# EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

## PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

## DECEMBER 31, 2017 AND 2016

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

## *Opinion*

We have audited the accompanying parent company only balance sheets of Evergreen Marine Corporation (Taiwan) Ltd. (the "Company") as of December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to *Other Matter* section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of Evergreen Marine Corporation (Taiwan) Ltd. as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" .

## *Basis for opinion*

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

## *Key audit matters*

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

The key audit matters of the parent company only financial statements for the year ended December 31, 2017 are as follows:

**Accuracy of freight revenue**

Description

Please refer to Note 4(29) for accounting policies on revenue recognition, Note 5(2) for uncertainty of accounting estimates and assumptions applied on revenue recognition, and Note 6(20) for details of sales revenue.

Evergreen Marine Corporation (Taiwan) Ltd. primarily engages in global container shipping service covering ocean-going and near-sea shipping line, shipping agency business as well as container freight station business. In 2017, freight revenue was NT$ 27,548,082 thousand, representing 95.33 % of operating revenue. Since ocean-going shipping often lasts for several days, voyages are sometimes completed after the balance sheet date. Also, demands for freight are consistently sent by forwarders during voyage. Due to the factors mentioned above, freight revenue is recognized under the percentage-of-completion method for each vessel of which the service has been provided during the reporting period.

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

How our audit addressed the matter

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

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

**Impairment of property, plant and equipment**

Description

Please refer to Note 4(15) for accounting policies on property, plant and equipment, Note 5(2) for uncertainty of accounting estimates and assumptions applied on impairment of property, plant and equipment, and Note 6(8) for details of property, plant and equipment.

As of December 31, 2017, property, plant and equipment amounted to NT$ 27,118,687 thousand, constituting 22.45% of total assets, and ship equipment, transport equipment and cargo handling equipment amounted to NT$ 26,021,184 thousand, accounting for approximately 95.95% of total property, plant and equipment. As new ships have been built and put into operation by many carriers around the world, market supply has exceeded demand. Therefore, the market imbalance led to price competition, resulting to losses for the industry and raising the risk of asset impairment. The valuation of impairment and recoverable amounts are evaluated by the Company using the present value of the future cash flows expected to be derived from an asset or cash-generating unit compared to the book value. The main assumptions of discounts rates used in recoverable amounts, and expected operating revenue growth rates, gross profit, operating profit rates, capital expenditures and discount rates used in future cash flow estimates are subject to management's judgement and involve high uncertainty, and the estimated results are material to the financial statements. Given the conditions as described above exist in the Company and its investee companies using equity method, we consider the impairment assessment of ship equipment, transport equipment and cargo handling equipment in the property, plant and equipment under the Company and its investee companies as a key audit matter.

How our audit addressed the matter

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

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

**Other matter – Audit by other independent accountants**

We did not audit the financial statements of all the investee companies accounted for using equity method. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those investee companies accounted for using equity method and information disclosed in Note 13 relating to these long-term equity investments, is based solely on the reports of the other independent accountants. Long-term equity investments in these investee companies amounted to NT$ 20,592,791 thousand and NT$ 19,659,814 thousand, constituting 17.05% and 18.54% of the total assets as of December 31, 2017, and 2016, respectively, and comprehensive loss (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for using equity method) was NT$ 1,848,434 thousand and NT$ 3,321,665 thousand for the years then ended.

## *Responsibilities of management and those charged with governance for the parent company only financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's responsibilities for the audit of the parent company only financial statements*

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lai, Chung-Hsi

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2018

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The accompanying parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2017 AMOUNT | | December 31, 2017 % | December 31, 2016 AMOUNT | | December 31, 2016 % |
|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | |
| Cash and cash equivalents | 6(1) | $ | 23,043,513 | 19 | $ | 20,654,209 | 20 |
| Held-to-maturity financial assets - current | 6(3) | | - | - | | 170,000 | - |
| Notes receivable - net | | | 72 | - | | 29 | - |
| Accounts receivable - net | 6(4) | | 2,861,279 | 3 | | 2,115,896 | 2 |
| Accounts receivable - related parties | 7 | | 213,443 | - | | 123,897 | - |
| Other receivables | | | 358,065 | - | | 686,293 | 1 |
| Other receivables - related parties | 7 | | 260,788 | - | | 207,467 | - |
| Current income tax assets | | | 14,180 | - | | 195,071 | - |
| Inventories | 6(5) | | 688,877 | 1 | | 401,083 | - |
| Prepayments | | | 225,934 | - | | 192,983 | - |
| Other current assets | 6(6), 7 and 8 | | 2,129,650 | 2 | | 2,050,809 | 2 |
| **Current Assets** | | | 29,795,801 | 25 | | 26,797,737 | 25 |
| **Non-current assets** | | | | | | | |
| Available-for-sale financial assets - non-current | 6(2) | | 1,297,929 | 1 | | 1,782,500 | 2 |
| Held-to-maturity financial assets - non-current | 6(3) | | 100,000 | - | | 50,000 | - |
| Investments accounted for using equity method | 6(7) | | 56,719,097 | 47 | | 46,181,530 | 44 |
| Property, plant and equipment - net | 6(8) and 8 | | 27,118,687 | 22 | | 26,055,383 | 25 |
| Investment property - net | 6(9) and 8 | | 1,907,702 | 2 | | 1,926,846 | 2 |
| Intangible assets | | | 39,071 | - | | 52,203 | - |
| Deferred income tax assets | 6(27) | | 561,985 | - | | 520,670 | - |
| Other non-current assets | 6(10) | | 3,254,303 | 3 | | 2,680,128 | 2 |
| **Non-current assets** | | | 90,998,774 | 75 | | 79,249,260 | 75 |
| **Total assets** | | $ | 120,794,575 | 100 | $ | 106,046,997 | 100 |

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EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2017 AMOUNT | % | December 31, 2016 AMOUNT | % |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Accounts payable | | $ 3,470,062 | 3 | $ 2,506,745 | 2 |
| Accounts payable - related parties | 7 | 124,895 | - | 123,976 | - |
| Other payables | | 569,685 | 1 | 506,974 | 1 |
| Other payables - related parties | 7 | 14,918 | - | 8,995 | - |
| Current income tax liabilities | | 10,766 | - | - | - |
| Other current liabilities | 6(11) and 7 | 11,029,918 | 9 | 11,615,068 | 11 |
| **Current Liabilities** | | 15,220,244 | 13 | 14,761,758 | 14 |
| **Non-current liabilities** | | | | | |
| Corporate bonds payable | 6(12) | 8,000,000 | 7 | - | - |
| Long-term loans | 6(13) | 31,951,886 | 26 | 38,261,648 | 36 |
| Deferred income tax liabilities | 6(27) | 758,619 | 1 | 546,379 | 1 |
| Other non-current liabilities | 6(14)(15) | 1,465,272 | 1 | 1,489,719 | 1 |
| **Non-current liabilities** | | 42,175,777 | 35 | 40,297,746 | 38 |
| **Total Liabilities** | | 57,396,021 | 48 | 55,059,504 | 52 |
| **Equity** | | | | | |
| **Capital** | 6(16) | | | | |
| Common stock | | 40,123,560 | 33 | 35,123,560 | 33 |
| **Capital surplus** | 6(17) | | | | |
| Capital surplus | | 10,838,075 | 9 | 7,989,014 | 7 |
| **Retained earnings** | 6(18) | | | | |
| Legal reserve | | 4,985,031 | 4 | 9,233,242 | 9 |
| Unappropriated earnings (deficit) | | 6,769,575 | 6 | ( 4,248,211) | ( 4) |
| **Other equity interest** | 6(19) | | | | |
| Other equity interest | | 682,313 | - | 2,889,888 | 3 |
| **Total equity** | | 63,398,554 | 52 | 50,987,493 | 48 |
| **Significant Contingent Liabilities And Unrecognised Contract Commitments** | 9 | | | | |
| **Significant Events After The Balance Sheet Date** | 11 | | | | |
| **Total liabilities and equity** | | $ 120,794,575 | 100 | $ 106,046,997 | 100 |

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)

| | | Years ended December 31 | | | |
|---|---|---|---|---|---|
| | | 2017 | | 2016 | |
| Items | Notes | AMOUNT | % | AMOUNT | % |
| **Operating revenue** | 6(20) and 7 | $ 28,897,616 | 100 | $ 23,060,494 | 100 |
| **Operating costs** | 6(25)(26) and 7 | ( 26,886,291) | ( 93) | ( 22,150,476) | ( 96) |
| **Gross profit** | | 2,011,325 | 7 | 910,018 | 4 |
| **Operating expenses** | 6(25)(26) and 7 | ( 2,094,972) | ( 7) | ( 1,700,579) | ( 7) |
| **Other gains - net** | 6(21) and 7 | 316,314 | 1 | 25,721 | - |
| **Operating profit (loss)** | | 232,667 | 1 | ( 764,840) | ( 3) |
| **Non-operating income and expenses** | | | | | |
| Other income | 6(22) | 492,360 | 2 | 414,010 | 2 |
| Other gains and losses | 6(2)(23) | 435,171 | 1 | ( 44,409) | - |
| Finance costs | 6(24) | ( 634,697) | ( 2) | ( 614,846) | ( 3) |
| Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | 6,692,407 | 23 | ( 6,052,505) | ( 26) |
| **Total non-operating income and expenses** | | 6,985,241 | 24 | ( 6,297,750) | ( 27) |
| **Profit (loss) before income tax** | | 7,217,908 | 25 | ( 7,062,590) | ( 30) |
| Income tax (expense) benefit | 6(27) | ( 212,737) | ( 1) | 454,604 | 2 |
| **Profit (loss) for the year** | | $ 7,005,171 | 24 | ($ 6,607,986) | ( 28) |
| **Other comprehensive income** | 6(19) | | | | |
| **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| Losses on remeasurements of defined benefit plans | | ($ 81,598) | - | ($ 49,377) | - |
| 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 | | ( 167,870) | ( 1) | ( 161,067) | ( 1) |
| Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | | 13,872 | - | 8,394 | - |
| **Components of other comprehensive income that will not be reclassified to profit or loss** | | ( 235,596) | ( 1) | ( 202,050) | ( 1) |
| **Components of other comprehensive income that will be reclassified to profit or loss** | | | | | |
| Other comprehensive income, before tax, exchange differences on translation | | ( 2,046,070) | ( 7) | ( 811,853) | ( 4) |
| Other comprehensive income, before tax, available-for-sale financial assets | | ( 92,521) | - | 435,609 | 2 |
| Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | ( 71,518) | - | 170,153 | 1 |
| Income tax relating to the components of other comprehensive income | | 2,534 | - | 192 | - |
| **Components of other comprehensive income that will be reclassified to profit or loss** | | ( 2,207,575) | ( 7) | ( 205,899) | ( 1) |
| **Other comprehensive loss for the year** | | ($ 2,443,171) | ( 8) | ($ 407,949) | ( 2) |
| **Total comprehensive income (loss) for the year** | | $ 4,562,000 | 16 | ($ 7,015,935) | ( 30) |
| **Basic earnings (loss) per share (in dollars)** | 6(28) | | | | |
| **Basic earnings (loss) per share** | | $ | 1.97 | ($ | 1.88) |
| **Diluted earnings (loss) per share** | | $ | 1.97 | ($ | 1.88) |

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | | | | Retained Earnings | | Other equity interest | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | Common stock | Capital surplus | Legal reserve | Unappropriated retained earnings (deficit) | Exchange differences on translating the financial statements of foreign operations | Unrealized gain or loss on available-for-sale financial assets | Hedging instrument gain (loss) on effective hedge of cash flow hedges | Total equity |
| Year 2016 | | | | | | | | | |
| Balance at January 1, 2016 | | $ 35,123,560 | $ 7,986,633 | $ 9,233,242 | $ 2,561,825 | $ 2,155,086 | $ 1,461,850 | ($ 521,149 ) | $ 58,001,047 |
| Adjustments to share of changes in equity of subsidiaries, associates and joint ventures | 6(17) | - | 2,381 | - | - | - | - | - | 2,381 |
| Loss for the year | | - | - | - | ( 6,607,986 ) | - | - | - | ( 6,607,986 ) |
| Other comprehensive income (loss) for the year | 6(19) | - | - | - | ( 202,050 ) | ( 900,464 ) | 241,311 | 453,254 | ( 407,949 ) |
| Balance at December 31, 2016 | | $ 35,123,560 | $ 7,989,014 | $ 9,233,242 | ($ 4,248,211 ) | $ 1,254,622 | $ 1,703,161 | ($ 67,895 ) | $ 50,987,493 |
| Year 2017 | | | | | | | | | |
| Balance at January 1, 2017 | | $ 35,123,560 | $ 7,989,014 | $ 9,233,242 | ($ 4,248,211 ) | $ 1,254,622 | $ 1,703,161 | ($ 67,895 ) | $ 50,987,493 |
| Appropriation of 2016 earnings | 6(18) | | | | | | | | |
| Legal reserve used to offset accumulated deficit | | - | - | ( 4,248,211 ) | 4,248,211 | - | - | - | - |
| Issuance of common stock | 6(16) | 5,000,000 | 2,711,222 | - | - | - | - | - | 7,711,222 |
| Cash capital increase reserved for employee preemption | 6(17) | - | 76,280 | - | - | - | - | - | 76,280 |
| Adjustments to share of changes in equity of subsidiaries, associates and joint ventures | 6(17) | - | 61,559 | - | - | - | - | - | 61,559 |
| Profit for the year | | - | - | - | 7,005,171 | - | - | - | 7,005,171 |
| Other comprehensive income (loss) for the year | 6(19) | - | - | - | ( 235,596 ) | ( 2,389,736 ) | 130,178 | 51,983 | ( 2,443,171 ) |
| Balance at December 31, 2017 | | $ 40,123,560 | $ 10,838,075 | $ 4,985,031 | $ 6,769,575 | ($ 1,135,114 ) | $ 1,833,339 | ($ 15,912 ) | $ 63,398,554 |

Note: For the year ended December 31, 2017, the directors' and supervisors' remuneration and the employees' compensation were accrued at $10,207 and $36,322, respectively, which were deducted from the statement of comprehensive income.

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31 2017 | 2016 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit (loss) before tax | | $ 7,217,908 | ($ 7,062,590 ) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(23)(25) | 1,771,783 | 1,696,877 |
| Amortization | 6(25) | 19,591 | 15,173 |
| Bad debt expense | | - | 73,732 |
| Interest expense | 6(24) | 634,697 | 614,846 |
| Interest income | 6(22) | ( 240,022 ) | ( 157,446 ) |
| Dividend income | 6(22) | ( 46,965 ) | ( 66,195 ) |
| Gain on disposal of available-for-sale financial assets | | ( 523,111 ) | - |
| Loss on disposal of other long-term investments | | 312 | - |
| Realized loss from available-for-sale financial assets | 6(2) | - | 1,220 |
| Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | ( 6,692,407 ) | 6,052,505 |
| Gain from bargain purchase | | ( 1,534 ) | - |
| Net gain on disposal of property, plant and equipment | | ( 316,314 ) | ( 25,721 ) |
| Realized income with affliated companies | | ( 7,444 ) | ( 8,932 ) |
| Cash capital increase reserved for employee preemption | | 76,280 | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | ( 43 ) | 8 |
| Accounts receivable | | ( 745,383 ) | ( 504,769 ) |
| Accounts receivable - related parties | | ( 89,546 ) | 69,046 |
| Other receivables | | 328,228 | ( 490,589 ) |
| Other receivables - related parties | | ( 53,321 ) | ( 53,610 ) |
| Inventories | | ( 287,794 ) | 72,916 |
| Prepayments | | ( 32,951 ) | ( 5,258 ) |
| Increase in other current assets | | ( 78,841 ) | 394,947 |
| Other non-current assets | | 5,232 | ( 79 ) |
| Changes in operating liabilities | | | |
| Accounts payable | | 963,317 | 338,473 |
| Accounts payable - related parties | | 919 | 42,187 |
| Other payables | | 112,709 | 30,918 |
| Other payables - related parties | | 8,138 | ( 23,318 ) |
| Other current liabilities | | 894,561 | 269,910 |
| Other non-current liabilities | | ( 106,045 ) | ( 104,956 ) |
| Cash inflow generated from operations | | 2,811,954 | 1,169,295 |
| Interest received | | 240,022 | 157,446 |
| Interest paid | | ( 646,262 ) | ( 634,552 ) |
| Income tax refund received | | 160,259 | - |
| Income tax paid | | - | ( 14,183 ) |
| Net cash flows from operating activities | | 2,565,973 | 678,006 |

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EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31 2017 | 2016 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of available-for-sale financial assets | | $ 915,160 | $ - |
| Proceeds from capital reduction of available-for-sale financial assets | | - | 1,253 |
| Proceeds from sale of held-to-maturity financial assets | | 170,000 | 200,000 |
| Acquisition of held-to-maturity financial assets | | ( 50,000 ) | - |
| Acquisition of investments accounted for using equity method | 6(7) | ( 6,388,255 ) | ( 188,025 ) |
| Acquisition of property, plant and equipment | 6(29) | ( 1,051,694 ) | ( 195,015 ) |
| Proceeds from disposal of property, plant and equipment | | 325,141 | 736,376 |
| Acquisition of intangible assets | | ( 6,459 ) | ( 57,296 ) |
| Increase in other non-current assets | 6(29) | ( 2,402,411 ) | ( 1,404,809 ) |
| Cash dividends received | | 390,100 | 476,112 |
| Net cash flows used in investing activities | | ( 8,098,418 ) | ( 431,404 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term loans | | 600,000 | 1,817,199 |
| Decrease in short-term loans | | ( 600,000 ) | ( 1,817,199 ) |
| Increase in long-term loans | | 2,164,302 | 11,327,955 |
| Decrease in long-term loans | | ( 6,953,775 ) | ( 9,598,983 ) |
| Increase in corporate bonds payable | | 8,000,000 | - |
| Decrease in corporate bonds payable | | ( 3,000,000 ) | - |
| Proceeds from issuance of common stock | | 7,711,222 | - |
| Net cash flows from financing activities | | 7,921,749 | 1,728,972 |
| Net increase in cash and cash equivalents | | 2,389,304 | 1,975,574 |
| Cash and cash equivalents at beginning of year | | 20,654,209 | 18,678,635 |
| Cash and cash equivalents at end of year | | $ 23,043,513 | $ 20,654,209 |

The accompanying notes are an integral part of these parent company only financial statements.

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(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, is 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 23, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception' | January 1, 2016 |
| Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations' | January 1, 2016 |
| IFRS 14,'Regulatory deferral accounts' | January 1, 2016 |
| Amendments to IAS 1, 'Disclosure initiative' | January 1, 2016 |
| Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation' | January 1, 2016 |
| Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants' | January 1, 2016 |
| Amendments to IAS 19, 'Defined benefit plans: employee contributions' | July 1, 2014 |
| Amendments to IAS 27, 'Equitymethod in separate financial statements' | January 1, 2016 |
| Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets' | January 1, 2014 |
| Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting' | January 1, 2014 |
| IFRIC 21, 'Levies' | January 1, 2014 |
| Annual improvements to IFRSs 2010-2012 cycle | July 1, 2014 |

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Annual improvements to IFRSs 2011-2013 cycle | July 1, 2014 |
| Annual improvements to IFRSs 2012-2014 cycle | January 1, 2016 |

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

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

The amendment allows contributions made by employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions made by employees or third parties that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

B. Annual improvements to IFRSs 2010-2012 cycle

IFRS 8, 'Operating segments'

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

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

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

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

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

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

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

A. IFRS 9, 'Financial instruments'

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

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

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

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

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

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

Step 1: Identify contracts with customer.

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

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

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

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

C. Amendments to IAS 7, 'Disclosure initiative'

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

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

When adopting the new standards endorsed by the FSC effective from 2018, the Company will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Company expects to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the new standards as of January 1, 2018 are summarised below:

A. The effect of the adoption of the new standard is the reclassification of financial assets in the amount of $1,297,929 from available-for-sale financial assets-non-current to financial assets at fair value through other comprehensive income in accordance with classification rules of IFRS 9.

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

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

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

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

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

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

A. IFRS 16, 'Leases'

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

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

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

C. Annual improvements to IFRSs 2015-2017 cycle

(a) Amendments to IFRS 3, 'Business combinations'

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

(b) Amendments to IAS 12, 'Income taxes'

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

(c) Amendments to IAS 23, 'Borrowing costs'

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (1) Compliance statement

These parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

### (2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

### (3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B.Translation of foreign operations

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

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

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

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

(b)When the foreign operation partially disposed of or sold is an associate, 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 Company 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 Company 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.

(4) Classification of current and non-current items

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

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

(b)Assets held mainly for trading purposes;

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

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to 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.

(5) 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. With due date within one year time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

(a)Hybrid (combined) contracts; or

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

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

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

(7) Available-for-sale financial assets

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

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

C.Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income.

(8) Held-to-maturity financial assets

A.Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

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

C.Held-to-maturity financial assets are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

(9) Notes, accounts and other receivables

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

(10) Impairment of financial assets

A.The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

B.The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a)Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b)Available-for-sale financial assets

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

(11) <u>Derecognition of financial assets</u>

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

A.The cash flows from the financial asset have been received.

B.The contractual rights to receive cash flows from the financial asset have been transferred and the Company 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 Company has not retained control of the financial asset.

(12) <u>Operating leases (lessor)</u>

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.

(13) <u>Inventories</u>

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.

At the end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(14) <u>Investments accounted for using equity method / subsidiaries and associates</u>

A.Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.

B.Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C.After acquisition of subsidiaries, the Company recognizes proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.

D.Changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

E.If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost and recognizes any resulting difference as a gain or loss in profit or loss. The Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

F.Associates are all entities over which the Company 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.

G.The Company’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 Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred constructive obligations or made payments on behalf of the associate.

H.When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognises in ‘capital surplus’ in proportion to its ownership.

I. Unrealised gains or loss on transactions between the Company and its associates are eliminated to the extent of the Company’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 Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under 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 Company'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.

K. Upon loss of significant influence over an associate, the Company 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.

L. When the Company 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.

M. When the Company 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 retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. According to "Rules Governing the Preparations of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

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

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

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

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

| | |
|---|---|
| Buildings | 50 ~ 55 years |
| Loading and unloading equipment | 6 ~ 20 years |
| Ships | 18 ~ 25 years |
| Transportation equipment | 6 ~ 10 years |
| Other equipment | 3 ~ 5 years |

(16) Operating leases (lessee)

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50~60 years.

(18) Intangible assets

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

(19) Impairment of non-financial assets

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

(20) Borrowings

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

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

(21) Accounts payable

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Financial liabilities and equity instruments

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

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

(a)Call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b)Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(c)Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

(d)Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

(e)When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

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

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

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

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

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

E.Cash flow hedge

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

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

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

(26) <u>Employee benefits</u>

A.Short-term employee benefits

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

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognized 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 Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The 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 Company uses interest rates of government bonds (at the balance sheet date) instead.

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

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

C.Termination benefits

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

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

Employees' compensation and directors' and supervisors' remuneration are recognized 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

F. 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.

(28) Dividends

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

(29) Revenue recognition

Sales of services

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

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

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

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

Financial assets—impairment of equity investments

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

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Company would transfer the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to profit or loss, please refer to Note 6(2).

(2)Critical accounting estimates and assumptions

A.Revenue recognition

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

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

The Company 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 Company strategy might cause material impairment on assets in the future.

As of December 31, 2017, the Company had property, plant and equipment and intangible assets, amounting to $27,118,687 and $39,071, respectively.

C.Impairment assessment of investments accounted for using the quity method

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

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

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

As of December 31, 2017, the carrying amount of unlisted stocks without active market was $152,955.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Cash on hand and petty cash | $ 13,433 | $ 14,861 |
| Checking accounts and demand deposits | 2,656,471 | 3,292,633 |
| Time deposits | 20,373,609 | 17,346,715 |
| | $ 23,043,513 | $ 20,654,209 |

A.The Company 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 Company has no cash and cash equivalents pledged to others.

(2) Available-for-sale financial assets

| Items | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Non-current items: | | |
| Listed (TSE and OTC) stocks | $ 631,039 | $ 1,023,088 |
| Unlisted stocks | 88,917 | 88,917 |
| | 719,956 | 1,112,005 |
| Valuation adjustment | 577,973 | 670,495 |
| | $ 1,297,929 | $ 1,782,500 |

A.The Company recognized net loss and net gain of $92,521 and $435,609 in other comprehensive income for fair value change for the years ended December 31, 2017 and 2016, respectively.

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

C.The Company recognized impairment loss of $3,065 on unlisted stocks.

D.No available-for-sale financial assets held by the Company were pledged to others.

(3) Held-to-maturity financial assets

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

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

B.The counterparties of the Company's investments have good credit quality.

C.No held-to-maturity financial assets held by the Company were pledged to others.

(4) Accounts receivable

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Accounts receivable | $ 2,929,761 | $ 2,189,628 |
| Less: Allowance for bad debts | ( 68,482) | ( 73,732) |
| | $ 2,861,279 | $ 2,115,896 |

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Group 1 | $ 277,138 | $ 126,994 |
| Group 2 | 2,018,146 | 1,546,534 |
| | $ 2,295,284 | $ 1,673,528 |

Note:

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

Group 2:General risk company.

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Up to 30 days | $ 301,805 | $ 225,216 |
| 31 to 180 days | 264,190 | 217,152 |
| | $ 565,995 | $ 442,368 |

The above ageing analysis was based on past due date.

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

(a) As of December 31, 2017 and 2016, the Company's accounts receivable that was impaired amounted to $68,482 and $73,732, respectively.

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

| | 2017 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 | $ 73,732 | $ - | $ 73,732 |
| Provision for impairment | - | - | - |
| Effects of foreign exchange | ( 5,250) | - | ( 5,250) |
| At December 31 | $ 68,482 | $ - | $ 68,482 |

| | 2016 | | |
|---|---|---|---|
| | Individual provision | Group provision | Total |
| At January 1 | $ - | $ - | $ - |
| Provision for impairment | 73,732 | - | 73,732 |
| Reversal of impairment | - | - | - |
| At December 31 | $ 73,732 | $ - | $ 73,732 |

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

(5) Inventories

| | December 31, 2017 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Ship fuel | $ 688,877 | $ - | $ 688,877 |

| | December 31, 2016 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Ship fuel | $ 401,083 | $ - | $ 401,083 |

(6) Other current assets

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Shipowner's accounts | $ 1,647,486 | $ 1,659,549 |
| Agent accounts | 250,116 | 164,506 |
| Other financial assets | 117,725 | 116,960 |
| Temporary debits | 114,323 | 109,794 |
| | $ 2,129,650 | $ 2,050,809 |

A.Shipowner's accounts

(a)These pertain to temporary accounts between the Company and Evergreen International S.A., Gaining Enterprise S.A., Greencompass Marine S.A., Italia Marittima S.p.A., Evergreen Marine (UK) Ltd., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd.. These accounts occur as these ship owners incur foreign port expenses and related rental expenses.

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

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

B.Agency accounts

These accounts occur when domestic and foreign agencies, based on the agreement with the Company, deal with foreign port formalities regarding arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight, and payment of expenses incurred in the foreign port.

(7) Investments accounted for using equity method

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Subsidiary of the Company: | | |
| Peony Investment S.A. | $ 29,984,506 | $ 26,887,947 |
| Evergreen Marine (Hong Kong) Ltd. | 6,287,883 | - |
| Everport Terminal Services Inc. | 568,156 | 176,298 |
| Taiwan Terminal Services Co., Ltd. | 39,912 | 39,556 |
| Associates of the Company: | | |
| EVA Airways Corporation | 9,462,402 | 8,699,063 |
| Evergreen International Storage and Transport Corporation | 8,554,230 | 8,604,700 |
| Taipei Port Container Terminal Corporation | 977,049 | 967,475 |
| Charng Yang Development Co., Ltd. | 537,532 | 531,069 |
| VIP Greenport Joint Stock Company | 205,923 | 181,427 |
| Evergreen Security Corporation | 97,140 | 89,536 |
| Evergreen Marine (Latin America), S.A. | 4,364 | 4,459 |
| | $ 56,719,097 | $ 46,181,530 |

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

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

B.The above investment income or loss accounted for using the equity method was based on the financial statements of the investees for the corresponding periods, which were audited by independent auditors.

C.Subsidiary:

(a)For information on the subsidiaries, please refer to Note 4(3) of the consolidated financial statements as of December 31, 2017.

(b)On August 11, 2017, the Board of Directors resolved to acquire Evergreen Marine (Hong Kong) Ltd. On December 18, 2017, the Company purchased 80% of the shares of Evergreen Marine (Hong Kong) Ltd. for cash of $6,452,225 (approx. USD 212,000) from subsidiary Peony Investment S.A. Please refer to Note 6(30) to the consolidated financial statements of 2017.

D.The basic information of the associates that are material to the Company is as follows:

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

E.The summarised financial information of the associates that are material to the Company is as follows:

Balance sheet

| | Evergreen International Storage and Transport Corporation | |
|---|---|---|
| | December 31, 2017 | December 31, 2016 |
| Current assets | $ 5,429,946 | $ 4,883,682 |
| Non-current assets | 27,662,565 | 28,917,060 |
| Current liabilities | ( 2,369,781) | ( 2,380,308) |
| Non-current liabilities | ( 9,031,865) | ( 9,592,754) |
| Total net assets | $ 21,690,865 | $ 21,827,680 |
| Share in associate's net assets | $ 8,558,553 | $ 8,611,875 |
| Unrealized income with affiliated companies | ( 4,323) | ( 7,175) |
| Carrying amount of the associate | $ 8,554,230 | $ 8,604,700 |

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

Statement of comprehensive income

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

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

F.The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2017 and 2016, the carrying amount of the Company's individually immaterial associates amounted to $1,822,008 and $1,773,966, respectively.

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Profit for the period from continuing operations | $ 344,532 | $ 183,291 |
| Other comprehensive loss, net of tax | ( 4,318) | ( 15,893) |
| Total comprehensive income | $ 340,214 | $ 167,398 |

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

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

## (8) Property, plant and equipment

| | Land | Buildings | Loading and unloading equipment | Computer and communication equipment | Transportation equipment | Ships | Office equipment | Leasehold improvements | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2017 | | | | | | | | | | |
| Cost | $ 558,532 | $ 402,956 | $ 5,663,204 | $ 120,405 | $ 4,661,534 | $ 24,554,286 | $ 209,733 | $ 337,340 | $ 72,810 | $ 36,580,800 |
| Accumulated depreciation | - | ( 199,399) | ( 3,990,202) | ( 109,661) | ( 1,879,108) | ( 3,958,278) | ( 159,570) | ( 228,668) | ( 531) | ( 10,525,417) |
| | $ 558,532 | $ 203,557 | $ 1,673,002 | $ 10,744 | $ 2,782,426 | $ 20,596,008 | $ 50,163 | $ 108,672 | $ 72,279 | $ 26,055,383 |
| 2017 | | | | | | | | | | |
| Opening net book amount as at January 1 | $ 558,532 | $ 203,557 | $ 1,673,002 | $ 10,744 | $ 2,782,426 | $ 20,596,008 | $ 50,163 | $ 108,672 | $ 72,279 | $ 26,055,383 |
| Additions | - | - | 2,014 | 23,131 | 984,310 | 21,375 | 8,320 | 14,312 | 494 | 1,053,956 |
| Disposals | - | - | ( 38) | ( 28) | ( 14,252) | ( 3,451) | ( 26) | - | - | ( 17,795) |
| Reclassifications | - | - | 379,334 | 807 | - | 1,195,037 | 128 | 204,089 | 387 | 1,779,782 |
| Depreciation | - | ( 7,747) | ( 161,158) | ( 12,118) | ( 371,991) | ( 1,061,432) | ( 20,029) | ( 115,341) | ( 2,823) | ( 1,752,639) |
| Closing net book amount as at December 31 | $ 558,532 | $ 195,810 | $ 1,893,154 | $ 22,536 | $ 3,380,493 | $ 20,747,537 | $ 38,556 | $ 211,732 | $ 70,337 | $ 27,118,687 |
| At December 31, 2017 | | | | | | | | | | |
| Cost | $ 558,532 | $ 402,956 | $ 6,043,080 | $ 137,898 | $ 5,034,842 | $ 25,314,393 | $ 207,819 | $ 555,741 | $ 73,690 | $ 38,328,951 |
| Accumulated depreciation | - | ( 207,146) | ( 4,149,926) | ( 115,362) | ( 1,654,349) | ( 4,566,856) | ( 169,263) | ( 344,009) | ( 3,353) | ( 11,210,264) |
| | $ 558,532 | $ 195,810 | $ 1,893,154 | $ 22,536 | $ 3,380,493 | $ 20,747,537 | $ 38,556 | $ 211,732 | $ 70,337 | $ 27,118,687 |

| | Land | Buildings | Loading and unloading equipment | Computer and communication equipment | Transportation equipment | Ships | Office equipment | Leasehold improvements | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| At January 1, 2016 | | | | | | | | | | |
| Cost | $ 558,532 | $ 402,956 | $ 5,590,610 | $ 117,697 | $ 5,401,982 | $ 24,439,856 | $ 218,298 | $ 319,403 | $ 4,351 | $ 37,053,685 |
| Accumulated depreciation | - | ( 191,280) | ( 3,881,599) | ( 101,061) | ( 1,662,899) | ( 2,903,730) | ( 164,652) | ( 166,104) | ( 48) | ( 9,071,373) |
| | $ 558,532 | $ 211,676 | $ 1,709,011 | $ 16,636 | $ 3,739,083 | $ 21,536,126 | $ 53,646 | $ 153,299 | $ 4,303 | $ 27,982,312 |
| 2016 | | | | | | | | | | |
| Opening net book amount as at January 1 | $ 558,532 | $ 211,676 | $ 1,709,011 | $ 16,636 | $ 3,739,083 | $ 21,536,126 | $ 53,646 | $ 153,299 | $ 4,303 | $ 27,982,312 |
| Additions | - | - | 82,234 | 2,709 | 40,062 | 37,865 | 6,258 | 17,937 | 3,757 | 190,822 |
| Disposals | - | - | ( 4) | - | ( 626,555) | - | ( 242) | - | - | ( 626,801) |
| Reclassifications | - | - | 36,943 | - | - | 76,565 | 8,572 | - | 64,702 | 186,782 |
| Depreciation | - | ( 8,119) | ( 155,182) | ( 8,601) | ( 370,164) | ( 1,054,548) | ( 18,071) | ( 62,564) | ( 483) | ( 1,677,732) |
| Closing net book amount as at December 31 | $ 558,532 | $ 203,557 | $ 1,673,002 | $ 10,744 | $ 2,782,426 | $ 20,596,008 | $ 50,163 | $ 108,672 | $ 72,279 | $ 26,055,383 |
| At December 31, 2016 | | | | | | | | | | |
| Cost | $ 558,532 | $ 402,956 | $ 5,663,204 | $ 120,405 | $ 4,661,534 | $ 24,554,286 | $ 209,733 | $ 337,340 | $ 72,810 | $ 36,580,800 |
| Accumulated depreciation | - | ( 199,399) | ( 3,990,202) | ( 109,661) | ( 1,879,108) | ( 3,958,278) | ( 159,570) | ( 228,668) | ( 531) | ( 10,525,417) |
| | $ 558,532 | $ 203,557 | $ 1,673,002 | $ 10,744 | $ 2,782,426 | $ 20,596,008 | $ 50,163 | $ 108,672 | $ 72,279 | $ 26,055,383 |

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

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

(9) Investment property

| | Land | | Buildings | | Total |
|---|---|---|---|---|---|
| At January 1, 2017 | | | | | |
| Cost | $ 1,414,008 | $ | 975,187 | $ | 2,389,195 |
| Accumulated depreciation | - | ( | 462,349) | ( | 462,349) |
| | $ 1,414,008 | $ | 512,838 | $ | 1,926,846 |
| 2017 | | | | | |
| Opening net book amount as at January 1 | $ 1,414,008 | $ | 512,838 | $ | 1,926,846 |
| Depreciation charge | - | ( | 19,144) | ( | 19,144) |
| Closing net book amount as at December 31 | $ 1,414,008 | $ | 493,694 | $ | 1,907,702 |
| At December 31, 2017 | | | | | |
| Cost | $ 1,414,008 | $ | 975,187 | $ | 2,389,195 |
| Accumulated depreciation | - | ( | 481,493) | ( | 481,493) |
| | $ 1,414,008 | $ | 493,694 | $ | 1,907,702 |

| | Land | | Buildings | | Total |
|---|---|---|---|---|---|
| At January 1, 2016 | | | | | |
| Cost | $ 1,414,008 | $ | 975,187 | $ | 2,389,195 |
| Accumulated depreciation | - | ( | 443,204) | ( | 443,204) |
| | $ 1,414,008 | $ | 531,983 | $ | 1,945,991 |
| 2016 | | | | | |
| Opening net book amount as at January 1 | $ 1,414,008 | $ | 531,983 | $ | 1,945,991 |
| Depreciation charge | - | ( | 19,145) | ( | 19,145) |
| Closing net book amount as at December 31 | $ 1,414,008 | $ | 512,838 | $ | 1,926,846 |
| At December 31, 2016 | | | | | |
| Cost | $ 1,414,008 | $ | 975,187 | $ | 2,389,195 |
| Accumulated depreciation | - | ( | 462,349) | ( | 462,349) |
| | $ 1,414,008 | $ | 512,838 | $ | 1,926,846 |

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

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Rental income from investment property | $ 102,753 | $ 98,004 |
| Direct operating expenses arising from the investment property that generated rental income during the year | $ 19,144 | $ 19,145 |
| Direct operating expenses arising from the investment property that did not generate rental income during the year | $ - | $ - |

B.The fair value of the investment property held by the Company as at December 31, 2017 and 2016 was $3,562,523 and $3,583,847, respectively. The fair value measurements were based on the market prices of recently sold properties in the immediate vicinity of a certain property. Valuations were made using the income approach which is categorised within Level 2 in the fair value hierarchy.

C.Impairment information about the investment property is provided in Note 8.

(10) Other current assets

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Prepayments for equipment | $ 3,235,888 | $ 2,656,169 |
| Refundable deposits | 18,415 | 23,647 |
| Others | - | 312 |
| | $ 3,254,303 | $ 2,680,128 |

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

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Amount capitalised | $ 42,773 | $ 24,557 |
| Interest rate | 1.31%~1.59% | 1.31%~1.59% |

(11) Other current liabilities

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Corporate bonds payable - current portion | $ - | $ 3,000,000 |
| Long-term liabilities - current portion | 7,738,706 | 6,218,417 |
| Shipowner's accounts | 1,939,253 | 1,231,371 |
| Agency accounts | 1,329,979 | 1,154,491 |
| Others | 21,980 | 10,789 |
| | $ 11,029,918 | $ 11,615,068 |

(12) Corporate bonds payable

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

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

(a) Period: 5 years (April 26, 2012 to April 26, 2017)

(b) Coupon rate: 1.28% fixed per annum

(c) Principal repayment and interest payment

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

(d) Collaterals

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

(13) Long-term loans

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Secured bank loans | $ 18,945,840 | $ 20,315,266 |
| Unsecured bank loans | 20,745,040 | 23,532,722 |
| Add: Unrealized foreign exchange loss | 10,339 | 644,763 |
| Less: Deferred expenses - hosting fee credit | ( 10,627) | ( 12,686) |
| | 39,690,592 | 44,480,065 |
| Less: Current portion | ( 7,738,706) | ( 6,218,417) |
| | $ 31,951,886 | $ 38,261,648 |
| Maturity range | 107.04~116.03 | 106.03~116.03 |
| Interest rate | 1.18%~2.56% | 0.85%~1.90% |

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

(14) Other non-current liabilities

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Accrued pension liabilities | $ 1,453,219 | $ 1,479,872 |
| Guarantee deposits received | 12,053 | 9,847 |
| | $ 1,465,272 | $ 1,489,719 |

(15) Pension

A.(a)In accordance with the Labor Standards Law, 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 Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries 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 subsidiaries 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 subsidiaries will make contributions for the deficit by next March.

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

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Present value of defined benefit obligations | ($ 1,893,481) | ($ 1,952,460) |
| Fair value of plan assets | 440,262 | 472,588 |
| Net defined benefit liability | ($ 1,453,219) | ($ 1,479,872) |

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

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| Year ended December 31, 2017 | | | |
| Balance at January 1 | ($ 1,952,460) | $ 472,588 | ($ 1,479,872) |
| Current service cost | ( 18,595) | - | ( 18,595) |
| Interest (expense) income | ( 23,400) | 5,556 | ( 17,844) |
| | ( 1,994,455) | 478,144 | ( 1,516,311) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | ( 1,045) | ( 1,045) |
| Change in financial assumptions | ( 45,806) | - | ( 45,806) |
| Experience adjustments | ( 34,747) | - | ( 34,747) |
| | ( 80,553) | ( 1,045) | ( 81,598) |
| Pension fund contribution | - | 127,890 | 127,890 |
| Paid pension | 181,527 | ( 164,727) | 16,800 |
| Balance at December 31 | ($ 1,893,481) | $ 440,262 | ($ 1,453,219) |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| Year ended December 31, 2016 | | | |
| Balance at January 1 | ($ 1,997,170) | $ 461,916 | ($ 1,535,254) |
| Current service cost | ( 18,723) | - | ( 18,723) |
| Interest (expense) income | ( 23,975) | 5,420 | ( 18,555) |
| | ( 2,039,868) | 467,336 | ( 1,572,532) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | ( 2,043) | ( 2,043) |
| Change in financial assumptions | - | - | - |
| Experience adjustments | ( 47,334) | - | ( 47,334) |
| | ( 47,334) | ( 2,043) | ( 49,377) |
| Pension fund contribution | - | 129,908 | 129,908 |
| Paid pension | 134,742 | ( 122,613) | 12,129 |
| Balance at December 31 | ($ 1,952,460) | $ 472,588 | ($ 1,479,872) |

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

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

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Discount rate | 1.00% | 1.25% |
| Future salary increases | 2.00% | 2.00% |

Assumptions regarding future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2017 | | | | |
| Effect on present value of defined benefit obligation | ($ 45,806) | $ 47,594 | $ 30,388 | ($ 29,361) |
| December 31, 2016 | | | | |
| Effect on present value of defined benefit obligation | ($ 46,316) | $ 48,145 | $ 29,948 | ($ 28,907) |

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f)Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to $107,174.

(g)As of December 31, 2017, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

| | December 31, 2017 | |
|---|---|---|
| Within 1 year | $ | 129,722 |
| 1~2 year | | 79,438 |
| 2~5 years | | 267,551 |
| Over 5 years | | 1,480,416 |
| | $ | 1,957,127 |

B.(a)Effective July 1, 2005, the Company has 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 contributes 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 Company for the years ended December 31, 2017 and 2016 were $48,188 and $52,170, respectively.

(16) Capital stock

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

B. On August 11, 2017, the Board of Directors of the Company resolved to increase capital of $5,000,000 by issuing 500,000 thousand shares at a par value of $10 (in dollars) per share. Of which 50,000 thousand shares are reserved for employee stock purchase plan. The proposal of capital increase has been reported and become effective on November 13, 2017. The issue price is NT$15.3 per share and amount of shares was $7,711,222. All proceeds from share issuance was completed on December 27, 2017.

(17) 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 Act 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.

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

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

(18) Retained earnings

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

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

B.Dividend policy

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

C.Legal reserve

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

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

E.(a)In response to future operating plans, the Company has retained all distributable earnings and has not appropriated bonus to shareholders, directors' and supervisors' remuneration and employees' bonus for the year ended December 31, 2015.

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

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

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

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

G.For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(26).

(19) Other equity items

| | Hedging reserve | Available-for-sale investment | Currency translation | Total |
|---|---|---|---|---|
| At January 1, 2017 | ($ 67,895) | $ 1,703,161 | $ 1,254,622 | $ 2,889,888 |
| Revaluation – gross | - | ( 92,521) | - | ( 92,521) |
| Revaluation – tax | - | 239 | - | 239 |
| Revaluation – associates | - | 222,460 | - | 222,460 |
| Cash flow hedges: | | | | |
| – Fair value gains in the period | | | | |
| – associates | 51,983 | - | - | 51,983 |
| Currency translation differences: | | | | |
| –Parent | - | - | ( 2,046,070) | ( 2,046,070) |
| –Tax of Parent | - | - | 2,295 | 2,295 |
| –Associates | - | - | ( 345,961) | ( 345,961) |
| At December 31, 2017 | ($ 15,912) | $ 1,833,339 | ($ 1,135,114) | $ 682,313 |

| | Hedging reserve | Available-for-sale investment | Currency translation | Total |
|---|---|---|---|---|
| At January 1, 2016 | ($ 521,149) | $ 1,461,850 | $ 2,155,086 | $ 3,095,787 |
| Revaluation – gross | - | 435,609 | - | 435,609 |
| Revaluation – tax | - | ( 2,002) | - | ( 2,002) |
| Revaluation – associates | - | ( 192,296) | - | ( 192,296) |
| Cash flow hedges: | | | | |
| – Fair value gains in the period | | | | |
| – associates | 453,254 | - | - | 453,254 |
| Currency translation differences: | | | | |
| –Parent | - | - | ( 811,853) | ( 811,853) |
| –Tax of Parent | - | - | 2,194 | 2,194 |
| –Associates | - | - | ( 90,805) | ( 90,805) |
| At December 31, 2016 | ($ 67,895) | $ 1,703,161 | $ 1,254,622 | $ 2,889,888 |

(20) Operating revenue

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Marine freight income | $ 27,548,083 | $ 21,383,160 |
| Ship rental income and slottage income | 331,663 | 753,582 |
| Commission income and agency service income | 348,411 | 283,073 |
| Other income | 669,459 | 640,679 |
| | $ 28,897,616 | $ 23,060,494 |

(21) Other gains -net

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Gains on disposal of property, plant and equipment | $ 316,314 | $ 25,721 |

(22) Other income

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Rental revenue | $ 104,056 | $ 99,140 |
| Dividend income | 46,965 | 66,195 |
| Interest income: | | |
| Interest income from bank deposits | 237,683 | 149,249 |
| Interest income from financial assets other than financial assets at fair value through profit or loss | 2,339 | 8,197 |
| Gain from bargain purchase | 1,534 | - |
| Other income – others | 99,783 | 91,229 |
| | $ 492,360 | $ 414,010 |

(23) Other gains and losses

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Impairment loss on available-for-sale financial assets | $ - | ($ 1,220) |
| Net currency exchange gains | 13,664 | 31,840 |
| Gains on disposal of investments | 523,710 | 2,297 |
| Depreciation charges on investment property | ( 19,144) | ( 19,145) |
| Other non-operating expenses | ( 83,059) | ( 58,181) |
| | $ 435,171 | ($ 44,409) |

(24) Finance costs

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Interest expense: | | |
| Bank borrowings | $ 607,606 | $ 601,003 |
| Corporate bonds | 69,863 | 38,400 |
| | 677,469 | 639,403 |
| Less: Capitalisation of qualifying assets | ( 42,772) | ( 24,557) |
| Finance costs | $ 634,697 | $ 614,846 |

(25) Expenses by nature

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Employee benefit expense | $ 2,182,088 | $ 1,718,261 |
| Depreciation charges on property, plant and equipment | 1,752,639 | 1,677,732 |
| Amortisation charges on intangible assets | 19,591 | 15,173 |
| Stevedorage | 8,659,477 | 7,290,336 |
| Inland haulage and canal due | 6,634,472 | 5,593,837 |
| Bunker fuel | 3,599,512 | 2,486,026 |
| Operating lease payments | 3,071,399 | 2,536,858 |
| Commission | 1,339,333 | 810,847 |
| Port charge | 1,049,814 | 988,757 |
| Ship supplies and lubricant oil | 215,764 | 168,155 |
| Professional service and data service expenses | 214,507 | 209,106 |
| Other operating costs and expenses | 242,667 | 355,967 |
| | $ 28,981,263 | $ 23,851,055 |

(26) Employee benefit expense

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Wages and salaries | $ 1,909,254 | $ 1,455,083 |
| Labor and health insurance fees | 112,773 | 105,754 |
| Pension costs | 84,627 | 89,448 |
| Other personnel expenses | 75,434 | 67,976 |
| | $ 2,182,088 | $ 1,718,261 |

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

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

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

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

Employees', directors' and supervirsors' remuneration of 2016 as resolved by he Board of Directors were in agreement with those amounts recognised in the profit or loss of 2016.

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

(27) Income tax

A.Income tax benefit

(a)Components of income tax benefit:

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Current tax: | | |
| Current tax on profits for the year | $ - | $ - |
| Alternative Minimum Tax | 31,399 | - |
| Prior year income tax (over) underestimation | - | ( 265) |
| Total current tax | 31,399 | ( 265) |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 181,338 | ( 454,339) |
| Total deferred tax | 181,338 | ( 454,339) |
| Income tax expense (benefit) | $ 212,737 | ($ 454,604) |

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

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Fair value gains/losses on available -for-sale financial assets | $ 239 | ($ 2,002) |
| Exchange differences on translating the financial statements of foreign operations | 2,295 | 2,194 |
| Actuarial gains/losses on defined benefit obligations | 13,872 | 8,394 |
| Share of other comprehensive income of associates | ( 5,898) | 12,780 |
| | $ 10,508 | $ 21,366 |

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

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Reduction in capital surplus caused by recognition of foreign investees based on the shareholding ratio | ($ 95) | ($ 99) |

B.Reconciliation between income tax and accounting benefit

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Tax calculated based on profit (loss) before tax and statutory tax rate | $ 1,227,044 | ($ 1,200,640) |
| Expenses disallowed by tax regulation | 10,919 | 757,945 |
| Tax exempt income by tax regulation | ( 1,026,390) | ( 11,644) |
| Prior year income tax overestimation | - | ( 265) |
| Effect from Alternative Minimum Tax | 31,399 | - |
| Effect from investment tax credits | ( 42,068) | - |
| Effect from tax losses | 7,984 | - |
| Prior year income tax (over) underestimation | 3,849 | - |
| Income tax expense (benefit) | $ 212,737 | ($ 454,604) |

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

| | Year ended December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | Recognised in equity | December 31 |
| －Deferred tax assets: | | | | | |
| Temporary differences: | | | | | |
| Bad debts expense | $ 13,060 | $ 486 | $ - | $ - | $ 13,546 |
| Loss on valuation of financial assets | 1,740 | - | 239 | - | 1,979 |
| Deferred profit from disposal of loading and unloading equipment | 16,708 | ( 2,790) | - | - | 13,918 |
| Unrealized expense | 11,531 | ( 167) | - | - | 11,364 |
| Unrealized exchange loss | 49,343 | ( 9,891) | - | - | 39,452 |
| Pension expense | 215,644 | ( 18,403) | - | - | 197,241 |
| Actuarial losses/(gains) | 35,933 | - | 13,872 | - | 49,805 |
| Investment tax credits | - | 42,068 | - | - | 42,068 |
| Net operating loss carryforward | 176,711 | 15,901 | - | - | 192,612 |
| | 520,670 | 27,204 | 14,111 | - | 561,985 |
| －Deferred tax liabilities: | | | | | |
| Temporary differences: | | | | | |
| Equity-accounted investment income | ($ 546,379) | ($ 208,334) | ($ 3,603) | ($ 95) | ($ 758,411) |
| Gain on bargain purchase | - | ( 208) | - | - | ( 208) |
| | ( 546,379) | ( 208,542) | ( 3,603) | ( 95) | ( 758,619) |
| | ($ 25,709) | ($ 181,338) | $ 10,508 | ($ 95) | ($ 196,634) |

| | Year ended December 31, 2016 | | | | |
|---|---|---|---|---|---|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | Recognised in equity | December 31 |
| －Deferred tax assets: | | | | | |
| Temporary differences: | | | | | |
| Bad debts expense | $ 504 | $ 12,556 | $ - | $ - | $ 13,060 |
| Loss on valuation of financial assets | 3,742 | - | ( 2,002) | - | 1,740 |
| Deferred profit from disposal of loading and unloading equipment | 3,971 | 12,737 | - | - | 16,708 |
| Unrealized expense | 7,187 | 4,344 | - | - | 11,531 |
| Unrealized exchange loss | 27,966 | 21,377 | - | - | 49,343 |
| Pension expense | 233,453 | ( 17,809) | - | - | 215,644 |
| Actuarial losses/(gains) | 27,539 | - | 8,394 | - | 35,933 |
| Net operating loss carryforward | 59,402 | 117,309 | - | - | 176,711 |
| | 363,764 | 150,514 | 6,392 | - | 520,670 |
| －Deferred tax liabilities: | | | | | |
| Temporary differences: | | | | | |
| Equity-accounted investment income | ($ 865,079) | $ 303,825 | $ 14,974 | ($ 99) | ($ 546,379) |
| | ($ 501,315) | $ 454,339 | $ 21,366 | ($ 99) | ($ 25,709) |

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

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

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

| December 31, 2017 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed | Unused tax credits | Unrecognised deferred tax assets | Final year tax credits are due |
| 2017 | $ 116,177 | $ 116,177 | $ - | 2027 |
| 2016 | 747,045 | 747,045 | - | 2026 |
| 2015 | 269,787 | 269,787 | - | 2025 |
| | $ 1,133,009 | $ 1,133,009 | $ - | |

| December 31, 2016 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed | Unused tax credits | Unrecognised deferred tax assets | Final year tax credits are due |
| 2016 | $ 747,045 | $ 747,045 | $ - | 2026 |
| 2015 | 292,430 | 292,430 | - | 2025 |
| | $ 1,039,475 | $ 1,039,475 | $ - | |

F.The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were $13,018,473 and $10,868,779, respectively.

G.As of December 31, 2017, the Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

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

Unappropriated retained earnings on December 31, 2016:

| | December 31, 2016 |
|---|---|
| Earnings generated in and before 1997 | ($ 4,248,211) |

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

(28) Earnings (loss) per share

| | Year ended December 31, 2017 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 7,005,171 | 3,549,342 | $ 1.97 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 7,005,171 | 3,549,342 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 3,375 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 7,005,171 | 3,552,717 | $ 1.97 |

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

(29) Supplemental cash flow information

A.Investing activities with partial cash payments

(a)Property, plant and equipment

| | Year ended December 31, 2017 | | Year ended December 31, 2016 | |
|---|---|---|---|---|
| Purchase of property, plant and equipment | $ | 1,053,956 | $ | 190,822 |
| Add: Opening balance of payable on equipment | | 6,167 | | 10,360 |
| Less: Ending balance of payable on equipment | ( | 8,429) | ( | 6,167) |
| Cash paid during the year | $ | 1,051,694 | $ | 195,015 |

(b)Prepayment for equipment

| | Year ended December 31, 2017 | | Year ended December 31, 2016 | |
|---|---|---|---|---|
| Prepayments for equipment | $ | 2,359,500 | $ | 1,547,284 |
| Add: Opening balance of payable on equipment | | 123,685 | | 5,767 |
| Less: Ending balance of payable on equipment | ( | 38,001) | ( | 123,685) |
| Capitalized interest | ( | 42,773) | ( | 24,557) |
| Cash paid during the year | $ | 2,402,411 | $ | 1,404,809 |

## 7. RELATED PARTY TRANSACTIONS

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

| Names of related parties | Relationship with the Company |
|---|---|
| Taiwan Terminal Services Co., Ltd. (TTSC) | Subsidiary |
| Peony Investment S.A. (Peony) | Subsidiary |
| Everport Terminal Services Inc. (ETS) | Subsidiary |
| Evergreen Marine (Hong Kong) Ltd. (EGH) | Subsidiary |
| Evergreen Marine Corp. (Malaysia) SDN BHD (EGM) | Indirect subsidiary |
| Kingtrans International Logistics (Tianjin) Co., Ltd. (KTIL) | Indirect subsidiary |
| Clove Holding Ltd. (CLOVE) | Indirect subsidiary |
| PT. Multi Bina Transport (MBT) | Indirect subsidiary |
| PT. Multi Bina Pura International (MBPI) | Indirect subsidiary |
| Greencompass Marine S.A. (GMS) | Indirect subsidiary |
| Evergreen Heavy Industrial Co., (Malaysia) Berhad. (EHIC(M)) | Indirect subsidiary |
| Evergreen Marine (UK) Limited (EMU) | Indirect subsidiary |
| Evergreen Shipping Agency (Europe) GmbH (EEU) | Indirect subsidiary (Note) |
| Evergreen Shipping Agency (U.K.) Limited (EGU) | Indirect subsidiary |
| Evergreen Shipping Agency (Switzerland) S.A. (EGDL) | Indirect subsidiary |
| Evergreen Shipping Agency (Netherlands) B.V. (EGN) | Indirect subsidiary |
| Evergreen Shipping Agency (Poland) SP.ZO.O (EGD-WWX) | Indirect subsidiary |
| Evergreen Argentina S.A. (EGB) | Indirect subsidiary |
| Evergreen Shipping (Spain) S.L. (EES) | Indirect subsidiary |
| Evergreen Shipping Agency (Italy) S.p.A. (EIT) | Indirect subsidiary |
| Island Equipment LLC. (Island) | Indirect subsidiary |
| Armand Investment (Netherlands) N.V. (Armand N.V.) | Indirect subsidiary |
| Evergreen Shipping Agency (Australia) Pty. Ltd. (EMA) | Indirect subsidiary |
| Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT) | Indirect subsidiary |
| Evergreen Shipping Agency (Singapore) Pte. Ltd. (EGS) | Indirect subsidiary |
| Evergreen Shipping Agency (India) Pvt. Ltd. (EGI) | Indirect subsidiary |
| Evergreen Shipping Agency (Russia) Ltd. (ERU) | Indirect subsidiary |

Note: Indirect subsidiary of Evergreen Shipping Agency (Deutschland) GmbH (EGD) was renamed Evergreen Shipping Agency (Europe) GmbH (EEU).

| Names of related parties | Relationship with the Company |
|---|---|
| Evergreen Agency (South Africa) (Pty) Ltd. (ESA) | Indirect subsidiary |
| Evergreen Shipping Agency (Korea) Corporation (EGK) | Indirect subsidiary |
| Armand Estate B.V. (Armand B.V.) | Indirect subsidiary |
| Whitney Equipment LLC. (Whitney) | Indirect subsidiary |
| Hemlock Equipment LLC. (Hemlock) | Indirect subsidiary |
| Evergreen International Storage and Transport Corporation (EITC) | Associate |
| EVA Airways Corporation (EVA) | Associate |
| Evergreen Security Corporation (ESC) | Associate |
| Charng Yang Development Co., Ltd. (CYD) | Associate |
| Taipei Port Container Terminal Corporation (TPCT) | Associate |
| Ningbo Victory Container Co., Ltd. (NVC) | Associate |
| Qingdao Evergreen C&T Co., Ltd. (QECT) | Associate |
| Evergreen Marine (Latin America), S.A. (ELA) | Associate |
| Green Peninsula Agencies SDN. BHD. (GPA) | Associate |
| Luanta Investment (Netherlands) N.V. (Luanta) | Associate |
| Taranto Container Terminal S.p.A. (TCT) | 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 (Vietnam) Corp. (EGV) | Associate |
| Evergreen Shipping Agency Co. (U.A.E) LLC (UAE) | Associate |
| Evergreen International Corporation (EIC) | Other related party |
| Evergreen Airline Services Corporation (EGAS) | Other related party |
| Chang Yung-Fa Charity Foundation (CYFC) | Other related party |
| Chang Yung-Fa Foundation (CYFF) | Other related party |
| Ever Accord Construction Corporation (EAC) | Other related party |
| Evergreen International S.A. (EIS) | Other related party |
| Evergreen Marine (Singapore) Pte. Ltd. (EMS) | Other related party |
| Gaining Enterprise S.A. (GESA) | Other related party |

| Names of related parties | Relationship with the Company |
| --- | --- |
| 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 |

(2) Significant related party transactions and balances

A.Sales of services:

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
| --- | --- | --- |
| Sales of services: | | |
| Subsidiaries | $ 1,955,857 | $ 2,587,856 |
| Associates | 594,746 | 686,417 |
| Other related parties | 2,867,820 | 3,063,422 |
| | $ 5,418,423 | $ 6,337,695 |

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

B.Purchases of services:

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
| --- | --- | --- |
| Purchases of services: | | |
| Subsidiaries | $ 4,181,646 | $ 2,929,107 |
| Associates | 1,160,689 | 1,027,780 |
| Other related parties | 2,350,303 | 2,579,882 |
| | $ 7,692,638 | $ 6,536,769 |

Services are purchased from subsidiaries, associates and other related parties under general conditions.

C. Receivables from related parties:

| | December 31, 2017 | December 31, 2016 |
| --- | --- | --- |
| Accounts receivable: | | |
| Subsidiaries | $ 41,619 | $ 11,131 |
| Associates | 24,894 | 25,944 |
| Other related parties | 146,930 | 86,822 |
| | $ 213,443 | $ 123,897 |

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Other receivables: | | |
| Subsidiaries | | |
| －Hemlock | $ 95,333 | $ - |
| －Others | 764 | 1,604 |
| Associates | 2,024 | 1,440 |
| Other related parties | | |
| －EIC | 162,431 | 181,773 |
| －Others | 236 | 22,650 |
| | $ 260,788 | $ 207,467 |

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

D. Payables to related parties:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Accounts payable: | | |
| Subsidiaries | $ 107,203 | $ 108,209 |
| Associates | 13,230 | 14,140 |
| Other related parties | 4,462 | 1,627 |
| | $ 124,895 | $ 123,976 |

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Other payables: | | |
| Associates | $ 3,251 | $ 4,250 |
| Other related parties | 11,667 | 4,745 |
| | $ 14,918 | $ 8,995 |

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

E. Agency accounts:

(a)Debit balance of agency accounts

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Subsidiaries | $ 5,697 | $ 18,020 |
| Associates | - | 18,330 |
| | $ 5,697 | $ 36,350 |

(b)Credit balance of agency accounts

| | | December 31, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Subsidiaries | $ | 84,761 | $ | 23,926 |
| Associates | | 105,552 | | 23,750 |
| Other related parties | | 385,468 | | 73,793 |
| | $ | 575,781 | $ | 121,469 |

F. Shipowner's accounts:

(a)Debit balance of shipowner's accounts

| | | December 31, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Subsidiaries | | | | |
| －EMU | $ | 595,393 | $ | 85,485 |
| Associates | | - | | 91,881 |
| Other related parties | | | | |
| －EIS | | 328,897 | | 1,180,824 |
| －GESA | | 25,028 | | 24,154 |
| －EMS | | 16,246 | | - |
| | $ | 965,564 | $ | 1,382,344 |

(b)Credit balance of shipowner's accounts

| | | December 31, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Subsidiaries | | | | |
| －GMS | $ | 362,323 | $ | 166,555 |
| －EGH | | 301,631 | | - |
| Associates | | 700,046 | | - |
| Other related parties | | | | |
| －EMS | | - | | 374,172 |
| －EGH | | - | | 401,398 |
| | $ | 1,364,000 | $ | 942,125 |

G.Property transactions:

(a)Acquisition of property, plant and equipment:

| | | Year ended December 31, 2017 | | Year ended December 31, 2016 |
|---|---|---|---|---|
| Subsidiaries | $ | 89 | $ | 53 |
| Associates | | 4,350 | | 10,619 |
| Other related parties | | 61 | | 54,979 |
| | $ | 4,500 | $ | 65,651 |

(b)Disposal of property, plant and equipment:

| | Year ended December 31, 2017 | | Year ended December 31, 2016 | |
|---|---|---|---|---|
| | Disposal proceeds | (Loss) gain on disposal | Disposal proceeds | (Loss) gain on disposal |
| Other related parties | $ - | $ - | $ 94 | $ 6 |

H.Endorsements and guarantees provided to related parties:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| Subsidiaries | $ 66,554,130 | $ 77,956,854 |
| Associates | 3,035,391 | 2,689,558 |
| | $ 69,589,521 | $ 80,646,412 |

I. On August 11, 2017, the Board of Directors resolved to have the Company acquire 79% of the shares of EGH from other related party Evergreen International S.A. The acquisition date was December 18, 2017, and the transaction amount was $6,371,572 (approx. USD $209,350).

(3) Key management compensation

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Salaries and other short-term employee benefits | $ 105,218 | $ 44,686 |
| Post-employment benefits | 3,909 | 3,769 |
| | $ 109,127 | $ 48,455 |

8. PLEDGED ASSETS

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

| | Book value | | |
|---|---|---|---|
| Pledged assets | December 31, 2017 | December 31, 2016 | Purpose |
| Other financial assets | | | |
| - Pledged time deposits | $ 117,725 | $ 116,960 | Guarantee |
| Property, plant and equipment | | | |
| -Land | 514,312 | 514,312 | Long-term loan |
| -Buildings | 188,363 | 195,726 | " |
| -Ships | 19,151,033 | 20,588,290 | " |
| -Loading and unloading equipment | 1,159,312 | 1,223,696 | " |
| Investment property | | | |
| -Land | 1,285,781 | 1,285,781 | Long-term loan |
| -Buildings | 470,909 | 489,315 | " |
| | $ 22,887,435 | $ 24,414,080 | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2017, the Company had delegated Mizuho Bank to issue Standby Letter of Credit amounting to USD 5,000 thousand.

B. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The total amount of the issuance of GDRs was USD 115,000 thousand. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at $50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at $50.50 (in dollars) per share, and the GDRs issued amounted to USD 115,000 thousand. Another 2,089,061 units, representing 20,890,685 shares of the Company's common stock, were issued during the period from 1997 to December 31, 2017. As of December 31, 2017, 7,994,656 units were redeemed and 361,435 units were outstanding, representing 3,614,425 shares of the Company's common stock.

C. As of December 31, 2017, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Company's purchase of new ships and general working capital requirement amounted to $48,600,934 and the unutilized credits was $8,899,714.

D. Operating lease

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

| | December 31, 2017 | |
|---|---|---|
| Within 1 year | USD | 76,732 |
| 1~5 years | | 349,180 |
| Over 5 years | | 179,508 |
| | USD | 605,420 |

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

F. To meet operational needs, the Company signed the shipbuilding contracts with Taiwan Shipbuilding Co., Ltd. and Imabari Shipbuilding Co., Ltd. As of December 31, 2017, the total price of the contracts, wherein the vessels have not yet been delivered, amounted to USD 343,600 thousand, USD248,114 thousand of which remain unpaid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $82,611 and $129,570, respectively, which will be adjusted in the first quarter of 2018.

(2) On March 23, 2018, the proposal to appropriate the accumulated earnings was approved by the Board of Directors. Please refer to Note 6(18) for the details.

(3) For operational purposes, the Board of Directors resolved on March 23, 2018 to purchase shipping equipment (including dry containers, reefer containers and freezing equipment) from China International Marine Containers (Group) Co., Ltd. and Carrier Transicold Pte. Ltd. for USD 23,100 and USD 18,900, respectively.

(4) In response to international regulations on sulfur content in shipping fuel, the Board of Directors resolved on March 23, 2018 to purchase sulfur emission abatement equipment from Wartsila Finland Oy and Alfa Laval Nijmegen B.V. for USD 19,075 and EUR 9,681, respectively.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to maintain an optimal capital.

(2) Financial instruments

A.Fair value information of financial instruments

(a)Except for those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, other current assets (liabilities), refundable deposits, guarantee deposits received, held-to-maturity financial assets, short-term loans, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

| | December 31, 2017 | |
|---|---|---|
| | Book value | Fair value |
| Financial liabilities: | | |
| Bonds payable | $ 8,000,000 | $ 8,177,927 |
| Long-term loans (including current portion) | 39,690,592 | 41,532,812 |
| | $ 47,690,592 | $ 49,710,739 |

| | December 31, 2016 | |
|---|---|---|
| | Book value | Fair value |
| Financial liabilities: | | |
| Bonds payable (including current portion) | $ 3,000,000 | $ 3,029,085 |
| Long-term loans (including current portion) | 44,480,065 | 46,721,632 |
| | $ 47,480,065 | $ 49,750,717 |

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

i. Bonds payable: Regarding the ordinary corporate bonds issued by the Company, the coupon rate is approximate to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows.

ii. Long-term loans: The fair value is estimated using the present value of the expected cash flows.

B. Financial risk management policies

(a)The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b)Risk management is carried out by the Company's Finance Department under policies approved by the Board of Directors. The Company's Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company'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 Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

ii. The Company'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 Company's Finance Department. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company use forward foreign exchange contracts, transacted with Company'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 Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2017 | | |
|---|---|---|---|
| | Foreign currency amount (In Thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 956,693 | 29.7005 | $ 28,414,260 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 908,807 | 29.7005 | $ 26,992,022 |

| | December 31, 2016 | | |
|---|---|---|---|
| | Foreign currency amount (In Thousands) | Exchange rate | Book value (NTD) |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 767,422 | 32.2315 | $ 24,735,162 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | $ 695,430 | 32.2315 | $ 22,414,752 |

iv. The total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2017 and 2016 amounted to $13,664 and $31,840, respectively.

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

| | Year ended December 31, 2017 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 284,143 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 269,920 | $ - |

| | Year ended December 31, 2016 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 247,352 | $ - |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:NTD | 1% | $ 224,148 | $ - |

Price risk

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

ii.The Company'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, other components of equity for the years ended December 31, 2017 and 2016, would have increased/decreased by $12,935 and $17,779, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

<u>Interest rate risk</u>

i.The Company’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. During the years ended December 31, 2017 and 2016, the Company’s borrowings at floating rate were denominated in the NTD and USD.

ii.At December 31, 2017 and 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have been $329,520 and $369,290 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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

iii.For credit quality information of financial assets that are neither past due nor impaired, please refer to Note 6(4).

(c)Liquidity risk

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

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

Non-derivative financial liabilities:

| December 31, 2017 | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Accounts payable | $3,470,062 | $ - | $ - | $ - | $ - | $3,470,062 |
| Accounts payable - related parties | 124,895 | - | - | - | - | 124,895 |
| Other payables | 507,476 | 62,209 | - | - | - | 569,685 |
| Other payables - related parties | 14,918 | - | - | - | - | 14,918 |
| Bonds payable (including current portion) | - | 84,000 | 84,000 | 8,210,000 | - | 8,378,000 |
| Long-term loans (including current portion) | 1,460,388 | 6,839,680 | 9,582,984 | 16,681,547 | 6,968,213 | 41,532,812 |

| December 31, 2016 | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Accounts payable | $2,506,745 | $ - | $ - | $ - | $ - | $2,506,745 |
| Accounts payable - related parties | 123,976 | - | - | - | - | 123,976 |
| Other payables | 480,672 | 26,302 | - | - | - | 506,974 |
| Other payables - related parties | 8,995 | - | - | - | - | 8,995 |
| Bonds payable (including current portion) | - | 3,038,400 | - | - | - | 3,038,400 |
| Long-term loans (including current portion) | 1,549,049 | 5,273,180 | 8,408,797 | 23,053,441 | 8,437,165 | 46,721,632 |

(3) Fair value estimation

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(9).

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

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

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

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

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

| December 31, 2017 | Level 1 | Level 2 | Level 3 | Total |
| --- | --- | --- | --- | --- |
| Assets: | | | | |
| Recurring fair value measurements | | | | |
| Available-for-sale financial assets | | | | |
| Equity securities | $ 1,144,974 | $ - | $ 152,955 | $ 1,297,929 |

| December 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
| --- | --- | --- | --- | --- |
| Assets: | | | | |
| Recurring fair value measurements | | | | |
| Available-for-sale financial assets | | | | |
| Equity securities | $ 1,638,024 | $ - | $ 144,476 | $ 1,782,500 |

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

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

| | Listed shares |
| --- | --- |
| Market quoted price | Closing price |

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

(c)When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

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

Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

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

(f)The Company 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 Company's credit quality.

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

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

| | Year ended December 31, 2017 | | Year ended December 31, 2016 | |
|---|---|---|---|---|
| At January 1 | $ | 144,476 | $ | 117,398 |
| Gains and losses recognised in other comprehensive income (Note 1) | | 8,479 | | 27,078 |
| At December 31 | $ | 152,955 | $ | 144,476 |

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

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

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

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

| | Fair value at December 31, 2017 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 145,259 | Market comparable companies | Price to earnings ratio multiple | 20.37 ~31.89 | The higher the multiple and control premium, the higher the fair value |
| | | | Price to book ratio multiple | 0.97~1.71 | The higher the multiple and control premium, the higher the fair value |
| | | | Discount for lack of marketability | 20% | The higher the weighted average cost of capital and discount for lack of control, the lower the fair value |
| Venture capital shares Private equity fund investment | 7,696 | Net asset value | Net asset value | | The higher the net asset value, the higher the fair value |

| | Fair value at December 31, 2016 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 136,780 | Market comparable companies | Price to earnings ratio multiple | 24.37 ~32.31 | The higher the multiple and control premium, the higher the fair value |
| | | | Price to book ratio multiple | 0.86~2.97 | The higher the multiple and control premium, the higher the fair value |
| | | | Discount for lack of marketability | 20% | The higher the weighted average cost of capital and discount for lack of control, the lower the fair value |
| Venture capital shares Private equity fund investment | 7,696 | Net asset value | Net asset value | | The higher the net asset value, the higher the fair value |

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

| | | | December 31, 2017 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to earnings ratio/ price to book ratio/ discount for lack of marketability | ±1% | $ - | $ - | $ 1,453 | $ 1,453 |
| | Net asset value | ±1% | - | - | 77 | 77 |
| | | | $ - | $ - | $ 1,530 | $ 1,530 |

| | | | December 31, 2016 | | | |
|---|---|---|---|---|---|---|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price to earnings ratio/ price to book ratio/ discount for lack of marketability | ±1% | $ - | $ - | $ 1,368 | $ 1,368 |
| | Net asset value | ±1% | - | - | 77 | 77 |
| | | | $ - | $ - | $ 1,445 | $ 1,445 |

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

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

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

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

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

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

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

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

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

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

14. SEGMENT INFORMATION

None.

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

Table 1

Expressed in thousands of NTD

| Number (Note 1) | Creditor | Borrower | General ledger account (Note 2) | Is a related party | Maximum outstanding balance during the year ended December 31, 2017 (Note 3) | Balance at December 30, 2017 (Note 8) | Actual amount drawn down | Interest rate | Nature of loan (Note 4) | Amount of transactions with borrower (Note 5) | Reason for short-term financing (Note 6) | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party (Note 7) | Ceiling on total loans granted (Note 7) | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Peony Investment S.A. | Luanta Investment (Netherlands) N.V. | Receivables from related parties | Yes | $ 78,238 | $ 74,251 | $ 56,431 | 2.4376-2.6638 | 2 | $ - | Working capital requirement | $ - | None | $ - | $ 6,060,035 | $ 15,150,087 | |
| 1 | Peony Investment S.A. | Clove Holding Ltd. | Receivables from related parties | Yes | 696,647 | 683,112 | 525,699 | 2.2942-2.6349 | 2 | - | Working capital requirement | - | None | - | 12,120,070 | 15,150,087 | |
| 2 | Clove Holding Ltd. | Whitney Equipment LLC. | Receivables from related parties | Yes | 93,885 | 89,102 | 89,102 | 2.3356 | 2 | - | Working capital requirement | - | None | - | 518,348 | 1,036,695 | |
| 2 | Clove Holding Ltd. | Colon Container Terminal S.A. | Receivables from related parties | Yes | 363,468 | 356,406 | 213,844 | 2.3942-2.6349 | 2 | - | Working capital requirement | - | None | - | 518,348 | 1,036,695 | |

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

(1)The Company is '0'.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2017

Table 2

Expressed in thousands of NTD

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

| Number (Note 1) | Endorser/Guarantor | Party being endorsed/guaranteed | | Limit on endorsements/ guarntees provided for a single party (Note 3) | Maximum outstanding endorsement/ guarantee amount as of December 31, 2017 (Note 4) | Outstanding endorsement/ guarantee amount at December 31, 2017 (Note 5) | Actual amount drawn down (Note 6) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 3) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 7) | Provision of endorsements/ guarantees by subsidiary to parent company (Note 7) | Provision of endorsements/ guarantees to the party in Mainland China (Note 7) | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship with the endorser/ guarantor (Note 2) | | | | | | | | | | | |
| 0 | Evergreen Marine Corporation | Everport Terminal Services Inc. | 2 | $ 126,797,107 | $ 1,533,455 | $ 1,433,420 | $ 1,205,191 | $ - | 2.26% | $ 158,496,384 | Y | N | N | |
| 0 | Evergreen Marine Corporation | Evergreen Marine (Hong Kong) Ltd. | 3 | 126,797,107 | 2,019,634 | 2,019,634 | 705,387 | - | 3.19% | 158,496,384 | Y | N | N | |

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

(1)The Company is ‘0’.

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

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

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

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

The calculation is as follows:

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

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

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

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

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

December 31, 2017

Table 3

Expressed in thousands of shares/thousands

| Securities held by | Marketable securities (Note 1) | Relationship with the securities issuer (Note 2) | Genearl ledger account | As of December 31, 2017 | | | | Footnote (Note 4) |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Book value (Note 3) | Ownership (%) | Fair value | |
| Evergreen Marine Corporation | Stock: | | | | | | | |
| | Power World Fund Inc. | | Available-for-sale financial asset - non-current | 770 | $ 7,696 | 5.68 | $ 7,696 | |
| | Taiwan HSR Consortium | | 〃 | 13,356 | 313,866 | 0.24 | 313,866 | |
| | Linden Technologies, Inc. | | 〃 | 50 | 11,081 | 1.44 | 11,081 | |
| | TopLogis, Inc. | | 〃 | 2,464 | 14,750 | 17.48 | 14,750 | |
| | Ever Accord Construction Corp. | Other related party | 〃 | 9,317 | 119,427 | 17.50 | 119,427 | |
| | Central Reinsurance Corp. | | 〃 | 47,492 | 831,108 | 8.45 | 831,108 | |
| | Financial bonds: | | | | | | | |
| | Sunny Bank 2nd Subordinate Financial Debentures-B Issue in 2015 | | Held-to-maturity financial asset - non-current | - | 50,000 | - | 50,000 | |
| | Sunny Bank 3rd Subordinate Financial Debentures-B Issue in 2017 | | 〃 | - | 50,000 | - | 50,000 | |
| Peony Investment S.A. | Hutchison Inland Container Depots Ltd. | | Available-for-sale financial asset - non-current | 0.75 | USD 199 | 4.60 | USD 199 | |
| | South Asia Gateway Terminals (Private) Ltd. | | 〃 | 18,942 | USD 32,943 | 5.00 | USD 32,943 | |
| Evergreen Shipping Agency (Deutschland) GmbH | Zoll Pool Hafen Hamburg AG | | 〃 | 10 | EUR 10 | 2.86 | EUR 10 | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS39, 'Financial instruments: recognition and measurement'.

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2017

Table 4

Expressed in thousands of shares/thousands of NTD

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

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

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

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

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.

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

For the year ended December 31, 2017

Table 5

Expressed in thousands

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

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

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

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

Note : 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 1: 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 2: Paid-in capital referred to herein is the paid-in capital of parent company.

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

Table 6

Expressed in thousands

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

Note : Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties, etc.
Note 1: Paid-in capital referred to herein is the paid-in capital of parent company.

Evergreen Marine Corporation (Taiwan) Ltd.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2017

Table 7

Expressed in thousands of NTD

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0 | Evergreen Marine Corporation | Taiwan Terminal Services Co.,Ltd. | 1 | Operating cost | $ 835,846 | Note 4 | 0.56 |
| 0 | Evergreen Marine Corporation | Greencompass Marine S.A. | 1 | Shipowner's account - credit | 362,323 | " | 0.18 |
| 0 | Evergreen Marine Corporation | Greencompass Marine S.A. | 1 | Operating revenue | 1,209,020 | " | 0.80 |
| 0 | Evergreen Marine Corporation | Greencompass Marine S.A. | 1 | Operating cost | 1,278,055 | " | 0.85 |
| 0 | Evergreen Marine Corporation | Evergreen Marine (UK) Limited | 1 | Shipowner's account - debit | 595,393 | " | 0.30 |
| 0 | Evergreen Marine Corporation | Evergreen Marine (UK) Limited | 1 | Operating revenue | 718,114 | " | 0.48 |
| 0 | Evergreen Marine Corporation | Evergreen Marine (UK) Limited | 1 | Operating cost | 207,487 | " | 0.14 |
| 0 | Evergreen Marine Corporation | Evergreen Marine (Hong Kong) Limited | 1 | Shipowner's account - credit | 301,631 | " | 0.15 |
| 0 | Evergreen Marine Corporation | Everport Terminal Services Inc. | 1 | Operating cost | 1,153,476 | " | 0.77 |
| 1 | Greencompass Marine S.A. | Evergreen Marine (UK) Limited | 3 | Operating revenue | 1,609,487 | " | 1.07 |
| 1 | Greencompass Marine S.A. | Evergreen Marine (UK) Limited | 3 | Operating cost | 741,678 | " | 0.49 |
| 1 | Greencompass Marine S.A. | Evergreen Marine (Hong Kong) Limited | 3 | Shipowner's account - credit | 455,006 | " | 0.22 |
| 1 | Greencompass Marine S.A. | Everport Terminal Services Inc. | 3 | Operating cost | 1,180,536 | " | 0.78 |
| 1 | Greencompass Marine S.A. | Evergreen Shipping Agency (Europe) GmbH | 3 | Operating cost | 170,248 | " | 0.11 |
| 2 | Evergreen Marine (UK) Limited | Everport Terminal Services Inc. | 3 | Operating cost | 3,805,088 | " | 2.53 |
| 2 | Evergreen Marine (UK) Limited | Evergreen Shipping Agency (Europe) GmbH | 3 | Operating cost | 199,369 | " | 0.13 |
| 3 | Whitney Equipment LLC. | Everport Terminal Services Inc. | 3 | Operating revenue | 270,240 | " | 0.18 |
| 4 | Peony Investment S.A. | Clove Holding Ltd. | 3 | Other receivables | 527,297 | " | 0.26 |
| 5 | Evergreen Shipping Agency (Europe) GmbH | Evergreen Marine (UK) Limited | 3 | Shipowner's account - debit | 145,969 | " | 0.07 |

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

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

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

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investees

For the year ended December 31, 2017

Table 8

Expressed in thousands of shares/thousands of NTD

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

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

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

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

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2017' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee For the year ended December 31, 2017' column should fill in amount of net profit (loss) of the investee for this period.

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

Evergreen Marine Corporation (Taiwan) Ltd.

Information on investments in Mainland China

For the year ended December 31, 2017

Table 9

Expressed in thousands of NTD

| Investee in Mainland China | Main business activities | Paid-in capital | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017 | Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2017 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017 | Net income (loss) of the investee for the year ended December 31, 2017 | Ownership held by the Company (direct of indirect) (%) | Investment income (loss) recognised by the Company. For the year ended December 31, 2017 (Note 2(2)B) | Book value of investments in Mainland China as of Decemeber 31, 2017 | Accumulted amount of investment income remitted back to Taiwan as of December 31, 2017 | Footnote |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Ningbo Victory Container Co., Ltd. | Inland container transportation, container storage, loading, discharging, repair and related activities | $ 568,582 | (2) | $ 212,700 | $ - | $ - | $ 212,700 | $ 11,309 | 40.00 | $ 4,524 | $ 270,553 | $ - | |
| Qingdao Evergreen Container Storage & Transportation Co., Ltd. | Inland container transportation, storage, loading, discharging, repair, cleaning and related activities | 193,358 | (2) | 42,083 | - | - | 42,083 | 204,390 | 40.00 | 81,756 | 186,458 | - | |
| Kingtrans Intl. Logistics (Tianjin) Co., Ltd. | Inland container transportation, storage, loading, discharging, repair, cleaning and related activities | 354,547 | (2) | 118,802 | - | - | 118,802 | 44,214 | 40.00 | 17,686 | 186,091 | - | |
| Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd. | Management consultancy, self-owned property leasing | 1,976,695 | (2) | - | 2,419,413 | - | 2,419,413 | 22,062 | 80.00 | 1,441 | 3,733,685 | - | |
| Ever Shine (Ningbo) Enterprise Management Consulting Co., Ltd. | Management consultancy, self-owned property leasing | 195,633 | (2) | - | 267,658 | - | 267,658 | ( 1,131) | 80.00 | ( 162) | 155,365 | - | |

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

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

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

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

(3) Others

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

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

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

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

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

C. Others.

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