

**EVERGREEN MARINE CORPORATION (TAIWAN)
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. and subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 6(7), we did not review the financial statements of certain investments accounted for under the equity method, which statements reflect investments accounted for under the equity method of NT\$2,428,753 thousand and NT\$2,462,728 thousand, constituting 0.79% and 0.84% of the

consolidated total assets as of March 31, 2020 and 2019, respectively, and comprehensive income and loss under the equity method of NT\$51,999 thousand and NT\$49,173 thousand, constituting (2.79%) and 7.79% of the consolidated total comprehensive income and loss for the three-month periods then ended, respectively. These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such investee companies.

Qualified Conclusion

Based on our reviews and the reports of other independent accountants, except for the possible effects on the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain investments accounted for under the equity method and the related information disclosed in Note 13 been reviewed by independent accountants as explained in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Other matter – Review Reports by Other Independent Accountants

We did not review the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method. Those financial statements were reviewed by other independent accountants, whose reports thereon have been furnished to us, and our report expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 was based solely on the review reports of other independent accountants. These consolidated subsidiaries reflect total assets of NT\$60,713,322 thousand and NT\$62,721,225 thousand, constituting 19.75% and 21.51% of the consolidated total assets as at March 31, 2020 and 2019, and total operating revenues of NT\$8,081,861 thousand and NT\$10,716,946 thousand, constituting 18.59% and 23.45% of the

consolidated total operating revenues for the three-month periods then ended, respectively. The investments accounted for under the equity method amounted to NT\$16,683,591 thousand and NT\$17,183,003 thousand, constituting 5.43% and 5.89% of the consolidated total assets as at March 31, 2020 and 2019, and the comprehensive income and loss under equity method was (NT\$659,634) thousand and NT\$168,822 thousand, constituting 35.34% and 26.74% of the consolidated total comprehensive income and loss for the three-month periods then ended, respectively.

Lee, Hsiu-Ling

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

May 13, 2020

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

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 37,384,573	12	\$ 37,871,889	12	\$ 35,594,819	12
1136	Current financial assets at amortised cost, net	6(3) and 8	944,791	-	2,018,536	1	2,217,613	1
1140	Current contract assets	6(21)	1,371,280	1	1,693,497	1	2,183,660	1
1150	Notes receivable, net	6(4)	115,435	-	129,545	-	86,594	-
1170	Accounts receivable, net	6(4)	13,478,001	5	13,979,251	5	11,671,332	4
1180	Accounts receivable, net - related parties	6(4) and 7	699,215	-	780,562	-	1,144,334	-
1200	Other receivables		314,980	-	283,739	-	271,617	-
1210	Other receivables - related parties	7	750,937	-	743,540	-	523,829	-
1220	Current income tax assets		399,911	-	381,933	-	186,313	-
130X	Inventories	6(5)	3,344,171	1	4,547,919	1	4,543,317	2
1410	Prepayments		1,470,766	1	1,500,038	1	1,523,731	1
1470	Other current assets	6(6) and 8	2,778,305	1	2,368,627	1	4,317,471	1
11XX	Current assets		<u>63,052,365</u>	<u>21</u>	<u>66,299,076</u>	<u>22</u>	<u>64,264,630</u>	<u>22</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,452,117	-	1,719,423	-	1,662,374	1
1535	Non-current financial assets at amortised cost, net	6(3)	100,000	-	100,000	-	100,000	-
1550	Investments accounted for using the equity method	6(7)	28,538,325	9	29,400,925	10	29,177,274	10
1600	Property, plant and equipment, net	6(8), 8 and 9	111,147,375	36	108,393,511	35	102,991,874	35
1755	Right-of-use assets	6(9)	82,255,432	27	82,624,186	27	76,081,781	26
1760	Investment property, net	6(10) and 8	5,432,571	2	5,455,070	2	5,877,531	2
1780	Intangible assets		1,873,250	1	1,929,667	1	2,199,342	1
1840	Deferred income tax assets		994,459	-	1,035,398	-	877,269	-
1900	Other non-current assets	6(4)(11) and 8	12,627,562	4	9,638,382	3	8,338,087	3
15XX	Non-current assets		<u>244,421,091</u>	<u>79</u>	<u>240,296,562</u>	<u>78</u>	<u>227,305,532</u>	<u>78</u>
1XXX	Total assets		<u>\$ 307,473,456</u>	<u>100</u>	<u>\$ 306,595,638</u>	<u>100</u>	<u>\$ 291,570,162</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)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2126	Current financial liabilities for hedging	6(9) and 7	\$ 1,934,757	1	\$ 1,861,026	1	\$ 914,318	-
2130	Current contract liabilities	6(21)	2,762,109	1	2,213,538	1	663,608	-
2170	Accounts payable		13,889,081	5	16,169,710	5	17,339,010	6
2180	Accounts payable - related parties	7	279,644	-	411,102	-	430,130	-
2200	Other payables		4,463,287	1	4,406,879	2	4,699,863	2
2220	Other payables - related parties	7	701,326	-	706,239	-	1,026,203	-
2230	Current income tax liabilities		602,049	-	841,265	-	933,914	-
2280	Current lease liabilities	6(9) and 7	9,065,072	3	9,075,576	3	9,913,589	4
2300	Other current liabilities	6(12)	29,387,922	10	27,764,309	9	21,203,619	7
21XX	Current liabilities		<u>63,085,247</u>	<u>21</u>	<u>63,449,644</u>	<u>21</u>	<u>57,124,254</u>	<u>19</u>
Non-current liabilities								
2511	Non-current financial liabilities for hedging	6(9) and 7	17,846,103	6	18,327,916	6	10,538,046	4
2530	Corporate bonds payable	6(13)	10,000,000	3	10,000,000	3	10,000,000	3
2540	Long-term loans	6(14)	87,678,688	28	83,859,972	27	84,315,413	29
2570	Deferred income tax liabilities		1,908,802	1	2,027,378	1	1,948,122	1
2580	Non-current lease liabilities	6(9) and 7	52,198,720	17	51,967,317	17	52,743,154	18
2600	Other non-current liabilities	6(15)(16)	3,279,754	1	3,368,565	1	3,302,328	1
25XX	Non-current liabilities		<u>172,912,067</u>	<u>56</u>	<u>169,551,148</u>	<u>55</u>	<u>162,847,063</u>	<u>56</u>
2XXX	Total liabilities		<u>235,997,314</u>	<u>77</u>	<u>233,000,792</u>	<u>76</u>	<u>219,971,317</u>	<u>75</u>
Equity attributable to owners of the parent								
Capital								
3110	Common stock	6(17)	48,129,738	15	48,129,738	16	45,129,738	15
Capital surplus								
3200	Capital surplus	6(18)	11,407,992	4	11,407,437	4	11,058,716	4
Retained earnings								
3310	Legal reserve	6(19)	5,714,940	2	5,714,940	2	5,685,548	2
3350	Unappropriated retained earnings		3,220,489	1	3,659,042	1	4,336,215	2
Other equity interest								
3400	Other equity interest	6(20)	48,681	-	1,134,622	-	1,357,641	-
31XX	Equity attributable to owners of the parent		<u>68,521,840</u>	<u>22</u>	<u>70,045,779</u>	<u>23</u>	<u>67,567,858</u>	<u>23</u>
36XX	Non-controlling interest		<u>2,954,302</u>	<u>1</u>	<u>3,549,067</u>	<u>1</u>	<u>4,030,987</u>	<u>2</u>
3XXX	Total equity		<u>71,476,142</u>	<u>23</u>	<u>73,594,846</u>	<u>24</u>	<u>71,598,845</u>	<u>25</u>
Significant Contingent Liabilities And Unrecognized Contract Commitments								
Significant Events After The Balance Sheet Date								
3X2X	Total liabilities and equity		<u>\$ 307,473,456</u>	<u>100</u>	<u>\$ 306,595,638</u>	<u>100</u>	<u>\$ 291,570,162</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 (loss) per share)
(Reviewed, not audited)

Items	Notes	Three months ended March 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(21) and 7	\$ 43,475,255	100	\$ 45,697,052	100
5000	Operating costs	6(26)(27) and 7	(40,530,578)	(93)	(42,284,130)	(93)
5900	Gross profit		2,944,677	7	3,412,922	7
5910	Unrealized loss from sales		2,810	-	8,554	-
5920	Realized profit on from sales		2,726	-	3,282	-
5950	Gross profit		2,950,213	7	3,424,758	7
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(373,548)	(1)	(368,422)	(1)
6200	General and administrative expenses		(2,076,653)	(5)	(2,113,839)	(4)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		2,776	-	13,189	-
6000	Operating expenses		(2,447,425)	(6)	(2,469,072)	(5)
6500	Other (loss) gains - net	6(22) and 7	(6,377)	-	347,391	1
6900	Operating profit		496,411	1	1,303,077	3
	Other non-operating income and expenses					
7010	Other income	6(23)	263,915	-	298,279	1
7020	Other gains and losses	6(24)	87,099	-	37,029	-
7050	Finance costs	6(25) and 7	(1,324,561)	(3)	(1,334,684)	(3)
7060	Share of loss of associates and joint ventures accounted for using the equity method		(140,504)	-	404,828	1
7000	Total non-operating income and expenses		(1,114,051)	(3)	(594,548)	(1)
7900	(Loss) profit before income tax		(617,640)	(2)	708,529	2
7950	Income tax expense	6(28)	(115,509)	-	(244,623)	(1)
8200	(Loss) profit for the period		(\$ 733,149)	(2)	\$ 463,906	1

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EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)
(Reviewed, not audited)

Items	Notes	Three-month periods ended March 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(2)(20)	(\$ 270,356) (1)	\$ 10,250	-
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		(229,577) -	66,125	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	6,723 -	1,842	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(493,210) (1)	78,217	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		(208,534) -	233,810	-
8368	Losses on hedging instrument	6(9)(20)	(127,127) -	64,904	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using the equity method		(332,983) (1)	97,458	-
8399	Income tax relating to the components of other comprehensive income	6(28)	28,568 -	17,867	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(640,076) (1)	89,315	-
8300	Other comprehensive (loss) income for the period, net of income tax		(\$ 1,133,286) (2)	\$ 167,532	-
8500	Total comprehensive (loss) income for the period		(\$ 1,866,435) (4)	\$ 631,438	1
Profit (loss), attributable to:					
8610	Owners of the parent		(\$ 441,577) (1)	\$ 559,572	1
8620	Non-controlling interest		(\$ 291,572) (1)	(\$ 95,666)	-
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		(\$ 1,524,494) (3)	\$ 724,057	1
8720	Non-controlling interest		(\$ 341,941) (1)	(\$ 92,619)	-
Basic earnings (loss) per share (in dollars)					
9750	Basic earnings (loss) per share		(\$ 0.09)	\$ 0.12	
9850	Diluted earnings (loss) per share		(\$ 0.09)	\$ 0.12	

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

EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Equity attributable to owners of the parent									
		Retained Earnings					Other equity interest				
		Common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Non-controlling interest	Total equity
<u>Three-month period ended March 31, 2019</u>											
Balance at January 1, 2019	6(20)	\$ 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 period		-	-	-	559,572	-	-	-	559,572	(95,666)	463,906
Other comprehensive income (loss) for the period	6(20)	-	-	-	-	245,922	75,211	(156,648)	164,485	3,047	167,532
Total comprehensive income (loss)		-	-	-	559,572	245,922	75,211	(156,648)	724,057	(92,619)	631,438
Adjustments to share of changes in equity of associates and joint ventures	6(18)(20)	-	(429)	-	-	-	-	-	(429)	-	(429)
Balance at March 31, 2019		\$ 45,129,738	\$ 11,058,716	\$ 5,685,548	\$ 4,336,215	\$ 263,502	\$ 1,309,436	(\$ 215,297)	\$ 67,567,858	\$ 4,030,987	\$ 71,598,845
<u>Three-month period ended March 31, 2020</u>											
Balance at January 1, 2020	6(20)	\$ 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
Loss for the period		-	-	-	(441,577)	-	-	-	(441,577)	(291,572)	(733,149)
Other comprehensive income (loss) for the period	6(20)	-	-	-	3,024	(130,118)	(498,138)	(457,685)	(1,082,917)	(50,369)	(1,133,286)
Total comprehensive loss		-	-	-	(438,553)	(130,118)	(498,138)	(457,685)	(1,524,494)	(341,941)	(1,866,435)
Adjustments to share of changes in equity of associates and joint ventures	6(18)(20)	-	555	-	-	-	-	-	555	-	555
Decrease in non-controlling interests	6(31)	-	-	-	-	-	-	-	-	(252,824)	(252,824)
Balance at March 31, 2020		\$ 48,129,738	\$ 11,407,992	\$ 5,714,940	\$ 3,220,489	(\$ 986,891)	\$ 913,500	\$ 122,072	\$ 68,521,840	\$ 2,954,302	\$ 71,476,142

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)
(Reviewed, not audited)

	Notes	Three-month periods ended March 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 617,640)	\$ 708,529
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)(10)(24)(26)	5,264,307	4,941,932
Amortization	6(26)	77,006	77,644
Expected credit gain	12(2)	(2,776)	(13,189)
Interest income	6(23)	(138,079)	(193,373)
Interest expense	6(25)	1,324,561	1,334,684
Dividend income	6(23)	-	(32,112)
Share of profit of associates and joint ventures accounted for using the equity method		140,504	(404,828)
Gains arising from lease modification	6(24)	(1)	-
Net loss (gain) on disposal of property, plant and equipment	6(22)	6,377	(347,391)
Net gain on disposal of right-of-use assets	6(24)	(15,001)	(3,558)
Gain on disposal of investments	6(24)	(161)	(228)
Realized income with affiliated companies		(2,726)	(3,282)
Unrealized loss with affiliated companies		(2,810)	(8,554)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	130
Current contract assets		330,165	64,775
Notes receivable, net		14,874	68,135
Accounts receivable, net		586,294	3,397,775
Accounts receivable, net - related parties		85,456	(639,603)
Other receivables		(29,452)	613,223
Other receivables - related parties		(3,023)	82,900
Inventories		1,224,893	569,373
Prepayments		36,686	122,026
Other current assets		(390,606)	(1,448,853)
Other non-current assets		1,265	(2,846)
Net changes in liabilities relating to operating activities			
Current contract liabilities		538,654	(1,114,562)
Accounts payable		(2,354,816)	(2,515,983)
Accounts payable - related parties		(133,409)	175,765
Other payables		(208,214)	208,045
Other payables - related parties		(11,634)	(13,333)
Other current liabilities		(1,517,641)	(1,409,042)
Other non-current liabilities		(62,650)	(39,990)
Cash inflow generated from operations		4,140,403	4,174,209
Interest received		138,079	193,373
Interest paid		(1,374,566)	(1,364,804)
Income tax paid		(424,027)	(121,217)
Net cash flows from operating activities		<u>2,479,889</u>	<u>2,881,561</u>

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EVERGREEN MARINE CORPORATION (TAIWAN) LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three-month periods ended March 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ 1,075,133	\$ 447,995
Acquisition of investments accounted for using the equity method		-	(512,682)
Proceeds from disposal of investments accounted for using the equity method		150,464	-
Acquisition of property, plant and equipment	6(31)	(1,906,646)	(605,993)
Proceeds from disposal of property, plant and equipment		774,731	873,800
Acquisition of right-of-use assets		(10,921)	-
Proceeds from disposal of right-of-use assets		26,245	29,843
Acquisition of intangible assets		(8,647)	(4,091)
Decrease (increase) in guarantee deposits paid		3,198	(3,362)
Increase in other non-current assets	6(31)	(6,025,226)	(3,489,206)
Effect of initial consolidation of subsidiaries		4,082	-
Cash dividend received		8,126	32,112
Net cash flows used in investing activities		(5,909,461)	(3,231,584)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		1,954,763	100,000
Decrease in short-term loans		(1,954,763)	(100,000)
Increase other payables - related parties		2,601	(149,340)
Increase in long-term loans	6(32)	11,356,296	5,643,786
Decrease in long-term loans	6(32)	(4,853,139)	(2,571,952)
Payments if lease liabilities	6(9)(32)	(3,107,066)	(2,869,053)
Net change in non-controlling interest	6(31)	(236,187)	-
(Decrease) increase in guarantee deposits received	6(32)	(33,183)	38,121
Net cash flows from financing activities		3,129,322	91,562
Effect of exchange rate changes		(187,066)	16,645
Net decrease in cash and cash equivalents		(487,316)	(241,816)
Cash and cash equivalents at beginning of period		37,871,889	35,836,635
Cash and cash equivalents at end of period		\$ 37,384,573	\$ 35,594,819

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

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

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

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised by the Board of Directors on May 13, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

None.

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

(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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	TTSC	Cargo loading and discharging	55.00	55.00	55.00	
The Company	Peony	Investments in transport-related business	100.00	100.00	100.00	
The Company	ETS	Terminal Services	94.43	94.43	94.43	
The Company	EGH	Container shipping and agency services dealing with port formalities	79.00	79.00	79.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	EIL	Agency services dealing with port formalities	59.00	59.00	-	(c)
Peony	GMS	Container shipping	100.00	100.00	100.00	
Peony	Clove	Investments in container yards and port terminals	100.00	100.00	100.00	
Peony	EMU	Container shipping	51.00	51.00	51.00	
Peony	EHIC(M)	Manufacturing of dry steel containers and container parts	84.44	84.44	84.44	
Peony	Armand N.V.	Investments in container yards and port terminals	70.00	70.00	70.00	(g)
Peony	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	20.00	
Peony	MBPI	Containers storage and inspections of containers at the customs house	95.03	95.03	95.03	
Peony	MBT	Inland transportation, repairs and cleaning of containers	17.39	17.39	17.39	
Peony	EGK	Agency services dealing with port formalities	100.00	100.00	100.00	
Peony	EGT	Agency services dealing with port formalities	85.00	85.00	85.00	
Peony	EGI	Agency services dealing with port formalities	99.99	99.99	99.99	
Peony	EMA	Agency services dealing with port formalities	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Peony	EIT	Agency services dealing with port formalities	55.00	55.00	55.00	
Peony	EES	Agency services dealing with port formalities	100.00	100.00	100.00	
Peony	ERU	Agency services dealing with port formalities	51.00	51.00	51.00	
Peony	EEU	Agency services dealing with port formalities	100.00	100.00	100.00	
Peony	ESA	Agency services dealing with port formalities	55.00	55.00	55.00	
Peony	EGB	Real estate leasing	95.00	95.00	95.00	
Peony	EGM	Agency services dealing with port formalities	100.00	100.00	100.00	
Peony	EGH	Container shipping and agency services dealing with port formalities	1.00	1.00	1.00	
Peony	EGV	Agency services dealing with port formalities	100.00	100.00	100.00	
EGH	Ever shine (Shanghai)	Management consultancy and self-owned property leasing	100.00	100.00	100.00	
EGH	Ever shine (Ningbo)	Management consultancy and self-owned property leasing	100.00	100.00	100.00	
EGH	EKH	Agency services dealing with port formalities	100.00	100.00	100.00	
EGH	EPE	Agency services dealing with port formalities	60.00	60.00	60.00	
EGH	ECO	Agency services dealing with port formalities	75.00	75.00	100.00	(a)

Name of Investor	Name of Subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
EGH	ECL	Agency services dealing with port formalities	60.00	60.00	60.00	
EGH	EMX	Agency services dealing with port formalities	60.00	60.00	60.00	
EGH	EGRC	Agency services dealing with port formalities	60.00	60.00	-	
EGH	HMH	Agency services dealing with port formalities	-	-	-	(b)
EGH	Ever shine (Shenzhen)	Management consultancy and self-owned property leasing	100.00	100.00	100.00	(b)
EGH	Ever shine (Qingdao)	Management consultancy and self-owned property leasing	100.00	100.00	100.00	(b)
EGH	MAC	Agency services dealing with port formalities	52.00	52.00	49.00	(b) 、 (d)
EGH	KTIL	Loading, discharging, storage, repairs and cleaning of containers	20.00	20.00	20.00	(b)
EGH	EIL	Agency services dealing with port formalities	1.00	1.00	-	(c)
EGH	ELA	Management consultancy	100.00	16.50	16.50	(e)
EGH	EBR	Agency services dealing with port formalities	60.00	-	-	(f)
ETS	Whitney	Investments and leases of operating machinery and equipment of port terminals	100.00	100.00	100.00	

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

- (a) On August 14, 2018, the Board of Directors of the subsidiary, EGH, resolved to establish a subsidiary, ECO, in Columbia. The capital for establishment is COP 80,000 (approx. USD 27), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities. However, EGH did not participate in the capital increase and EGH's share interest was decreased to 75%.
- (b) On August 13, 2018, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired a 100% equity interest of HMH and its indirect investees, wholly-owned Ever Shine (Shenzhen), wholly-owned Ever Shine (Qingdao), 49% owned MAC and 20% owned KTIL from the joint ventures, Chestnut Estate B.V.. The transaction amount was USD 105,808. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 14, 2018. On December 21, 2018, shareholders of EGH during their meeting resolved to merge its subsidiary, HMH. EGH will be the surviving companies and HMH will be dissolved after the merger. The liquidation process of HMH was completed by January 10, 2020.
- (c) On March 22, 2019, the Board of Directors of the Company and the subsidiary, EGH, resolved to establish a subsidiary, EIL, in Israel. The capital for establishment is ILS 1,800 (approx. USD 500), and the subsidiary is primarily engaged in container shipping and agency services dealing with port formalities.
- (d) On October 28, 2019, shareholders of the subsidiary, EGH, during their meeting resolved to make an equity transaction. EGH acquired the 3% ownership of MAC from Ningbo Jiang Dong Ever Elite Investment Consulting Ltd.. The transaction amount was RMB 150. The applicable transactions were approved by the Investment Commission of the Ministry of Economic Affairs. The acquisition date was December 10, 2019.

- (e) On December 20, 2019, the Board of Directors of the subsidiary, EGH, approved the ELA equity transaction and acquired 83.50% equity interests from the joint ventures, EMC and EMU, 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 increase from 16.50% to 100%. The company 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.
- (f) 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 (USD 247), the date of the capital injection completion was March 16, 2020, this company is primarily engaged in freight and shipping agent.
- (g) On March 18, 2020, the shareholders of the second-tier 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 (USD 11,237) and \$145,909 (USD 4,827), respectively, based on local regulations.
- (h) On March 17, 2020, the shareholders of the second-tier 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 (USD16,257) based on local regulations.

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 March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interest amounted to \$2,954,302 , \$3,549,067 and \$4,030,987, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		March 31, 2020		December 31, 2019		
		Amount	Ownership (%)	Amount	Ownership (%)	
EMU	U.K.	\$ 455,202	49%	\$ 768,414	49%	
EGH	Hong Kong	1,920,996	20%	2,021,999	20%	
<u>Non-controlling interest</u>						
<u>March 31, 2019</u>						
Name of subsidiary	Principal place of business	Ownership		Ownership		Description
		Amount	(%)	Amount	(%)	
EMU	U.K.			\$ 1,261,174	49%	
EGH	Hong Kong			2,002,173	20%	

Summarised financial information of the subsidiaries:

Balance sheets

	EMU		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 5,516,328	\$ 6,866,440	\$ 6,740,118
Non-current assets	45,766,652	46,043,283	49,529,240
Current liabilities	(15,138,349)	(16,584,869)	(16,238,076)
Non-current liabilities	(35,215,648)	(34,756,663)	(37,457,457)
Total net assets	<u>\$ 928,983</u>	<u>\$ 1,568,191</u>	<u>\$ 2,573,825</u>

	EGH		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 10,702,787	\$ 12,300,364	\$ 8,611,183
Non-current assets	32,437,040	29,181,330	25,427,829
Current liabilities	(12,271,581)	(12,496,762)	(9,437,461)
Non-current liabilities	(21,741,711)	(19,659,040)	(15,008,155)
Total net assets	<u>\$ 9,126,535</u>	<u>\$ 9,325,892</u>	<u>\$ 9,593,396</u>

Statements of comprehensive income

	EMU	
	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Revenue	<u>\$ 8,455,230</u>	<u>\$ 10,548,241</u>
Loss before income tax	(\$ 638,192)	(\$ 430,314)
Income tax expense	(7,193)	(4,608)
Loss for the period from continuing operations	(645,385)	(434,922)
Other comprehensive (loss) income, net of tax	(1,449)	1,738
Total comprehensive loss for the period	<u>(\$ 646,834)</u>	<u>(\$ 433,184)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 316,949)</u>	<u>(\$ 212,260)</u>

	EGH	
	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Revenue	\$ 7,014,151	\$ 5,653,200
(Loss) profit before income tax	(\$ 68,291)	\$ 385,877
Income tax expense	(44,180)	(111,748)
(Loss) profit for the period		
from continuing operations	(112,471)	274,129
Other comprehensive income or loss, net of tax	-	-
Total comprehensive (loss) income for the period	(\$ 112,471)	\$ 274,129
Comprehensive (loss) income attributable to non-controlling interest	(\$ 22,494)	\$ 54,826

Statements of cash flows

	EMU	
	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Net cash (used in) provided by operating activities	(\$ 8,978)	\$ 262,787
Net cash used in investing activities	(385,948)	(2,831)
Net cash provided by (used in) in financing activities	39,440	(650,713)
Effect of exchange rates on cash and cash equivalents	8,808	6,205
Decrease in cash and cash equivalents	(346,678)	(384,552)
Cash and cash equivalents, beginning of period	1,610,984	1,787,358
Cash and cash equivalents, end of period	\$ 1,264,306	\$ 1,402,806

	EGH	
	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Net cash provided by operating activities	\$ 1,782,952	\$ 2,894,224
Net cash used in investing activities	(1,521,057)	(4,140,118)
Net cash (used in) provided by financing activities	(1,510,368)	138,836
Effect of exchange rates on cash and cash equivalents	23,459	8,277
Decrease in cash and cash equivalents	(1,225,014)	(1,098,781)
Cash and cash equivalents, beginning of period	4,542,951	3,166,065
Cash and cash equivalents, end of period	<u>\$ 3,317,937</u>	<u>\$ 2,067,284</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 and qualifying net investment hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

(10) Notes, accounts and other receivables

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

(13) Operating leases (lessor) - operating leases

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

(14) Inventories

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

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

(15) Investments accounted for using the 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 the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

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

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 ~ 135 years
Loading and unloading equipment	5 ~ 20 years
Ships (Except for docking repair and scrubber)	10 ~ 25 years
Ship (Docking repair)	2.5 ~ 5 years
Ship (Scrubber)	10 years
Transportation equipment	5 ~ 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 3 years.

B. Goodwill

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

C. Customer relationship

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

(20) Impairment of non-financial assets

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

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

(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) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the 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 item (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.

(28) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

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.

(29) Income tax

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

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(30) Dividends

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

(31) Revenue recognition

A. Sales of goods

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

or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services

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

C. Rental revenue

The Group leases ships and shipping spaces under 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.

(32) 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.

(33) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

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

B. Impairment assessment of tangible assets

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

As of March 31, 2020, the Group recognised property, plant, equipment and right-of-use asset amounting to \$102,663,978 and \$69,588,116, respectively.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand and petty cash	\$ 41,580	\$ 28,964	\$ 23,310
Checking accounts and demand deposits	7,640,822	6,903,864	7,824,750
Time deposits	29,702,171	30,939,061	27,746,759
	<u>\$ 37,384,573</u>	<u>\$ 37,871,889</u>	<u>\$ 35,594,819</u>

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

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

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

Items	March 31, 2020	December 31, 2019	March 31, 2019
Non-current items:			
Equity instruments			
Listed (TSE) stocks	\$ 490,801	\$ 490,801	\$ 490,801
Unlisted stocks	<u>209,256</u>	<u>208,570</u>	<u>211,808</u>
	700,057	699,371	702,609
Valuation adjustment	<u>752,060</u>	<u>1,020,052</u>	<u>959,765</u>
	<u>\$ 1,452,117</u>	<u>\$ 1,719,423</u>	<u>\$ 1,662,374</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 \$1,452,117, \$1,719,423 and \$1,662,374 at March 31, 2020, December 31, 2019 and March 31, 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:

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>270,356</u>)	\$ <u>10,250</u>
Income tax recognised in other comprehensive income	<u>\$ 6,882</u>	<u>\$ 1,842</u>

C. As at March 31, 2020, December 31, 2019 and March 31, 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 fair value through other comprehensive income held by the Group was \$1,452,117, \$1,719,423 and \$1,662,374, respectively.

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

(3) Financial assets at amortised cost

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Time deposits with maturities exceeding 3 months	\$ 706,653	\$ 1,727,796	\$ 1,937,305
Pledged time deposits	<u>238,138</u>	<u>290,740</u>	<u>280,308</u>
	<u>\$ 944,791</u>	<u>\$ 2,018,536</u>	<u>\$ 2,217,613</u>
Non-current items:			
Financial bonds	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

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

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Interest income	<u>\$ 18,486</u>	<u>\$ 23,025</u>

B. As at March 31, 2020, December 31, 2019 and March 31, 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 \$1,044,791, \$2,118,536 and \$2,317,613, 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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes receivable	\$ 115,438	\$ 129,547	\$ 86,596
Less: Allowance for bad debts	(3)	(2)	(2)
	<u>\$ 115,435</u>	<u>\$ 129,545</u>	<u>\$ 86,594</u>
Accounts receivable (including related parties)	\$ 14,186,605	\$ 14,772,158	\$ 12,831,944
Less: Allowance for bad debts	(9,389)	(12,345)	(16,278)
	<u>\$ 14,177,216</u>	<u>\$ 14,759,813</u>	<u>\$ 12,815,666</u>
Overdue receivables (recorded as other non-current assets)	\$ 271,059	\$ 269,506	\$ 276,743
Less: Allowance for bad debts	(271,059)	(269,506)	(276,743)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not impaired	\$ 11,409,983	\$ 12,094,901	\$ 10,383,037
Up to 30 days	2,458,169	2,450,297	1,823,478
31 to 180 days	318,453	226,960	625,429
Over 180 days	271,059	269,506	276,743
	<u>\$ 14,457,664</u>	<u>\$ 15,041,664</u>	<u>\$ 13,108,687</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Notes receivable</u>	<u>Notes receivable</u>	<u>Notes receivable</u>
Not impaired	\$ 115,438	\$ 129,547	\$ 86,596
Up to 30 days	-	-	-
31 to 180 days	-	-	-
	<u>\$ 115,438</u>	<u>\$ 129,547</u>	<u>\$ 86,596</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2020, December 31, 2019, March 31, 2019 and January 1, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$12,666,235, \$13,084,484, \$11,240,615 and \$14,202,068, respectively.
- C. The Group has no notes and accounts receivable held by the Group pledged to others.
- D. As at March 31, 2020, December 31, 2019 and March 31, 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 \$115,435, \$129,545 and \$86,594 respectively; and the amount that best represents the Group's accounts receivable were \$14,177,216, \$14,759,813 and \$12,815,666, respectively.
- E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(5) Inventories

	March 31, 2020		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 3,049,018	\$ -	\$ 3,049,018
Steel and others	295,153	-	295,153
	<u>\$ 3,344,171</u>	<u>\$ -</u>	<u>\$ 3,344,171</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>
	March 31, 2019		
	Cost	Allowance for valuation loss	Book value
Ship fuel	\$ 4,146,728	\$ -	\$ 4,146,728
Steel and others	396,589	-	396,589
	<u>\$ 4,543,317</u>	<u>\$ -</u>	<u>\$ 4,543,317</u>

(6) Other current assets

	March 31, 2020	December 31, 2019	March 31, 2019
Shipowner's accounts	\$ 33,609	\$ 28,957	\$ 1,643,830
Agency accounts	1,909,901	1,502,487	1,430,442
Temporary debits	834,795	837,183	1,243,199
	<u>\$ 2,778,305</u>	<u>\$ 2,368,627</u>	<u>\$ 4,317,471</u>

A. Shipowner's accounts:

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

B. Agency accounts:

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

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

(7) Investments accounted for using equity method

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Evergreen International Storage and Transport Corporation	\$ 8,933,096	\$ 9,039,677	\$ 9,030,743
EVA Airways Corporation	10,878,633	11,399,909	11,162,398
Taipei Port Container Terminal Corporation	1,451,870	1,583,427	1,521,667
Charng Yang Development Co., Ltd.	570,626	553,210	562,542
Luanta Investment (Netherlands) N.V.	1,895,463	1,884,647	1,942,126
Balsam Investment (Netherlands) N.V.	326,692	525,226	478,793
Colon Container Terminal S.A.	3,213,656	3,193,300	3,257,408
Others	1,268,289	1,221,529	1,221,597
	<u>\$ 28,538,325</u>	<u>\$ 29,400,925</u>	<u>\$ 29,177,274</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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>		
Evergreen International Storage and Transport Corporation	TW	40.36%	40.36%	40.36%	With a right over 20% to vote	Equity method
EVA Airways Corporation	TW	16.00%	16.00%	16.10%	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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current assets	\$ 5,866,194	\$ 6,121,815	\$ 6,291,165
Non-current assets	28,304,528	28,889,987	29,160,061
Current liabilities	(2,625,941)	(2,703,450)	(3,040,010)
Non-current liabilities	(9,149,313)	(9,485,576)	(9,547,882)
Total net assets	<u>\$ 22,395,468</u>	<u>\$ 22,822,776</u>	<u>\$ 22,863,334</u>
Share in associate's net assets	\$ 8,986,576	\$ 9,098,692	\$ 9,116,272
Unrealized income with affiliated companies	(53,480)	(59,015)	(85,529)
Carrying amount of the associate	<u>\$ 8,933,096</u>	<u>\$ 9,039,677</u>	<u>\$ 9,030,743</u>

	<u>EVA Airways Corporation</u>		
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current assets	\$ 60,091,044	\$ 77,199,776	\$ 83,464,072
Non-current assets	279,266,626	279,051,918	269,405,164
Current liabilities	(70,158,049)	(82,441,715)	(71,693,295)
Non-current liabilities	(195,404,541)	(195,667,963)	(205,165,810)
Total net assets	<u>\$ 73,795,080</u>	<u>\$ 78,142,016</u>	<u>\$ 76,010,131</u>
Share in associate's net assets	<u>\$ 10,878,633</u>	<u>\$ 11,399,909</u>	<u>\$ 11,162,398</u>

Statement of comprehensive income

	<u>Evergreen International Storage and Transport Corporation</u>	
	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Revenue	\$ 1,788,799	\$ 1,917,872
Profit for the period	\$ 160,750	\$ 193,918
Other comprehensive (loss) income, net of tax	(438,166)	138,578
Total comprehensive (loss) income	<u>(\$ 277,416)</u>	<u>\$ 332,496</u>

	<u>EVA Airways Corporation</u>	
	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Revenue	\$ 30,233,098	\$ 44,312,727
(Loss) profit for the period	(\$ 1,094,582)	\$ 2,102,490
Other comprehensive (loss) income, net of tax	(2,038,962)	66,014
Total comprehensive (loss) income	<u>(\$ 3,133,544)</u>	<u>\$ 2,168,504</u>

(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 March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$8,726,596, \$8,961,339 and \$8,984,133, respectively.

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Income for the period	\$ 43,501	\$ 105,358
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	<u>\$ 43,501</u>	<u>\$ 105,358</u>

C. The above-stated investments accounted for using the equity method are based on the financial statements of associates which were not reviewed by the independent accountants or reviewed by the associates' independent accountants.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Evergreen International Storage and Transport Corporation	\$ 4,952,960	\$ 6,180,433	\$ 5,792,810
EVA Airways Corporation	6,903,450	10,677,440	11,385,022
	<u>\$ 11,856,410</u>	<u>\$ 16,857,873</u>	<u>\$ 17,177,832</u>

E. To integrate the investment structure, on November 13, 2019, the shareholders of the second-tier subsidiary, Armand B.V., during their meeting approved to dispose 9.73% equity interests of Taipei Port. On February 7, 2020, the Company acquired 6.81% 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 2.92% 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 decreased from 30.76% to 27.84%, still valued using equity method.

F. 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 \$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 from a specific person, the purchase price amounted to \$700, and the share interest further decreased to 16% as of March 31, 2020 after many conversions from corporate bonds to stocks took place in EVA Airways Corporation during the year ended December 31, 2019.

G. On November 10, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam Investment (Netherlands) N.V., as the original shareholder. The amount of capital increase was USD 24,500. After the capital increase, Peony's shareholding ratio is still 49%.

(8) Property, plant and equipment, net

	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	-	109	6	-	88,902	1,428,639	228,470	8,375	322,750	12,440	2,089,691
Disposals	-	-	-	-	(14)	(7,303)	(773,868)	(204)	-	-	(781,389)
Reclassifications	3,469	532	-	-	2,605	119,179	3,154,891	1,289	701	(52)	3,282,614
Depreciation	-	(38,659)	(3,641)	(130,883)	(64,954)	(654,168)	(1,221,752)	(11,119)	(35,414)	(1,111)	(2,161,701)
Net exchange differences	(29,884)	661	(6,268)	7,407	21	85,850	277,083	(6,549)	437	(4,109)	324,649
Closing net book amount as at March 31	<u>\$ 796,962</u>	<u>\$ 6,131,381</u>	<u>\$ 124,507</u>	<u>\$ 3,282,283</u>	<u>\$ 537,285</u>	<u>\$ 20,370,315</u>	<u>\$ 79,011,380</u>	<u>\$ 118,742</u>	<u>\$ 557,134</u>	<u>\$ 217,386</u>	<u>\$ 111,147,375</u>
At March 31											
Cost	\$ 796,962	\$ 7,564,061	\$ 622,097	\$ 11,608,999	\$ 1,407,770	\$ 30,363,544	\$ 119,060,275	\$ 567,712	\$ 1,175,870	\$ 229,855	\$ 173,397,145
Accumulated depreciation	-	(1,432,680)	(497,590)	(8,326,716)	(870,485)	(9,993,229)	(40,048,895)	(448,970)	(618,736)	(12,469)	(62,249,770)
	<u>\$ 796,962</u>	<u>\$ 6,131,381</u>	<u>\$ 124,507</u>	<u>\$ 3,282,283</u>	<u>\$ 537,285</u>	<u>\$ 20,370,315</u>	<u>\$ 79,011,380</u>	<u>\$ 118,742</u>	<u>\$ 557,134</u>	<u>\$ 217,386</u>	<u>\$ 111,147,375</u>

2019

	Land	Buildings	Machinery equipment	Loading and unloading equipment	Computer and communication equipment	Transportation equipment	Ships	Office equipment	Lease assets	Leasehold improvements	Others	Total
At January 1												
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	-	130,985	271	1,750	3,547	1,240,875	52,429	3,287	-	5,184	65	1,438,393
Disposals	-	-	-	-	(228)	(2,164)	(527,695)	(193)	-	-	-	(530,280)
Reclassifications	-	-	-	-	16,063	-	170,633	12,694	(13,539,176)	1,661	(30,353)	(13,368,478)
Depreciation	-	(38,441)	(3,465)	(126,140)	(57,150)	(474,451)	(1,272,226)	(10,187)	-	(22,067)	(1,062)	(2,005,189)
Net exchange differences	<u>3,986</u>	<u>52,559</u>	<u>2,820</u>	<u>5,492</u>	<u>2,038</u>	<u>32,307</u>	<u>136,379</u>	<u>1,467</u>	<u>-</u>	<u>382</u>	<u>813</u>	<u>238,243</u>
Closing net book amount as at												
December 31	<u>\$ 826,062</u>	<u>\$ 6,323,457</u>	<u>\$ 128,766</u>	<u>\$ 3,377,655</u>	<u>\$ 592,376</u>	<u>\$ 15,993,191</u>	<u>\$ 75,383,794</u>	<u>\$ 127,377</u>	<u>\$ -</u>	<u>\$ 110,284</u>	<u>\$ 128,912</u>	<u>\$ 102,991,874</u>
At December 31												
Cost	\$ 826,062	\$ 7,632,400	\$ 654,982	\$ 10,841,388	\$ 1,263,560	\$ 23,852,127	\$ 119,875,201	\$ 561,707	\$ -	\$ 617,666	\$ 136,986	\$ 166,262,079
Accumulated depreciation	-	(1,308,943)	(526,216)	(7,463,733)	(671,184)	(7,858,936)	(44,491,407)	(434,330)	-	(507,382)	(8,074)	(63,270,205)
	<u>\$ 826,062</u>	<u>\$ 6,323,457</u>	<u>\$ 128,766</u>	<u>\$ 3,377,655</u>	<u>\$ 592,376</u>	<u>\$ 15,993,191</u>	<u>\$ 75,383,794</u>	<u>\$ 127,377</u>	<u>\$ -</u>	<u>\$ 110,284</u>	<u>\$ 128,912</u>	<u>\$ 102,991,874</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

Effective 2020

- 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 buildings and ships. Low-value assets comprise office equipment and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 11,804,479	\$ 12,228,498	\$ 13,915,354
Buildings	810,100	865,940	955,545
Loading and unloading equipment	76,570	101,493	466,628
Transportation equipment	1,930,882	2,230,717	3,557,966
Ships	67,580,664	67,134,641	57,100,707
Office equipment	35,390	39,930	44,354
Other equipment	17,347	22,967	41,227
	<u>\$ 82,255,432</u>	<u>\$ 82,624,186</u>	<u>\$ 76,081,781</u>

	<u>Three-month period ended</u>	<u>Three-month period ended</u>
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 478,119	\$ 481,137
Buildings	72,264	65,425
Loading and unloading equipment	25,458	38,404
Transportation equipment	182,738	267,143
Ships	2,294,552	2,032,991
Office equipment	4,453	4,051
Other equipment	5,738	5,873
	<u>\$ 3,063,322</u>	<u>\$ 2,895,024</u>

- D. For the three-month periods ended March 31, 2020 and 2019, the additions to right-of-use assets were \$2,362,062 and \$5,064,026, respectively.
- E. For the three-month periods ended March 31, 2020 and 2019, the disposals to right-of-use assets were \$11,245 and \$26,285, respectively.

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

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 768,638	\$ 675,151
Expense on short-term lease contracts	1,338,290	1,735,233
Expense on leases of low-value assets	4,134	3,997
Expense on variable lease payments	1,117	1,410
Gains arising from lease modifications	1	-

G. For the three-month periods ended March 31, 2020 and 2019, the Group's total cash outflow for leases amounted to \$5,219,246 and \$5,284,844, respectively.

H. As of March 31, 2020, the Group had entered into a service contract which was not belonging to lease component, and the future commitment payment amounted to \$16,492,915.

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

March 31, 2020			
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>19,780,860</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>

March 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	2019.1.1~2027.6.12	\$ 11,452,364

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

	March 31, 2020	December 31, 2019	March 31, 2019
Cash flow hedges :			
<u>Exchange rate risk</u>			
Lease liability contracts designated as hedges			
Current liabilities	\$ 1,934,757	\$ 1,861,026	\$ 914,318
Non-current liabilities	17,846,103	18,327,916	10,538,046
	<u>\$ 19,780,860</u>	<u>\$ 20,188,942</u>	<u>\$ 11,452,364</u>

(b) Other equity - cash flow hedge reserve

	2020	2019
At January 1	\$ 460,138	\$ -
Less : Losses on hedge effectiveness-amount recognised in other comprehensive income	(118,587)	(68,932)
Add : Reclassified to freight revenue as the hedged item has affected profit or loss	(8,540)	4,028
At March 31	<u>\$ 333,011</u>	<u>(\$ 64,904)</u>

(c) For the three-month periods ended March 31, 2020 and 2019, there are no cash flow hedge transactions of ineffective portion that should be recognized in profit or loss.

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Current lease liabilities	\$ 8,478,981	\$ 8,479,576	\$ 9,307,620
Current lease liabilities - related parties	586,091	596,000	605,968
Non-current lease liabilities	51,659,913	51,284,350	51,597,382
Non-current lease liabilities - related parties	<u>538,807</u>	<u>682,967</u>	<u>1,145,773</u>
	<u>\$ 61,263,792</u>	<u>\$ 61,042,893</u>	<u>\$ 62,656,743</u>

(10) 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	<u>-</u>	<u>(748,100)</u>	<u>(748,100)</u>
	<u>\$ 1,415,029</u>	<u>\$ 4,040,041</u>	<u>\$ 5,455,070</u>
Opening net book amount as at January 1	\$ 1,415,029	\$ 4,040,041	\$ 5,455,070
Reclassifications	(3,469)	26,949	23,480
Depreciation	-	(39,284)	(39,284)
Net exchange differences	<u>5</u>	<u>(6,700)</u>	<u>(6,695)</u>
Closing net book amount as at March 31	<u>\$ 1,411,565</u>	<u>\$ 4,021,006</u>	<u>\$ 5,432,571</u>
At March 31			
Cost	\$ 1,411,565	\$ 4,801,192	\$ 6,212,757
Accumulated depreciation	<u>-</u>	<u>(780,186)</u>	<u>(780,186)</u>
	<u>\$ 1,411,565</u>	<u>\$ 4,021,006</u>	<u>\$ 5,432,571</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	<u>-</u>	<u>(628,656)</u>	<u>(628,656)</u>
	<u>\$ 1,415,054</u>	<u>\$ 4,420,020</u>	<u>\$ 5,835,074</u>
Opening net book amount as at January 1	\$ 1,415,054	\$ 4,420,020	\$ 5,835,074
Depreciation	-	(41,719)	(41,719)
Net exchange differences	<u>2</u>	<u>84,174</u>	<u>84,176</u>
Closing net book amount as at March 31	<u>\$ 1,415,056</u>	<u>\$ 4,462,475</u>	<u>\$ 5,877,531</u>
At March 31			
Cost	\$ 1,415,056	\$ 5,159,786	\$ 6,574,842
Accumulated depreciation	<u>-</u>	<u>(697,311)</u>	<u>(697,311)</u>
	<u>\$ 1,415,056</u>	<u>\$ 4,462,475</u>	<u>\$ 5,877,531</u>

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

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Rental revenue from the lease of the investment property	\$ <u>55,645</u>	\$ <u>50,164</u>
Direct operating expenses arising from the investment property that generated rental income in the period	\$ <u>39,425</u>	\$ <u>42,169</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ <u>317</u>	\$ <u>221</u>

B. The fair value of the investment property held by the Group as at March 31, 2020, December 31, 2019 and March 31, 2019 was \$6,952,138, \$7,195,945 and \$7,890,943, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property.

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

(11) Other non-current assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Prepayments for equipment	\$ 12,327,397	\$ 9,308,236	\$ 8,009,630
Refundable deposits	227,261	229,095	230,700
Others	<u>72,904</u>	<u>101,051</u>	<u>97,757</u>
	<u>\$ 12,627,562</u>	<u>\$ 9,638,382</u>	<u>\$ 8,338,087</u>

Movement analysis of prepayments for equipment are as follows:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
At January 1	\$ 9,308,236	\$ 4,619,738
Additions	6,117,970	3,548,478
Reclassification to property, plant and equipment	(3,159,434)	(170,633)
Reclassification to intangible assets	(1,781)	-
Net exchange differences	<u>62,406</u>	<u>12,047</u>
At March 31	<u>\$ 12,327,397</u>	<u>\$ 8,009,630</u>

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

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Amount capitalised	\$ 69,530	\$ 59,466
Interest rate	0.86%~3.70%	0.86%~4.70%

(12) Other current liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Receipt in advance	\$ 9,789	\$ 56,522	\$ 7,656
Long-term liabilities - current portion	25,929,958	22,841,596	18,283,645
Shipowner's accounts	1,717,731	2,366,770	2,559,023
Agency accounts	1,693,274	2,453,406	287,237
Others	37,170	46,015	66,058
	<u>\$ 29,387,922</u>	<u>\$ 27,764,309</u>	<u>\$ 21,203,619</u>

(13) Corporate bonds payable

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic secured corporate bonds	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Less: Current portion or exercise of put options	-	-	-
	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>

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

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

(b) Coupon rate: 1.05% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

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

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

(b) Coupon rate: 0.86% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(14) Long-term loans

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Secured bank loans	\$ 58,115,290	\$ 55,633,704	\$ 65,639,035
Unsecured bank loans	55,453,801	51,053,234	36,741,521
Add : Unrealised foreign exchange losses	74,175	49,713	238,376
Less: Hosting fee credit	(34,620)	(35,083)	(19,874)
	113,608,646	106,701,568	102,599,058
Less: Current portion (recorded as other current liabilities)	(25,929,958)	(22,841,596)	(18,283,645)
	<u>\$ 87,678,688</u>	<u>\$ 83,859,972</u>	<u>\$ 84,315,413</u>
Borrowing period	2020.04~2029.11	2020.01~2029.11	2019.04~2028.12
Interest rate	0.93%~5.15%	1.12%~5.15%	1.12%~5.15%

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

(15) Other non-current liabilities

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accrued pension liabilities	\$ 2,974,629	\$ 3,028,061	\$ 2,899,643
Guarantee deposits received	294,788	325,987	386,178
Unrealised gain on sale and leaseback	10,337	14,517	16,507
	<u>\$ 3,279,754</u>	<u>\$ 3,368,565</u>	<u>\$ 3,302,328</u>

(16) 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) For the aforementioned pension plan, the Group recognised pension costs of \$45,225 and \$60,618 for the three-month periods ended March 31, 2020 and 2019, respectively.
 - (d) Expected contributions to the defined benefit pension plans of the Company and its subsidiary-TTSC for the three-month period ended March 31, 2020 amounts to \$98,842.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiary-TTSC have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary-TTSC contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2020 and 2019 were \$77,646 and \$62,375, respectively.

(17) Capital stock

- A. As of March 31, 2020, the Company's authorized capital was \$50,000,000, and the paid-in capital was \$48,129,738, consisting of 4,812,974 thousand shares of common stocks with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. On August 13, 2019, the Board of Directors of the Company resolved to increase capital by \$3,000,000 by issuing 300,000 thousand shares at a par value of NT\$10. Of which 30,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on December 3, 2019. The total amount of shares was \$3,333,934. All proceeds from share issuance were completed on December 31, 2019.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange 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
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	555	-	-
At March 31	<u>\$ 9,167,217</u>	<u>\$ 110,956</u>	<u>\$ 2,122,660</u>	<u>\$ 446</u>	<u>\$ 6,713</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
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	(429)	-	-
At March 31	<u>\$ 8,833,283</u>	<u>\$ 93,890</u>	<u>\$ 2,124,384</u>	<u>\$ 446</u>	<u>\$ 6,713</u>

(19) Retained earnings

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 Board of Directors on June 21, 2019 is as follows:

	Year ended
	<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 Company will retain attributable earnings for future operating plan, thus the Company will not appropriate shareholders' bonus.

As of the reporting date, the distribution of earnings for the year of 2019 has not been resolved by the shareholders.

(20) 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	(270,356)	-	-	(270,356)
Revaluation – tax	6,882	-	-	6,882
Revaluation – associates	(234,664)	-	-	(234,664)
Cash flow hedges:				
– Fair value loss in the period				
– Group	- (127,127)	-	-	(127,127)
– Group – tax	- 28,555	-	-	28,555
– Associates	- (359,113)	-	-	(359,113)
Currency translation differences:				
– Group	-	-	(158,165)	(158,165)
– Group – tax	-	-	13	13
– Associates	-	-	28,034	28,034
At March 31	<u>\$ 913,500</u>	<u>\$ 122,072</u>	<u>(\$ 986,891)</u>	<u>\$ 48,681</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	10,250	-	-	10,250
Revaluation – tax	1,842	-	-	1,842
Revaluation – associates	63,119	-	-	63,119
Cash flow hedges:				
– Fair value loss in the period				
– Group	- (64,904)	-	-	(64,904)
– Group – tax	- 17,869	-	-	17,869
– Associates	- (109,613)	-	-	(109,613)
Currency translation differences:				
– Group	-	-	230,763	230,763
– Group – tax	-	-	(2)	(2)
– Associates	-	-	15,161	15,161
At March 31	<u>\$ 1,309,436</u>	<u>(\$ 215,297)</u>	<u>\$ 263,502</u>	<u>\$ 1,357,641</u>

(21) Operating revenue

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Revenue from contracts with customers	\$ 42,902,040	\$ 45,437,414
Other - ship rental and slottage income	<u>573,215</u>	<u>259,638</u>
	<u>\$ 43,475,255</u>	<u>\$ 45,697,052</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following major businesses:

<u>Three-month period ended March 31, 2020</u>	<u>Ship-owners</u>	<u>Agent</u>	<u>Terminal</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 46,496,394	\$ 857,897	\$ 1,483,131	\$ 211,233	\$ 49,048,655
Inter-segment revenue	<u>(6,146,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,146,615)</u>
Revenue from external customer contracts	<u>\$ 40,349,779</u>	<u>\$ 857,897</u>	<u>\$ 1,483,131</u>	<u>\$ 211,233</u>	<u>\$ 42,902,040</u>
<u>Three-month period ended March 31, 2019</u>	<u>Ship-owners</u>	<u>Agent</u>	<u>Terminal</u>	<u>Other</u>	<u>Total</u>
Total segment revenue	\$ 49,263,237	\$ 867,046	\$ 1,648,559	\$ 488,634	\$ 52,267,476
Inter-segment revenue	<u>(6,830,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,830,062)</u>
Revenue from external customer contracts	<u>\$ 42,433,175</u>	<u>\$ 867,046</u>	<u>\$ 1,648,559</u>	<u>\$ 488,634</u>	<u>\$ 45,437,414</u>

B. Contract assets and liabilities

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>January 1, 2019</u>
Contract assets:				
Contract assets relating to marine freight income	<u>\$ 1,371,280</u>	<u>\$ 1,693,497</u>	<u>\$ 2,183,660</u>	<u>\$ 2,244,065</u>
Contract liabilities:				
Contract liabilities – unearned marine freight income	<u>(\$ 2,762,109)</u>	<u>(\$ 2,213,538)</u>	<u>(\$ 663,608)</u>	<u>(\$ 1,774,392)</u>

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

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Marine freight income	\$ 2,213,538	\$ 1,774,392
(22) <u>Other income and expenses, net</u>		
	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
(Loss) gains on disposal of property, plant and equipment	(\$ 6,377)	\$ 347,391
(23) <u>Other income</u>		
	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Interest income :		
Interest income from bank deposits	\$ 119,593	\$ 170,348
Interest income from financial assets measured at amortised cost	18,486	23,025
Rent income	57,630	50,234
Dividend income	-	32,112
Other income, others	68,206	22,560
	<u>\$ 263,915</u>	<u>\$ 298,279</u>
(24) <u>Other gains and losses</u>		
	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Net gains on disposal of investments	\$ 161	\$ 228
Gains arising from lease modifications	1	-
Net currency exchange gains	145,868	105,435
Net gains on disposal of right-of-use assets	15,001	3,558
Depreciation on investment property	(39,284)	(41,719)
Other non-operating expenses	(34,648)	(30,473)
	<u>\$ 87,099</u>	<u>\$ 37,029</u>

(25) Finance costs

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Interest expense:		
Bank loans	\$ 600,222	\$ 694,046
Corporate bonds	25,231	24,953
Lease liabilities	768,638	675,151
	<u>1,394,091</u>	<u>1,394,150</u>
Less: Capitalisation of qualifying assets	(69,530)	(59,466)
	<u>\$ 1,324,561</u>	<u>\$ 1,334,684</u>

(26) Expenses by nature

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Employee benefit expense	\$ 2,306,199	\$ 2,354,546
Depreciation charges on property, plant and equipment	2,161,701	2,005,189
Depreciation charges on right-of-use assets	3,063,322	2,895,024
Amortisation charges on intangible assets	77,006	77,644
Other operating costs and expenses	35,369,775	37,420,799
	<u>\$ 42,978,003</u>	<u>\$ 44,753,202</u>

(27) Employee benefit expense

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Wages and salaries	\$ 1,910,906	\$ 1,895,210
Labor and health insurance fees	169,222	217,493
Pension costs	122,871	122,993
Other personnel expenses	103,200	118,850
	<u>\$ 2,306,199</u>	<u>\$ 2,354,546</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) For the three-month period ended March 31, 2020, the Company generated loss and thus did not accrue employees' and supervisors' remuneration.
- (b) For the three-month period ended March 31, 2019, employees' compensation was accrued at \$2,609, while directors' remunerations was accrued at \$733. The aforementioned amount was recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Current tax:		
Current tax on profits for the period	\$ 166,849	\$ 296,018
Prior year income tax underestimation (overestimation)	<u>2,541</u>	<u>(9,110)</u>
Total current tax	<u>169,390</u>	<u>286,908</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(53,881)</u>	<u>(42,285)</u>
Total deferred tax	<u>(53,881)</u>	<u>(42,285)</u>
Income tax expense	<u>\$ 115,509</u>	<u>\$ 244,623</u>

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

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Changes in fair value of financial assets at fair value through other comprehensive income (loss)	(\$ 6,882)	(\$ 1,842)
Exchange differences on translating the financial statements of foreign operations	(13)	2
Remeasurement of defined benefit obligations	159	-
Cash flow hedges	<u>(28,555)</u>	<u>(17,869)</u>
	<u>(\$ 35,291)</u>	<u>(\$ 19,709)</u>

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

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio	(\$ <u>24</u>)	(\$ <u>26</u>)

B. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(29) Earnings (loss) per share

	<u>Three-month period ended March 31, 2020</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	(\$ <u>441,577</u>)	<u>4,812,974</u>	(\$ <u>0.09</u>)
<u>Diluted loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	(\$ <u>441,577</u>)	<u>4,812,974</u>	(\$ <u>0.09</u>)

	Three-month period ended March 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 earnings attributable to ordinary shareholders of the parent	\$ 559,572	4,512,974	\$ 0.12
<u>Diluted earnings per share</u>			
Net earnings attributable to ordinary shareholders of the parent	559,572	4,512,974	\$ 0.12
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	218	
Net income attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 559,572	4,513,192	\$ 0.12

(30) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

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

B. The 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.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

(a) Property, plant and equipment

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Purchase of property, plant and equipment	\$ 2,089,691	\$ 1,438,393
Add: Opening balance of payable on equipment	455,427	34,258
Less: Ending balance of payable on equipment	(638,472)	(866,658)
Cash paid during the period	<u>\$ 1,906,646</u>	<u>\$ 605,993</u>

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

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Purchase of prepayments for equipment	\$ 6,117,970	\$ 3,548,478
Add: Opening balance of payable on prepayments for equipment	-	194
Less: Ending balance of payable on prepayments for equipment	(23,214)	-
Capitalisation of qualifying assets	(69,530)	(59,466)
Cash paid during the period	<u>\$ 6,025,226</u>	<u>\$ 3,489,206</u>

(c) Change in non-controlling interest

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Change in transactions with non-controlling interest	\$ 252,824	\$ -
Add: Opening balance of payable on investments	-	-
Less: Ending balance of payable on investments	(16,637)	-
Cash paid during the period	<u>\$ 236,187</u>	<u>\$ -</u>

(32) Changes in liabilities from financing activities

	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities and financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2020	\$ 106,701,568	\$ 325,987	\$ 81,231,835	\$ 188,259,390
Changes in cash flow from financing activities	6,503,157	(33,183)	(3,107,066)	3,362,908
Changes in other non-cash items	-	-	2,618,078	2,618,078
Impact of changes in foreign exchange rate	403,921	1,984	301,805	707,710
At March 31, 2020	<u>\$ 113,608,646</u>	<u>\$ 294,788</u>	<u>\$ 81,044,652</u>	<u>\$ 194,948,086</u>
	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (lease payable) and financial liabilities for hedging	Liabilities from financing activities-gross
At January 1, 2019	\$ 99,360,501	\$ 347,115	\$ 11,639,698	\$ 111,347,314
Adjustments under new standards	-	-	60,563,079	60,563,079
Changes in cash flow from financing activities	3,071,834	38,121	(2,869,053)	240,902
Changes in other non-cash items	-	-	(6,977,129)	(6,977,129)
Impact of changes in foreign exchange rate	166,723	942	300,148	467,813
At March 31, 2019	<u>\$ 102,599,058</u>	<u>\$ 386,178</u>	<u>\$ 62,656,743</u>	<u>\$ 165,641,979</u>

7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Group
Evergreen International Storage and Transport Corp. (EITC)	Associate
Eva Airways Corp. (EVA)	Associate
Evergreen Security Corp. (ESC)	Associate
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
Green Properties Sdn. Bhd. (GPP)	Associate
Luanta Investment (Netherlands) N.V. (Luanta)	Associate
Balsam Investment (Netherlands) N.V. (Balsam)	Associate
Italia Marittima S.p.A. (ITS)	Associate
Colon Container Terminal S.A. (CCT)	Associate
PT. Evergreen Shipping Agency Indonesia (EMI)	Associate
Evergreen Shipping Agency Co. (U.A.E) LLC (UAE)	Associate
Evergreen Shipping Agency Lanka (Private) Limited (ELK)	(An associate since March 1, 2019)
VIP Greenport Joint Stock Company (VGP)	Associate
Ics Depot Services Sdn. Bhd. (IDS)	Associate
Evergreen 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.	Other related party
Ever Accord Construction Corporation (EAC)	Other related party
Evergreen Aviation Technologies Corporation (EGAT)	Other related party
Evergreen Sky Catering Corporation (EGSC)	Other related party
Evergreen Air Cargo Services Corporation (EGAC)	Other related party
Evergreen Aviation Precision Corporation (EGAP)	(Has been merged with EGAT on February 28, 2019)
Evergreen International S.A.(EIS)	Other related party
Evergreen Marine (Singapore) Pte. Ltd.(EMS)	Other related party
Gaining Enterprise S.A. (GESA)	Other related party
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

Names of related parties	Relationship with the Group
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
Directors, General manager and Vice General Manager	Key management

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Sales of services:		
Associates	\$ 509,226	\$ 624,765
Other related parties	<u>2,866,836</u>	<u>3,152,850</u>
	<u>\$ 3,376,062</u>	<u>\$ 3,777,615</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>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Purchases of services:		
Associates	\$ 857,958	\$ 623,824
Other related parties	<u>1,651,652</u>	<u>1,842,630</u>
	<u>\$ 2,509,610</u>	<u>\$ 2,466,454</u>

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

C. Receivables from related parties:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts receivable:			
Associates	\$ 75,698	\$ 121,156	\$ 115,852
Other related parties	<u>623,517</u>	<u>659,406</u>	<u>1,028,482</u>
Subtotal	<u>\$ 699,215</u>	<u>\$ 780,562</u>	<u>\$ 1,144,334</u>
Other receivables:			
Associates			
-Other	\$ 4,738	\$ 1,818	\$ 8,133
Other related parties			
-Other	<u>14,171</u>	<u>18,796</u>	<u>10,674</u>
Subtotal	<u>\$ 18,909</u>	<u>\$ 20,614</u>	<u>\$ 18,807</u>
Total	<u>\$ 718,124</u>	<u>\$ 801,176</u>	<u>\$ 1,163,141</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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts payable:			
Associates	\$ 136,735	\$ 143,074	\$ 81,015
Other related parties	<u>142,909</u>	<u>268,028</u>	<u>349,115</u>
Subtotal	<u>\$ 279,644</u>	<u>\$ 411,102</u>	<u>\$ 430,130</u>
Other payables:			
Associates	\$ 13,270	\$ 31,825	\$ 21,038
Other related parties	<u>160,712</u>	<u>149,671</u>	<u>151,889</u>
Subtotal	<u>\$ 173,982</u>	<u>\$ 181,496</u>	<u>\$ 172,927</u>
Total	<u>\$ 453,626</u>	<u>\$ 592,598</u>	<u>\$ 603,057</u>

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

E. Property transactions:

Acquisition of property, plant and equipment:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Associates	\$ -	\$ 115
Other related parties	<u>72,570</u>	<u>-</u>
	<u>\$ 72,570</u>	<u>\$ 115</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:

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 assets' by \$3,196,381.

(c) Lease liabilities:

i. Outstanding balance:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates	\$ 695,783	\$ 791,302	\$ 1,129,306
Other related parties	429,116	487,665	622,435
	<u>\$ 1,124,899</u>	<u>\$ 1,278,967</u>	<u>\$ 1,751,741</u>

ii. Interest expense:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Associates	\$ 8,159	\$ 9,151
Other related parties	3,997	12,966
	<u>\$ 12,156</u>	<u>\$ 22,117</u>

(d) Lease liabilities designated as hedges:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates	\$ 83,217	\$ 94,049	\$ 130,215
Other related parties	524,657	610,456	1,064,273
	<u>\$ 607,874</u>	<u>\$ 704,505</u>	<u>\$ 1,194,488</u>

G. Agency accounts:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Debit balance of agency accounts:			
Associates	\$ -	\$ 513	\$ -
Other related parties			
-EIC	446,400	337,038	-
-EGA	910,902	-	517,135
-Other	-	98,580	697
	<u>\$ 1,357,302</u>	<u>\$ 436,131</u>	<u>\$ 517,832</u>

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Credit balance of agency accounts:			
Associates	(\$ 53,045)	(\$ 135,281)	(\$ 105,905)
Other related parties			
-EIC	-	-	(98,070)
-EGJ	(405,280)	(523,778)	(317,881)
-Other	(23,115)	(49,274)	(20,340)
	<u>(\$ 481,440)</u>	<u>(\$ 708,333)</u>	<u>(\$ 542,196)</u>

H. Shipowner's accounts:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Debit balance of shipowner's accounts:			
Other related parties			
-EIS	-	-	\$ 1,626,387
-GESA	33,609	28,957	17,443
	<u>\$ 33,609</u>	<u>\$ 28,957</u>	<u>\$ 1,643,830</u>

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Credit balance of shipowner's accounts:			
Associates			
-ITS	(\$ 184,662)	(\$ 277,877)	(\$ 260,824)
Other related parties			
-EIS	(588,965)	(1,027,141)	-
-EMS	(944,104)	(1,061,752)	(26,413)
	<u>(\$ 1,717,731)</u>	<u>(\$ 2,366,770)</u>	<u>(\$ 287,237)</u>

I. Loans to/from related parties:

(a) Loans to related parties:

i. Outstanding balance:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates	<u>\$ 732,028</u>	<u>\$ 722,926</u>	<u>\$ 505,022</u>

ii. Interest income

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Associates	<u>\$ 4,814</u>	<u>\$ 5,134</u>

The loans to associates carry interest at floating rates for the three-month periods ended March 31, 2020 and 2019.

(b) Loans from related parties:

i. Outstanding balance:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties	<u>\$ 527,344</u>	<u>\$ 524,743</u>	<u>\$ 853,276</u>

ii. Interest expense:

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Other related parties	<u>\$ 4,524</u>	<u>\$ 10,818</u>

The loans from associates carry interest at floating rates for the three-month periods ended March 31, 2020 and 2019.

J. Endorsements and guarantees provided to related parties:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates	<u>\$ 3,722,006</u>	<u>\$ 3,674,191</u>	<u>\$ 3,657,007</u>

K. On December 20, 2019, the Board of Directors of the subsidiary, EGH, approved to acquire 16.50% equity interests of ELA from associate, ITS, and each of other related party, EIS and EMS. The transaction date was set on March 1, 2020, and the transaction price amounted to \$9,712 (USD 323).

L. On November 13, 2019, the Board of Directors of the second-tier subsidiary, Armand B.V., approved to sell 2.92% equity interests of associate, Taipei Port, to other related party, EIS. The transaction date was set on February 1, 2020, and the transaction price amounted to \$150,464 (USD 4,997).

M. On November 10, 2019, the Board of Directors of the subsidiary, Peony, has resolved to participate in the capital increase of the investee, Balsam, the investment accounted for using the equity method, as the original shareholder. The amount of capital increase was USD 24,500. The effective date was set on November 14, 2019.

N. The Board of Directors of the Company during its meeting on December 21, 2018 adopted a resolution to participate in the capital increase raised by EVA Airways Corporation amounting to 39,150 thousand shares, with a subscription price of \$13 (in dollars) per share, with a total price of \$508,944. The effective date was set on January 24, 2019. Moreover, the Company purchased 70 thousand shares from a specific person, and the purchase price amounted to \$700.

(3) Key management compensation

	<u>Three-month period ended March 31, 2020</u>	<u>Three-month period ended March 31, 2019</u>
Salaries and other short-term employee benefits	\$ 55,225	\$ 49,194
Post-employment benefits	553	758
Salaries and other long-term employee benefits	<u>107</u>	<u>-</u>
	<u>\$ 55,885</u>	<u>\$ 49,952</u>

8. PLEGGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	
Financial assets at amortised cost				Performance guarantee
- Pledged time deposits	\$ 238,138	\$ 290,740	\$ 280,308	
Refundable deposits				"
- Pledged time deposits	2,000	2,000	2,000	
Property, plant and equipment				Long-term loan
-Land	514,312	514,312	514,312	"
-Buildings	5,677,156	5,631,364	5,760,714	"
-Loading and unloading equipment	1,826,694	1,900,801	1,941,222	"
-Ships	74,379,565	71,742,174	68,047,897	"
-Computer and communication equipment	271,752	314,161	458,476	"
Investment property				Long-term loan
-Land	1,285,781	1,285,781	1,285,781	"
-Buildings	3,929,997	3,972,653	4,403,536	
	<u>\$ 88,125,395</u>	<u>\$ 85,653,986</u>	<u>\$ 82,694,246</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of March 31, 2020, the Company had delegated DBS Bank to issue Standby Letters of Credit amounting to USD 5,000.
- B. As of March 31, 2020, 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 \$135,254,511 and the unutilized credit was \$21,611,245.
- C. As of March 31, 2020, the amount of guaranteed notes issued by the Company for loans borrowed was \$80,332,886.
- D. To meet its operational needs, the Company signed the shipbuilding contracts with Samsung Heavy Industries, Hyundai Mipo Dockyard Co., td, Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Company Ltd.. As of March 31, 2020, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 2,393,212, USD 2,022,383 of which remain unpaid.
- E. To meet its operational needs, the Company signed the transportation equipment purchase contracts. As of March 31, 2020, the total price of the contracts, wherein the equipment have not yet been delivered, amounted to USD 102,810, USD 74,472 of which remain unpaid.
- F. In response to international regulations on sulfur content in shipping fuel, the Group entered into sulfur emission abatement equipment purchase contracts with Wartsila Finland Oy and China Shipbuilding & Offshore International Co., Ltd.. The total contract prices are USD 54,962, respectively, and USD 34,181 remain unpaid. The Group signed installation contracts with Huarun Dadong Dockyard Co., Ltd., COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd. and Global Oil And Gas Services. As of March 31, 2020, the total price of the contracts amounted to USD 66,789, USD 57,648 of which remain unpaid.
- G. To cooperate with the construction in Kaohsiung Port 7th container center, the Company entered into the technique plan service contract for bridge crane with Liftech Consultants Inc.,. As of March 31, 2020, the total contract amount was USD235 and the unpaid amount was USD196.
- H. For the Group's lease contract which was entered into but not completed construction. As of March 31, 2020, the expected minimum lease payment in the future was \$115,410,594.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,452,117	\$ 1,719,423	\$ 1,662,374
Financial assets at amortised cost			
Cash and cash equivalents	37,384,573	37,871,889	35,594,819
Financial assets at amortised cost	1,044,791	2,118,536	2,317,613
Notes receivable	115,435	129,545	86,594
Accounts receivable	14,177,216	14,759,813	12,815,666
Other accounts receivable	1,065,917	1,027,279	795,446
Guarantee deposits paid	227,261	229,095	230,700
	<u>\$ 54,015,193</u>	<u>\$ 56,136,157</u>	<u>\$ 51,840,838</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Accounts payable	\$ 14,168,725	\$ 16,580,812	\$ 17,769,140
Other accounts payable	5,164,613	5,113,118	5,726,066
Bonds payable	10,000,000	10,000,000	10,000,000
Lease payable (including current portion)	61,263,792	61,042,893	62,656,743
Long-term borrowings (including current portion)	113,608,646	106,701,568	102,599,058
Guarantee deposits received	294,788	325,987	386,178
	<u>\$ 204,500,564</u>	<u>\$ 199,764,378</u>	<u>\$ 199,137,185</u>
Financial liabilities for hedging (including current portion)	<u>\$ 19,780,860</u>	<u>\$ 20,188,942</u>	<u>\$ 11,452,364</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

March 31, 2020			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	\$ 713,871	30.1905	\$ 21,552,122
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	\$ 1,417,085	30.1905	\$ 42,782,505
RMB:TWD	58,907	4.2520	250,473
HKD:USD	111,038	0.1290	432,446
GBP:USD	7,359	1.2327	273,871
EUR:USD	6,025	1.0957	199,305
RMB:USD	245,029	0.1408	1,041,575
December 31, 2019			
	Foreign currency amount (In Thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	\$ 582,814	30.0130	\$ 17,491,997
GBP:USD	2,889	1.3118	113,743
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	\$ 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
RMB:USD	225,390	0.1431	968,019

March 31, 2019

	Foreign currency amount (In Thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	\$ 1,017,312	30.8400	\$ 31,373,902
EUR:USD	3,670	1.1235	127,161
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	\$ 1,320,725	30.8400	\$ 40,731,159
HKD:USD	99,355	0.1274	390,367
GBP:USD	5,239	1.3070	211,173
RMB:USD	206,366	0.1485	945,103
EUR:USD	3,372	1.1235	116,836

- 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 three-month periods ended March 31, 2020 and 2019 amounted to \$145,868 and \$105,435, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Three-month period ended March 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:TWD	1%	\$ 215,521	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 230,016	\$ 197,809
RMB:TWD	1%	2,505	-
HKD:USD	1%	4,324	-
GBP:USD	1%	2,739	-
EUR:USD	1%	1,993	-
RMB:USD	1%	10,416	-

	Three-month period ended March 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 313,739	\$ -
EUR:USD	1%	1,272	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:TWD	1%	\$ 292,933	\$ 114,379
HKD:USD	1%	3,904	-
GBP:USD	1%	2,112	-
RMB:USD	1%	9,451	-
EUR:USD	1%	1,168	-

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 \$14,239 and \$16,208 for the three-month periods ended March 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 three-month periods ended March 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in the TWD, USD and GBP.

ii. As of March 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 three-month periods ended March 31, 2020 and 2019 would have been \$1,009,132 and \$897,926 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. If the default rate of an investment target exceeds 0.03%, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customers' contract assets, notes receivable, accounts receivable (including related parties) and overdue receivable in accordance with the nature of segments. The Group applies the modified approach using probability of default to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable (including related parties), contract assets and overdue receivable. As of March 31, 2020, December 31, 2019 and March 31, 2019, the loss rate methodology is as follows:

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At March 31, 2020</u>			
Expected loss rate	100%	0.06%	
Total book value	\$ 271,059	\$ 15,673,765	\$ 15,944,824
Loss allowance	<u>\$ 271,059</u>	<u>\$ 9,835</u>	<u>\$ 280,894</u>

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>December 31, 2019</u>			
Expected loss rate	100%	0.08%	
Total book value	\$ 269,506	\$ 16,595,777	\$ 16,865,283
Loss allowance	<u>\$ 269,506</u>	<u>\$ 12,922</u>	<u>\$ 282,428</u>
	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At March 31, 2019</u>			
Expected loss rate	100%	0.11%	
Total book value	\$ 276,743	\$ 15,102,918	\$ 15,379,661
Loss allowance	<u>\$ 276,743</u>	<u>\$ 16,998</u>	<u>\$ 293,741</u>

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

	<u>2020</u>			
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivable</u>
At January 1	(\$ 2)	(\$ 12,345)	(\$ 575)	(\$ 269,506)
Provision for impairment	-	(404)	97	-
Reversal of impairment loss	(1)	3,048	36	-
Reclassifications	-	-	-	-
Write-offs	-	-	-	-
Effect of foreign exchange	-	312	-	(1,553)
At March 31	<u>(\$ 3)</u>	<u>(\$ 9,389)</u>	<u>(\$ 442)</u>	<u>(\$ 271,059)</u>
	<u>2019</u>			
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivable</u>
At January 1	(\$ 4)	(\$ 96,468)	(\$ 692)	(\$ 202,654)
Provision for impairment	-	(93)	-	-
Reversal of impairment loss	-	13,306	(24)	-
Reclassifications	-	66,913	-	(66,913)
Write-offs	2	-	-	-
Effect of foreign exchange	-	64	(2)	(7,176)
At March 31	<u>(\$ 2)</u>	<u>(\$ 16,278)</u>	<u>(\$ 718)</u>	<u>(\$ 276,743)</u>

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

March 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	\$13,774,626	\$ 114,451	\$ 4	\$ -	\$ -	\$13,889,081
Accounts payable - related parties	38,766	240,878	-	-	-	279,644
Other payables	4,310,074	153,213	-	-	-	4,463,287
Other payables - related parties	686,758	4,998	-	-	9,570	701,326
Bonds payable	101,200	-	4,101,200	6,076,400	-	10,278,800
Long-term loans (including current portion)	8,313,341	19,991,236	24,473,101	50,424,996	17,716,394	120,919,068
Lease payable and financial liabilities for hedging (including current portion)	3,312,404	10,276,364	12,354,317	33,946,037	33,880,110	93,769,232

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

March 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Accounts payable	\$17,319,829	\$ 19,175	\$ 6	\$ -	\$ -	\$17,339,010
Accounts payable - related parties	191,616	238,514	-	-	-	430,130
Other payables	4,434,073	241,394	21,780	606	2,010	4,699,863
Other payables - related parties	99,361	917,070	-	-	9,772	1,026,203
Bonds payable	-	101,200	101,200	10,177,600	-	10,380,000
Long-term loans (including current portion)	5,197,393	15,831,686	26,599,731	46,525,130	17,424,478	111,578,418
Lease payable and financial liabilities for hedging (including current portion)	3,363,144	9,846,716	11,335,679	31,728,533	29,727,320	86,001,392

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(10).

C. Financial instruments not measured at fair value

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

	March 31, 2020	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,201,503
Long-term loans (including current portion)	<u>113,608,646</u>	<u>120,736,140</u>
	<u>\$ 123,608,646</u>	<u>\$ 130,937,643</u>
	December 31, 2019	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,154,063
Long-term loans (including current portion)	<u>106,701,568</u>	<u>114,134,001</u>
	<u>\$ 116,701,568</u>	<u>\$ 124,288,064</u>
	March 31, 2019	
	Book value	Fair value Level 3
Financial liabilities:		
Bonds payable	\$ 10,000,000	\$ 10,191,343
Long-term loans (including current portion)	<u>102,599,058</u>	<u>111,344,752</u>
	<u>\$ 112,599,058</u>	<u>\$ 121,536,095</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:

March 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 852,717</u>	<u>\$ -</u>	<u>\$ 599,400</u>	<u>\$ 1,452,117</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,780,860</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>
Liabilities:				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,188,942</u>
March 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>\$ 887,623</u>	<u>\$ -</u>	<u>\$ 774,751</u>	<u>\$ 1,662,374</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Derivative financial liabilities for hedging				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,452,364</u>

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

- 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 three-month periods ended March 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 three-month periods ended March 31, 2020 and 2019:

	2020	2019
At January 1	\$ 729,573	\$ 800,149
Issued in the period	-	-
Sold in the period	-	-
Gains and losses recognised in other comprehensive income (Note 1)	(130,173)	(25,398)
At March 31	<u>\$ 599,400</u>	<u>\$ 774,751</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 three-month periods ended March 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 March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 592,627	Market comparable companies	Price to earnings ratio multiple	8.82~36.90	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.48~2.27	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 722,800	Market comparable companies	Price to earnings ratio multiple	8.82~46.24	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.54~3.06	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 767,978	Market comparable companies	Price to earnings ratio multiple	8.81~86.23	The higher the multiple and control premium, the higher the fair value
			Price to book ratio multiple	0.49~2.25	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~30%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
Venture capital shares Private equity fund investment	6,773	Net asset value	Net asset value		The higher the net asset value, the higher the fair value

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

		March 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change						
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 5,926	\$ 5,926	
	Net asset value	±1%	-	-	68	68	
			\$ -	\$ -	\$ 5,994	\$ 5,994	
December 31, 2019							
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change						
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 7,228	\$ 7,228	
	Net asset value	±1%	-	-	68	68	
			\$ -	\$ -	\$ 7,296	\$ 7,296	
March 31, 2019							
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change						
Financial assets							
Equity instrument	Price to earnings ratio/ price to book ratio/ discount for lack of marketability	±1%	\$ -	\$ -	\$ 7,680	\$ 7,680	
	Net asset value	±1%	-	-	68	68	
			\$ -	\$ -	\$ 7,748	\$ 7,748	

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:

Three-month period ended March 31, 2020

	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	\$ 43,264,022	\$ 211,233	\$ -	\$ 43,475,255
Revenue from internal customers	<u>6,873,013</u>	<u>-</u>	<u>(6,873,013)</u>	<u>-</u>
Segment revenue	50,137,035	211,233	(6,873,013)	43,475,255
Interest income	132,009	6,070	-	138,079
Interest expense	(1,322,657)	(1,904)	-	(1,324,561)
Depreciation and amortisation	(5,278,499)	(62,814)	-	(5,341,313)
Share of income (loss) of associates and joint ventures accounted for using equity method	(72,630)	(67,874)	-	(140,504)
Other items	<u>(37,218,127)</u>	<u>(206,469)</u>	<u>-</u>	<u>(37,424,596)</u>
Segment profit (loss)	<u>\$ 6,377,131</u>	<u>(\$ 121,758)</u>	<u>(\$ 6,873,013)</u>	<u>(\$ 617,640)</u>
Recognizable assets	\$ 270,206,054	\$ 8,729,077	\$ -	\$ 278,935,131
Investments accounted for using equity method	<u>22,872,131</u>	<u>5,666,194</u>	<u>-</u>	<u>28,538,325</u>
Segment assets	<u>\$ 293,078,185</u>	<u>\$ 14,395,271</u>	<u>\$ -</u>	<u>\$ 307,473,456</u>
Segment liabilities	<u>\$ 235,047,281</u>	<u>\$ 950,033</u>	<u>\$ -</u>	<u>\$ 235,997,314</u>

	Three-month period ended March 31, 2019			
	Transportation Department	Other Departments	Adjustments and written-off	Total
Revenue from external customers	\$ 45,208,418	\$ 488,634	\$ -	\$ 45,697,052
Revenue from internal customers	<u>7,273,533</u>	<u>-</u>	<u>(7,273,533)</u>	<u>-</u>
Segment revenue	52,481,951	488,634	(7,273,533)	45,697,052
Interest income	185,099	8,274	-	193,373
Interest expense	(1,329,830)	(4,854)	-	(1,334,684)
Depreciation and amortisation	(4,955,297)	(64,279)	-	(5,019,576)
Share of income (loss) of associates and joint ventures accounted for using equity method	427,838	(23,010)	-	404,828
Other items	<u>(38,750,499)</u>	<u>(481,965)</u>	<u>-</u>	<u>(39,232,464)</u>
Segment profit (loss)	<u>\$ 8,059,262</u>	<u>(\$ 77,200)</u>	<u>(\$ 7,273,533)</u>	<u>\$ 708,529</u>
Recognizable assets	\$ 253,259,703	\$ 9,133,185	\$ -	\$ 262,392,888
Investments accounted for using equity method	<u>22,800,291</u>	<u>6,376,983</u>	<u>-</u>	<u>29,177,274</u>
Segment assets	<u>\$ 276,059,994</u>	<u>\$ 15,510,168</u>	<u>\$ -</u>	<u>\$ 291,570,162</u>
Segment liabilities	<u>\$ 218,862,604</u>	<u>\$ 1,108,713</u>	<u>\$ -</u>	<u>\$ 219,971,317</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.

Evergreen Marine Corporation (Taiwan) Ltd.
Loans to others
For the three-month period ended March 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 three-month period ended March 31, 2020 (Note 3)	Balance at March 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	\$ 63,400	\$ 60,381	2.02488~ 2.71613	2	\$ -	Working capital requirement	\$ -	None	\$ -	\$ 5,218,739	\$ 13,046,849	
1	Peony Investment S.A.	Clove Holding Ltd.	Receivables from related parties	Yes	782,282	778,915	763,820	1.75000~ 2.72888	2	-	Working capital requirement	-	None	-	10,437,479	13,046,849	(Note 9)
2	Clove Holding Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	539,714	537,391	537,391	1.85000~ 2.77088	2	-	Working capital requirement	-	None	-	548,630	1,371,575	
3	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	Receivables from related parties	Yes	121,436	120,913	120,913	1.85000~ 3.50438	2	-	Working capital requirement	-	None	-	946,561	1,893,123	

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 three-month period ended March 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 864,302*30.1905*20%=5,218,739

Clove Holding Ltd. : USD 90,861*30.1905*20%=548,630

Evergreen Marine (Hong Kong) Ltd. : USD 156,765*30.1905*20%=946,561

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 864,302*30.1905*40%=10,437,479

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 156,765*30.1905*40%=1,893,123

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 864,302*30.1905*50%=13,046,849

Clove Holding Ltd. : USD 90,861*30.1905*50%=1,371,575

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 three-month period ended March 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 March 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at March 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	\$ 137,043,679	\$ 52,023,307	\$ 52,023,307	\$ 29,778,945	\$ -	75.92%	\$ 171,304,599	Y	N	N	
0	Evergreen Marine Corporation	Peony Investment S.A.	2	137,043,679	151,605	150,953	-	-	0.22%	171,304,599	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	2	137,043,679	34,108,265	33,961,464	30,411,320	-	49.56%	171,304,599	Y	N	N	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	2	137,043,679	104,254	103,806	58,130	-	0.15%	171,304,599	Y	N	N	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	34,260,920	2,323,801	2,313,800	2,273,948	-	3.38%	171,304,599	N	N	N	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	34,260,920	891,437	887,601	887,601	-	1.30%	171,304,599	N	N	N	
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	2	137,043,679	2,657,778	2,646,339	1,077,353	-	3.86%	171,304,599	Y	N	N	
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	2	137,043,679	33,589,686	33,445,118	18,200,090	-	48.81%	171,304,599	Y	N	N	

Evergreen Marine Corporation (Taiwan) Ltd.
Provision of endorsements and guarantees to others
For the three-month period ended March 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 March 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at March 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.	Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	2	\$ 9,465,613	\$ 36,357	\$ -	\$ -	\$ -	\$ -	\$ 11,832,017	Y	N	Y	
1	Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal S.A.	6	2,366,403	522,855	520,605	511,638	-	11.00%	11,832,017	N	N	N	
1	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (Hong Kong) Ltd.	2	9,465,613	2,356,104	2,356,104	616,953	-	49.78%	11,832,017	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: $68,521,840 * 250\% = 171,304,599$

Limit on endorsement or guarantees provided by the Company for a single entity is \$34,260,920 (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 \$137,043,679.)

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: $USD 156,765 * 30.1905 * 250\% = 11,832,017$

Limit on endorsements or guarantees provided for a single entity : 2,366,403

(When the Company owns more than 50% voting shares of the endorsed/guaranteed company, the limit on endorsement or guarantee provided by the Company should not exceed 200% of its net worth, which equals to \$9,465,613.)

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 three-month period ended March 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 March 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	4,948	1.44%	4,948	
	TopLogis, Inc.		"	2,464	21,044	17.48%	21,044	
	Ever Accord Construction Corp.	Other related party	"	10,500	107,043	17.50%	107,043	
	Central Reinsurance Corp.		"	49,866	852,717	8.45%	852,717	
	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 208	7.50%	USD 208	
	South Asia Gateway Terminals (Private) Ltd.		"	18,942	USD 15,004	5.00%	USD 15,004	
Evergreen Shipping Agency (Europe) GmbH	Zoll Pool Hafen Hamburg AG		"	10	EUR 10	2.86%	EUR 10	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of 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 three-month period ended March 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	\$ 307,424	3%	30~60 days	\$ -	-	(\$ 125,989)	3%	(Note)
	Greencompass Marine S.A.	Subsidiary	Purchases	459,172	4%	30~60 days	-	-	(302)	-	(Note)
			Sales	575,597	5%	30~60 days	-	-	29,414	1%	(Note)
	Taiwan Terminal Services Co., Ltd.	Subsidiary	Purchases	210,945	2%	30~60 days	-	-	(75,371)	2%	(Note)
	Evergreen International Storage and Transport Corp.	Associates	Purchases	105,975	1%	30~60 days	-	-	(21,008)	1%	
	Evergreen International Corp.	Other related parties	Purchases	180,146	2%	30~60 days	-	-	(37,847)	1%	
	Evergreen Marine (UK) Limited	Subsidiary	Purchases	134,776	1%	30~60 days	-	-	(24,811)	1%	(Note)
			Sales	202,086	2%	30~60 days	-	-	46,122	1%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Other related parties	Sales	422,750	4%	30~60 days	-	-	17,843	1%	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary	Purchases	169,742	1%	30~60 days	-	-	(834)	-	(Note)
Sales			146,949	1%	30~60 days	-	-	4,044	-	(Note)	
Gaining Enterprise S.A.	Other related parties	Purchases	152,999	1%	30~60 days	-	-	-	-		
Taiwan Terminal Services Co.,Ltd.	Evergreen Marine Corp.	The parent	Sales	210,945	100%	30~60 days	-	-	75,371	100%	(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)	
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	Sales	USD 10,209	12%	30~60 days	\$ -	-	USD 4,173	11%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 23,302	27%	30 days	-	-	USD 9,476	26%	
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 7,099	8%	30 days	-	-	USD 2,296	6%	(Note)
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 16,531	19%	30 days	-	-	USD 6,957	19%	(Note)
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 8,366	10%	30 days	-	-	USD 3,363	9%	(Note)
Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine Corp.	The parent	Sales	USD 5,637	3%	30~60 days	-	-	USD 28	-	(Note)
			Purchases	USD 4,880	2%	30~60 days	-	-	(USD 134)	-	(Note)
	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 8,598	4%	30~60 days	-	-	USD 10	-	(Note)
			Purchases	USD 6,393	3%	30~60 days	-	-	(USD 315)	-	(Note)
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Purchases	USD 8,885	4%	30~60 days	-	-	(USD 1,484)	2%	
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 10,606	5%	30~60 days	-	-	-	-	
	Evergreen International Corp.	Investee of the Parent Company's major shareholder	Purchases	USD 4,199	2%	30~60 days	-	-	-	-	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 4,132	2%	30~60 days	-	-	-	-	(Note)
			Purchases	USD 23,004	11%	30~60 days	-	-	(USD 850)	1%	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 8,366	4%	30 days	-	-	(USD 3,363)	4%	(Note)
Master International Shipping Agency Co., Ltd.	Indirect subsidiary of the Parent Company	Purchases	USD 7,078	3%	30~60 days	-	-	(USD 2,068)	2%	(Note)	

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases/sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Greencompass Marine S.A.	Evergreen Marine (UK) Limited	Indirect subsidiary of the Parent Company	Sales	USD 7,751	1%	30~60 days	\$ -	-	USD 613	-	(Note)
			Purchases	USD 5,341	1%	30~60 days	-	-	(USD 75)	-	(Note)
	Evergreen Marine Corp.	The parent	Sales	USD 15,248	2%	30~60 days	-	-	USD 10	-	(Note)
			Purchases	USD 19,114	3%	30~60 days	-	-	(USD 974)	-	(Note)
	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 7,099	1%	30 days	-	-	(USD 2,296)	1%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 20,566	3%	30~60 days	-	-	USD 111	-	
			Purchases	USD 6,070	1%	30~60 days	-	-	(USD 37)	-	
	Italia Marittima S.p.A.	Investee of Balsam Investment (NetherLands) N.V.	Sales	USD 5,994	1%	30~60 days	-	-	-	-	
			Purchases	USD 8,417	1%	30~60 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 6,393	1%	30~60 days	-	-	USD 315	-	(Note)
Purchases			USD 8,598	1%	30~60 days	-	-	(USD 10)	-	(Note)	
Evergreen Marine (UK) Limited	Greencompass Marine S.A.	Indirect subsidiary of the Parent Company	Sales	USD 5,341	2%	30~60 days	-	-	USD 75	-	(Note)
			Purchases	USD 7,751	3%	30~60 days	-	-	(USD 613)	-	(Note)
	Evergreen Marine Corp.	The Parent	Sales	USD 4,476	2%	30~60 days	-	-	USD 822	1%	(Note)
			Purchases	USD 6,711	2%	30~60 days	-	-	(USD 1,528)	1%	(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)	
Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	Subsidiary of the Parent Company	Purchases	USD 16,531	6%	30 days	\$ -	-	(USD 6,957)	5%	(Note)
	Evergreen Marine (Singapore) Pte. Ltd.	Investee of the Parent Company's major shareholder	Sales	USD 7,898	3%	30~60 days	-	-	USD 595	1%	
	Evergreen Shipping Agency (America) Corporation	Investee of the Parent Company's major shareholder	Purchases	USD 4,589	2%	30~60 days	-	-	-	-	
	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	USD 23,004	8%	30~60 days	-	-	USD 850	1%	(Note)
			Purchases	USD 4,132	1%	30~60 days	-	-	-	-	(Note)
Evergreen Heavy Industrial Corp.(Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	Sales	MYR 29,375	100%	45 days	-	-	MYR 30,139	100%	
Master International Shipping Agency Co. Ltd.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	Sales	CNY 49,419	100%	30~60 days	-	-	CNY 14,683	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
March 31, 2020

Table 5

Expressed in thousands of TWD/thousands of foreign currency

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Clove Holding Ltd.	Colon Container Terminal, S.A.	Investee of Clove Holding Ltd. accounted for using equity method	USD 18,109	-	\$ -	-	\$ -	-	
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Gaining Enterprise S.A.	Investee of EITC	MYR 30,139	-	-	-	-	-	
Peony Investment S.A.	Clove Holding Ltd.	Subsidiary	USD 25,655	-	-	-	-	-	Note
Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	Indirectly subsidiary of the Parent Company	USD 6,957	-	-	-	USD 6,348	-	Note
Everport Terminal Services Inc.	Evergreen Marine (Singapore) Pte. Ltd.	Other related party	USD 9,476	-	-	-	USD 8,646	-	
Everport Terminal Services Inc.	Evergreen Marine Corp.	The parent	USD 4,173	-	-	-	USD 3,808	-	Note
Everport Terminal Services Inc.	Evergreen Marine (Hong Kong) Ltd.	Subsidiary of the Parent Company	USD 3,363	-	-	-	USD 3,069	-	Note
Evergreen Marine (Hong Kong) Ltd.	Colon Container Terminal, S.A.	Investee of Evergreen Marine (Hong Kong) Limited accounted for using equity method	USD 4,097	-	-	-	-	-	

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

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

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.
Significant inter-company transactions during the reporting periods
For the three-month period ended March 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	\$ 210,945	Note 4	0.49
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Shipowner's account - credit	452,715	"	0.15
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating revenue	575,597	"	1.32
0	Evergreen Marine Corporation	Greencompass Marine S.A.	1	Operating cost	459,172	"	1.06
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Shipowner's account - debit	412,022	"	0.13
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating revenue	202,086	"	0.46
0	Evergreen Marine Corporation	Evergreen Marine (UK) Limited	1	Operating cost	134,776	"	0.31
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Shipowner's account - credit	150,196	"	0.05
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating revenue	146,949	"	0.34
0	Evergreen Marine Corporation	Evergreen Marine (Hong Kong) Ltd.	1	Operating cost	169,742	"	0.39
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Operating cost	307,424	"	0.71
0	Evergreen Marine Corporation	Everport Terminal Services Inc.	1	Account payables	125,989	"	0.04
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Operating cost	160,852	"	0.37
1	Greencompass Marine S.A.	Everport Terminal Services Inc.	3	Operating cost	213,770	"	0.49
1	Greencompass Marine S.A.	Evergreen Marine (UK) Limited	3	Shipowner's account - debit	181,367	"	0.06
1	Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - debit	140,706	"	0.05
2	Evergreen Marine (UK) Limited	Greencompass Marine S.A.	3	Operating cost	233,426	"	0.54
2	Evergreen Marine (UK) Limited	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	108,710	"	0.04
2	Evergreen Marine (UK) Limited	Everport Terminal Services Inc.	3	Operating cost	497,824	"	1.15
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating revenue	258,919	"	0.60
3	Evergreen Marine (Hong Kong) Ltd.	Greencompass Marine S.A.	3	Operating cost	192,503	"	0.44
3	Evergreen Marine (Hong Kong) Ltd.	Everport Terminal Services Inc.	3	Operating cost	251,941	"	0.58
3	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	3	Operating revenue	124,415	"	0.29
3	Evergreen Marine (Hong Kong) Ltd.	Evergreen Marine (UK) Limited	3	Operating cost	692,726	"	1.59
3	Evergreen Marine (Hong Kong) Ltd.	Master International Shipping Agency Co., Ltd.	3	Operating cost	213,158	"	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)
4	Everport Terminal Services Inc.	Evergreen Marine (UK) Limited	3	Account receivables	\$ 210,049	"	0.07
4	Everport Terminal Services Inc.	Evergreen Marine (Hong Kong) Ltd.	3	Account receivables	101,543	"	0.03
5	Peony Investment S.A.	Clove Holding Ltd.	3	Other receivables	774,542	"	0.25
6	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine Corporation	3	Shipowner's account - credit	166,087	"	0.05
6	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (UK) Limited	3	Shipowner's account - credit	189,457	"	0.06
6	Evergreen Shipping Agency (Europe) GmbH	Evergreen Marine (Hong Kong) Ltd.	3	Shipowner's account - credit	103,042	"	0.03

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.

Evergreen Marine Corporation (Taiwan) Ltd.
Information on investees (not including investee company of Mainland China)
For the three-month period ended March 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 March 31, 2020			Net profit (loss) of the investee For the three-month period ended March 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the three-month period ended March 31, 2020 (Note 2(3))	Footnote
				Balance as of March 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	\$ 25,998,129	(\$ 205,748)	(\$ 195,826)	Subsidiary of the Company (Note)
	Taiwan Terminal Services Co., Ltd.	Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	54,292	(425)	(234)	" (Note)
	Everport Terminal Services Inc.	U.S.A	Terminal services	3,001	3,001	1	94.43	1,695,386	(20,346)	(19,212)	" (Note)
	Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	6,283,222	6,283,222	6,320	79.00	7,115,470	(85,866)	(88,852)	" (Note)
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	9,103	9,103	1,062	59.00	27,655	12,022	7,093	" (Note)
	Charng Yang Development Co.,Ltd.	Taiwan	Development, rental, sale of residential and commercial buildings	320,000	320,000	58,542	40.00	570,626	43,541	17,416	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	8,927,561	160,382	64,729	"
	Evergreen Security Corporation	Taiwan	General security guards services	25,000	25,000	6,336	31.25	117,352	11,670	3,647	"
	EVA Airways Corporation	Taiwan	International passengers and cargo transportation	11,276,823	11,276,823	776,541	16.00	10,878,633	(1,220,628)	(195,293)	"
	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	1,446,196	1,094,073	144,799	27.85	1,451,870	66,420	16,631	"
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	-	3,151	-	0.00	-	222	39	"
VIP Greenport Joint Stock Company	Vietnam	Terminal services	178,750	178,750	13,750	21.74	288,905	53,505	11,632	"	
Peony Investment S.A.	Clove Holding Ltd.	British Virgin Islands	Investment holding company	1,586,489	1,586,489	10	100.00	2,743,150	(1,945)	(1,945)	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Europe) GmbH	Germany	Shipping agency	251,064	251,064	-	100.00	296,440	9,167	9,167	" (Note)
	Evergreen Shipping Agency (Korea) Corporation	South Korea	Shipping agency	73,242	73,242	121	100.00	41,052	7,833	7,833	" (Note)
	Greencompass Marine S.A.	Republic of Panama	Marine transportation	10,672,342	10,672,342	3,535	100.00	13,882,488	(30,857)	(30,857)	" (Note)
	Evergreen Shipping Agency (India) Pvt. Ltd.	India	Shipping agency	35,525	35,525	100	99.99	165,407	13,818	13,818	" (Note)
	Evergreen Argentina S.A.	Argentina	Leasing	4,227	4,227	150	95.00	47,680	(359)	(341)	" (Note)

Investor	Investee (Note 1、Note 2)	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2020			Net profit (loss) of the investee For the three-month period ended March 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the three-month period ended March 31, 2020 (Note 2(3))	Footnote
				Balance as of March 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	PT. Multi Bina Pura International	Indonesia	Loading and discharging operations of container yards and inland transportation	\$ 236,722	\$ 236,722	17	95.03	\$ 516,601	\$ 27,531	\$ 26,163	Indirect subsidiary of the Company (Note)
	PT. Multi Bina Transport	Indonesia	Container repair, cleaning and inland transportation	24,282	24,282	2	17.39	12,582	(810)	(141)	// (Note)
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Malaysia	Container manufacturing	824,045	824,045	42,120	84.44	918,998	9,721	8,209	// (Note)
	Armand Investment (Netherlands) N.V.	Curacao	Investment holding company	347,569	347,569	4	70.00	-	383	268	// (Note)
	Evergreen Shipping (Spain) S.L.	Spain	Shipping agency	203,644	203,644	6	100.00	254,452	30,230	30,230	// (Note)
	Evergreen Shipping Agency (Italy) S.p.A.	Italy	Shipping agency	71,008	71,008	0.55	55.00	71,928	1,964	1,080	// (Note)
	Evergreen Marine (UK) Limited	U.K	Marine transportation	4,048,626	4,048,626	765	51.00	473,781	(645,384)	(329,146)	// (Note)
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Australia	Shipping agency	51,577	51,577	1	100.00	119,158	8,928	8,928	// (Note)
	Evergreen Shipping Agency (Russia) Ltd.	Russia	Shipping agency	25,602	25,602	-	51.00	11,249	24,556	12,524	// (Note)
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Thailand	Shipping agency	67,717	67,717	680	85.00	53,232	15,661	13,312	// (Note)
	Evergreen Agency (South Africa) (Pty) Ltd.	South Africa	Shipping agency	17,541	17,541	5,500	55.00	78,948	7,800	4,290	// (Note)
	Evergreen Shipping Agency (Vietnam) Corp.	Vietnam	Shipping agency	37,165	37,165	-	100.00	389,088	47,405	47,405	// (Note)
	PT. Evergreen Shipping Agency Indonesia	Indonesia	Shipping agency	29,375	29,375	0.441	49.00	120,522	22,957	11,249	Investee company of Peony accounted for using equity method
	Luanta Investment (Netherlands) N.V.	Curaçao	Investment holding company	1,435,234	1,435,234	460	50.00	1,895,463	(658)	(329)	//
	Balsam Investment (Netherlands) N.V.	Curaçao	Investment holding company	12,610,162	12,610,162	0.451	49.00	326,692	(259,153)	(126,985)	//
	Evergreen Shipping Agency Co. (U.A.E.) LLC	United Arab Emirates	Shipping agency	62,857	62,857	-	49	127,262	50,598	24,793	//
	Greenpen Properties Sdn. Bhd.	Malaysia	Renting estate and storehouse company	12,863	12,863	1,500	30.00	32,504	2,249	675	//
Evergreen Marine Corp. (Malaysia) SDN.BHD.	Malaysia	Shipping agency	284,219	284,219	500	100.00	884,501	67,899	67,899	Indirect subsidiary of the Company (Note)	
Evergreen Marine (Hong Kong) Ltd.	Hong Kong	Marine transportation	80,005	80,005	80	1.00	90,069	(85,866)	(1,125)	Investee company of Peony accounted for using equity method	

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2020			Net profit (loss) of the investee For the three-month period ended March 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the three-month period ended March 31, 2020 (Note 2(3))	Footnote
				Balance as of March 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Peony Investment S.A.	Ics Depot Services Snd. Bhd.	Malaysia	Depot services	\$ 33,632	\$ 33,632	286	28.65	\$ 64,156	\$ 7,911	\$ 2,266	Investee company of Peony accounted for using equity method
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Netherlands	Investment holding company	511,304	511,304	0.045	100.00	-	639	639	Indirect subsidiary of the Company (Note)
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Taiwan	Container distribution and cargo stevedoring	-	506,019	-	0.00	-	66,420	2,673	Investee company of Armand Estate B.V. accounted for using equity method
Clove Holding Ltd.	Colon Container Terminal, S.A.	Republic of Panama	Inland container storage and loading	690,155	690,155	22,860	40.00	2,606,711	1,901	761	Investee company of Clove Holding Ltd. accounted for using equity method
	Everport Terminal Services Inc.	U.S.A	Terminal services	196,358	196,358	0.059	5.57	259,688	(20,346)	(1,134)	Indirect subsidiary of the Company (Note)
Evergreen Marine (UK) Limited	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	-	2,989	-	0.00	-	222	37	Investee company of Evergreen Marine (UK) Limited accounted for using equity method
Everport Terminal Services Inc.	Whitney Equipment LLC.	U.S.A	Equipment Leasing Company	6,038	6,038	-	100.00	225,153	3,811	3,811	Indirect subsidiary of the Company (Note)
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indonesia	Container repair cleaning and inland transportation	99,671	99,671	8	72.95	52,779	(810)	(591)	// (Note)
Evergreen Marine (Hong Kong) Limited	Colon Container Terminal S.A.	Republic of Panama	Inland container storage and loading	470,972	470,972	5,144	9.00	606,945	1,901	171	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method
	Evergreen Marine (Latin America), S.A.	Republic of Panama	Management consultancy	18,114	2,989	600	100.00	19,777	143	143	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Service (Cambodia) Co., Ltd.	Cambodia	Shipping agency	6,038	6,038	200	100.00	50,299	13,276	13,276	// (Note)

Investor	Investee (Note 1 · Note 2)	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2020			Net profit (loss) of the investee For the three-month period ended March 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company For the three-month period ended March 31, 2020 (Note 2(3))	Footnote
				Balance as of March 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
Evergreen Marine (Hong Kong) Limited	Evergreen Shipping Agency (Peru) S.A.C.	Peru	Shipping agency	\$ 8,381	\$ 8,381	900	60.00	\$ 27,218	\$ 29,724	\$ 17,834	Indirect subsidiary of the Company (Note)
	Evergreen Shipping Agency (Colombia) S.A.S	Colombia	Shipping agency	10,598	10,598	80	75.00	19,441	17,367	13,025	// (Note)
	Evergreen Shipping Agency Mexico S.A. de C.V.	Mexico	Shipping agency	6,920	6,920	44	60.00	43,675	18,897	11,338	// (Note)
	Evergreen Shipping Agency (Chile) SPA.	Chile	Shipping agency	9,625	9,625	2	60.00	48,638	11,662	6,997	// (Note)
	Evergreen Shipping Agency (Greece) Societe Anonyme.	Greece	Shipping agency	8,160	8,160	2	60.00	25,650	13,592	8,155	// (Note)
	Evergreen Shipping Agency (Israel) Ltd.	Israel	Shipping agency	154	154	18	1.00	469	12,022	120	// (Note)
	Evergreen Shipping Agency (Brazil) Ltd.	Brazil	Shipping agency	7,468	-	120	60.00	6,975	-	-	// (Note)
	Evergreen Shipping Agency Lanka (Private) Ltd.	Lanka	Shipping agency	3,659	3,659	2,160	40.00	24,704	20,811	8,324	Investee company of Evergreen Marine (Hong Kong) Limited accounted for using equity method

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

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at March 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 three-month period ended March 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 three-month period ended March 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 three-month period ended March 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 three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income (loss) of the investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect) (%)	Investment income (loss) recognised by the Company. For the three-month period ended March 31, 2020 (Note 2(2)B)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 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	\$ 531,390	(2)	\$ 216,209	\$ -	\$ -	\$ 216,209	\$ 4,935	40.00	\$ 1,974	\$ 321,419	\$ -	
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	180,710	(2)	42,775	-	-	42,775	37,625	40.00	15,050	171,466	-	
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, storage, loading, discharging, repair, cleaning and related activities	331,355	(2)	285,761	-	-	285,761	5,705	56.00	3,195	250,215	-	(Note)
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	1,847,394	(2)	2,459,329	-	-	2,459,329	9,570	80.00	(10,823)	3,150,317	-	(Note)
Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	182,836	(2)	272,073	-	-	272,073	74	80.00	73	144,682	-	(Note)
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	260,846	(2)	473,402	-	-	473,402	702	80.00	(1,440)	395,374	-	(Note)
Ever Shine (Qingdao) Enterprise Management Consulting Co., Ltd.	Management consultancy, self-owned property leasing	211,495	(2)	385,906	-	-	385,906	762	80.00	(62)	240,154	-	(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 three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income (loss) of the investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct of indirect) (%)	Investment income (loss) recognised by the Company. For the three-month period ended March 31, 2020 (Note 2(2)B)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Evergreen Shipping Agency (China) Co., Ltd.	Shipping agency	\$ 21,260	(2)	\$ 83,984	\$ -	\$ -	\$ 83,984	(\$ 34,017)	41.60	(\$ 14,151)	\$ 10,134	\$ -	(Note)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 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.	\$ 4,219,439	\$ 4,776,189	\$ 42,885,685

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 three-month period ended March 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 three-month period ended March 31, 2020

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Evergreen International S.A.(EIS)	391,786,816	8.14%
Chang, Kuo-Hua	319,646,157	6.64%
Evergreen International Corp.	262,411,866	5.45%

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.