,407,437	4
Retained earnings						
3310	Legal reserve	6(20)	5,714,940	2	5,714,940	2
3350	Unappropriated retained earnings		27,734,460	8	3,659,042	1
Other equity interest						
3400	Other equity interest	6(21)	(581,406)	(1)	1,134,622	-
31XX	Equity attributable to owners of the parent		<u>94,281,711</u>	<u>28</u>	<u>70,045,779</u>	<u>23</u>
36XX	Non-controlling interest		<u>7,212,582</u>	<u>2</u>	<u>3,549,067</u>	<u>1</u>
3XXX	Total equity		<u>101,494,293</u>	<u>30</u>	<u>73,594,846</u>	<u>24</u>
Significant Contingent Liabilities And Unrecognized Contract Commitments						
Significant Events After The Balance Sheet Date						
3X2X	Total liabilities and equity		<u>\$ 334,220,840</u>	<u>100</u>	<u>\$ 306,595,638</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 207,077,912	100	\$ 190,589,281	100
5000	Operating costs	6(28)(29) and 7	(161,590,726)	(78)	(176,071,661)	(92)
5900	Gross profit		45,487,186	22	14,517,620	8
5910	Unrealized (profit) loss from sales		(9,216)	-	25,181	-
5920	Realized profit on from sales		11,123	-	12,220	-
5950	Gross profit		45,489,093	22	14,555,021	8
	Operating expenses	6(28)(29) and 7				
6100	Selling expenses		(1,865,895)	(1)	(1,585,738)	(1)
6200	General and administrative expenses		(9,014,679)	(4)	(8,703,296)	(5)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		5,405	-	16,336	-
6000	Operating expenses		(10,875,169)	(5)	(10,272,698)	(6)
6500	Other gains - net	6(23) and 7	53,940	-	375,947	-
6900	Operating profit		34,667,864	17	4,658,270	2
	Other non-operating income and expenses					
7100	Interest income	6(24)	341,671	-	749,147	1
7010	Other income	6(25)	564,802	-	454,929	-
7020	Other gains and losses	6(26)	350,685	-	(74,671)	-
7050	Finance costs	6(27) and 7	(4,536,522)	(2)	(5,675,837)	(3)
7060	Share of loss of associates and joint ventures accounted for using equity method		451,329	-	667,062	-
7000	Total non-operating income and expenses		(2,828,035)	(2)	(3,879,370)	(2)
7900	Profit before income tax		31,839,829	15	778,900	-
7950	Income tax expense	6(30)	(3,072,519)	(1)	(1,001,913)	-
8200	Profit (loss) for the year		\$ 28,767,310	14	(\$ 223,013)	-

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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 per share)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income (loss)						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Losses on remeasurements of defined benefit plans	6(17)	(\$ 444,282)	-	(\$ 133,101)	-
8316	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(2)(21)	(34,251)	-	82,688	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		542,861	-	(11,977)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	<u>103,559</u>	-	<u>32,918</u>	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>167,887</u>	-	<u>(29,472)</u>	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translating the financial statements of foreign operations		(3,497,612)	(1)	(918,876)	-
8368	Gains on hedging instruments	6(9)(21)	554,654	-	460,138	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		537,294	-	148,372	-
8399	Income tax relating to the components of other comprehensive loss	6(30)	<u>(122,029)</u>	-	<u>(87,954)</u>	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(2,527,693)</u>	<u>(1)</u>	<u>(398,320)</u>	-
8300	Other comprehensive loss for the year, net of income tax		<u>(\$ 2,359,806)</u>	<u>(1)</u>	<u>(\$ 427,792)</u>	-
8500	Total comprehensive income (loss) for the year		<u>\$ 26,407,504</u>	<u>13</u>	<u>(\$ 650,805)</u>	-
Profit (loss), attributable to:						
8610	Owners of the parent		<u>\$ 24,364,926</u>	<u>12</u>	<u>\$ 112,519</u>	-
8620	Non-controlling interest		<u>\$ 4,402,384</u>	<u>2</u>	<u>(\$ 335,532)</u>	-
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		<u>\$ 22,359,390</u>	<u>11</u>	<u>(\$ 143,740)</u>	-
8720	Non-controlling interest		<u>\$ 4,048,114</u>	<u>2</u>	<u>(\$ 507,065)</u>	-
Basic earnings per share (in dollars)						
9750	Basic earnings per share	6(31)	<u>\$ 5.06</u>		<u>\$ 0.02</u>	
9850	Diluted earnings per share		<u>\$ 4.96</u>		<u>\$ 0.02</u>	

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
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Retained Earnings			Other equity interest						
		Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on effective portion of cash flow hedges	Total	Non-controlling interest	Total equity	
Notes	Common stock										
Year 2019											
	Balance at January 1, 2019	\$ 45,129,738	\$ 11,059,145	\$ 5,685,548	\$ 3,776,643	\$ 17,580	\$ 1,234,225	(\$ 58,649)	\$ 66,844,230	\$ 4,123,606	\$ 70,967,836
	Profit (loss) for the year	-	-	112,519	-	-	-	-	112,519	(335,532)	(223,013)
	Other comprehensive income (loss) for the year	-	-	(197,673)	(874,353)	177,361	638,406	(256,259)	(171,533)	(427,792)	
	Total comprehensive income (loss)	-	-	(85,154)	(874,353)	177,361	638,406	(143,740)	(507,065)	(650,805)	
	Distribution of 2018 earnings:										
	Legal capital reserve	-	29,392	(29,392)	-	-	-	-	-	-	
	Issuance of common stock for cash	3,000,000	333,934	-	-	-	-	-	3,333,934	-	3,333,934
	Employee stock options exercised	-	17,066	-	-	-	-	-	17,066	-	17,066
	Adjustments to share of changes in equity of associates and joint ventures	-	(4,077)	(49)	-	52	-	(4,074)	-	(4,074)	
	Net change in non-controlling interests	-	1,369	(3,006)	-	-	-	(1,637)	(67,474)	(69,111)	
	Balance at December 31, 2019	<u>\$ 48,129,738</u>	<u>\$ 11,407,437</u>	<u>\$ 5,714,940</u>	<u>\$ 3,659,042</u>	<u>(\$ 856,773)</u>	<u>\$ 1,411,638</u>	<u>\$ 579,757</u>	<u>\$ 70,045,779</u>	<u>\$ 3,549,067</u>	<u>\$ 73,594,846</u>
Year 2020											
	Balance at January 1, 2020	\$ 48,129,738	\$ 11,407,437	\$ 5,714,940	\$ 3,659,042	(\$ 856,773)	\$ 1,411,638	\$ 579,757	\$ 70,045,779	\$ 3,549,067	\$ 73,594,846
	Profit for the year	-	-	24,364,926	-	-	-	-	24,364,926	4,402,384	28,767,310
	Other comprehensive income (loss) for the year	-	-	(291,317)	(3,471,571)	474,945	1,282,407	(2,005,536)	(354,270)	(2,359,806)	
	Total comprehensive income (loss)	-	-	24,073,609	(3,471,571)	474,945	1,282,407	22,359,390	4,048,114	26,407,504	
	Adjustments to share of changes in equity of associates and joint ventures	-	22,463	1,809	-	(1,809)	-	22,463	-	22,463	
	Other changes in capital surplus	-	623	-	-	-	-	623	-	623	
	Due to recognition of equity component of Euro-Convertible Bonds	-	379,915	-	-	-	-	379,915	-	379,915	
	Conversion of Euro-Convertible Bonds	850,615	622,926	-	-	-	-	1,473,541	-	1,473,541	
	Changes in non-controlling interests	-	-	-	-	-	-	-	(384,599)	(384,599)	
	Balance at December 31, 2020	<u>\$ 48,980,353</u>	<u>\$ 12,433,364</u>	<u>\$ 5,714,940</u>	<u>\$ 27,734,460</u>	<u>(\$ 4,328,344)</u>	<u>\$ 1,884,774</u>	<u>\$ 1,862,164</u>	<u>\$ 94,281,711</u>	<u>\$ 7,212,582</u>	<u>\$ 101,494,293</u>

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	Year ended December 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 31,839,829	\$ 778,900
Adjustments			
Income and expenses having no effect on cash flows			
Financial assets and liabilities at fair value through profit or loss	6(26)	(30,027)	-
Depreciation	6(8)(9)(11)(26)(28)	20,759,698	20,450,038
Amortization	6(28)	305,798	313,635
Expected credit gain	12(2)	(5,405)	(16,336)
Rental expense	6(9)	(3,026)	-
Other income	6(9)	(863)	-
Interest income	6(24)	(341,671)	(749,147)
Interest expense	6(27)	4,536,522	5,675,837
Dividend income	6(25)	(100,691)	(112,966)
Share of profit of associates and joint ventures accounted for using equity method		(451,329)	(667,062)
Gain from bargain purchase	6(25)(33)	(3,415)	-
Gains arising from lease modification	6(26)	(2,033)	(8,937)
Net gain on disposal of property, plant and equipment	6(23)	(53,940)	(375,947)
Net gain on disposal of right-of-use assets	6(26)	(72,736)	(47,716)
Net (loss) gain on disposal of investments	6(26)	(200)	(49,117)
Realized income with affiliated companies		(11,123)	(12,220)
Unrealized gain (loss) with affiliated companies		(9,216)	(25,181)
Employee stock options exercised	6(19)	-	17,066
Unrealized foreign exchange gain	6(9)	(381,555)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	189
Current contract assets		(1,432,114)	(513,065)
Notes receivable, net		11,711	21,037
Accounts receivable, net		(7,660,610)	(684,785)
Accounts receivable, net - related parties		(113,135)	(283,302)
Other receivables		24,767	578,926
Other receivables - related parties		(46,476)	(154,690)
Inventories		1,387,840	452,022
Prepayments		(105,432)	(105,010)
Other current assets		(1,954,859)	(355,601)
Other non-current assets		(7,710)	(8,685)
Net changes in liabilities relating to operating activities			
Current contract liabilities		1,570,661	471,486
Notes payable		3,973	-
Accounts payable		4,838,613	(3,285,621)
Accounts payable - related parties		(153,829)	(163,421)
Other payables		878,762	353,008
Other payables - related parties		(15,481)	(36,917)
Other current liabilities		4,108,522	837,394
Other non-current liabilities		27,760	(6,017)
Cash inflow generated from operations		57,356,012	26,103,627
Interest received		341,671	749,147
Interest paid		(4,795,498)	(5,776,049)
Income tax paid		(1,044,140)	(1,283,463)
Net cash flows from operating activities		51,858,045	19,793,262

(Continued)

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

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in financial assets at amortised cost-current		(\$ 5,013,782)	\$ 706,155
Increase in other receivables - related parties		(4,440)	-
Decrease (increase) in financial assets at amortised cost - non current		2,112	(64,341)
Acquisition of investments accounted for using equity method		(305,000)	(1,248,694)
Proceeds from disposal of investments accounted for using equity method		147,053	-
Proceeds from capital reduction of investments accounted for using equity method		-	66
Acquisition of property, plant and equipment	6(34)	(5,470,690)	(6,731,119)
Proceeds from disposal of property, plant and equipment		850,630	1,172,365
Acquisition of right-of-use assets		(10,920)	-
Proceeds from disposal of right-of-use assets		101,335	174,944
Acquisition of intangible assets		(30,340)	(23,758)
Increase in guarantee deposits paid		(72,853)	(31,878)
Decrease in guarantee deposits paid		54,102	24,595
Increase in other non-current assets	6(34)	(24,114,411)	(12,371,737)
Effect of initial consolidation of subsidiaries	6(34)	271,438	-
Cash dividend received		710,876	923,614
Net cash flows used in investing activities		(<u>32,884,890</u>)	(<u>17,469,788</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		3,869,120	300,000
Decrease in short-term loans		(3,869,120)	(300,000)
Decrease other payables - related parties		(515,494)	(477,872)
Increase in long-term loans	6(35)	29,654,664	32,954,862
Decrease in long-term loans	6(35)	(36,751,848)	(24,186,530)
Increase in corporate bonds payable		8,635,118	-
Payments of lease liabilities	6(9)(35)	(11,728,475)	(11,628,066)
Net change in non-controlling interest	6(34)	(371,710)	(69,111)
Increase in guarantee deposits received	6(35)	509,290	110,353
Decrease in guarantee deposits received	6(35)	(524,271)	(123,421)
Other financing activities	6(19)	623	-
Proceeds from issuance of common stock	6(18)	-	3,333,934
Net cash flows used in financing activities		(<u>11,092,103</u>)	(<u>85,851</u>)
Effect of exchange rate changes		(<u>1,656,456</u>)	(<u>202,369</u>)
Net increase in cash and cash equivalents		6,224,596	2,035,254
Cash and cash equivalents at beginning of year		<u>37,871,889</u>	<u>35,836,635</u>
Cash and cash equivalents at end of year		<u>\$ 44,096,485</u>	<u>\$ 37,871,889</u>

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 incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on September 25, 1968 and was established in the Republic of China. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in domestic and international marine transportation, shipping agency services, and the distribution of containers. The Company was approved by the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, R.O.C. to be a public company on November 2, 1982 and was further approved by the SFB to be a listed company on July 6, 1987. The Company’s shares have been publicly traded on the Taiwan Stock Exchange since September 21, 1987.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 22, 2021.

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 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

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 1 and IAS 8, ‘Disclosure initiative-definition of material’

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

B. Amendments to IFRS 3, ‘Definition of a business’

The amendments clarify the definition of a business that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. Besides, add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

C. Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to “Covid-19-related rent concessions”. Please refer to Note 6(9) for details of the related explanation and effects.

(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 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021

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.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform—Phase 2’

The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments provide accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, end date for Phase 1 relief for non contractually specified risk components in hedging relationships, additional temporary exceptions from applying specific hedge accounting requirements, and additional IFRS 7 disclosures related to IBOR reform.

(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 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

A. Amendments to IFRS 3, ‘Reference to the conceptual framework’

The amendments were made to IFRS 3, 'Business combinations' to update the references to the 2018 Conceptual Framework for Financial Reporting, in determining what constitutes an asset or a liability in a business combination. In addition, the amendments added an exception in IFRS 3 for the recognition of liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The amendments also confirmed that contingent assets, as defined in IAS 37, should not be recognised by the acquirer at the acquisition date.

B. Amendments to IAS 1, ‘Disclosure of accounting policies’

The amendments require an entity to disclose its material accounting policy information rather than its significant accounting policies. The amendments also explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.

C. Amendments to IAS 8, ‘Definition of accounting estimates’

The amendments clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	TTSC	Cargo loading and discharging	55.00	55.00	
The Company	Peony	Investments in transport-related business	100.00	100.00	
The Company	ETS	Terminal Services	94.43	94.43	
The Company	EGH	Container shipping and agency services dealing with port formalities	79.00	79.00	
The Company	EIL	Agency services dealing with port formalities	59.00	59.00	
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	(f)
Peony	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	(i)
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	(i)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Peony	EGK	Agency services dealing with port formalities	100.00	100.00	
Peony	EGT	Agency services dealing with port formalities	85.00	85.00	
Peony	EGI	Agency services dealing with port formalities	99.99	99.99	
Peony	EMA	Agency services dealing with port formalities	100.00	100.00	
Peony	EIT	Agency services dealing with port formalities	55.00	55.00	
Peony	EES	Agency services dealing with port formalities	100.00	100.00	
Peony	ERU	Agency services dealing with port formalities	51.00	51.00	
Peony	EEU	Agency services dealing with port formalities	100.00	100.00	
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	
Peony	EGB	Real estate leasing	95.00	95.00	
Peony	EGM	Agency services dealing with port formalities	100.00	100.00	
Peony	EGH	Container shipping and agency services dealing with port formalities	1.00	1.00	(i)
Peony	EGV	Agency services dealing with port formalities	100.00	100.00	
EGH	Ever shine (Shanghai)	Management consultancy and self-owned property leasing	100.00	100.00	
EGH	Ever shine (Ningbo)	Management consultancy and self-owned property leasing	100.00	100.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
EGH	EKH	Agency services dealing with port formalities	100.00	100.00	
EGH	EPE	Agency services dealing with port formalities	60.00	60.00	
EGH	ECO	Agency services dealing with port formalities	75.00	75.00	
EGH	ECL	Agency services dealing with port formalities	60.00	60.00	
EGH	EMX	Agency services dealing with port formalities	60.00	60.00	
EGH	EGRC	Agency services dealing with port formalities	60.00	60.00	
EGH	HMH	Agency services dealing with port formalities	-	-	(a)
EGH	Ever shine (Shenzhen)	Management consultancy and self-owned property leasing	100.00	100.00	(a)
EGH	Ever shine (Qingdao)	Management consultancy and self-owned property leasing	100.00	100.00	(a)
EGH	ECN	Agency services dealing with port formalities	65.00	52.00	(a)、(b)、(c)
EGH	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	(a)、(i)
EGH	EIL	Agency services dealing with port formalities	1.00	1.00	(i)
EGH	ELA	Management consultancy	100.00	16.50	(d)
EGH	EBR	Agency services dealing with port formalities	60.00	-	(e)
EGH	EGP	Agency services dealing with port formalities	100.00	-	(h)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
ETS	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	100.00	
EMU	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	(i)
Clove	ETS	Terminal Services	5.57	5.57	(i)
Armand N.V.	Armand B.V.	Investments in container yards and port terminals	-	100.00	(g)
MBPI	MBT	Inland transportation, repairs and cleaning of containers	72.95	72.95	

- (a) On August 13, 2018, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired a 100% equity interest of HMH and its indirect investees, wholly-owned Ever Shine (Shenzhen), wholly-owned Ever Shine (Qingdao), 49% owned MAC and 20% owned KTIL from other related party, Chestnut Estate B.V.. The transaction amount was US \$105,808. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 14, 2018. On December 21, 2018, shareholders of EGH during their meeting resolved to merge its subsidiary, HMH. EGH will be the surviving company and HMH will be dissolved after the merger. The liquidation process of HMH was completed by January 10, 2020.
- (b) On June 24, 2020, the Board of Directors of the subsidiary, EGH, resolved to participate in the capital increase of the indirect subsidiary, ECN, as the original shareholder and subscribe to all shares in total amount of CNY 4,048. The shareholding ratio of EGH is 65% after the capital increase.
- (c) On October 28, 2019, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired the 3% ownership of MAC from Ningbo Jiang Dong Ever Elite Investment Consulting Ltd.. The transaction amount was RMB \$150. The shareholding ratio of EGH increased from 49% to 52%. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 10, 2019.

- (d) On December 20, 2019, the Board of Directors of the subsidiary, EGH, approved the ELA equity transaction and acquired 83.50% equity interests from EMC, EMU and other related parties. The transaction date was March 1, 2020 and the transaction amount was USD 544. After the transaction, the shareholding ratio which was the equity of ELA held by EGH increased from 16.50% to 100%. This company is primarily engaged in management consultancy in Latin America. Because the transaction did not meet the requirements of IFRS 3, 'Definition of a business', the accounting treatment of this equity transaction would be accounted as acquired assets and liabilities based on the principle.
 - (e) On August 13, 2019, the Board of Directors of the subsidiary, EGH, approved to establish a subsidiary, EBR, in Brazil. The initial capital amounted to BRL 1,200 (approx. USD 247) and the date of the capital injection completion was March 16, 2020. This company is primarily engaged in freight and shipping agent.
 - (f) On March 18, 2020, the shareholders of the subsidiary, Armand N.V., during their meeting approved the accelerated liquidation. At the same day, the investment amount returned to the shareholder, Peony Investment S.A, and non-controlling interests amounted to \$339,638 (approx. USD 11,237) and \$145,909 (approx. USD 4,827), respectively, based on local regulations. The liquidation process of Armand N.V. was completed by June 30, 2020.
 - (g) On March 17, 2020, the shareholders of the subsidiary, Armand B.V., during their meeting approved the accelerated liquidation. At the same day, the investment amount returned to Armand N.V. amounted to \$491,294 (approx. USD16,257) based on local regulations. The liquidation process of Armand B.V. was completed by June 25, 2020.
 - (h) On June 30, 2020, the Board of Directors of the subsidiary, EGH, resolved to make an equity transaction. EGH acquired 40% and 60% equity interests of EGP from the other related parties, Evergreen International S.A., and Evergreen Logistics Philippines Corp., respectively, and obtained the control over EGP. The transaction date was July 1, 2020 and the transaction amount was PHP 239,500 (approx. \$141,760).
 - (i) This company was included in the consolidated financial statements, given the comprehensive shareholding ratio and the majority voting rights on the Board of Directors held by the Group, resulting in the Group obtaining control over the company.
- 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, 2020 and 2019, the non-controlling interest amounted to \$7,212,582 and \$3,549,067, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2020		December 31, 2019		
		Amount	Ownership (%)	Amount	Ownership (%)	
EMU	U.K.	\$ 3,389,842	49%	\$ 768,414	49%	
EGH	Hong Kong	3,220,801	20%	2,021,999	20%	

Summarised financial information of the subsidiaries:

Balance sheets

	EMU	
	December 31, 2020	December 31, 2019
Current assets	\$ 10,080,373	\$ 6,866,440
Non-current assets	41,255,545	46,043,283
Current liabilities	(16,936,620)	(16,584,869)
Non-current liabilities	(27,481,254)	(34,756,663)
Total net assets	\$ 6,918,044	\$ 1,568,191

	EGH	
	December 31, 2020	December 31, 2019
Current assets	\$ 23,082,438	\$ 12,300,364
Non-current assets	36,325,520	29,181,330
Current liabilities	(20,688,802)	(12,496,762)
Non-current liabilities	(23,357,192)	(19,659,040)
Total net assets	\$ 15,361,964	\$ 9,325,892

Statements of comprehensive income

	EMU	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	\$ 41,748,063	\$ 42,008,989
Profit (loss) before income tax	\$ 5,755,825	(\$ 1,366,023)
Income tax expense	(29,526)	(26,245)
Profit (loss) for the period from continuing operations	5,726,299	(1,392,268)
Other comprehensive loss, net of tax	(17,302)	(6,763)
Total comprehensive income (loss) for the period	\$ 5,708,997	(\$ 1,399,031)
Comprehensive income (loss) attributable to non-controlling interest	\$ 2,797,409	(\$ 685,525)

	EGH	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	\$ 39,980,133	\$ 27,131,993
Profit before income tax	\$ 7,406,623	\$ 720,884
Income tax expense	(650,953)	(454,748)
Profit for the period from continuing operations	6,755,670	266,136
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	<u>\$ 6,755,670</u>	<u>\$ 266,136</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 1,351,134</u>	<u>\$ 53,227</u>

Statements of cash flows

	EMU	
	Year ended December 31, 2020	Year ended December 31, 2019
Net cash provided by operating activities	\$ 8,098,988	\$ 3,346,892
Net cash used in investing activities	(1,896,845)	(949,263)
Net cash used in financing activities	(5,137,926)	(2,541,998)
Effect of exchange rates on cash and cash equivalents	(150,899)	(32,005)
Increase (decrease) in cash and cash equivalents	913,318	(176,374)
Cash and cash equivalents, beginning of period	<u>1,610,984</u>	<u>1,787,358</u>
Cash and cash equivalents, end of period	<u>\$ 2,524,302</u>	<u>\$ 1,610,984</u>

	EGH	
	Year ended December 31, 2020	Year ended December 31, 2019
Net cash provided by operating activities	\$ 12,521,690	\$ 4,638,610
Net cash used in investing activities	(8,519,205)	(7,349,565)
Net cash (used in) provided by financing activities	(207,041)	4,207,514
Effect of exchange rates on cash and cash equivalents	(462,344)	(119,673)
Increase in cash and cash equivalents	3,333,100	1,376,886
Cash and cash equivalents, beginning of period	<u>4,542,951</u>	<u>3,166,065</u>
Cash and cash equivalents, end of period	<u>\$ 7,876,051</u>	<u>\$ 4,542,951</u>

(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.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the

transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as other income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity

period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Notes, accounts and other receivables

- A. Notes and account receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. Receivables arising from transactions other than the sale of goods or service are classified as other receivables.
- B. The short-term notes receivable, accounts receivable and other receivables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

(13) Operating leases (lessor) - operating leases

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

(14) Inventories

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

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

costs of completion and estimated selling expenses.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains and loss on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are

reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(16) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings (Including repairments)	5 ~ 135 years
Loading and unloading equipment	5 ~ 20 years
Ships (Except for docking repair and scrubber)	18 ~ 25 years
Ships (Docking repair)	2.6 ~ 5 years
Ships (Scrubber)	10 years
Transportation equipment	6 ~ 10 years
Other equipment	2 ~ 20 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

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

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

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

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

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(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

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2~5 years.

B. Goodwill

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

C. Customer relationship

Customer relationship arising from the business combination is measured initially at their fair values at the acquisition date. Customer relationship has a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising 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.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

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

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

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

(24) Bonds payable

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

(25) Convertible bonds payable (Compound financial instruments)

Convertible 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 upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options 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. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- 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 issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share

options’.

(26) Derecognition of financial liabilities

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

(27) Offsetting financial instruments

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

(28) Hedge accounting

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

B. The Group designates the hedging relationship as follows:

Cash flow hedge:

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

C. Cash flow hedges

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

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

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

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

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
- ii. For cash flow hedges other than those covered by item i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(30) Income tax

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

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

(31) Dividends

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

(32) Revenue recognition

A. Sales of services

Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Rental revenue

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

(33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(34) Business combinations

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

(35) Operating segments

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

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

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

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

Lease term

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option, including the expected changes of all fact and situation for the period from the commencement date of lease to the execution date of options. Also, the Group took into consideration the main factors, such as the contract terms and conditions during the option covered period and the importance to lessee’s operation if the significant lease improvement and underlying assets incurred during the contract terms. When significant events or significant changes occur within the Group’s control, the lease term will be re-estimated.

(2) Critical accounting estimates and assumptions

Revenue recognition

The Group primarily engages in global container shipping service covering ocean-going and near-sea shipping line. 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, the Group 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. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the balance sheet date. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel during the reporting period. As the process of recording transactions, communicating with agencies, and maintaining the system are done manually, and the estimation of freight revenue are subject to management’s judgement, therefore freight revenue involves high uncertainty. Given the conditions mentioned above, adjustment to the estimation amount might be caused.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and petty cash	\$ 20,206	\$ 28,964
Checking accounts and demand deposits	11,183,079	6,903,864
Time deposits	32,893,200	30,939,061
	<u>\$ 44,096,485</u>	<u>\$ 37,871,889</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Equity instruments		
Listed (TSE) stocks	\$ 490,801	\$ 490,801
Unlisted stocks	<u>201,532</u>	<u>208,570</u>
	692,333	699,371
Valuation adjustment	<u>965,650</u>	<u>1,020,052</u>
	<u>\$ 1,657,983</u>	<u>\$ 1,719,423</u>

A. The Group has elected to classify these investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,657,983 and \$1,719,423 as at December 31, 2020, and 2019, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>34,251</u>)	\$ <u>82,688</u>
Income tax recognised in other comprehensive income	(\$ <u>5,865</u>)	\$ <u>7,716</u>
Dividend income recognised in profit or loss - Held at end of period	<u>\$ 100,691</u>	<u>\$ 112,966</u>

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

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits exceeding 3 months	\$ 6,768,601	\$ 1,727,796
Restricted reserve account	2	1
Pledged time deposits	<u>-</u>	<u>42,018</u>
	<u>\$ 6,768,603</u>	<u>\$ 1,769,815</u>
Non-current items:		
Financial bonds	\$ 100,000	\$ 100,000
Pledged time deposits	<u>248,609</u>	<u>250,721</u>
	<u>\$ 348,609</u>	<u>\$ 350,721</u>

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

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income	\$ 39,647	\$ 43,028

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$7,117,212 and 2,120,536, respectively.

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

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

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 113,314	\$ 129,547
Less: Allowance for bad debts	(1)	(2)
	<u>\$ 113,313</u>	<u>\$ 129,545</u>
Accounts receivable (including related parties)	\$ 21,812,052	\$ 14,772,158
Less: Allowance for bad debts	(6,742)	(12,345)
	<u>\$ 21,805,310</u>	<u>\$ 14,759,813</u>
Overdue receivables (recorded as other non-current assets)	\$ -	\$ 269,506
Less: Allowance for bad debts	-	(269,506)
	<u>\$ -</u>	<u>\$ -</u>

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

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 17,859,541	\$ 113,314	\$ 12,094,901	\$ 129,547
Up to 30 days	3,758,485	-	2,450,297	-
31 to 180 days	194,026	-	226,960	-
Over180 days	-	-	269,506	-
	<u>\$ 21,812,052</u>	<u>\$ 113,314</u>	<u>\$ 15,041,664</u>	<u>\$ 129,547</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020, December 31, 2019 and January 1, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$20,711,143, \$13,084,484 and \$14,202,068, respectively.

- C. The Group has no notes and accounts receivable held by the Group pledged to others.
- D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$113,313 and \$129,545, respectively; and the amount that best represents the Group's accounts receivable were \$21,805,310 and \$14,759,813, respectively.
- E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 2,546,614	\$ -	\$ 2,546,614
Steel and others	385,097	-	385,097
	<u>\$ 2,931,711</u>	<u>\$ -</u>	<u>\$ 2,931,711</u>
	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 4,273,258	\$ -	\$ 4,273,258
Steel and others	274,661	-	274,661
	<u>\$ 4,547,919</u>	<u>\$ -</u>	<u>\$ 4,547,919</u>

(6) Other current assets

	December 31, 2020	December 31, 2019
Shipowner's accounts	\$ 626,782	\$ 28,957
Agency accounts	2,802,786	1,502,487
Temporary debits	892,624	837,183
	<u>\$ 4,322,192</u>	<u>\$ 2,368,627</u>

A. Shipowner's accounts:

Temporary accounts, between Evergreen Line, constituted by the Group, Evergreen International S.A., Italia Marittima S.p.A., and Evergreen Marine (Singapore) Pte. Ltd., and Gaining Enterprise S.A. incurred due to foreign port formalities and pier rental expenses.

B. Agency accounts:

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

C. Temporary debits are mainly subject to the account of settlements between other carriers and the OCEAN Alliance, which Evergreen Line formed in response to market competition and enhancement of global transportation network to provide better logistics services to customers with Cosco Container Lines Co., Ltd., CMA CGM, Ltd., and the Orient Overseas Container Line, Ltd. on March 31, 2017 for trading of shipping space.

(7) Investments accounted for using equity method

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Evergreen International Storage and Transport Corporation	\$ 9,315,382	\$ 9,039,677
EVA Airways Corporation	11,327,144	11,399,909
Taipei Port Container Terminal Corporation	1,523,550	1,583,427
Charng Yang Development Co., Ltd.	557,549	553,210
Ningbo Victory Container Co., Ltd.	328,607	322,754
Ever Ecove Corporation	305,965	-
Luanta Investment (Netherlands) N.V.	1,485,739	1,884,647
Balsam Investment (Netherlands) N.V.	1,177,162	525,226
Colon Container Terminal S.A.	2,981,754	3,193,300
Others	917,142	898,775
	<u>\$ 29,919,994</u>	<u>\$ 29,400,925</u>

B. Associates

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Ownership(%)</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2020</u>	<u>December 31, 2019</u>		
Evergreen International Storage and Transport Corporation	TW	40.36%	40.36%	With a right over 20% to vote	Equity method
EVA Airways Corporation	TW	16.00%	16.00%	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

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 6,947,311	\$ 6,121,815
Non-current assets	28,124,463	28,889,987
Current liabilities	(3,517,476)	(2,703,450)
Non-current liabilities	(8,204,681)	(9,485,576)
Total net assets	<u>\$ 23,349,617</u>	<u>\$ 22,822,776</u>
Share in associate's net assets	\$ 9,373,779	\$ 9,098,692
Unrealized income with affiliated companies	(58,397)	(59,015)
Carrying amount of the associate	<u>\$ 9,315,382</u>	<u>\$ 9,039,677</u>

	<u>EVA Airways Corporation</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 55,932,512	\$ 77,199,776
Non-current assets	273,634,743	279,051,918
Current liabilities	(45,433,155)	(82,441,715)
Non-current liabilities	(207,474,571)	(195,667,963)
Total net assets	<u>\$ 76,659,529</u>	<u>\$ 78,142,016</u>
Share in associate's net assets	<u>\$ 11,327,144</u>	<u>\$ 11,399,909</u>

Statement of comprehensive income

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Revenue	\$ 6,966,387	\$ 7,730,682
Profit for the period	\$ 682,563	\$ 845,274
Other comprehensive income (loss), net of tax	313,479	(180,711)
Total comprehensive income	<u>\$ 996,042</u>	<u>\$ 664,563</u>
Dividends received from associates	<u>\$ 129,208</u>	<u>\$ 150,742</u>

EVA Airways Corporation		
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	\$ 89,048,776	\$ 181,275,258
(Loss) profit for the period	(\$ 3,276,719)	\$ 4,851,875
Other comprehensive income , net of tax	4,020,120	1,800,103
Total comprehensive income	\$ 743,401	\$ 6,651,978
Dividends received from associates	\$ 194,135	\$ 374,935

(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, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$9,277,468 and \$8,961,339, respectively.

	Year ended December 31, 2020	Year ended December 31, 2019
Profit (loss) for the period	\$ 1,742,178	(\$ 342,769)
Other comprehensive income (loss), net of tax	320,230	(6,245)
Total comprehensive income (loss)	\$ 2,062,408	(\$ 349,014)

C. Above stated certain investments accounted for using equity method are based on the financial statements of associates which were audited by independent auditors.

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

	December 31, 2020	December 31, 2019
Evergreen International Storage and Transport Corporation	\$ 8,721,517	\$ 6,180,433
EVA Airways Corporation	10,211,516	10,677,440
	\$ 18,933,033	\$ 16,857,873

E. To integrate the investment structure, on November 13, 2019, the shareholders of the subsidiary, Armand B.V., during their meeting approved to dispose 9.73% equity interests of Taipei Port Container Terminal Corporation. On February 7, 2020, the Company acquired 6.82% equity interests at par value of NT\$9.941 per share, consisting of 35,421 thousand shares, the transaction amounting to \$352,123. Additionally, other related party, EIS, also acquired 2.91% equity interests at par value of NT\$9.941 per share, consisting of 15,181 thousand shares, the transaction amounting to \$150,464. After the transaction, the shareholding ratio of the Group to Taipei Port Container Terminal Corporation decreased from 30.76% to 27.85%, and the investment is still valued using equity method.

F. As the Company decided to go green and was optimistic about the renewable resource industry, the Board of Directors of the Company during its meeting on August 13, 2018 adopted a resolution to participate in the capital increase raised by Ever Ecove Corporation amounting to 30,500

thousand shares, with a subscription price of NT\$10 (in dollars) per share, and a total price of \$305,000. In addition, the effective date was set on December 1, 2020 and after the acquisition, the Company's share interest was 19.06%. Ever Ecove Corporation was accounted for using equity method as the Company has influence over its Board of Directors.

- G. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, with a subscription price of NT\$13 (in dollars) per share, and a total price of \$508,944. In addition, the effective date was set on January 24, 2019 and after the acquisition, the Company's share interest was decreased to 16.10%. Moreover, the Company purchased 70 thousand shares as a specific person, the purchasing proceeds amounted to \$700, and the share interest further decreased to 16% as of December 31, 2020 after many conversions from corporate bonds to stocks took place in EVA Airways Corporation for the year ended December 31, 2019.
- H. On November 10, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam Investment (Netherlands) N.V., as the original shareholder. The amount of capital increase was USD 24,500. After the capital increase, Peony's shareholding ratio is still 49%.
- I. The Company is the single largest shareholder of EITC with a 40.36% equity interest. Given that the main source of economic profits of EITC is generated from Evergreen Line, the percentage of operating volume of the Group in Evergreen Line is equivalent to other related parties' and there is no agreement between other related parties and the Company to make decisions in consultation or collectively; however, in order to maintain the equity balance between the Group and other related parties, the Company governs EITC with other related parties to maintain mutual and other shareholders' best interests; apart from independent directors, the number of seats held by the Company on the Board are the same as other related parties', which indicates that the Group has no current ability to direct the relevant activities of EITC, thus, the Group has no control, but only has significant influence, over the investee.
- J. The Company is the single largest shareholder of EVA with a 16% equity interest. Given that the other top ten large shareholders (including other related parties and non-related parties) hold more shares than the Company, and there is no agreement between the shareholders to make decisions in consultation or collectively as they make decisions independently, which indicates that the Company has no current ability to direct the relevant decisions of EVA, thus, the Company has no control, but only has significant influence, over the investee.
- K. The Company is the single largest shareholder of TPCT with a 27.85% equity interest. Given that the other two large shareholders (non-related parties) also operate transportation business and hold more shares than the Company, and there is no agreement between the shareholders to make decisions in consultation or collectively as they make decisions independently, which indicates that the Company has no current ability to direct the relevant decisions of TPCT, thus, the Company has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment, net

	2020										
	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leasehold improvements	Others	Total
At January 1											
Cost	\$ 823,377	\$ 7,589,613	\$ 653,005	\$ 11,587,972	\$ 1,317,804	\$ 28,726,237	\$ 122,361,439	\$ 581,306	\$ 852,610	\$ 221,576	\$ 174,714,939
Accumulated depreciation	-	(1,420,875)	(518,595)	(8,182,213)	(807,079)	(9,328,119)	(45,014,883)	(454,356)	(583,950)	(11,358)	(66,321,428)
	<u>\$ 823,377</u>	<u>\$ 6,168,738</u>	<u>\$ 134,410</u>	<u>\$ 3,405,759</u>	<u>\$ 510,725</u>	<u>\$ 19,398,118</u>	<u>\$ 77,346,556</u>	<u>\$ 126,950</u>	<u>\$ 268,660</u>	<u>\$ 210,218</u>	<u>\$ 108,393,511</u>
Opening net book amount as at January 1	\$ 823,377	\$ 6,168,738	\$ 134,410	\$ 3,405,759	\$ 510,725	\$ 19,398,118	\$ 77,346,556	\$ 126,950	\$ 268,660	\$ 210,218	\$ 108,393,511
Additions	161,028	57,584	654	29,271	130,457	3,706,985	603,002	39,372	539,619	25,773	5,293,745
Disposals	-	-	(1)	(770)	(750)	(39,620)	(756,326)	(328)	-	-	(797,795)
Reclassifications	(90,128)	157,611	-	-	29,146	538,200	17,396,456	16,117	912,128	(152,205)	18,807,325
Depreciation	-	(181,761)	(14,270)	(504,593)	(279,178)	(2,632,231)	(5,035,138)	(48,560)	(184,111)	(4,570)	(8,884,412)
Acquired from business combinations	-	112,870	-	-	1,271	-	-	2,447	668	-	117,256
Net exchange differences	(14,380)	(320,654)	(6,411)	(97,304)	(19,681)	(929,742)	(2,861,660)	(3,776)	(32,396)	(982)	(4,286,986)
Closing net book amount as at December 31	<u>\$ 879,897</u>	<u>\$ 5,994,388</u>	<u>\$ 114,382</u>	<u>\$ 2,832,363</u>	<u>\$ 371,990</u>	<u>\$ 20,041,710</u>	<u>\$ 86,692,890</u>	<u>\$ 132,222</u>	<u>\$ 1,504,568</u>	<u>\$ 78,234</u>	<u>\$ 118,642,644</u>
At December 31											
Cost	\$ 879,897	\$ 7,580,724	\$ 622,262	\$ 11,248,877	\$ 1,394,412	\$ 31,782,360	\$ 128,201,003	\$ 613,930	\$ 2,251,169	\$ 94,162	\$ 184,668,796
Accumulated depreciation	-	(1,586,336)	(507,880)	(8,416,514)	(1,022,422)	(11,740,650)	(41,508,113)	(481,708)	(746,601)	(15,928)	(66,026,152)
	<u>\$ 879,897</u>	<u>\$ 5,994,388</u>	<u>\$ 114,382</u>	<u>\$ 2,832,363</u>	<u>\$ 371,990</u>	<u>\$ 20,041,710</u>	<u>\$ 86,692,890</u>	<u>\$ 132,222</u>	<u>\$ 1,504,568</u>	<u>\$ 78,234</u>	<u>\$ 118,642,644</u>

2019

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Leased assets	Leasehold improvements	Others	Total
At January 1												
Cost	\$ 822,076	\$ 7,436,436	\$ 640,766	\$ 10,823,844	\$ 1,245,653	\$ 22,567,926	\$ 126,866,151	\$ 543,931	\$ 20,242,368	\$ 605,782	\$ 166,460	\$ 191,961,393
Accumulated depreciation	-	(1,258,082)	(511,626)	(7,327,291)	(617,547)	(7,371,302)	(50,041,877)	(423,622)	(6,703,192)	(480,658)	(7,011)	(74,742,208)
	<u>\$ 822,076</u>	<u>\$ 6,178,354</u>	<u>\$ 129,140</u>	<u>\$ 3,496,553</u>	<u>\$ 628,106</u>	<u>\$ 15,196,624</u>	<u>\$ 76,824,274</u>	<u>\$ 120,309</u>	<u>\$ 13,539,176</u>	<u>\$ 125,124</u>	<u>\$ 159,449</u>	<u>\$ 117,219,185</u>
Opening net book amount as at												
January 1	\$ 822,076	\$ 6,178,354	\$ 129,140	\$ 3,496,553	\$ 628,106	\$ 15,196,624	\$ 76,824,274	\$ 120,309	\$ 13,539,176	\$ 125,124	\$ 159,449	\$ 117,219,185
Additions	-	30,341	14,653	139,693	39,841	6,356,102	377,434	47,376	-	11,552	135,296	7,152,288
Disposals	-	-	(195)	(1,000)	(777)	(20,837)	(774,222)	(516)	-	-	-	(797,547)
Reclassifications	-	263,361	5,786	361,870	86,951	425,182	7,032,421	12,806	(13,539,176)	232,359	(74,174)	(5,192,614)
Depreciation	-	(162,211)	(13,767)	(558,934)	(234,355)	(2,182,031)	(5,057,609)	(51,346)	-	(100,284)	(4,347)	(8,364,884)
Net exchange differences	1,301	(141,107)	(1,207)	(32,423)	(9,041)	(376,922)	(1,055,742)	(1,679)	-	(91)	(6,006)	(1,622,917)
Closing net book amount as at												
December 31	<u>\$ 823,377</u>	<u>\$ 6,168,738</u>	<u>\$ 134,410</u>	<u>\$ 3,405,759</u>	<u>\$ 510,725</u>	<u>\$ 19,398,118</u>	<u>\$ 77,346,556</u>	<u>\$ 126,950</u>	<u>\$ -</u>	<u>\$ 268,660</u>	<u>\$ 210,218</u>	<u>\$ 108,393,511</u>
At December 31												
Cost	\$ 823,377	\$ 7,589,613	\$ 653,005	\$ 11,587,972	\$ 1,317,804	\$ 28,726,237	\$ 122,361,439	\$ 581,306	\$ -	\$ 852,610	\$ 221,576	\$ 174,714,939
Accumulated depreciation	-	(1,420,875)	(518,595)	(8,182,213)	(807,079)	(9,328,119)	(45,014,883)	(454,356)	-	(583,950)	(11,358)	(66,321,428)
	<u>\$ 823,377</u>	<u>\$ 6,168,738</u>	<u>\$ 134,410</u>	<u>\$ 3,405,759</u>	<u>\$ 510,725</u>	<u>\$ 19,398,118</u>	<u>\$ 77,346,556</u>	<u>\$ 126,950</u>	<u>\$ -</u>	<u>\$ 268,660</u>	<u>\$ 210,218</u>	<u>\$ 108,393,511</u>

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

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

(9) Leasing arrangements—lessee/ Financial liabilities for hedging

- A. The Group leases various assets including land, buildings, loading and unloading equipment, transportation equipment, ships, and business vehicles. Rental contracts are typically made for periods of 1 to 90 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of buildings and ships. Low-value assets comprise of office equipment and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 9,833,608	\$ 12,228,498
Buildings	696,077	865,940
Loading and unloading equipment	103,825	101,493
Transportation equipment	885,275	2,230,717
Ships	64,607,963	67,134,641
Office equipment	51,878	39,930
Other equipment	10,561	22,967
	<u>\$ 76,189,187</u>	<u>\$ 82,624,186</u>

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,944,183	\$ 1,940,936
Buildings	283,830	275,930
Loading and unloading equipment	108,759	129,289
Transportation equipment	664,077	996,046
Ships	8,677,296	8,536,432
Office equipment	19,853	17,290
Other equipment	22,434	23,560
	<u>\$ 11,720,432</u>	<u>\$ 11,919,483</u>

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$8,631,954 and \$23,270,343, respectively.
- E. For the years ended December 31, 2020 and 2019, the disposals to right-of-use assets were \$28,599 and \$127,228, respectively.

F. The information on income and expense accounts relating to lease contracts is as follows:

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,694,869	\$ 2,844,157
Expense on short-term lease contracts	4,275,563	6,227,119
Expense on leases of low-value assets	20,984	18,299
Expense on variable lease payments	4,142	2,808
Gains arising from lease modifications	2,033	8,937

G. For years ended December 31, 2020 and 2019, the Group's total cash outflow for leases amounted to \$18,724,033 and \$20,720,449, respectively.

H. As of December 31, 2020, the Group had entered into lease agreements that contained non-lease service component. Based on the fair value of the lease and non-lease component, the future commitment payment allocated to service component amounted to \$12,109,155.

I. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,889 by decreasing rent expense in \$3,026 and increasing other income in \$863 for the year ended December 31, 2020.

J. To hedge the impact of expected variable exchange rate risk arising from US dollar denominated lease liabilities payable, the Company designated lease liabilities of US dollar denominated lease contracts as the hedging instruments for hedging the highly probable foreign exchange variation of future US dollar denominated marine freight income and adopted cash flow hedge accounting. Moreover, the effective portion with respect to the changes in the hedging instruments caused by exchange rate risk is deferred to recognise in gains (loss) on hedging instruments, which is under other equity interest, and will be reclassified to the marine freight income when the hedged items are occurred. Details of relevant transactions are as follows:

	<u>December 31, 2020</u>		
<u>Hedged items</u>	<u>Designated as hedging instruments</u>	<u>Contract period</u>	<u>Book value</u>
Expected US dollar denominated marine freight income transaction	US dollar denominated lease liabilities	2019.1.1~2034.8.15	<u>\$ 10,870,375</u>

December 31, 2019			
Hedged items	Designated as hedging instruments	Contract period	Book value
Expected US dollar denominated marine freight income transaction	US dollar denominated lease liabilities	2019.1.1~2034.8.15	\$ <u>20,188,942</u>

(a) Lease liabilities designated as hedges (recorded as financial liabilities for hedging)

	December 31, 2020	December 31, 2019
Cash flow hedges :		
<u>Exchange rate risk</u>		
Lease liability contracts designated as hedges		
Current liabilities	\$ 898,484	\$ 1,861,026
Non-current liabilities	<u>9,971,891</u>	<u>18,327,916</u>
	<u>\$ 10,870,375</u>	<u>\$ 20,188,942</u>

(b) Other equity - cash flow hedge reserve

	2020	2019
At January 1	\$ 460,138	\$ -
Add : Profit on hedge effectiveness -amount recognised in other comprehensive income	988,987	447,499
Add : Reclassified to freight revenue as the hedged item has affected profit or loss	(52,778)	12,639
Less : Reclassified from equity to exchange gain for the period	(381,555)	-
At December 31	<u>\$ 1,014,792</u>	<u>\$ 460,138</u>

(c) As of December 31, 2020 and 2019, there were no ineffective portion to be recognised in profit or loss for the unwritten-off cash flow hedge transactions.

(d) Information relating to the fair values of abovementioned hedging financial liabilities is provided in Note 12(3).

K. The amounts of lease liabilities (net of the lease liabilities designated as hedges) of the Group on December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current lease liabilities	\$ 8,730,653	\$ 8,479,576
Current lease liabilities - related parties	738,449	596,000
Non-current lease liabilities	53,612,107	51,284,350
Non-current lease liabilities - related parties	219,348	682,967
	<u>\$ 63,300,557</u>	<u>\$ 61,042,893</u>

(10) Leasing arrangements – lessor

A. For the years ended December 31, 2020 and 2021, the Group recognised rent income in the amounts of \$311,495 and \$324,341, respectively, based on the operating lease agreement, which does not include variable lease payments.

B. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Within 1 year	\$ 335,930	\$ 226,434
1-2 years	202,020	213,688
2-3 years	54,161	86,516
3-4 years	53,747	56,783
4-5 years	53,726	56,326
After 5 years	138,792	201,758
	<u>\$ 838,376</u>	<u>\$ 841,505</u>

(11) Investment property, net

	2020		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 1,415,029	\$ 4,788,141	\$ 6,203,170
Accumulated depreciation	-	(748,100)	(748,100)
	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>
Opening net book amount as at January 1	\$ 1,415,029	\$ 4,040,041	\$ 5,455,070
Reclassification to property, plant and equipment	(18,209)	(2,577)	(20,786)
Reclassification from non-current assets	-	26,319	26,319
Depreciation	-	(154,854)	(154,854)
Net exchange differences	(65)	(134,172)	(134,237)
Closing net book amount as at December 31	<u>\$ 1,396,755</u>	<u>\$ 3,774,757</u>	<u>\$ 5,171,512</u>
At December 31			
Cost	\$ 1,396,755	\$ 4,674,765	\$ 6,071,520
Accumulated depreciation	-	(900,008)	(900,008)
	<u>\$ 1,396,755</u>	<u>\$ 3,774,757</u>	<u>\$ 5,171,512</u>
	2019		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 1,415,054	\$ 5,048,676	\$ 6,463,730
Accumulated depreciation	-	(628,656)	(628,656)
	<u>\$ 1,415,054</u>	<u>\$ 4,420,020</u>	<u>\$ 5,835,074</u>
Opening net book amount as at January 1	\$ 1,415,054	\$ 4,420,020	\$ 5,835,074
Reclassifications	-	(135,738)	(135,738)
Depreciation	-	(165,671)	(165,671)
Net exchange differences	(25)	(78,570)	(78,595)
Closing net book amount as at December 31	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>
At December 31			
Cost	\$ 1,415,029	\$ 4,788,141	\$ 6,203,170
Accumulated depreciation	-	(748,100)	(748,100)
	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>

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

	Year ended December 31, 2020	Year ended December 31, 2019
Rental revenue from the lease of the investment property	\$ 211,366	\$ 154,330
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 155,297	\$ 158,378
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ 769	\$ 769

B. The fair value of the investment property held by the Group as at December 31, 2020 and 2019 was \$7,100,979 and \$7,195,945, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property, and were classified as Level 2.

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

(12) Other non-current assets

	December 31, 2020	December 31, 2019
Prepayments for equipment	\$ 13,923,670	\$ 9,308,236
Refundable deposits	236,729	227,095
Others	75,989	101,051
	\$ 14,236,388	\$ 9,636,382

Movement analysis of prepayments for equipment are as follows:

	2020	2019
At January 1	\$ 9,308,236	\$ 4,619,738
Additions	24,507,892	12,565,222
Reclassification to property, plant and equipment	(18,357,456)	(7,521,096)
Reclassification to intangible assets	(1,837)	-
Net exchange differences	(1,533,165)	(355,628)
At December 31	\$ 13,923,670	\$ 9,308,236

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, 2020	Year ended December 31, 2019
Amount capitalised	\$ 204,619	\$ 193,678
Interest rate	0.86%~4.10%	0.86%~4.70%

(13) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receipt in advance	\$ 4,147	\$ 56,522
Long-term liabilities - current portion	18,201,548	22,841,596
Corporate bonds - current portion	4,000,000	-
Shipowner's accounts	5,180,333	2,366,770
Agency accounts	3,279,919	2,453,406
Others	190,104	46,015
	<u>\$ 30,856,051</u>	<u>\$ 27,764,309</u>

(14) Corporate bonds payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Domestic secured corporate bonds	\$ 10,000,000	\$ 10,000,000
Euro-Convertible Bond	7,149,181	-
Less: Discount on bonds payable	(370,138)	-
Less: Current portion or exercise of put options	(4,000,000)	-
	<u>\$ 12,779,043</u>	<u>\$ 10,000,000</u>

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

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

(b) Coupon rate: 1.05% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

B. On June 27, 2018, the Company issued its fourteenth domestic secured corporate bonds (referred herein as the “Fourteenth Bonds”), totaling \$2,000,000 at face value. The major terms of the issuance are set forth below:

(a) Period: 5 years (June 27, 2018 to June 27, 2023)

(b) Coupon rate: 0.86% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

The Fourteenth Bonds are secured and are guaranteed by First Commercial Bank.

C. On September 29, 2020, the Company issued the first unsecured overseas convertible bonds (the “First Overseas Convertible Bonds”), totaling USD300,000 at the face value. The major terms of the issuance are set forth below:

(a) Period: 5 years (September 29, 2020 to September 29, 2025)

(b) Coupon rate: 0% fixed per annum

(c) Principal repayment:

Except for the First Overseas Convertible Bonds previously redeemed, repurchased and retired by the Company, or converted by the bondholders of the First Overseas Convertible Bonds (the “bondholders”), the Company will redeem the First Overseas Convertible Bonds in USD on the maturity date at the price of the face value plus 0.0% gross yield per annum of the face value, calculated semi-annually.

(d) Conversion period:

Except for the First Overseas Convertible Bonds previously redeemed or repurchased, or the stop transfer period as specified in the terms of the bond indenture for the First Overseas Convertible Bonds (the “bond indenture”) or the laws/regulations, the bondholders have the right to ask for the conversion of the First Overseas Convertible Bonds into the common stocks newly issued by the Company during the period from the date after 90 days of the issuance of the First Overseas Convertible Bonds to (1) 10 days before the maturity date, or (2) 5 business days before the date on which the bondholders exercise the put options or the Company exercise the early redemption (excluding the maturity date).

(e) Conversion price:

The conversion price of the First Overseas Convertible Bonds is NT\$18.2 (in dollars), 115.19% of the reference price. The reference price refers to the closing price of the Company’s common stocks on the Taiwan Stock Exchange on the pricing date, which was NT\$15.80 (in dollars), translated using the exchange rate of US\$1 to NT\$28.991.

(f) Put options:

The bondholders have no right to require the Company to redeem the First Overseas Convertible Bonds, in whole or in part, unless the following events occur:

- i. Except for the First Overseas Convertible Bonds previously redeemed, repurchased and retired, or converted, the bondholders have the right to require the Company to redeem the First Overseas Convertible Bonds, in whole or in part, on the date three years after the issuance at the price of the face value plus 0.0% per annum of the face value (calculated semi-annually) as the interests (the “early redemption amount”).
- ii. The bondholders have the right to require the Company to redeem the First Overseas Convertible Bonds, in whole or in part, at the early redemption amount if the Company’s common stocks are unlisted from the Taiwan Stock Exchange or ceased trading over 30 consecutive business days.
- iii. The bondholders have the right to require the Company to redeem the First Overseas Convertible Bonds, in whole or in part, at the early redemption amount if any changes occur to the Company’s controlling power as defined in the bond indenture.

The exercise of the aforementioned put options by the bondholders and the acceptance of the bondholders’ requests by the Company shall be conducted in accordance with the procedures as specified in the bond indenture. The Company will redeem the First Overseas Convertible Bonds in cash on the payment date as specified in the bond indenture.

The early redemption amount is first translated into NTD using the fixed exchange rate, and it was then translated from NTD to USD using the exchange rate on the day for repayment (by reference to the fixing rate which was 1:28.991 at 11 a.m. quoted by Taipei Forex Inc.).

(g) Redemption:

The Company may redeem the First Overseas Convertible Bonds early when one of the following conditions is met:

- i. The Company may redeem the First Overseas Convertible Bonds, in whole, at the early redemption amount if the closing price of the Company’s common stocks on the Taiwan Stock Exchange (translated into USD based on the exchange rate on the day) reaches over 130% of the total amount of early redemption amount (defined later) multiplied by the conversion price on the day (translated into USD at the fixed exchange rate) and divided by the face value for 20 trade dates out of 30 consecutive business days during the period from the day after three years of the issuance to the maturity date.
- ii. The Company may redeem the outstanding First Overseas Convertible Bonds, in whole, at the early redemption amount if over 90% of the First Overseas Convertible Bonds have been redeemed, converted, repurchased and retired.

iii. The Company may redeem the First Overseas Convertible Bonds, in whole, at the early redemption amount if changes to the R.O.C.'s tax regulations occur after the issue date and cause the Company to bear more tax or to pay extra interest expenses or increase in costs for the First Overseas Convertible Bonds. Also, the bondholders have no right to require the Company to cover extra tax and expense for their nonparticipation of the redemption. The early redemption amount is first translated into NTD using the fixed exchange rate, and it was then translated from NTD to USD using the exchange rate on the day for repayment (by reference to the fixing rate which was 1:28.991 at 11 a.m. quoted by Taipei Forex Inc.).

D. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$312,290 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and redemption embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(15) Long-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank loans	\$ 59,213,235	\$ 55,633,704
Unsecured bank loans	36,211,178	51,053,234
Add : Unrealised foreign exchange (gains) losses (	148,493)	49,713
Less: Hosting fee credit	(33,872)	(35,083)
	<u>95,242,048</u>	<u>106,701,568</u>
Less: Current portion (recorded as other current liabilities)	(18,201,548)	(22,841,596)
	<u>\$ 77,040,500</u>	<u>\$ 83,859,972</u>
Borrowing period	2021.01~2030.06	2020.01~2029.11
Interest rate	0.93%~5.15%	1.12%~5.15%

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

(16) Other non-current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accrued pension liabilities	\$ 3,423,829	\$ 3,028,061
Guarantee deposits received	300,820	325,987
Unrealised gain on sale and leaseback	1,594	3,495
Others	14,368	11,022
	<u>\$ 3,740,611</u>	<u>\$ 3,368,565</u>

(17) Pension

- A. (a) The Company and its domestic subsidiary-TTSC have a defined benefit pension plan in accordance with the Labor Standards Act (“the Act”), covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiary-TTSC contribute monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiary-TTSC would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiary-TTSC will make contributions for the deficit by next March.
- (b) The employees with R.O.C. nationality of the Group’s subsidiaries, EGH, GMS and EMU, adopted the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.
- (c) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations (\$	4,921,339)	(\$ 4,406,518)
Fair value of plan assets	<u>1,497,510</u>	<u>1,378,457</u>
Net defined benefit liability	<u>(\$ 3,423,829)</u>	<u>(\$ 3,028,061)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 4,406,518)	\$ 1,378,457	(\$ 3,028,061)
Current service cost	(160,343)	-	(160,343)
Interest (expense) income	(46,995)	17,679	(29,316)
Past service cost	-	-	-
Curtailement (Settlement)	(65)	(8,737)	(8,802)
	<u>(4,613,921)</u>	<u>1,387,399</u>	<u>(3,226,522)</u>
Remeasurements:			
Return on plan assets			
(excluding amounts included in			
interest income or expense)			
	-	19,277	19,277
Change in demographic assumptions	(3,517)	-	(3,517)
Change in financial assumptions	(374,032)	-	(374,032)
Experience adjustments	(86,010)	-	(86,010)
	<u>(463,559)</u>	<u>19,277</u>	<u>(444,282)</u>
Pension fund contribution	33	171,525	171,558
Paid settlement	6,056	-	6,056
Paid pension	187,366	(94,936)	92,430
Exchange difference	(14,026)	14,245	219
Effect of business combination	(23,288)	-	(23,288)
Balance at December 31	<u>(\$ 4,921,339)</u>	<u>\$ 1,497,510</u>	<u>(\$ 3,423,829)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 4,240,280)	\$ 1,304,691	(\$ 2,935,589)
Current service cost	(187,564)	-	(187,564)
Interest (expense) income	(54,636)	19,024	(35,612)
Past service cost	665	-	665
Curtailment (Settlement)	335	(8,537)	(8,202)
	<u>(4,481,480)</u>	<u>1,315,178</u>	<u>(3,166,302)</u>
Remeasurements:			
Return on plan assets			
(excluding amounts included in interest income or expense)			
	-	10,740	10,740
Change in demographic assumptions	(1,494)	-	(1,494)
Change in financial assumptions	(100,010)	-	(100,010)
Experience adjustments	(42,337)	-	(42,337)
	<u>(143,841)</u>	<u>10,740</u>	<u>(133,101)</u>
Pension fund contribution	55	173,986	174,041
Paid settlement	6,056	-	6,056
Paid pension	179,969	(93,848)	86,121
Exchange difference	32,723	(27,599)	5,124
Balance at December 31	<u>(\$ 4,406,518)</u>	<u>\$ 1,378,457</u>	<u>(\$ 3,028,061)</u>

- (e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries-TTSC's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 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, 2020	Year ended December 31, 2019
Discount rate	<u>0.28%~7%</u>	<u>1%~8%</u>
Future salary increases	<u>0.5%~10%</u>	<u>1%~10%</u>

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase <u>0.25%~1.00%</u>	Decrease <u>0.25%~1.00%</u>	Increase <u>0.25%~1.00%</u>	Decrease <u>0.25%~1.00%</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>202,401</u>)	<u>\$ 221,547</u>	<u>\$ 145,999</u>	(<u>\$ 127,504</u>)
	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase <u>0.25%~1.00%</u>	Decrease <u>0.25%~1.00%</u>	Increase <u>0.25%~1.00%</u>	Decrease <u>0.25%~1.00%</u>
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(<u>166,156</u>)	<u>172,062</u>	<u>117,149</u>	(<u>110,937</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (g) Expected contributions to the defined benefit pension plans of the Company and its subsidiary-TTSC for the year ending December 31, 2020 amount to \$ 119,712.
- (h) As of December 31, 2020, the weighted average duration of the retirement plan is 10~28 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiary-TTSC have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary-TTSC contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon

termination of employment.

- (b) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The Group's certain overseas subsidiaries have a defined contribution plan. Monthly contributions to an independent fund in accordance with the local regulations and the pension regulations of each subsidiaries are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs and expenses under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$316,622 and \$300,962, respectively.

(18) Capital stock

- A. As of December 31, 2020, the Company's authorized capital was \$70,000,000, and the paid-in capital was \$ 48,980,353, consisting of 4,898,035 thousand shares of common stocks with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Company issued 85,062 shares of new shares during the period from December 29, 2020 to December 31, 2020 due to the exercise of conversion options by the overseas convertible corporate bondholders. All proceeds from share issuance have been collected by February 19, 2021.
- C. On June 24, 2020, the shareholders meeting of the Company resolved to increase authorized capital from \$50,000,000 to \$70,000,000. All proceeds from share issuance have been collected by July 22, 2020.
- D. On August 13, 2019, the Board of Directors of the Company resolved to increase capital \$3,000,000 by issuing 300,000 thousand shares at a par value of NT\$10 (in dollars) per share, of which 30,000 thousand shares are reserved for employee preemption. The proposal of capital increase has been reported and became effective on December 3, 2019. The total amount of shares was \$3,333,934. All proceeds from share issuance have been collected by December 31, 2019.
- E. On December 31, 2020 and 2019, the numbers of the Company's shares held by its associate accounted for using equity method, EITC, were 25,084 and 25,254 thousand shares, respectively.

(19) Capital surplus

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

	2020				
	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 9,167,217	\$ 110,956	\$ 2,122,105	\$ 446	\$6,713
Expired unclaimed dividends	-	-	-	-	623
Proceeds from issuance of Euro-Convertible Bonds	-	379,915	-	-	-
Conversion of Euro-Convertible Bonds	690,551	(67,625)	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	22,463	-	-
At December 31	<u>\$ 9,857,768</u>	<u>\$ 423,246</u>	<u>\$ 2,144,568</u>	<u>\$ 446</u>	<u>\$7,336</u>
	2019				
	Share premium	Employee stock options exercised	Adjustments to share of changes in equity of associates and joint ventures	Donated assets	Others
At January 1	\$ 8,833,283	\$ 93,890	\$ 2,124,813	\$ 446	\$6,713
Issuance of common stock for cash	333,934	17,066	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	(2,708)	-	-
At December 31	<u>\$ 9,167,217</u>	<u>\$ 110,956</u>	<u>\$ 2,122,105</u>	<u>\$ 446</u>	<u>\$6,713</u>

(20) Retained earnings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At January 1	\$ 3,659,042	\$ 3,776,643
Profit for the year	24,364,926	112,519
Distribution of earnings	-	(29,392)
Remeasurement on post employment benefit obligations, net of tax	(291,317)	(197,673)
Adjustments to share of changes in equity of associates and joint ventures	1,809	(49)
Net change in non-controlling interests	-	(3,006)
At December 31	<u>\$ 27,734,460</u>	<u>\$ 3,659,042</u>

A. According to the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for all taxes and cover prior years' losses and then appropriate 10% of the residual amount as legal reserve. 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. The appropriation of earnings of year 2018 as resolved by the shareholders meeting of the Company on June 21, 2019 is as follows:

	<u>Year ended</u> <u>December 31, 2018</u>
Accrual of legal reserve	<u>\$ 29,392</u>

F. For the year ended December 31, 2019, the Company's net income after tax plus other items including current unappropriated retained earnings are negative, thus the Company will not provision for legal reserve. Additionally, the shareholders of the Company during its meeting on June 24, 2020 adopted a resolution to retain distributable earnings for its future operating plan, thus, the Company will not appropriate for shareholders' bonus.

G. The appropriation of 2020 earnings resolved by the Board of Directors on March 22, 2021 is as follows:

	Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Accrual of legal reserve	\$ 2,407,542	
Accrual of special reserve	\$ 581,406	
Appropriation of cash dividends to shareholders	\$ 13,156,234	\$ 2.5

As of March 22, 2021, the above-mentioned 2020 earnings appropriation had not been resolved by the stockholders' meeting.

(21) Other equity items

	2020			
	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1	\$ 1,411,638	\$ 579,757	(\$ 856,773)	\$ 1,134,622
Revaluation – gross	(34,251)	-	-	(34,251)
Revaluation – tax	5,865	-	-	5,865
Revaluation – associates	503,331	-	-	503,331
Revaluation transferred to retained earnings – associates	(1,809)	-	-	(1,809)
Cash flow hedges:				
– Fair value gain in the period				
– Group	-	554,654	-	554,654
– Group – tax	-	(126,618)	-	(126,618)
– Associates	-	854,371	-	854,371
Currency translation differences:				
– Group	-	-	(3,160,573)	(3,160,573)
– Group – tax	-	-	4,589	4,589
– Associates	-	-	(315,587)	(315,587)
At December 31	<u>\$ 1,884,774</u>	<u>\$ 1,862,164</u>	<u>(\$ 4,328,344)</u>	<u>(\$ 581,406)</u>

2019

	Unrealised gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1	\$ 1,234,225	(\$ 58,649)	\$ 17,580	\$ 1,193,156
Revaluation – gross	82,688	-	-	82,688
Revaluation – tax	7,716	-	-	7,716
Revaluation – associates	86,957	-	-	86,957
Revaluation transferred to retained earnings – associates	52	-	-	52
Cash flow hedges:				
– Fair value loss in the period				
– Group	-	460,138	-	460,138
– Group – tax	-	(87,972)	-	(87,972)
– Associates	-	266,240	-	266,240
Currency translation differences:				
– Group	-	-	(755,051)	(755,051)
– Group – tax	-	-	18	18
– Associates	-	-	(119,320)	(119,320)
At December 31	<u>\$ 1,411,638</u>	<u>\$ 579,757</u>	<u>(\$ 856,773)</u>	<u>\$ 1,134,622</u>

(22) Operating revenue

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from contracts with customers	\$ 204,900,823	\$ 188,151,293
Other - ship rental and slottage income	2,177,089	2,437,988
	<u>\$ 207,077,912</u>	<u>\$ 190,589,281</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time (Ship-owners, agents and terminals) and at a point in time (other services) in the following major businesses:

Year ended December 31, 2020	Ship-owners	Agents	Terminals	Other	Total
Total segment revenue	\$ 209,936,692	\$ 6,941,112	\$ 13,522,643	\$ 1,314,358	\$ 231,714,805
Inter-segment revenue	(16,536,376)	(3,384,705)	(6,892,901)	-	(26,813,982)
Revenue from external customer contracts	<u>\$ 193,400,316</u>	<u>\$ 3,556,407</u>	<u>\$ 6,629,742</u>	<u>\$ 1,314,358</u>	<u>\$ 204,900,823</u>
Year ended December 31, 2019	Ship-owners	Agents	Terminals	Other	Total
Total segment revenue	\$ 191,815,784	\$ 7,038,998	\$ 14,600,839	\$ 1,902,461	\$ 215,358,082
Inter-segment revenue	(16,241,391)	(3,289,033)	(7,676,365)	-	(27,206,789)
Revenue from external customer contracts	<u>\$ 175,574,393</u>	<u>\$ 3,749,965</u>	<u>\$ 6,924,474</u>	<u>\$ 1,902,461</u>	<u>\$ 188,151,293</u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract assets:			
Contract assets			
– relating to marine freight income	\$ 3,041,569	\$ 1,693,497	\$ 2,244,065
Contract liabilities:			
Contract liabilities			
– unearned marine freight income	(\$ 3,677,100)	(\$ 2,213,538)	(\$ 1,774,392)

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Marine freight income	\$ 2,213,538	\$ 1,774,392

(23) Other income and expenses, net

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Net gains on disposal of property, plant and equipment	\$ 53,940	\$ 375,947

(24) Interest income

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Interest income from bank deposits	\$ 302,024	\$ 706,119
Interest income from financial assets measured at amortised cost	39,647	43,028
	<u>\$ 341,671</u>	<u>\$ 749,147</u>

(25) Other income

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Rent income	\$ 219,412	\$ 200,561
Dividend income	100,691	112,966
Gain recognised in bargain purchase transaction	3,415	-
Other income, others	241,284	141,402
	<u>\$ 564,802</u>	<u>\$ 454,929</u>

(26) Other gains and losses

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Net gains (losses) on disposal of investments	\$ 200	(\$ 49,117)
Gains arising from lease modifications	2,033	8,937
Net currency exchange gains	601,300	217,597
Gains on financial assets at fair value through profit or loss	30,027	-
Net gains on disposal of right-of-use assets	72,736	47,716
Depreciation on investment property	(154,854)	(165,671)
Other non-operating expenses	(200,757)	(134,133)
	<u>\$ 350,685</u>	<u>(\$ 74,671)</u>

(27) Finance costs

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Interest expense:		
Bank loans	\$ 1,921,490	\$ 2,924,158
Corporate bonds	124,782	101,200
Lease liabilities	2,694,869	2,844,157
	4,741,141	5,869,515
Less: Capitalized borrowing costs	(204,619)	(193,678)
	<u>\$ 4,536,522</u>	<u>\$ 5,675,837</u>

(28) Expenses by nature

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Employee benefit expense	\$ 10,529,019	\$ 9,469,734
Depreciation charges on property, plant and equipment	8,884,412	8,364,884
Depreciation charges on right-of-use assets	11,720,432	11,919,483
Amortisation charges on intangible assets	305,798	313,635
Other operating costs and expenses	141,026,234	156,276,623
	<u>\$ 172,465,895</u>	<u>\$ 186,344,359</u>

(29) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	\$ 8,841,324	\$ 7,707,224
Labor and health insurance fees	693,618	728,494
Pension costs	515,083	531,675
Directors' remuneration	22,869	9,074
Other personnel expenses	456,125	493,267
	<u>\$ 10,529,019</u>	<u>\$ 9,469,734</u>

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

B. (a) In accordance with the Articles of Incorporation of the Company, based on the profit for the year ended December 31, 2020, employees' compensation and directors' remunerations were accrued based on 0.5% and 0.04% at \$131,254 and \$9,500, respectively. The aforementioned amount was recognised in salary expenses. The actual distributed amounts as resolved by the Board of Directors were in agreement with the accrued amounts. The employees' compensation will be distributed in the form of cash.

(b) For the year ended December 31, 2019, 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 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Current tax:		
Current tax on profits for the period	\$ 1,829,473	\$ 1,182,535
Prior year income tax underestimation (overestimation)	14,698	(7,319)
Total current tax	<u>1,844,171</u>	<u>1,175,216</u>
Deferred tax:		
Origination and reversal of temporary differences	1,228,348	(173,303)
Total deferred tax	<u>1,228,348</u>	<u>(173,303)</u>
Income tax expense	<u>\$ 3,072,519</u>	<u>\$ 1,001,913</u>

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

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Changes in fair value of financial assets at fair value through other comprehensive loss	(\$ 5,865)	(\$ 7,716)
Exchange differences on translating the financial statements of foreign operations	(4,589)	(18)
Remeasurement of defined benefit obligations	(97,694)	(25,202)
Cash flow hedges	<u>126,618</u>	<u>87,972</u>
	<u>\$ 18,470</u>	<u>\$ 55,036</u>

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

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	\$ 70	(\$ 86)
Reduction in retained earnings caused by recognition of foreign investees based on the shareholding ratio	<u>-</u>	<u>2</u>
	<u>\$ 70</u>	<u>(\$ 84)</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 6,515,297	\$ 1,158,273
Expenses disallowed by tax regulation	35,211	34,706
Tax exempt income by tax regulation	(3,492,687)	(183,747)
Prior year income tax overestimation	<u>14,698</u>	<u>(7,319)</u>
Income tax expense	<u>\$ 3,072,519</u>	<u>\$ 1,001,913</u>

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

	2020						
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquired from business combinations	Translation differences	December 31
Temporary differences:							
– Deferred tax assets:							
Loss on valuation of financial assets	\$ 743	\$ 126	(\$ 743)	\$ -	\$ 98	\$ 9	\$ 233
Deferred profit	12,801	(1,779)	-	-	-	-	11,022
Unrealized expense	110,609	7,684	-	-	-	(4,726)	113,567
Unrealized exchange loss	25,929	(24,415)	-	-	-	(202)	1,312
Pension expense and actuarial losses/(gains)	399,975	(18,403)	85,615	-	3,668	(363)	470,492
Others	55,030	15,816	-	-	-	(3,278)	67,568
Tax losses	430,311	(429,797)	-	-	-	(514)	-
Subtotal	<u>\$ 1,035,398</u>	<u>(\$ 450,768)</u>	<u>\$ 84,872</u>	<u>\$ -</u>	<u>\$ 3,766</u>	<u>(\$ 9,074)</u>	<u>\$ 664,194</u>
– Deferred tax liabilities:							
Temporary differences:							
Gain on valuation of financial assets	\$ -	\$ -	(\$ 2,907)	\$ -	\$ -	\$ -	(\$ 2,907)
Unrealized exchange gain	-	-	-	-	-	-	-
Unrealized gain	(4,914)	481	-	-	-	415	(4,018)
Pension expense and actuarial losses/(gains)	(516)	-	-	-	-	(12)	(528)
Foreign investment income	(718,451)	(767,174)	10,496	(70)	-	816	(1,474,383)
Gains (losses) on hedging instruments	(92,027)	-	(110,931)	-	-	-	(202,958)
Others	(1,211,470)	(10,887)	-	-	(41,429)	76,338	(1,187,448)
Subtotal	<u>(\$ 2,027,378)</u>	<u>(\$ 777,580)</u>	<u>\$ 103,342</u>	<u>(\$ 70)</u>	<u>(\$ 41,429)</u>	<u>\$ 77,557</u>	<u>(\$ 2,872,242)</u>
Total	<u>(\$ 991,980)</u>	<u>(\$ 1,228,348)</u>	<u>\$ 18,470</u>	<u>(\$ 70)</u>	<u>(\$ 37,663)</u>	<u>\$ 68,483</u>	<u>(\$ 2,208,048)</u>

2019

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Translation differences	December 31
Temporary differences:						
—Deferred tax assets:						
Loss on valuation of financial assets	\$ -	\$ -	\$ 743	\$ -	\$ -	\$ 743
Deferred profit	14,589	(1,788)	-	-	-	12,801
Unrealized expense	54,409	58,540	-	-	(2,340)	110,609
Unrealized exchange loss	28,968	(3,118)	-	-	79	25,929
Pension expense and actuarial losses/(gains)	391,317	(12,088)	23,226	-	(2,480)	399,975
Others	1,079	54,091	-	-	(140)	55,030
Tax losses	<u>345,617</u>	<u>84,905</u>	<u>-</u>	<u>-</u>	<u>(211)</u>	<u>430,311</u>
Subtotal	<u>\$ 835,979</u>	<u>\$ 180,542</u>	<u>\$ 23,969</u>	<u>\$ -</u>	<u>(\$ 5,092)</u>	<u>\$1,035,398</u>
—Deferred tax liabilities:						
Temporary differences:						
Gain on valuation of financial assets	(\$ 4,371)	\$ -	\$ 4,371	\$ -	\$ -	\$ -
Unrealized exchange gain	(118)	114	-	-	4	-
Unrealized gain	(5,016)	(104)	-	-	206	(4,914)
Pension expense and actuarial losses/(gains)	(491)	-	(47)	-	22	(516)
Foreign investment income	(799,551)	72,701	8,698	(84)	(215)	(718,451)
Gains (losses) on hedging instruments	-	-	(92,027)	-	-	(92,027)
Others	<u>(1,161,020)</u>	<u>(79,950)</u>	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>(1,211,470)</u>
Subtotal	<u>(\$1,970,567)</u>	<u>(\$ 7,239)</u>	<u>(\$ 79,005)</u>	<u>(\$ 84)</u>	<u>\$ 29,517</u>	<u>(\$2,027,378)</u>
Total	<u>(\$1,134,588)</u>	<u>\$ 173,303</u>	<u>(\$ 55,036)</u>	<u>(\$ 84)</u>	<u>\$ 24,425</u>	<u>(\$ 991,980)</u>

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

December 31, 2020 : None.

December 31, 2019

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	\$ 392,576	\$ 392,576	\$ -	2029
2018	671,047	671,047	-	2028
2017	12,894	12,894	-	2027
2016	747,045	747,045	-	2026
2015	269,787	269,787	-	2025
	<u>\$ 2,093,349</u>	<u>\$ 2,093,349</u>	<u>\$ -</u>	

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of temporary difference unrecognised as deferred tax liabilities were \$26,906,819 and \$12,524,548, respectively.

F. The Company and its subsidiary-TTSC's income tax returns through 2017 and 2018 have been assessed and approved by the Tax Authority, respectively.

(31) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 24,364,926	4,813,206	\$ 5.06
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 24,364,926	4,813,206	
Assumed conversion of all dilutive potential ordinary shares			
Euro-Convertible Bond	23,582	100,886	
Employees' compensation	-	3,225	
Net profit attributable to ordinary shareholders of the parent	<u>\$ 24,388,508</u>	<u>4,917,317</u>	<u>\$ 4.96</u>

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 112,519	4,536,809	\$ 0.02
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders of the parent	\$ 112,519	4,536,809	\$ 0.02

(32) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

Subsidiary, EGH, purchased 3% of outstanding shares of ECN for cash of \$650 (approx. USD 21) on December 10, 2019. The carrying amount of non-controlling interest in ECN was \$2,019 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$2,019 and an increase in the equity attributable to owners of the parent by \$1,369.

B. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

Indirect subsidiary, ECO, of the Group increased its capital by issuing new shares on May 31, 2019. The subsidiary, EGH, did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 25%. The transaction increased non-controlling interest by \$6,387 and decreased the equity attributable to owners of parent by \$3,006.

C. For the year ended December 31, 2020, the amount of cash dividends paid to non-controlling interests was \$244,719.

(33) Business combinations

On June 30, 2020, the Board of Directors of the subsidiary, EGH, resolved to make an equity transaction. EGH acquired 40% and 60% equity interests of EGP from the other related party, EIS, and a non-related party, respectively, and obtained the control over EGP. The transaction date was July 1, 2020 and the transaction amount was PHP 239,500 (approx. \$141,760).

The company primarily provides cargo and shipping agency services in the Philippines. 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.

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

	<u>July 1, 2020</u>
Purchase consideration	
Cash paid	\$ 141,760
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	413,198
Notes receivable	3,742
Accounts receivable	200,995
Current income tax assets	2,565
Prepayments	36,966
Other current assets	204,677
Non-current financial assets at fair value through other comprehensive income	118
Property, plant and equipment, net	117,256
Right-of-use assets	2,419
Intangible assets	4,823
Other non-current assets	1,498
Deferred tax assets	3,766
Accounts payable	(119,922)
Other payables	(462,644)
Current income tax liabilities	(2,462)
Other current liabilities	(194,503)
Current lease liabilities	(1,575)
Deferred income tax liabilities	(41,429)
Non-current lease liabilities	(1,011)
Other non-current liabilities	(23,302)
Total identifiable net assets	<u>145,175</u>
Goodwill/Gain from bargain purchase	<u>(\$ 3,415)</u>

- B. As at December 31, 2020, the fair value of the acquired identifiable intangible assets – customer relationship was estimated to be \$4,441.
- C. Had EGP been acquired from January 1, 2020, the consolidated statement of comprehensive income for the year ended December 31, 2020 would show operating revenue and profit before income tax of \$66,131, and \$111,666, respectively.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

(a) Property, plant and equipment

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Purchase of property, plant and equipment	\$ 5,293,745	\$ 7,152,288
Add: Opening balance of payable on equipment	455,427	34,258
Less: Ending balance of payable on equipment	(278,482)	(455,427)
Cash paid during the period	<u>\$ 5,470,690</u>	<u>\$ 6,731,119</u>

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

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Purchase of prepayments for equipment	\$ 24,507,892	\$ 12,565,222
Add: Opening balance of payable on prepayments for equipment	-	194
Less: Ending balance of payable on prepayments for equipment	(188,862)	-
Capitalized borrowing costs	(204,619)	(193,678)
Cash paid during the period	<u>\$ 24,114,411</u>	<u>\$ 12,371,738</u>

(c) The balances of the assets and liabilities of consolidated subsidiaries for the current period are as follows:

	<u>July 1, 2020</u>	
Cash and cash equivalents	\$	413,198
Notes receivable		3,742
Accounts receivable		200,995
Current income tax assets		2,565
Prepayments		36,966
Other current assets		204,677
Non-current financial assets at fair value		118
Property, plant and equipment, net		117,256
Right-of-use assets		2,419
Intangible assets		4,823
Other non-current assets		1,498
Deferred tax assets		3,766
Accounts payable	(	119,922)
Other payables	(	462,644)
Current income tax liabilities	(	2,462)
Other current liabilities	(	194,503)
Current lease liabilities	(	1,575)
Deferred income tax liabilities	(	41,429)
Non-current lease liabilities	(	1,011)
Other non-current liabilities	(	23,302)
Goodwill/Gain from bargain purchase	(	3,415)
	<u>\$</u>	<u>141,760</u>
Cash paid for the acquisition	\$	141,760
Cash and cash equivalents	(	413,198)
Net cash paid for the acquisition	<u>(\$</u>	<u>271,438)</u>

(d) Change in non-controlling interest

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Change in transactions with non-controlling interest	(\$ 384,599)	(\$ 69,111)
Less: Opening balance of payable on investments	-	-
Add: Ending balance of payable on investments	<u>12,889</u>	<u>-</u>
Cash paid during the period	<u>(\$ 371,710)</u>	<u>(\$ 69,111)</u>

(35) Changes in liabilities from financing activities

	Corporate bonds payable (including current portion)	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities and financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2020	\$ 10,000,000	\$ 106,701,568	\$ 325,987	\$ 81,231,835	\$ 198,259,390
Changes in cash flow from financing activities	8,635,118	(7,097,184)	(14,981)	(11,728,475)	(10,205,522)
Acquired from business combinations	-	-	13	2,586	2,599
Additions to lease liabilities	-	-	-	8,621,034	8,621,034
Remeasurement of lease liabilities	-	-	-	953,252	953,252
Changes in other non-cash items	(1,856,075)	-	-	(3,889)	(1,859,964)
Impact of changes in foreign exchange rate	-	(4,362,336)	(10,199)	(4,905,411)	(9,277,946)
At December 31, 2020	<u>\$ 16,779,043</u>	<u>\$ 95,242,048</u>	<u>\$ 300,820</u>	<u>\$ 74,170,932</u>	<u>\$ 186,492,843</u>
	Corporate bonds payable (including current portion)	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (lease payable) and financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2019	\$ 10,000,000	\$ 99,360,501	\$ 347,115	\$ 11,639,698	\$ 121,347,314
Adjustments under new standards	-	-	-	60,563,079	60,563,079
Changes in cash flow from financing activities	-	8,768,332	(13,068)	(11,628,066)	(2,872,802)
Additions to lease liabilities	-	-	-	23,269,569	23,269,569
Remeasurement of lease liabilities	-	-	-	(812,723)	(812,723)
Impact of changes in foreign ex	-	(1,427,265)	(8,060)	(1,799,722)	(3,235,047)
At December 31, 2019	<u>\$ 10,000,000</u>	<u>\$ 106,701,568</u>	<u>\$ 325,987</u>	<u>\$ 81,231,835</u>	<u>\$ 198,259,390</u>

7. RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Evergreen International Storage and Transport Corp. (EITC)	Associate
Eva Airways Corp. (EVA)	Associate
Evergreen Security Corp. (ESC)	Associate
Chang Yang Development Co., Ltd. (CYD)	Associate
Taipei Port Container Terminal Corp. (TPCT)	Associate
Ningbo Victory Container Co. Ltd. (NVC)	Associate
Qingdao Evergreen C&T Co., Ltd. (QECT)	Associate
Ever Ecove Corporation (EEC)	(An associate since December 1, 2020)
Green Peninsula Agencies Sdn. Bhd. (GPP)	Associate

Names of related parties	Relationship with the Group
Luanta Investment (Netherlands) N.V. (Luanta)	Associate
Balsam Investment (Netherlands) N.V. (Balsam)	Associate
Italia Marittima S.p.A. (ITS)	Associate
Colon Container Terminal S.A. (CCT)	Associate
PT. Evergreen Shipping Agency Indonesia (EMI)	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC (UAE)	Associate
Evergreen Shipping Agency Lanka (Private) Limited (ELK)	(An associate since March 1, 2019)
VIP Greenport Joint Stock Company (VGP)	Associate
Ics Depot Services Sdn. Bhd. (IDS)	Associate
Evergreen Marine (Latin America) S.A. (ELA)	(An subsidiary since March 1, 2020)
Evergreen International Corp. (EIC)	Other related party
Evergreen Airline Service Corp. (EGAS)	Other related party
Chang Yung-Fa Charity Foundation (CYFC)	Other related party
Chang Yung-Fa Foundation (CYFF)	Other related party
Evergreen Steel Corp. (EGST)	Other related party
Eever Accord Construction Corporation (EAC)	Other related party
Evergreen Aviation Technologies Corporation (EGAT)	Other related party
Evergreen Sky Catering Corporation (EGSC)	Other related party
Evergreen Air Cargo Services Corporation (EGAC)	Other related party
Evergreen Aviation Precision Corporation (EGAP)	(Has been merged with FGAT on February 28, 2019)
Central Reinsurance Corporation(CRC)	Other related party
Evergreen International S.A.(EIS)	Other related party
Evergreen Marine (Singapore) Pte. Ltd.(EMS)	Other related party
Gaining Enterprise S.A. (GESA)	Other related party
Evergreen Insurance Company Ltd. (EINS)	Other related party
Evergreen Shipping Agency (America) Corporation (EGA)	Other related party
Evergreen Shipping Agency (Japan) Corporation (EGJ)	Other related party
Evergreen Shipping Agency Philippines Corporation (EGP)	Other related party
Evergreen International Myanmar Co., Ltd. (EIM)	Other related party
Chestnut Estate B.V. (Chestnut)	Other related party
Advanced Business Process, Inc. (ABPI)	Other related party
Unigreen Marine S.A.(UMS)	Other related party
Evergreen Logistics Philippines Corp. (ELCP)	Other related party
Round the World S.A. (RTW)	Other related party
Evergreen Logistics Co., Ltd. (ELCSH)	Other related party
Evergreen Logistics (HK) Ltd. (ELCHK)	Other related party
Directors, General manager and Vice General Manager	Key management

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Sales of services:		
Associates	\$ 2,016,084	\$ 1,859,166
Other related parties	<u>12,230,309</u>	<u>13,772,984</u>
	<u>\$ 14,246,393</u>	<u>\$ 15,632,150</u>

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

B. Purchases:

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Purchases of services:		
Associates	\$ 3,988,736	\$ 3,476,170
Other related parties	<u>7,306,331</u>	<u>7,720,670</u>
	<u>\$ 11,295,067</u>	<u>\$ 11,196,840</u>

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

C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
Associates	\$ 95,943	\$ 121,156
Other related parties	<u>753,489</u>	<u>659,406</u>
Subtotal	<u>\$ 849,432</u>	<u>\$ 780,562</u>
Other receivables:		
Associates	\$ 3,859	\$ 1,818
Other related parties	<u>16,005</u>	<u>18,796</u>
Subtotal	<u>\$ 19,864</u>	<u>\$ 20,614</u>
Total	<u>\$ 869,296</u>	<u>\$ 801,176</u>

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

D. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
Associates	\$ 89,633	\$ 143,074
Other related parties	<u>146,571</u>	<u>268,028</u>
Subtotal	<u>\$ 236,204</u>	<u>\$ 411,102</u>
Other payables:		
Associates	\$ 22,400	\$ 31,825
Other related parties	<u>99,118</u>	<u>149,671</u>
Subtotal	<u>\$ 121,518</u>	<u>\$ 181,496</u>
Total	<u><u>\$ 357,722</u></u>	<u><u>\$ 592,598</u></u>

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

E. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Associates	\$ 197,806	\$ 4,446
Other related parties	<u>74,787</u>	<u>172</u>
	<u><u>\$ 272,593</u></u>	<u><u>\$ 4,618</u></u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ 14</u>

F. Leasing arrangements - lessee

(a) The Group leases buildings, ships as well as loading and unloading equipment from associates and other related parties. Rental contracts are typically made for periods of 2 to 10 years, rents are paid in accordance with the contract terms.

(b) Acquisition of right-of-use assets:

i. The Group leases buildings, ships as well as loading and unloading equipment from associates and other related parties under IFRS 16 'Leases'. Accordingly, on January 1, 2019, the Group increased 'right-of-use asset' by \$3,196,381.

ii. The Group leased loading and unloading equipment from other related parties for the year ended December 31, 2020 and increased 'right-of-use asset' by \$217,518.

(c) Lease liabilities:

i. Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	\$ 390,161	\$ 791,302
Other related parties	567,636	487,665
	<u>\$ 957,797</u>	<u>\$ 1,278,967</u>

ii. Interest expense:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Associates	\$ 27,742	\$ 42,655
Other related parties	29,636	19,682
	<u>\$ 57,378</u>	<u>\$ 62,337</u>

(d) Lease liabilities designated as hedges:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	\$ -	\$ 94,049
Other related parties	-	610,456
	<u>\$ -</u>	<u>\$ 704,505</u>

G. Agency accounts:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Debit balance of agency accounts:		
Associates	\$ -	\$ 513
Other related parties		
-EIC	1,207,412	337,038
-Other	937,631	98,580
	<u>\$ 2,145,043</u>	<u>\$ 436,131</u>
Credit balance of agency accounts:		
Associates	(\$ 25,815)	(\$ 135,281)
Other related parties		
-EGJ	(523,231)	(523,778)
-Other	-	(49,274)
	<u>(\$ 549,046)</u>	<u>(\$ 708,333)</u>

H. Shipowner's accounts:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Debit balance of shipowner's accounts:		
Associates		
-ITS	\$ 301,718	\$ -
Other related parties		
-EIS	309,179	-
-GESA	15,885	28,957
	<u>\$ 626,782</u>	<u>\$ 28,957</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit balance of shipowner's accounts:		
Associates		
-ITS	\$ -	(\$ 277,877)
Other related parties		
-EIS	-	(1,027,141)
-EMS	(5,180,333)	(1,061,752)
	<u>(\$ 5,180,333)</u>	<u>(\$ 2,366,770)</u>

I. Loans to/from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	\$ 727,366	\$ 722,926

ii. Interest income:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Associates	\$ 12,617	\$ 19,784

The loans to associates carry interest at floating rates for the years ended December 31, 2020 and 2019.

(b) Loans from related parties:

i. Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related parties	\$ 9,249	\$ 524,743

ii. Interest expense:

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Other related parties	\$ 7,329	\$ 30,485

The loans from associates carry interest at floating rates for the years ended December 31, 2020 and 2019.

J. Endorsements and guarantees provided to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	\$ 1,827,476	\$ 3,674,191

- K. On June 30, 2020, the Board of Directors of the subsidiary, EGH, approved to acquire 40% and 60% equity interests of EGP from the other related party, EIS, and a non-related party. The transaction date was July 1, 2020, and the transaction price amounted to \$141,760 (approx. PHP 239,500).
- L. On December 20, 2019, the Board of Directors of the subsidiary, EGH, approved to acquire 16.50% equity interests of ELA from the associate, ITS, and each other related party, EIS and EMS. The transaction date was set on March 1, 2020, and the transaction price amounted to \$9,712 (approx. USD 323).
- M. On November 13, 2019, the shareholders at the shareholders' meeting of the subsidiary, Armand B.V., approved to sell 2.91% equity interests of the associate, Taipei Port Container Terminal Corporation, to other related party, EIS. The transaction date was set on February 1, 2020, and the transaction price amounted to \$150,464 (approx. USD 4,997).
- N. On November 10, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam, accounted for using equity method, as the original shareholder. The amount of capital increase was USD 24,500. The effective date was set on November 14, 2019.
- O. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, with a subscription price of NT\$13 (in dollars) per share and a total price of \$508,944. The effective date was set on January 24, 2019. Moreover, the Company purchased 70 thousand shares as a specific person and the purchase amounted to \$700.

(3) Key management compensation

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Salaries and other short-term employee benefits	\$ 221,183	\$ 179,520
Post-employment benefits	3,411	2,530
	<u>\$ 224,594</u>	<u>\$ 182,050</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2020	December 31, 2019	
Financial assets at amortised cost			Performance guarantee
- Restricted reserve account	\$ 2	\$ 1	"
- Pledged time deposits	248,608	292,739	"
Property, plant and equipment			
-Land	514,312	514,312	Long-term loan
-Buildings	5,222,674	5,631,364	"
-Loading and unloading equipment	1,383,031	1,900,801	"
-Ships	79,606,284	71,742,174	"
-Computer and communication equipment	-	314,161	"
Investment property			
-Land	1,285,781	1,285,781	Long-term loan
-Buildings	3,599,168	3,972,653	"
	<u>\$ 91,859,860</u>	<u>\$ 85,653,986</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2020 and 2019, the Group had delegated DBS Bank to issue Standby Letter of Credit all amounting to USD 5,000.
- B. As of December 31, 2020 and 2019, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Group's purchase of new ships and general working capital requirement amounted to \$117,309,468 and \$126,988,260, respectively, and the unutilized credit was \$21,876,445 and \$20,251,608, respectively.
- C. As of December 31, 2020 and 2019, the amount of guaranteed notes issued by the Company for loans borrowed was \$92,037,348 and \$72,607,919, respectively.
- D. To meet its operational needs, the Company signed the shipbuilding contracts with Samsung Heavy Industries, Hyundai Mipo Dockyard Co., Ltd, Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Company Ltd. As of December 31, 2020, the total price of the contracts, wherein the vessels have not yet been delivered amounted to USD 1,921,312, of which USD 1,151,272 remain unpaid.

- E. In response to international regulations on sulfur content in shipping fuel, the Group entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy. As of December 31, 2020, the total price of the contracts amounted to USD 21,806, of which USD 11,200 remain unpaid. The Group signed installation contracts with Huarun Dadong Dockyard Co., Ltd., and COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd.. As of December 31, 2020, the total price of the contracts amounted to USD 34,201, of which USD 28,216 h remain unpaid.
- F. To meet its operational needs, the Group signed the loading and unloading equipment purchase contracts. As of December 31, 2020, the total price of the contracts, wherein the equipment have not yet been delivered, amounted to USD 271,435, of which USD 261,374 remain unpaid.
- G. To meet its operational needs, the Group signed the transportation equipment purchase contracts. As of December 31, 2020, the total price of the contracts, wherein the equipment have not yet been delivered, amounted to USD 140,937, of which USD 140,937 remain unpaid.
- H. For the Group's lease contracts which were entered into but not yet completed, as of December 31, 2020, the expected minimum lease payment in the future was \$98,342,990.
- I. As of December 31, 2020, the Group had entered into a service contract which was not belonging to lease component. The amount of future commitment payment is provided in Note 6(9).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) For details of appropriation of earnings as proposed by the Board of Directors on March 22, 2021, please refer to Note 6(20).
- (2) On January 27, 2021, to meet its operational needs, the Board of Directors of the Group resolved to order 18,500 set containers from CXIC Group Container Company Ltd., Dong Fang International Container (Hong Kong) Limited and Guangdong Fuwa Equipment Manufacturing Co., Ltd.. The total transaction amount was USD 104,064. As of the financial report issuance date, the relevant payments have not been paid.
- (3) Considering the fleet's future overall plan and replacing the old shipping vessels with new ones in order to improve operational efficiency, the second-tier subsidiary, GMS, planned to make selective purchases among its supplier, namely Samsung Heavy Industries Co., Ltd., Imabari Shipbuilding Co., Ltd., Hyundai Heavy Industries Co., Ltd., Jiangnan Shipyard (Group) Co. Ltd. and Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. and order 20 full container ships of 15,000 TEU at a consideration of approximately USD 2,300,000 to USD 2,600,000 as resolved by the Board of Directors on March 22, 2021.
- (4) In order to strengthen the Company's operational competitiveness, the Company planned to establish a wholly-owned subsidiary, Evergreen Marine (Asia) Pte. Ltd., in Singapore with an investment amount of USD 50,000 as resolved by the Board of Directors on March 22, 2021.

(5) In order to obtain funds for mid-to-long-term operation and improve the financial structure, the Company issued \$5,000,000, 0% fourth domestic unsecured convertible bonds at face value of \$100 or its integral multiple per share as resolved by the Board of Directors on March 22, 2021. The bonds mature 5 years from the issue date. The issuance price was based on 100%-101% of the bonds' face value.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 4,289	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,657,983	\$ 1,719,423
Financial assets at amortised cost		
Cash and cash equivalents	\$ 44,096,485	\$ 37,871,889
Financial assets at amortised cost	7,117,212	2,118,536
Notes receivable	113,313	129,545
Accounts receivable	21,805,310	14,759,813
Other accounts receivable	986,883	1,027,279
Guarantee deposits paid	236,729	227,095
	<u>\$ 74,355,932</u>	<u>\$ 56,134,157</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 20,563,234	\$ 16,580,812
Other accounts payable	5,586,636	5,113,118
Bonds payable (including current portion)	16,779,043	10,000,000
Lease payable (including current portion)	63,300,557	61,042,893
Long-term borrowings (including current portion)	95,242,048	106,701,568
Guarantee deposits received	300,820	325,987
	<u>\$ 201,772,338</u>	<u>\$ 199,764,378</u>
Financial liabilities for hedging (including current portion)	<u>\$ 10,870,375</u>	<u>\$ 20,188,942</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and CNY. 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, EUR, CNY 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, 2020		
	Foreign currency amount	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,076,225	28.0960	\$ 30,237,618
JPY:USD	467,408	0.0097	127,383
GBP:USD	4,507	1.3644	172,772
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,105,844	28.0960	\$ 31,069,793
HKD:USD	129,291	0.1290	468,600
GBP:USD	4,332	1.3644	166,064
EUR:USD	4,713	1.2271	162,488
CNY:USD	250,655	0.1533	1,079,600

December 31, 2019			
	Foreign currency amount	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 582,814	30.0130	\$ 17,491,997
GBP:USD	2,889	1.3118	113,743
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,080,163	30.0130	\$ 32,418,932
HKD:USD	97,479	0.1284	375,652
GBP:USD	3,807	1.3118	149,886
EUR:USD	4,190	1.1233	141,260
CNY:USD	225,390	0.1431	968,019

iv. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to \$601,300 and \$217,597, respectively.

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

Year ended December 31, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 302,376	\$ -
JPY:USD	1%	1,274	-
GBP:USD	1%	1,728	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 201,994	\$ 108,704
HKD:USD	1%	4,686	-
GBP:USD	1%	1,661	-
EUR:USD	1%	1,625	-
RMB:USD	1%	10,796	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 174,920	\$ -
GBP:USD	1%	1,137	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 122,300	\$ 201,889
HKD:USD	1%	3,757	-
GBP:USD	1%	1,499	-
CNY:USD	1%	9,680	-
EUR:USD	1%	1,413	-

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity would have increased/decreased by \$16,303 and \$16,845 for the years ended December 31, 2020 and 2019, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in the NTD and USD.

ii. At December 31, 2020 and 2019, 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, 2020 and 2019 would have been \$853,750 and \$946,578 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes receivable, accounts receivable, contract asset and financial assets at amortised cost based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The default occurs when the contract payments are past due over 30 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group classifies customer's accounts receivable and contract assets in accordance with geographic area. The Group applies the modified approach based on the loss rate methodology to estimate expected credit loss.
- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2020 and 2019, the Group has no written-off financial assets that are still under recourse procedures.

ix. The Group used the forecastability to adjust historical, timely information, economic conditions of the industry, GDP forecast and trade growth rate to assess the default possibility of notes receivable, accounts receivable (including related parties), contract assets and overdue receivable. As of December 31, 2020 and 2019, the loss rate methodology is as follows:

Notes receivable			
<u>December 31, 2020</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 113,314	0.0225%	\$ 1
	<u>\$ 113,314</u>		<u>\$ 1</u>
Accounts receivable (including related parties)			
<u>December 31, 2020</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 17,859,541	0.0009%~0.0225%	\$ 1,029
Up to 30 days	3,758,485	0.0046%~0.2506%	2,374
31 to 180 days	194,026	0.0028%~16.126%	3,339
	<u>\$ 21,812,052</u>		<u>\$ 6,742</u>
Contract assets			
<u>December 31, 2020</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 3,041,774	0.0016%~0.0028%	\$ 205
	<u>\$ 3,041,774</u>		<u>\$ 205</u>
Notes receivable			
<u>December 31, 2019</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 129,547	0.045%	\$ 2
	<u>\$ 129,547</u>		<u>\$ 2</u>
Accounts receivable (including related parties)			
<u>December 31, 2019</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 12,094,901	0.03%~0.08%	\$ 10,107
Up to 30 days	2,450,297	0.03%~0.08%	2,048
31 to 180 days	226,960	0.03%~0.08%	190
	<u>\$ 14,772,158</u>		<u>\$ 12,345</u>
Contract assets			
<u>December 31, 2019</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Not past due	\$ 1,694,072	0.03%	\$ 575
	<u>\$ 1,694,072</u>		<u>\$ 575</u>
Overdue receivable			
<u>December 31, 2019</u>	<u>Total book value</u>	<u>Expected loss rate</u>	<u>Loss allowance</u>
Over 180 days	\$ 269,506	100%	\$ 269,506
	<u>\$ 269,506</u>		<u>\$ 269,506</u>

- x. Movements in relation to the group applying the modified approach to provide loss allowance for notes receivable, accounts receivable (including related parties), contract assets and overdue receivable are as follows:

	2020			
	Notes receivable	Accounts receivable	Contract assets	Overdue receivable
At January 1	(\$ 2)	(\$ 12,345)	(\$ 575)	(\$ 269,506)
Provision for impairment	-	(2,086)	(32)	-
Reversal of impairment loss	1	7,137	385	-
Write-offs	-	-	-	265,621
Effect of foreign exchange	-	552	17	3,885
At December 31	(\$ 1)	(\$ 6,742)	(\$ 205)	\$ -
	2019			
	Notes receivable	Accounts receivable	Contract assets	Overdue receivable
At January 1	(\$ 4)	(\$ 96,468)	(\$ 692)	(\$ 202,654)
Provision for impairment	-	(1,312)	(126)	-
Reversal of impairment loss	2	17,534	238	-
Reclassifications	-	66,913	-	(66,913)
Write-offs	-	665	-	-
Effect of foreign exchange	-	323	5	61
At December 31	(\$ 2)	(\$ 12,345)	(\$ 575)	(\$ 269,506)

(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, 2020	Less than 3 months	Between 3			Over 5 years	Total
		months and 1 year	Between 1 and 2 years	Between 2 and 5 years		
Notes payable	\$ 3,973	\$ -	\$ -	\$ -	\$ -	\$ 3,973
Accounts payable	20,192,859	134,171	-	-	-	20,327,030
Accounts payable - related parties	236,204	-	-	-	-	236,204
Other payables	4,760,272	695,597	-	-	-	5,455,869
Other payables - related parties	121,518	-	-	-	9,249	130,767
Bonds payable	-	4,101,200	4,059,200	9,166,381	-	17,326,781
Long-term loans (including current portion)	3,531,587	15,807,525	22,915,040	40,304,550	16,301,419	98,860,121
Lease payable and financial liabilities for hedging (including current portion)	3,331,990	9,118,680	16,533,263	25,291,130	29,755,185	84,030,248

Non-derivative financial liabilities:

December 31, 2019	Less than 3 months	Between 3			Over 5 years	Total
		months and 1 year	Between 1 and 2 years	Between 2 and 5 years		
Accounts payable	\$16,165,426	\$ 4,284	\$ -	\$ -	\$ -	\$16,169,710
Accounts payable - related parties	369,044	42,058	-	-	-	411,102
Other payables	4,115,041	288,335	3,503	-	-	4,406,879
Other payables - related parties	696,438	-	-	-	9,801	706,239
Bonds payable	-	101,200	4,101,200	6,076,400	-	10,278,800
Long-term loans (including current portion)	4,063,463	21,210,732	23,999,762	47,550,813	17,454,788	114,279,558
Lease payable and financial liabilities for hedging (including current portion)	3,815,715	9,799,502	12,274,193	34,201,995	34,848,315	94,939,720

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

(3) Fair value estimation

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets measured at amortised cost, financial liabilities for hedging, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair values.

	December 31, 2020		
	Book value	Fair value	Fair value
		Level 2	Level 3
Financial liabilities:			
Bonds payable (including current portion)	\$ 16,779,043	\$ 6,779,043	\$ 10,155,165
Long-term loans (including current portion)	95,242,048	-	98,724,856
	<u>\$ 112,021,091</u>	<u>\$ 6,779,043</u>	<u>\$ 108,880,021</u>
December 31, 2019			
	Book value	Fair value	Fair value
		Level 2	Level 3
Financial liabilities:			
Bonds payable	\$ 10,000,000	\$ -	\$ 10,154,063
Long-term loans (including current portion)	106,701,568	-	114,134,001
	<u>\$ 116,701,568</u>	<u>\$ -</u>	<u>\$ 124,288,064</u>

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 4,289	\$ -	\$ 4,289
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,131,969</u>	<u>-</u>	<u>526,014</u>	<u>1,657,983</u>
	<u>\$ 1,131,969</u>	<u>\$ 4,289</u>	<u>\$ 526,014</u>	<u>\$ 1,662,272</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 989,850</u>	<u>\$ -</u>	<u>\$ 729,573</u>	<u>\$ 1,719,423</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation).
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2020 and 2019, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
At January 1	\$ 729,573	\$ 800,149
Gains and losses recognised in other comprehensive income (Note 1)	(203,559)	(70,576)
At December 31	<u>\$ 526,014</u>	<u>\$ 729,573</u>

Note 1: Recorded as unrealised gains or losses on valuation of investments in equity instruments measured at fair value through other comprehensive income and exchange differences on translating the financial statements of foreign operations.

- G. For the years ended December 31, 2020 and 2019, 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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 519,242	Market comparable companies	Price to earnings ratio multiple	7.83~51.52	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.49~2.55	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,772	Net asset value	Not applicable		Not applicable

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 722,800	Market comparable companies	Price to earnings ratio multiple	8.82~46.24	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.54~3.06	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Not applicable		Not applicable

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

		December 31, 2020				
		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%	\$ -	\$ -	\$ 5,192	\$ 5,192

		December 31, 2019					
				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%	\$ -	\$ -	\$ 7,228	\$ 7,228

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

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

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Information of major shareholder

Information of major shareholder: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Segment information

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

	Year ended December 31, 2020			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	\$ 205,763,554	\$ 1,314,358	\$ -	\$ 207,077,912
Revenue from internal customers	29,802,774	-	(29,802,774)	-
Segment revenue	235,566,328	1,314,358	(29,802,774)	207,077,912
Interest income	323,606	18,065	-	341,671
Interest expense	(4,529,210)	(7,312)	-	(4,536,522)
Depreciation and amortisation	(20,803,858)	(261,638)	-	(21,065,496)
Share of income (loss) of associates and joint ventures accounted for using equity method	(26,377)	477,706	-	451,329
Other items	(149,121,773)	(1,307,292)	-	(150,429,065)
Segment profit (loss)	<u>\$ 61,408,716</u>	<u>\$ 233,887</u>	<u>(\$ 29,802,774)</u>	<u>\$ 31,839,829</u>
Recognisable assets	\$ 295,079,671	\$ 9,221,175	\$ -	\$ 304,300,846
Investments accounted for using equity method	24,008,259	5,911,735	-	29,919,994
Segment assets	<u>\$ 319,087,930</u>	<u>\$ 15,132,910</u>	<u>\$ -</u>	<u>\$ 334,220,840</u>
Segment liabilities	<u>\$ 231,773,218</u>	<u>\$ 953,329</u>	<u>\$ -</u>	<u>\$ 232,726,547</u>

	Year ended December 31, 2019			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	\$ 188,686,820	\$ 1,902,461	\$ -	\$ 190,589,281
Revenue from internal customers	30,651,874	-	(30,651,874)	-
Segment revenue	219,338,694	1,902,461	(30,651,874)	190,589,281
Interest income	712,617	36,530	-	749,147
Interest expense	(5,660,355)	(15,482)	-	(5,675,837)
Depreciation and amortisation	(20,507,958)	(255,715)	-	(20,763,673)
Share of loss of associates and joint ventures accounted for using equity method	1,177,998	(510,936)	-	667,062
Other items	(162,787,475)	(1,999,605)	-	(164,787,080)
Segment profit (loss)	<u>\$ 32,273,521</u>	<u>(\$ 842,747)</u>	<u>(\$ 30,651,874)</u>	<u>\$ 778,900</u>
Recognisable assets	\$ 268,786,834	\$ 8,407,879	\$ -	\$ 277,194,713
Investments accounted for using equity method	23,096,965	6,303,960	-	29,400,925
Segment assets	<u>\$ 291,883,799</u>	<u>\$ 14,711,839</u>	<u>\$ -</u>	<u>\$ 306,595,638</u>
Segment liabilities	<u>\$ 232,051,920</u>	<u>\$ 948,872</u>	<u>\$ -</u>	<u>\$ 233,000,792</u>

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that in the balance sheet.
- C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that in the balance sheet.
- D. The amounts provided to the chief operating decision-maker with respect to segment profit (loss) are measured in a manner consistent with the income (loss) before tax from continuing operations.

(4) Trading information

Service routes	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	% of Account Balance	Amount	% of Account Balance
North America	\$ 82,027,655	44	\$ 69,118,979	41
Europe	44,742,357	24	37,088,233	22
Asia	39,149,563	21	38,774,061	23
Others	20,506,914	11	23,601,603	14
	<u>\$ 186,426,489</u>	<u>100</u>	<u>\$ 168,582,876</u>	<u>100</u>

(5) Geographical information

Service routes	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 47,182,881	\$ 61,653,401	\$ 40,933,013	\$ 62,437,652
America	84,222,973	75,477,168	84,672,217	69,085,976
Europe	38,896,684	41,677,335	38,952,059	46,765,549
Asia	36,447,213	36,963,219	25,531,053	29,719,173
Others	328,161	21,046	500,939	32,466
	<u>\$ 207,077,912</u>	<u>\$ 215,792,169</u>	<u>\$ 190,589,281</u>	<u>\$ 208,040,816</u>

(6) Major customer information

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

Evergreen Marine Corporation (Taiwan) Ltd.
Loans to others
For the year ended December 31, 2020

Table 1

Expressed in thousands of TWD

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (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	\$ 63,674	\$ 28,096	\$ 28,096	1.24513~1.24550	2	\$ -	Working capital requirement	\$ -	None	\$ -	\$ 7,867,594	\$ 19,668,984	
1	Peony Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	782,282	224,768	210,720	1.24375~1.24375	2	-	Working capital requirement	-	None	-	15,735,188	19,668,984	(Note9)
1	Peony Investment S.A.	Colon Container Terminal S.A.	Receivables from related parties	Yes	585,750	567,539	567,539	1.22663~1.25275	2	-	Working capital requirement	-	None	-	7,867,594	19,668,984	
2	Clove Holding Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	539,714	-	-	-	2	-	Working capital requirement	-	None	-	516,376	1,032,752	
3	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	133,896	127,696	127,696	1.23763~1.31575	2	-	Working capital requirement	-	None	-	2,254,665	4,509,330	
4	Everport Terminal Services	Whitney Equipment LLC.	Receivables from related parties	Yes	265,140	252,864	252,864	2.5054~2.5517	2	-	Working capital requirement	-	None	-	485,113	1,212,783	(Note9)

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, 2020

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 1,400,127*28.0960*20%=7,867,594

Clove Holding Ltd. : USD 91,895*28.0960*20%=516,376

Evergreen Marine (Hong Kong) Ltd. : USD 401,243*28.0960*20%=2,254,665

Everport Terminal Services : USD 86,331*28.0960*20%=485,113

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 1,400,127*28.0960*40%=15,735,188

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

Evergreen Marine (Hong Kong) Ltd. : USD 401,243*28.0960*40%=4,509,330

Clove Holding Ltd. : USD 91,895*28.0960*40%=1,032,752

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 1,400,127*28.0960*50%=19,668,984

Everport Terminal Services : USD 86,331*28.0960*50%=1,212,783

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, 2020

Table 2

Expressed in thousands of TWD

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (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.	2	\$ 188,563,421	\$ 63,059,535	\$ 63,059,535	\$ 24,925,721	\$ -	66.88%	\$ 235,704,277	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	188,563,421	151,605	140,480	-	-	0.15%	235,704,277	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	2	188,563,421	34,362,054	31,535,111	25,501,057	-	33.45%	235,704,277	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	2	188,563,421	104,254	-	-	-	-	235,704,277	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	47,140,855	2,323,801	759,716	639,964	-	0.81%	235,704,277	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	47,140,855	891,437	826,022	826,022	-	0.88%	235,704,277	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	188,563,421	2,657,778	2,252,450	748,993	-	2.39%	235,704,277	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	2	188,563,421	33,589,686	31,338,659	17,879,157	-	33.24%	235,704,277	Y	N	N	
1	Evergreen Marine (Hong Kong) Ltd.	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	2	22,546,652	36,357	-	-	-	-	28,183,315	Y	N	Y	
1	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	6	5,636,663	522,855	241,738	143,992	-	2.14%	28,183,315	N	N	N	

Evergreen Marine Corporation (Taiwan) Ltd.
Provision of endorsements and guarantees to others
For the year ended December 31, 2020

Table 2

Expressed in thousands of TWD

Number (Note 1)	Endorser/Guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
1	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (Hong Kong) Ltd.	2	\$ 22,546,652	\$ 2,329,180	\$ -	\$ -	\$ -	-	\$ 28,183,315	N	N	N	
2	Greencompass Marine S.A.	Everport Terminal Services Inc.	1	11,584,528	150,065	140,480	140,480	-	0.61%	57,922,638	N	N	N	

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

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

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed parent company directly and indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (4) The parent company directly or indirectly owns more than 90% voting shares of the companies that make endorsements/guarantees for each other.
- (5) The parent company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Due to joint venture, all capital contributing shareholders make endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

The calculation is as follows:

The Company: $94,281,711 * 250\% = 235,704,277$

Limit on endorsement or guarantees provided by the Company for a single entity is \$47,140,855 (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 \$188,563,421.)

According to the credit policy of Evergreen Marine (Hong Kong) Ltd., the calculation for total amount of endorsements/guarantees is as follows:

Ceiling on total amount of endorsements/guarantees: $USD 401,243 * 28.0960 * 250\% = 28,183,315$

Limit on endorsements or guarantees provided for a single entity : 5,636,663 (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 \$22,546,652.)

According to the credit policy of Greencompass Marine S.A., the calculation for total amount of endorsements/guarantees is as follows:

Ceiling on total amount of endorsements/guarantees: $USD 824,639 * 28.0960 * 250\% = 57,922,638$

Limit on endorsements or guarantees provided for a single entity : 11,584,528 (Amounting to 50% of its net worth).

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

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors.

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2020

Table 3

Expressed in thousands of shares/thousands of TWD/thousands of foreign currency

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Evergreen Marine Corporation	Stock:							
	Power World Fund Inc.		Financial asset measured at fair value through other comprehensive income - non-current	677	\$ 6,772	5.68%	\$ 6,772	
	Linden Technologies, Inc.		"	50	27,787	1.44%	27,787	
	TopLogis, Inc.		"	2,464	24,220	17.48%	24,220	
	Ever Accord Construction Corp.	Other related party	"	10,500	121,610	17.50%	121,610	
	Central Reinsurance Corp.	Other related party	"	49,866	1,131,969	8.45%	1,131,969	
	Financial bonds:							
	Sunny Bank 2nd Subordinate Financial Debentures-B Issue in 2015		Financial asset measured at amortised cost - non-current	-	50,000	-	50,000	
	Sunny Bank 3rd Subordinate Financial Debentures-B Issue in 2017		"	-	50,000	-	50,000	
Peony Investment S.A.	Hutchison Inland Container Depots Ltd.		Financial asset measured at fair value through other comprehensive income - non-current	0.75	USD 264	5.27%	USD 264	
	South Asia Gateway Terminals (Private) Ltd.		"	18,942	USD 12,021	5.00%	USD 12,021	
Evergreen Shipping Agency (Europe) GmbH	Zoll Pool Hafen Hamburg AG		"	10	EUR 10	2.86%	EUR 10	
Evergreen Shipping Agency Philippines Corporation	Eagle Ridge Golf & Country Club Inc.		"	0.001	PHP 200	1.67%	PHP 200	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, 'Financial instruments: recognition and measurement'.

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2020

Table 4

Expressed in thousands of TWD/thousands of foreign currency

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Everport Terminal Services Inc.	Subsidiary	Purchases	\$ 1,669,028	4%	30~60 days	\$ -	-	(\$ 156,956)	3%	(Note)
	Greencompass Marine S.A.	Subsidiary	Purchases	1,569,036	3%	30~60 days	-	-	(705)	-	(Note)
			Sales	2,553,480	5%	30~60 days	-	-	767	-	(Note)
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	876,413	2%	30~60 days	-	-	(129,051)	2%	(Note)
	Italia Marittima S.p.A.	Associates	Purchases	287,925	1%	30~60 days	-	-	-	-	
			Sales	389,329	1%	30~60 days	-	-	1,787	-	
	Evergreen International Storage and Transport Corp.	Associates	Purchases	364,325	1%	30~60 days	-	-	(17,420)	-	
	Evergreen Shipping Agency (America) Corporation	Other related parties	Purchases	430,312	1%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Other related parties	Purchases	529,035	1%	30~60 days	-	-	(3,962)	-	
	Evergreen Marine (UK) Limited	Subsidiary	Purchases	573,031	1%	30~60 days	-	-	-	-	(Note)
			Sales	744,548	1%	30~60 days	-	-	383	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Purchases	412,409	1%	30~60 days	-	-	-	-	
			Sales	1,697,301	3%	30~60 days	-	-	1,031	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Purchases	1,204,508	3%	30~60 days	-	-	(284)	-	(Note)
Sales			1,114,774	2%	30~60 days	-	-	26,277	1%	(Note)	
Evergreen Shipping Agency (Europe) GmbH (EEU)	Subsidiary	Purchases	289,517	1%	30~60 days	-	-	-	-	(Note)	
Gaining Enterprise S.A.	Other related parties	Purchases	576,232	1%	30~60 days	-	-	-	-		

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Evergreen Insurance Company Ltd.	Other related parties	Purchases	\$ 111,302	-	30~60 days	\$ -	-	\$ -	-	
	Taiwan Terminal Services Co., Ltd.	Associates	Purchases	228,789	-	30~60 days	-	-	-	-	
Taiwan Terminal Services Co.,Ltd.	Evergreen Marine Corp.	The parent	Sales	876,413	100%	30~60 days	-	-	129,051	100%	(Note)
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	USD 56,710	14%	30~60 days	-	-	USD 5,586	13%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 98,183	24%	30 days	-	-	USD 8,311	20%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 30,962	7%	30 days	-	-	USD 4,205	10%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 76,318	18%	30 days	-	-	USD 5,841	14%	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 8,951	2%	30 days	-	-	USD 1,097	3%	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 39,397	10%	30 days	-	-	USD 3,394	8%	(Note)
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 8,224	2%	30 days	-	-	-	-	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine Corp.	The parent	Sales	USD 40,926	5%	30~60 days	-	-	USD 10	-	(Note)
			Purchases	USD 37,877	5%	30~60 days	-	-	(USD 935)	1%	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 59,344	7%	30~60 days	-	-	USD 24	-	(Note)
			Purchases	USD 37,459	5%	30~60 days	-	-	(USD 422)	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 10,354	1%	30~60 days	-	-	USD 1	-	
			Purchases	USD 33,504	5%	30~60 days	-	-	(USD 722)	1%	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 68,126	8%	30~60 days	-	-	USD 28	-	
			Purchases	USD 11,388	1%	30~60 days	-	-	(USD 128)	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Sales	USD 4,385	1%	30~60 days	-	-	USD 175	-	
			Purchases	USD 10,404	1%	30~60 days	-	-	-	-	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 30,761	4%	30~60 days	\$ -	-	USD 11	-	(Note)
			Purchases	USD 93,914	13%	30~60 days	-	-	(USD 234)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 39,397	6%	30 days	-	-	(USD 3,394)	3%	(Note)
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 12,834	2%	30~60 days	-	-	(USD 1)	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 3,612	-	30~60 days	-	-	-	-	(Note)
	Taiwan Terminal Services Co., Ltd.	Associates	Purchases	USD 3,499	-	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (China) Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 33,064	5%	30~60 days	-	-	(USD 6,382)	6%	(Note)
Greencompass Marine S.A.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 34,768	1%	30~60 days	-	-	USD 1,582	1%	(Note)
			Purchases	USD 25,039	1%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine Corp.	The parent	Sales	USD 53,312	2%	30~60 days	-	-	USD 25	-	(Note)
			Purchases	USD 86,761	4%	30~60 days	-	-	(USD 27)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 30,962	1%	30 days	-	-	(USD 4,205)	1%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 75,611	3%	30~60 days	-	-	USD 736	-	
			Purchases	USD 25,950	1%	30~60 days	-	-	(USD 314)	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 19,483	1%	30~60 days	-	-	USD 81	-	
			Purchases	USD 40,684	2%	30~60 days	-	-	(USD 748)	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 25,979	1%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 12,637	1%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Japan) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 6,157	-	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 11,162	-	30~60 days	-	-	-	-	(Note)
Evergreen Marine Co. (Malaysia) SDN.BHD.	Indirect subsidiary of the Parent Company	Purchases	USD 4,931	-	30~60 days	-	-	-	-	(Note)	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencompass Marine S.A.	Evergreen Insurance Company Limited	Investee of the Parent Company's major shareholder	Purchases	USD 4,998	-	30~60 days	\$ -	-	(USD 751)	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 37,459	1%	30~60 days	-	-	USD 422	-	(Note)
			Purchases	USD 59,344	2%	30~60 days	-	-	(USD 24)	-	(Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Indirect subsidiary of the Parent Company	Purchases	USD 4,625	-	30~60 days	-	-	-	-	(Note)
	Taiwan Terminal Services Co., Ltd.	Associates	Purchases	USD 7,088	-	30~60 days	-	-	-	-	
Evergreen Marine (UK) Limited	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 25,039	2%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 34,768	3%	30~60 days	-	-	(USD 1,582)	1%	(Note)
	Evergreen Marine Corp.	The Parent	Sales	USD 19,470	1%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 25,298	2%	30~60 days	-	-	(USD 14)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 76,318	6%	30 days	-	-	(USD 5,841)	4%	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 6,291	1%	30~60 days	-	-	(487)	-	
	Evergreen Shipping Agency (Europe) GmbH	Indirect subsidiary of the Parent Company	Purchases	USD 4,388	-	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 30,752	2%	30~60 days	-	-	USD 912	1%	
			Purchases	USD 9,535	1%	30~60 days	-	-	-	-	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 24,445	2%	30~60 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 93,914	7%	30~60 days	-	-	USD 234	-	(Note)
			Purchases	USD 30,761	3%	30~60 days	-	-	(USD 11)	-	(Note)
	Evergreen International Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 5,105	-	30~60 days	-	-	-	-	
Evergreen Heavy Industrial Corp.(Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 187,732	100%	45 days	-	-	MYR 48,234	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 9,772	24%	30~60 days	\$ -	-	\$ -	-	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	EUR 3,841	9%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	EUR 3,162	8%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	EUR 9,688	24%	30~60 days	-	-	EUR 1,289	2%	
	Evergreen Marine Corp.	The Parent	Sales	EUR 8,612	21%	30~60 days	-	-	-	-	
Evergreen Marine Co. (Malaysia) SDN.BHD.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	MYR 20,729	23%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	MYR 15,445	17%	30~60 days	-	-	-	-	
Evergreen Shipping Agency (Vietnam) Corp.	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	VND 107,480,258	27%	30~60 days	-	-	-	-	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	VND 108,728,429	27%	30~60 days	-	-	VND 21,116,438	6%	
Evergreen Shipping Agency (China) Co., Ltd.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	CNY 228,122	100%	30~60 days	-	-	CNY 41,632	100%	(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.

Evergreen Marine Corporation (Taiwan) Ltd.
Receivables from related parties reaching TWD 100 million or 20% of paid-in capital or more
For the year ended December 31, 2020

Table 5

Expressed in thousands of TWD/thousands of foreign currency

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	MYR 48,234	-	\$ -	-	MYR 30,169	\$ -	
Peony Investment S.A.	Clove Holding Ltd.	Subsidiary	USD 7,503	-	-	-	-	-	Note
Peony Investment S.A.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 20,307	-	-	-	-	-	
Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	Indirectly subsidiary of the Parent Company	USD 5,841	-	-	-	USD 4,809	-	Note
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Other related party	USD 8,311	-	-	-	USD 6,842	-	
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	USD 5,586	-	-	-	USD 4,599	-	Note
Everport Terminal Services Inc.	Greencompass Marine S.A.	Subsidiary of the Parent Company	USD 4,205	-	-	-	USD 3,462	-	Note
Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal, S.A.	Investee of Evergreen Marine (Hong Kong) Limited accounted for using equity method	USD 4,576	-	-	-	-	-	

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2020

Table 6

Expressed in thousands of TWD

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	\$ 876,413	Note 4	0.42
0	Evergreen Marine Corporation	Taiwan Terminal Services Co.,Ltd.	1	Accounts payable	129,051	"	0.04
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	2,553,480	"	1.23
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	1,569,036	"	0.76
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Accounts payable	156,956	"	0.05
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	744,548	"	0.36
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	573,031	"	0.28
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	214,357	"	0.06
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating revenue	1,114,774	"	0.54
0	Evergreen Marine Corporation	Evergreen Shipping Agency (Europe) GmbH	1	Operating cost	289,517	"	0.14
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating cost	1,204,508	"	0.58
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	1,669,028	"	0.81
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Operating cost	736,922	"	0.36
1	Greencompass Marine S.A.	Evergreen Shipping Agency (Europe) GmbH	3	Operating cost	328,513	"	0.16
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	1,746,559	"	0.84
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	911,248	"	0.44
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating revenue	2,764,004	"	1.33
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating cost	1,023,256	"	0.49

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Operating cost	\$ 905,337	Note4	0.44
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	2,246,118	"	1.08
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Accounts payable	164,121	"	0.05
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating cost	1,102,457	"	0.53
3	Evergreen Marine (Hong Kong) Ltd.	Everport Terminal Services Inc.	3	Operating cost	1,159,484	"	0.56
3	Evergreen Marine (Hong Kong) Ltd.	Evergreen Shipping Agency (China) Co., Ltd.	3	Operating cost	973,098	"	0.47
3	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	3	Shipowner's account - credit	938,863	"	0.28
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Shipowner's account - credit	1,273,446	"	0.38
4	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	210,793	"	0.06

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.
Information on investees (not including investee company of Mainland China)
For the year ended December 31, 2020

Table 7

Expressed in thousands of shares/thousands of TWD

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as of December 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Evergreen Marine Corp.	Peony Investment S.A.	Republic of Panama	Investment activities	\$ 14,301,195	\$ 14,301,195	4,765	100.00	\$ 39,265,711	\$ 15,278,513	\$ 15,301,113	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	66,770	32,046	17,626	" (Note)
	Everport Terminal Services Inc.	U.S.A	Terminal services	3,001	3,001	1	94.43	2,139,666	615,046	580,780	" (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation and shipping agency	6,283,222	6,283,222	6,320	79.00	11,989,398	6,859,680	5,336,980	" (Note)
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	9,103	9,103	1,062	59.00	23,158	34,665	20,453	" (Note)
	Chang Yang Development Co., Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	557,549	170,498	68,199	Investee accounted for using equity method
	Evergreen International Storage and Transport Corporation	Taiwan	Container transportation and gas stations	4,840,408	4,840,408	430,692	40.36	9,315,382	682,203	275,333	"
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	114,257	36,918	11,537	"
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	11,276,823	11,276,823	776,541	16.00	11,327,144	(3,361,639)	(537,841)	"
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,446,196	1,094,073	144,799	27.85	1,523,550	323,833	88,310	"
	Ever Ecove Corporation	Taiwan	Waste treatment and combined heat and power	305,000	-	30,500	19.06	305,965	(12,698)	966	"
VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	178,750	13,750	21.74	277,982	190,729	41,463	"	
Peony Investment S.A.	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,476,424	1,476,424	10	100.00	2,581,880	28,518	28,518	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	233,646	233,646	-	100.00	145,405	26,396	26,396	" (Note)
	Evergreen Shipping Agency (Korea) Corporation	South Korea	Shipping agency	68,161	68,161	121	100.00	64,445	31,610	31,610	" (Note)
	Greencompass Marine S.A.	Republic of Panama	Marine transportation	9,931,936	9,931,936	3,535	100.00	23,169,055	10,758,643	10,758,643	" (Note)
	Evergreen Shipping Agency (India) Pvt. Ltd.	India	Shipping agency	33,061	33,061	100	99.99	202,749	58,862	58,861	" (Note)

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as of December 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Argentina S.A.	Argentina	Leasing	\$ 3,933	\$ 3,933	150	95.00	\$ 31,910	(\$ 2,977)	(\$ 2,828)	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Pura International	Indonesia	Loading and discharging operations of container yards and inland transportation	239,545	220,299	18	95.03	534,184	35,425	33,665	" (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	22,597	22,597	2	17.39	13,302	(3,347)	(582)	" (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	766,876	766,876	42,120	84.44	919,730	11,299	9,541	" (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	189,516	189,516	6	100.00	277,621	127,803	127,803	" (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	66,082	66,082	0.55	55.00	83,779	17,602	9,681	" (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	3,767,748	3,767,748	765	51.00	3,528,202	5,726,299	2,920,412	" (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	47,999	47,999	1	100.00	100,677	88,228	88,228	" (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	23,825	23,825	-	51.00	26,445	97,796	49,876	" (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	63,019	63,019	680	85.00	101,764	74,504	63,328	" (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	16,324	16,324	5,500	55.00	54,548	16,351	8,993	" (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	34,586	34,586	-	100.00	602,229	287,289	287,289	" (Note)
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	27,337	27,337	0.441	49.00	129,206	101,343	49,658	Investee company of Peony accounted for using equity method
	Luanta Investment (Netherlands) N.V.	Curaçao	Investment holding company	1,335,663	1,335,663	460	50.00	1,485,739	(103,840)	(51,920)	"
	Balsam Investment (Netherlands) N.V.	Curaçao	Investment holding company	11,735,318	11,735,318	0.451	49.00	1,177,162	638,661	312,944	"
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	58,496	58,496	-	49.00	114,156	164,504	80,607	"
Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	11,970	11,970	1,500	30.00	29,680	(13,702)	(4,111)	"	
Evergreen Marine Corp. (Malaysia) SDN.BHD.	Malaysia	Shipping agency	264,501	264,501	500	100.00	621,123	292,582	292,582	Indirect subsidiary of the Company (Note)	

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as of December 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation and shipping agency	\$ 74,454	\$ 74,454	80	1.00	\$ 151,765	\$ 6,859,680	\$ 67,557	Investee company of Peony accounted for using equity method
	Ics Depot Services Snd. Bhd.	Malaysia	Depot services	31,299	31,299	286	28.65	68,329	29,525	8,458	"
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	642,275	642,275	22,860	40.00	2,417,403	(3,807)	(1,523)	Investee company of Clove Holding Ltd. accounted for using equity method
	Everport Terminal Services Inc.	U.S.A	Terminal services	182,735	182,735	0.059	5.57	285,900	615,046	34,266	Indirect subsidiary of the Company (Note)
Everport Terminal Services Inc.	Whitney Equipment LLC.	U.S.A	Equipment Leasing Company	5,619	5,619	-	100.00	228,844	23,953	23,953	" (Note)
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	92,756	92,756	7.55	72.95	55,801	(3,347)	(2,441)	" (Note)
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	438,298	438,298	5,144	9.00	564,351	(3,807)	(343)	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	18,306	2,782	600	100.00	18,043	1,241	1,060	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Service (Cambodia) Co., Ltd.	Cambodia	Shipping agency	5,619	5,619	200	100.00	45,371	41,641	41,641	" (Note)
	Evergreen Shipping Agency (Peru) S.A.C.	Peru	Shipping agency	7,800	7,800	900	60.00	68,376	108,403	65,042	" (Note)
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	9,863	9,863	80	75.00	60,201	66,396	49,797	" (Note)
	Evergreen Shipping Agency Mexico S.A. de C.V.	Mexico	Shipping agency	6,440	6,440	44	60.00	39,395	51,397	30,838	" (Note)
	Evergreen Shipping Agency (Chile) SPA.	Chile	Shipping agency	8,957	8,957	2	60.00	45,552	51,278	30,767	" (Note)
	Evergreen Shipping Agency (Greece) Societe Anonyme.	Greece	Shipping agency	7,594	7,594	2	60.00	41,933	39,084	23,450	" (Note)
Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	143	143	18	1.00	393	34,665	347	" (Note)	

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as of December 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Evergreen Marine (Hong Kong) Limited	Evergreen Shipping Agency (Brazil) Ltd.	Brazil	Shipping agency	\$ 6,950	\$ -	120	60.00	\$ 12,199	\$ 9,758	\$ 5,855	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency Lanka (Private) Ltd.	Lanka	Shipping agency	3,406	3,406	2,160	40.00	22,079	64,722	25,889	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method
	Evergreen Shipping Agency Philippines Corporation	Philippines	Shipping agency	138,453	-	10,000	100.00	166,171	48,315	27,512	Indirect subsidiary of the Company (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, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2020' 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, 2020' 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, 2020

Table 8

Expressed in thousands of TWD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of the investee for the year ended December 31, 2020	Ownership held by the Company (direct of indirect (%))	Investment income (loss) recognised by the Company. for the year ended December 31, 2020 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	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	\$ 538,263	(2)	\$ 201,210	\$ -	\$ -	\$ 201,210	\$ 50,783	40.00	\$ 20,313	\$ 328,607	\$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	183,048	(2)	39,808	-	-	39,808	151,669	40.00	60,668	161,453	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	335,642	(2)	265,936	-	-	265,936	50,582	46.20	23,369	167,865	-	(Note)
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	1,871,291	(2)	2,288,710	-	-	2,288,710	24,858	80.00	(52,355)	1,680,187	-	(Note)
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	185,201	(2)	253,198	-	-	253,198	140	80.00	168	8,302	-	(Note)
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	264,220	(2)	440,559	-	-	440,559	3,333	80.00	(5,156)	13,976	-	(Note)
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	214,230	(2)	359,134	-	-	359,134	3,893	80.00	491	11,474	-	(Note)

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of the investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2(2)B)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Evergreen Shipping Agency (China) Co., Ltd.	Agency services dealing with port formalities	29,534	(2)	83,160		-	83,160	46,236	52.00	2,913	1,755	-	(Note)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	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.	\$ 3,931,715	\$ 4,449,838	\$ 60,896,576

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

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company, Peony Investment S.A. and Evergreen Marine (Hong Kong) Ltd., in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' 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.

Evergreen Marine Corporation (Taiwan) Ltd.
Major shareholders information
For the year ended December 31, 2020

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Evergreen International S.A.(EIS)	391,786,816	7.99%
Chang, Kuo-Hua	319,646,157	6.52%
Evergreen International Corp.	262,411,866	5.35%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.