Stock Code:2615

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016
(With Independent Auditors' Report Thereon)

Address: 10TH FLOOR, 136, SUNG CHIANG ROAD, TAIPEI, TAIWAN
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The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Wan Hai Lines Ltd.:

Opinion

We have audited the financial statements of Wan Hai Lines Ltd.("the Company"), which comprise the statement of financial position as of December 31, 2017 and 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards (" IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in 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 is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note(4)(n) "Revenue" and Note(5)(a) "Revenue recognition" of the financial statements.

   How the matter was addressed in our audit

   The freight revenue is recognized in proportion to the stage of completion of the voyage measured by reference to the proportion of the actual shipping days incurred in balance sheet date. The voyage days is estimated depending on historical experience which involved high uncertainty. Consequently, this is one of the key areas our audit focused on.

Our principal audit procedures included:

Understanding how the management estimates the voyage days of each route including its method and source; sampling the source data from the system and obtaining the method on how the system compute the voyage days to evaluate the reasonableness of the estimated voyage days of each route from the management.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 auditors' 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 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Chen and Chung-Yi Chiang.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2018

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditor's report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

BALANCE SHEETS

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		2017.12.31		2016.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (notes (6)(a))	$ 12,850,798	20	14,072,884	22
1125	Available-for-sale financial assets — current (notes (6)(b))	4,242,631	7	3,984,324	6
1150	Notes receivable, net (notes (6)(c))	23,207	-	23,586	-
1170	Accounts receivable, net (notes (6)(c) and (7))	1,940,208	3	1,438,307	2
1200	Other receivables (notes (6)(c) and (7))	792,150	1	809,736	1
1330	Inventories, net (notes (6)(d))	980,350	2	935,007	2
1475	Receivables from agents (notes (6)(C) and (7))	1,551,315	2	1,624,191	3
1479	Other current assets (notes (8))	850,519	1	946,147	2
		23,231,178	36	23,834,182	38
	Non-current assets:				
1523	Available-for-sale financial assets — non-current (notes (6)(b))	177,746	-	177,204	-
1543	Financial assets measured at cost — non-current (notes (6)(b))	708,967	1	708,967	1
1546	Bond portfolios with inactive market — non-current (notes (6)(b))	1,187,200	2	1,288,800	2
1550	Long-term equity investments under equity method (notes (6)(e))	25,905,948	40	26,902,602	43
1600	Property, plant and equipment (notes (6)(f) and (8) and (9))	12,944,060	20	9,642,608	15
1780	Intangible assets (notes (6)(g))	52,139	-	27,009	-
1900	Other non-current assets (notes (6)(r) and (8) and (9))	325,421	1	403,631	1
		41,301,481	64	39,150,821	62
	Total assets	**$ 64,532,659**	**100**	**62,985,003**	**100**

		2017.12.31		2016.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2170	Accounts payable (notes (7))	5,126,811	8	5,005,030	8
2200	Other payables (notes (6)(r) and (7))	2,026,626	3	498,020	1
2230	Current tax liabilities(notes (6)(l))	141,542	-	50,860	-
2320	Current portion of long-term loans (notes (6)(h) and (i) and (9))	7,099,279	11	3,990,325	6
2350	Payable to agents (notes (7))	707,972	1	1,493,568	3
2300	Other current liabilities	307,453	1	158,752	-
		15,409,683	24	11,196,555	18
	Non-Current liabilities:				
2530	Bonds payable (note (6)(i))	6,900,000	11	9,300,000	15
2540	Long-term loans (notes (6)(h) and (8))	6,606,328	10	6,863,120	11
2570	Deferred income tax liabilities (note (6)(l))	1,088,928	1	933,111	1
2640	Accrued pension liabilities (note (6)(k))	559,525	1	581,716	1
2645	Guarantee deposits received	1,235	-	2,551	-
		15,156,016	23	17,680,498	28
	Total liabilities	30,565,699	47	28,877,053	46
	Equity (notes (6)(m) and (n)):				
3100	Common stock	22,182,975	34	22,182,975	35
3200	Capital surplus	1,261,681	2	1,261,681	2
	Retained earnings:				
3310	Legal reserve	6,503,503	10	6,389,335	10
3320	Special reserve	-	-	1,053,282	2
3350	Retained earnings — unappropriated	5,146,283	8	2,635,957	4
		11,649,786	18	10,078,574	16
	Other equity interest:				
3410	Foreign currency translation difference arising from foreign operations, net of tax	(1,480,258)	(2)	572,600	1
3425	Unrealized gains (losses) on available-for-sale financial assets	352,776	1	12,120	-
		(1,127,482)	(1)	584,720	1
	Total equity	33,966,960	53	34,107,950	54
	Total liabilities and equity	**$ 64,532,659**	**100**	**62,985,003**	**100**

Seeing accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		For the Years Ended December 31,			
		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes (6)(o) and (7))**	$ 50,300,722	100	50,070,845	100
5000	**Operating costs (notes (6)(d) and (7))**	45,846,586	91	45,322,233	91
	Gross profit	4,454,136	9	4,748,612	9
6000	**Operating expenses**	2,108,020	4	1,929,322	3
	Income from operations	2,346,116	5	2,819,290	6
	Non-operating income and expenses (notes (6)(e) and (q)):				
7010	Other income	363,335	1	466,806	1
7020	Other gains and losses	11,542	-	(312,759)	(1)
7050	Finance costs	(326,530)	(1)	(315,297)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	638,756	1	(1,200,655)	(2)
	Total non-operating income and expenses	687,103	1	(1,361,905)	(3)
	Profit before tax	3,033,219	6	1,457,385	3
7950	**Less: Income tax expense(notes (6)(l))**	491,330	1	315,705	1
	Net profit	2,541,889	5	1,141,680	2
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Actuarial losses and gains on defined benefit plans	(53,991)	-	(87,646)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(38,545)	-	(32,605)	-
8349	Income tax related to components of other comprehensive income	9,178	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(83,358)	-	(120,251)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(2,057,990)	(4)	(221,743)	-
8362	Gains (loss) on valuation of available-for-sale financial assets	340,626	1	235,565	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	30	-	(635)	-
8399	Income tax related to components of other comprehensive income	5,132	-	2,161	-
	Total items that will be reclassified subsequently to profit or loss	(1,712,202)	(3)	15,348	-
8300	**Other comprehensive income (loss), net of tax**	(1,795,560)	(3)	(104,903)	-
	Total comprehensive income	**$ 746,329**	**2**	**1,036,777**	**2**
	Basic earnings per share (New Taiwan Dollars) (note (6)(n))	**$**	**1.15**		**0.51**
	Diluted earnings per share (New Taiwan Dollars) (note (6)(n))	**$**	**1.14**		**0.51**

Seeing accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained Earnings			Other Equity		
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets	Total
Balance as of January 1, 2016	$ 22,182,975	1,261,681	5,995,044	1,117,003	4,607,055	792,182	(222,810)	35,733,130
Net profit	-	-	-	-	1,141,680	-	-	1,141,680
Other comprehensive income	-	-	-	-	(120,251)	(219,582)	234,930	(104,903)
Total comprehensive income	-	-	-	-	1,021,429	(219,582)	234,930	1,036,777
Appropriation of retained earnings:								
Legal reserve	-	-	394,291	-	(394,291)	-	-	-
Cash dividends	-	-	-	-	(2,661,957)	-	-	(2,661,957)
Reversal of special reserve	-	-	-	(63,721)	63,721	-	-	-
Balance as of December 31, 2016	22,182,975	1,261,681	6,389,335	1,053,282	2,635,957	572,600	12,120	34,107,950
Net profit	-	-	-	-	2,541,889	-	-	2,541,889
Other comprehensive income	-	-	-	-	(83,358)	(2,052,858)	340,656	(1,795,560)
Total comprehensive income	-	-	-	-	2,458,531	(2,052,858)	340,656	746,329
Appropriation of retained earnings:								
Legal reserve	-	-	114,168	-	(114,168)	-	-	-
Cash dividends	-	-	-	-	(887,319)	-	-	(887,319)
Reversal of special reserve	-	-	-	(1,053,282)	1,053,282	-	-	-
Balance as of December 31, 2017	**$ 22,182,975**	**1,261,681**	**6,503,503**	**-**	**5,146,283**	**(1,480,258)**	**352,776**	**33,966,960**

Note: The remuneration to directors and supervisors were $30,951 thousand and $14,871thousand for 2017 and 2016, respectively; the remuneration to employees were $30,951 thousand and $14,871 thousand for 2017 and 2016, respectively. That were be deducted from statement of comprehensive income for the year 2017 and 2016.

Seeing accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2017	2016
Cash flows from operating activities：		
Profit before income tax	$ 3,033,219	1,457,385
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	1,009,685	909,846
Amortization	22,204	24,332
Interest expense	326,530	315,297
Interest revenue	(178,652)	(296,522)
Dividend revenue	(184,683)	(170,284)
Share of losses of associates and joint ventures accounted for using equity method	(638,756)	1,200,655
Gain on disposal of property, plant and equipment	(222,304)	(298,587)
Gain on disposal of available-for-sale assets-current	(52,817)	(8,884)
Loss on impairment of financial assets	-	56,065
Unrealized foreign exchange loss	(335,417)	(225,076)
Others	85	-
Total adjustments to reconcile profit (loss)	(254,125)	1,506,842
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	379	2,258
Accounts receivable (including related parties)	(501,901)	65,011
Other receivables	19,984	7,124,476
Inventories	(45,343)	(528,841)
Receivables from agents	72,876	(112,122)
Other current assets	95,628	62,736
Total changes in operating assets, net	(358,377)	6,613,518
Changes in operating liabilities, net:		
Accounts payable (including related parties)	121,781	564,799
Other payables	421,964	(101,716)
Payables to agents	(785,596)	700,910
Other current liabilities	148,701	(108,642)
Accrued pension liabilities	(76,182)	(99,888)
Total changes in operating liabilities, net	(169,332)	955,463
Total changes in operating assets and liabilities, net	(527,709)	7,568,981
Total adjustments	(781,834)	9,075,823
Cash inflow generated from operations	2,251,385	10,533,208
Income taxes paid	(240,332)	(848,448)
Net cash operating by operating activities	2,011,053	9,684,760

Seeing accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

WAN HAI LINES LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2017	2016
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(94,801)	(383,386)
Proceeds from disposal of available-for-sale financial assets	229,395	43,724
Acquisition of long-term equity investment under equity method	(472,356)	(9,596,160)
Acquisition of property, plant and equipment	(3,101,119)	(2,424,303)
Proceeds from disposal of property, plant and equipment	243,117	428,850
Acquisition of intangible assets	(28,981)	(10,699)
Other non-current assets	(68,416)	(108,538)
Interest received	177,021	304,430
Dividends received	215,025	179,854
Net cash used in investing activities	(2,901,115)	(11,566,228)
Cash flows from financing activities:		
Issuance of corporate bonds	2,100,000	3,000,000
Repayment of bonds	(2,900,000)	(3,000,000)
Increase in long-term loans	2,724,950	3,687,300
Repayment of long-term loans	(1,037,775)	(2,400,465)
Guarantee deposits received	(1,316)	(32,499)
Dividends paid	(887,319)	(2,661,957)
Interest paid	(330,564)	(319,775)
Net cash (used in) provided by financing activities	(332,024)	(1,727,396)
Net (decrease) increase in cash and cash equivalents	(1,222,086)	(3,608,864)
Cash and cash equivalents, beginning of period	14,072,884	17,681,748
Cash and cash equivalents, end of period	$ **12,850,798**	**14,072,884**

Seeing accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Organization and Business

Wan Hai Lines Ltd. (the Company) was incorporated as a company limited by shares on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. The Company is primarily involved in the business of international marine transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the financial statements on March 26, 2018.

(3) New Standards and Interpretations Not Yet Adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	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
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Company assessed that the adoption of the above IFRSs would not have any material impact on the financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment 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
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

1. IFRS 9 "Financial Instruments"

   IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

   1) Classification- Financial assets

      IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

At December 31, 2017, the Company had equity investments classified as available-for-sale with a fair value of $2,221,320 thousand and financial assets measured at cost of $708,967 thousand that are held for long-term strategic purposes. At initial application of IFRS 9, the Company has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. Part of equity investments classified as available-for-sale with a fair value of $2,199,057 thousand are held for sales of strategic purposes. An initial application of IFRS 9, the Company has designated these investments as FVTPL. An initial classification of bond portfolios with in active market is $1,187,200 thousand. Since the cash flow of these investments are not just payment of principal and interest, the Company has designated these investments as FVTPL when initially application of IFRS 9. The Company estimated the application of IFRS 9's classification requirements on January 1, 2018 resulting in a decrease of $513,035 thousand in the reserves, as well as the increase of $271,383 thousand and decrease of $241,652 thousand in retained earnings and assets, respectively.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The Company does not believe that impairment losses will have a material impact in the scope of the IFRS 9 impairment model.

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company's assessment included an analysis to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

2. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

1) Rending of services

The Company is involved in managing forest resources, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method.

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.
Based on the Company’s assessment, the fair value and the stand-alone selling prices of the services. Since these amounts are broadly similar, the Company does not expect significant differences in the timing of revenue recognition for these services.

2) Transition

The Company plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Company plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

The Company estimates the adoption of IFRS 15, resulting in the increase of $637,329 thousand and $187,454 thousand in contract assets and contract liabilities, respectively; and a decrease of $637,329 thousand and $187,454 thousand in accounts receivable and advance sales receipts (recognized as under other current liabilities), respectively, on January 1, 2018.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

Those which may be relevant to The Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. ・A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
May 18, 2016	IFRS 17 "Insurance Contracts "	The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows: ・Recognition: the beginning of the coverage period of the Company of contracts, the date when the first payment from a policyholder in the Company becomes due and when the group becomes onerous shall recognize a Company of insurance contracts it issues from the earliest. ・Measurement: on initial recognition, an entity shall measure a Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ・Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.
October 12, 2017	Amendments to IAS 28 "Long-term interests in associates and joint ventures"	The amendment to IAS 28, which addresses equity-accounted loss absorption by long-term interests, will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). It also involves the dual application of IAS 28 and IFRS 9 Financial Instruments.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
December 12, 2017	Annual Improvements to IFRS Standards 2015–2017 Cycle: ・IFRS 3 Business Combinations and IFRS 11 Joint Arrangements ・IAS 12 Income Taxes ・IAS 23 Borrowing Costs	・Clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. －If a party maintain joint control, then the previously held interest is not remeasured. －If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. ・Clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits-i.e. in profit or loss, OCI or equity. ・Clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
February 7, 2018	Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	The amendments clarify that: • on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the remainder of the reporting period after the change to the plan; and • the effect of the asset ceiling is disregarded when calculating past service cost and the gain or loss on settlement. Any change in that effect is recognised in other comprehensive income.

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of Significant Accounting Policies

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as " the Regulations").

(b) Basis of preparation

1. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profits or losses are measured at fair value;

2) Available-for-sale financial assets are measured at fair value;

3) The net defined benefit liability (asset) is recognized as the fair value of plan assets, less the present value of the defined benefit obligation.

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. the financial statements are presented in New Taiwan Dollars, which is the Company' s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following which are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company’s functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average rate. Transition differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary items that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and saving accounts. Cash equivalents are 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. The time deposits which satisfied the definition above and held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, are reported as cash equivalents.

Bank overdrafts that are repayable on demand and from an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

1. Financial assets

   Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

   1) Financial assets at fair value through profit or loss

      A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

      Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and included in "other gains and losses" of non-operating income and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost and are included in financial assets measured at cost.

2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss including in "other gains and losses" of non-operating income and expenses. A regular way purchase or sale of financial assets recognized and derecognized, as applicable, using trade date accounting.

Investment in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in "other income" of profit or loss.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables and bond investment with inactive market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, and it is included in "other income" of non-operating income and expenses.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment 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 assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management' s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the original effective interest rate of the asset.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss; impairment losses and recoveries of other financial assets are recognized in “other gains and losses” of non-operating income and expenses.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on available-for-sale financial assets” in profit or loss is included in “other gains and losses” of non-operating income and expenses.

The Company separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and included in “other gains and losses” of non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss under non-operating income and expense.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and is including in “other gains and losses” of non-operating income and expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

Fuels purchased by the Company are recorded under inventory account. Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs incurred in bringing them to their existing location and condition. Inventory cost is calculated using the first-in first-out principle.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company have significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The financial statements include the Company' s share of the profit or loss and other comprehensive income of associates, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company' s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(i) Subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statement. Under equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are contributed to the owners of parent in the financial statement.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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 shall be depreciated separately, unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss under non-operating income and expenses.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by the straight-line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	The Company
Buildings	23~ 57 years
Vessels	2~ 25 years
Containers	3~ 10 years
Privileged wharf equipment	2~ 10 years
Other equipment	4~ 16 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

(k) Leases

1. Lessee

Leases are operating leases and are not recognized in the Company’s statement of financial position.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Intangible assets

1. Intangible assets

Trademarks and software are the major items of intangible assets that the Company holds. All intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brand, is recognized in profit or loss as incurred.

3. Amortization

The amortizable amount is the cost of an asset, less its residual value.

Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	2~ 5 years
Trademarks	5~ 10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each reporting date. Any changes shall be accounted for as changes in accounting estimates.

(m) Impairment – non-financial assets

The carrying amounts of the Company's nonfinancial assets, other than inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash generating unit (CGU).

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

1. Freight Revenue

Cargo freight revenue is recognized using the percentage-of-completion of voyage method. The percentage is calculated using the percentage of completed days to the total estimated voyage days.

2. Rental Revenue

Charter hire revenue and container rental revenue from operating lease are recognized on a straight-line basis over the lease term.

3. Terminal operating revenue

Terminal and stevedoring revenue is recognized when the service is provided; dockage revenue is recognized by the reference to berthing hour.

4. Other service revenue

Other service revenue is recognized on an accrual basis during the service is rendered or upon the completion of service.

(o) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Company's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any resulting change in the fair value of plan assets any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

3. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Company is required to recognize the termination benefits at the earlier of when the Company can no longer withdraw the offer of those benefits and when it recognizes any related restructing costs. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

4. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(p) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rates on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
   1) Levied by the same taxing authority; or
   2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also be revaluated every year on the financial reporting date, and adjusted based on the probability that the future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(q) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as estimated employee bonus.

(r) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in these financial statements.

(5) Significant Accounting Assumptions and Judgments and Major Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Revenue recognition

The Company's cargo freight revenue is recognized using the percentage-of-completion of voyage method. The method is based on historical trend, and the high uncertainty of voyage days will lead to adjustments of the estimated value.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

		2017.12.31	2016.12.31
Cash on hand	$	48,292	42,780
Savings accounts		180,999	194,296
Time deposits		12,621,507	13,835,808
Cash and cash equivalents in statement of cash flows	**$**	**12,850,798**	**14,072,884**

Please refer to Note 6(r) for the interest rate analysis of financial assets and liabilities.

(b) Financial assets

1. Details of financial assets:

		2017.12.31	2016.12.31
Available-for-sale financial assets	$	4,420,377	4,161,528
Financial assets measured at cost		708,967	708,967
Bond portfolios with inactive market		1,187,200	1,288,800
Total	**$**	**6,316,544**	**6,159,295**
Current	$	4,242,631	3,984,324
Non-current		2,073,913	2,174,971
Total	**$**	**6,316,544**	**6,159,295**

Based on results of the Company's assessment, the impairment losses was recognized on the available-for-sale financial assets in the amount of $29,065 thousand for the years ended December 31, 2016.

Part of the above mentioned investments in common stock which do not have any quoted market prices in an active market and whose fair value cannot be reliably measured were reflected as non-current financial assets carried at cost on initial recognition and subsequently at cost, less, accumulated impairment losses. There were objective evidences indicating that some financial assets were impaired, and the Company recognized impairment loss for the asset whose carrying value is higher than the recoverable amount. For the years ended December 31, 2016 the impairment loss was $27,000 thousand.

Please refer to Note 6(r) and (s) for the credit, currency and interest rate risk exposure associated with financial instruments.

As of December 31, 2017 and 2016, the Company's financial assets were not pledged as collateral.

2. Sensitivity analysis-equity price risk:

If the equity price changes, the impact to other comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

	2017		2016	
Equity price at reporting date	**After-tax other comprehensive income**	**After-tax profit (loss)**	**After-tax other comprehensive income**	**After-tax profit (loss)**
Increase1%	**$ 44,204**	**-**	**41,615**	**-**
Decrease1%	**$ (44,204)**	**-**	**(41,615)**	**-**

(c) Notes receivable, accounts receivable, other receivables, and receivables from agents

	2017.12.31	2016.12.31
Notes receivable	$ 23,207	23,586
Accounts receivable	1,940,566	1,438,665
Other receivables	792,150	809,736
Receivables from agents	1,551,315	1,624,191
Less: Allowance for doubtful receivables	(358)	(358)
	$ 4,306,880	**3,895,820**

The Company's aging analysis of notes receivables, accounts receivables other receivables and receivable from agents which were past due but not impaired was as follows:

	2017.12.31	2016.12.31
Over due 0-30 days	$ 126,531	82,633
Over due 31-120 days	12,216	21,179
Over due 121-365 days	33,098	1,034
Over due more than 365 days	3	606
	$ 171,848	**105,452**

The movement in the allowance for notes receivables, accounts receivbles, other receivables, and receivable from agents for the years ended December 31, 2017 and 2016 were as follows:

	Individually assessed impairment	**Collectively assessed impairment**	**Total**
Balance as of January 1, 2017	$ -	358	358
Balance as of December 31, 2017	**$ -**	**358**	**358**
Balance as of January 1, 2016	$ -	364	364
Reversal/write-off	-	(6)	(6)
Balance as of December 31, 2016	**$ -**	**358**	**358**

(d) Inventories

	2017.12.31	2016.12.31
Marine diesel oil	$ 99,086	99,011
Marine residual fuel oil	876,343	829,215
Fresh lubricating oil	4,921	6,820
Sub total	980,350	935,046
Less: Allowance for inventory valuation and obsolescence losses	-	(39)
Total	**$ 980,350**	**935,007**

In 2017and 2016, the reversal of write-downs amounted to $39 thousand and $41,381 thousand due to the elimination of the write-down factor.

As of December 31, 2017 and 2016, the Company's did not provide any inventories as collateral for its loans.

(e) Investments accounted for using equity method

A summary of equity-accounted investees was as follows:

	2017.12.31	2016.12.31
Subsidiaries	$ 25,402,429	26,624,295
Associates	503,519	278,307
	$ 25,905,948	**26,902,602**

1. Subsidiaries

Please refer to the consolidated financial statments for the years ended December 31, 2017.

2. Associates

For the first quarter of 2017, the Company acquired 16.50% of the shares of Hai Phong International Container Terminal Company Limited (HICT) for USD6,459 thousand in cash, and has significant influence on it.

The financial information for investments accounted for using the equity method that are individually insignificant were as follows:

	2017.12.31	2016.12.31
Carrying amount of individually insignificant associates equity	**$ 503,519**	**278,307**

	2017	2016
Comprehensive income attributable to owners of parent:		
Net income loss/after tax from continuing operations	$ 78,930	46,720
Total comprehensive income	**$ 78,930**	**46,720**

3.Collaterals

As of December 31, 2017 and 2016, the Company's did not prouide any investment accounted for using equity method as collaterals.

(f) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2017 and 2016, were as follows:

	Land	Buildings	Vessels	Containers	Other equipment	Privileged wharf equipment	Total
Cost:							
Balance at January 1, 2017	$ 620,477	123,736	4,168,225	18,729,900	1,083,744	1,405,783	26,131,865
Additions	-	-	36,019	4,110,318	28,206	39,256	4,213,799
Reclassification	-	-	58,924	-	-	79,161	138,085
Disposals	-	-	-	(626,883)	(484,693)	-	(1,111,576)
Balance at December 31, 2017	**$ 620,477**	**123,736**	**4,263,168**	**22,213,335**	**627,257**	**1,524,200**	**29,372,173**
Balance at January 1, 2016	$ 620,477	123,736	3,638,080	18,543,014	976,813	1,182,800	25,084,920
Additions	-	-	530,145	1,492,030	74,532	111,805	2,208,512
Reclassification	-	-	-	-	44,558	111,178	155,736
Disposals	-	-	-	(1,305,144)	(12,159)	-	(1,317,303)
Balance at December 31, 2016	**$ 620,477**	**123,736**	**4,168,225**	**18,729,900**	**1,083,744**	**1,405,783**	**26,131,865**
Depreciation and impairment loss:							
Balance at January 1, 2017	$ -	63,889	3,331,655	11,700,481	720,108	673,124	16,489,257
Depreciation for the year	-	2,726	184,528	670,293	74,887	77,251	1,009,685
Disposals	-	-	-	(586,136)	(484,693)	-	(1,070,829)
Balance at December 31, 2017	**$ -**	**66,615**	**3,516,183**	**11,784,638**	**310,302**	**750,375**	**16,428,113**
Balance at January 1, 2016	$ -	61,162	3,178,303	12,292,944	651,375	611,669	16,795,453
Depreciation for the year	-	2,727	153,352	611,420	80,892	61,455	909,846
Disposals	-	-	-	(1,203,883)	(12,159)	-	(1,216,042)
Balance at December 31, 2016	**$ -**	**63,889**	**3,331,655**	**11,700,481**	**720,108**	**673,124**	**16,489,257**
Carrying amounts:							
Balance at December 31, 2017	**$ 620,477**	**57,121**	**746,985**	**10,428,697**	**316,955**	**773,825**	**12,944,060**
Balance at December 31, 2016	**$ 620,477**	**59,847**	**836,570**	**7,029,419**	**363,636**	**732,659**	**9,642,608**
Balance at January 1, 2016	**$ 620,477**	**62,574**	**459,777**	**6,250,070**	**325,438**	**571,131**	**8,289,467**

As of December 31, 2017 and 2016, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note (8).

(g) Intangible assets

The costs and amortization of the intangible assets of the Company for the years ended December 31, 2017 and 2016, were as follows:

	Computer software	Trademarks	Total
Costs:			
Balance at January 1, 2017	$ 45,909	4,773	50,682
Additions	28,883	98	28,981
Reclassification	17,452	901	18,353
Disposals	(12,669)	-	(12,669)
Balance at December 31, 2017	**$ 79,575**	**5,772**	**85,347**
Balance at January 1, 2016	$ 64,580	1,913	66,493
Additions	10,314	385	10,699
Reclassification	1,086	2,694	3,780
Disposals	(30,071)	(219)	(30,290)
Balance at December 31, 2016	**$ 45,909**	**4,773**	**50,682**
Amortization and impairment loss:			
Balance at January 1, 2017	$ 21,594	2,079	23,673
Amortization for the year	21,509	695	22,204
Disposals	(12,669)	-	(12,669)
Balance at December 31, 2017	**$ 30,434**	**2,774**	**33,208**
Balance at January 1, 2016	$ 28,892	739	29,631
Amortization for the year	22,773	1,559	24,332
Disposals	(30,071)	(219)	(30,290)
Balance at December 31, 2016	**$ 21,594**	**2,079**	**23,673**
Carrying amounts:			
Balance at December 31, 2017	**$ 49,141**	**2,998**	**52,139**
Balance at December 31, 2016	**$ 24,315**	**2,694**	**27,009**
Balance at January 1, 2016	**$ 35,688**	**1,174**	**36,862**

1. Recognition of amortization and impairment

The amortization of intangible assets is included in the statement of comprehensive income:

	2017	2016
Operating costs	$ 664	495
Operating expense	$ 21,540	23,837

(h) Term loans

The borrowings were summarized as follows:

	2017.12.31			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank loans	USD	2.39%	2022/12/21	$ 222,600
Unsecured bank loans	TWD	0.96%~1.12%	2018/01/03-2018/01/25	900,000
Secured bank loans	USD	1.67%~2.56%	2018/05/09-2022/12/25	4,983,866
Secured bank loans	TWD	1.16%	2021/12/21	500,000
Commercial paper	TWD	0.59%~0.98%	2019/12/27-2020/06/22	2,600,000
				9,206,466
Less: Discount on commercial paper				(859)
Current portion				(2,599,279)
Total				$ 6,606,328
Unused loan credit				$ 6,691,123

	2016.12.31			
	Currency	Interest rate collars	Expiration	Amount
Secured bank loans	USD	1.15%~2.04%	2018/05/09-2021/08/08	$ 5,856,308
Secured bank loans	TWD	1.16%	2021/12/21	500,000
Commercial paper	TWD	0.86%~0.98%	2019/12/27	1,600,000
				7,956,308
Less: Discount on commercial paper				(2,863)
Current portion				(1,090,325)
Total				$ 6,863,120
Unused loan credit				$ 7,746,750

For information on the Company's interest risk, currency risk, and liquidity risk, please refer to note 6(r).

For the collateral for borrowings, please refer to note 8.

(i) Bonds payable

	2017.12.31			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank-2011 first domestic bond issue	TWD	1.85%	2018/06/24	$ 4,500,000
Unsecured bank-2014 first domestic bond issue	TWD	1.65%-1.95%	2019/08/14-2021/08/14	1,800,000
Unsecured bank-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Unsecured bank-2017 first domestic bond issue	TWD	1.55%	2022/06/26	2,100,000
Total				**$ 11,400,000**
Current				$ 4,500,000
Non-current				6,900,000
Total				**$ 11,400,000**

	2016.12.31			
	Currency	**Interest rate collars**	**Expiration**	**Amount**
Unsecured bank-2011 first domestic bond issue	TWD	1.85%	2018/06/24	$ 4,500,000
Unsecured bank-2011 second domestic bond issue	TWD	1.75%	2017/07/28	2,900,000
Unsecured bank-2014 first domestic bond issue	TWD	1.65%-1.95%	2019/08/14-2021/08/14	1,800,000
Unsecured bank-2016 first domestic bond issue	TWD	1.18%	2021/06/21	3,000,000
Total				**$ 12,200,000**
Current				$ 2,900,000
Non-current				9,300,000
Total				**$ 12,200,000**

1. Unsecured bank-2011 first domestic bond issue

The Company issued an unsecured corporate bond in June 2011. It was the Company's first domestic bond issue in 2011 and was effective upon submission to the regulatory authority on June 9, 2011. The issuance terms were as follows:

1) Issue amount

TWD7,500,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD3,000,000 thousand and series B amounting to TWD4,500,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance dates are June 22~24, 2011; the maturity periods for series A and B are five and seven years, respectively.

4) Issued price: at par value

5) Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.85%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: None

12) Announcement

The related information can be acquired from the Market Observation Post System.

2. Unsecured bank-2014 first domestic bond issue

   The Company issued an unsecured corporate bond in August 2014. It was the Company's first domestic bond issue in 2014 and was effective upon submission to the regulatory authority on June 17, 2014. The issuance terms were as follows:

   1) Issue amount

      TWD1,800,000 thousand. There are two series of bonds categorized by the terms, with series A amounting to TWD1,000,000 thousand and series B amounting to TWD800,000 thousand.

   2) Nominal amount

      Par value TWD 1,000 thousand per unit.

   3) Issuance period

      The issuance dates are August 14, 2014; the maturity periods for series A and B are five and seven years, respectively.

   4) Issued price: at par value

   5) Nominal interest rate

      1) Series A: 1.65%

      2) Series B: 1.95%

   6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

   7) Redemption on the maturity date

      The ordinary bonds will be redeemed at par on the maturity date.

   8) Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

   9) Trustee

      The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

   10) Agency for payment of principal and interest

      Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

   11) Underwriter: None.

   12) Announcement

      The related information can be acquired from the Market Observation Post System.

3. Unsecured bank-2016 first domestic bond issue

The Company issued an unsecured corporate bond in June 2016. It was the Company's first domestic bond issue in 2016 and was effective upon submission to the regulatory authority on June 14, 2016. The issuance terms were as follows:

1) Issue amount

TWD3,000,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance date is June 21, 2016; the maturity date is June 21, 2021 the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.18%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: MasterLink Securities Corporation.

12) Announcement

The related information can be acquired from the Market Observation Post System.

4. Unsecured bank-2017 first domestic bond issue

The Company issued an unsecured corporate bond in June 2017. It was the Company's first domestic bond issue in 2017 and was effective upon submission to the regulatory authority on June 15, 2017. The issuance terms were as follows:

1) Issue amount

TWD2,100,000 thousand.

2) Nominal amount

Par value TWD1,000 thousand per unit.

3) Issuance period

The issuance date is June 26, 2017; the maturity date is June 26, 2022; the maturity period is five years.

4) Issued price: at par value

5) Nominal interest rate: 1.55%

6) Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7) Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8) Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

9) Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10) Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11) Underwriter: Yuanta Securities Corporation is the primary underwriter.

12) Announcement

The related information can be acquired from the Market Observation Post System.

(j) Operating leases

1. Lease as lessee

Lease payables from non-cancellable operating lease agreement were as follows:

		2017.12.31	2016.12.31
Less than one year	$	7,759,814	5,765,480
Between one and five years		26,404,503	19,979,357
More than five years		1,689,413	1,758,995
	$	**35,853,730**	**27,503,832**

The Company lease a number of offices and vessels under operating leases. The leases typically run for a period of 1 to 3 years.

(k) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value as follows:

		2017.12.31	2016.12.31
Present value of the defined benefit obligations	$	1,142,297	1,094,909
Fair value of plan assets		(582,772)	(513,193)
Present value of the defined benefit obligations	**$**	**559,525**	**581,716**

The Company makes defines benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefit based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $582,772 thousand as of December 31, 2017. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2017	2016
Defined benefit obligation at January 1	$	1,094,909	1,105,961
Current service costs and interest cost		28,288	32,571
Remeasurement loss (gain)			
－Actuarial loss (gain) arising from changes in financial assumptions		52,055	82,787
Benefits paid		(32,955)	(126,410)
Defined benefit obligation at December 31	**$**	**1,142,297**	**1,094,909**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2017	2016
Fair value of plan assets at January 1	$	513,193	512,003
Interest income		7,153	8,580
Remeasurement loss (gain)			
－Return on plan assets (excluding current interest)		(1,936)	(4,859)
Contribution paid by the employer		78,132	93,286
Benefits paid		(13,770)	(95,817)
Fair value of plan assets at December 31	**$**	**582,772**	**513,193**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company was as follows:

		2017	2016
Current service costs	$	13,868	15,106
Net interest of net liabilities (assets) for defined benefit obligation		7,267	8,886
	$	**21,135**	**23,992**
Operating costs	$	10,446	11,493
Selling expenses		10,689	12,499
	$	**21,135**	**23,992**

5) Actuarial gains and losses recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the year ended December 31, 2017 and 2016, were as follows:

		2017	2016
Accumulated amount at January 1	$	(47,804)	39,842
Recognized during the period		(53,991)	(87,646)
Accumulated amount at December 31	**$**	**(101,795)**	**(47,804)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2017	2016
Discount rate	1.15 %	1.32 %
Future salary increase rate	3.00 %	3.00 %

The Company will pay to the defined benefit plans which amounted to $64,178 thousand within 1 year after the report day of 2017.

The weighted-average lifetime of the defined plans is 6~15 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligation	
		Increased 0.50%	Decreased 0.50%
December 31, 2017			
Discount rate	$	(60,587)	65,502
Future salary increasing rate		58,147	(54,557)
December 31, 2016			
Discount rate		(60,374)	65,415
Future salary increasing rate		58,408	(54,681)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2017 and 2016.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the to the Bureau of the Labor Insurance amounted to $46,392 thousand and $43,516 thousand for the years ended December 31, 2017 and 2016, respectively.

(l) Income taxes

1. Income tax expense

		2017	2016
Current income tax expense:			
Current period	$	276,693	441,083
Adjustment for prior periods		54,321	(40,630)
		331,014	400,453
Deferred tax expense:			
Origination and reversal of temporary differences		160,316	(84,748)
Income tax expense from continuing operations	**$**	**491,330**	**315,705**

No income tax recognized directly in equity for 2017 and 2016.

The amount of income tax recognized in other comprehensive income for 2017 and 2016 were as follows:

		2017	2016
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses and gains on defined benefit plans	**$**	**(9,178)**	**-**
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**$**	**(5,132)**	**(2,161)**

Reconciliation of income tax and profit before tax for 2017 and 2016 is as follows:

		2017	2016
Profit excluding income tax	**$**	**3,033,219**	**1,457,385**
Income tax using the Company's domestic tax rate	$	515,647	247,755
Effect of tax rates in foreign jurisdiction		-	(55)
Non-deductible expense		53,901	69,319
Tax-exempt income		(104,027)	(54,347)
Under (Over) provision in prior periods		54,321	(40,630)
Income tax credit		(30,506)	-
10% surtax on unappropriated earnings		1,994	93,663
Total	**$**	**491,330**	**315,705**

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2017 and 2016 were as follows:

	Investment (loss) gain under the equity method	Deferred depreciation expense	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2017	$ 664,068	255,541	13,502	933,111
Debited (Credited) Income statement	40,443	128,876	(13,502)	155,817
Balance at December 31, 2017	**$ 704,511**	**384,417**	**-**	**1,088,928**
Balance at January 1, 2016	$ 892,853	153,644	-	1,046,497
Debited (Credited) Income statement	(228,785)	101,897	13,502	(113,386)
Balance at December 31, 2016	**$ 664,068**	**255,541**	**13,502**	**933,111**

	Defined Benefit Plans	Loss Carry forward	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2017	$ 83,992	-	28,167	112,159
(Debited) Credited Income statement	(12,951)	-	8,452	(4,499)
(Debited) Credited Other Comprehensive Income	9,178	-	5,132	14,310
Balance at December 31, 2017	**$ 80,219**	**-**	**41,751**	**121,970**
Balance at January 1, 2016	$ 100,973	-	37,663	138,636
(Debited) Credited Income statement	(16,981)	-	(11,657)	(28,638)
(Debited) Credited Other Comprehensive Income	-	-	2,161	2,161
Balance at December 31, 2016	**$ 83,992**	**-**	**28,167**	**112,159**

3. The Company’s tax returns for the years through 2014, were examined and approved by the tax authority.

4. Information related to the ICA is summarized as follows:

	2017.12.31	2016.12.31
Unappropriated earnings of 1998 and after	Note	**$ 2,635,957**
Balance of imputation credit account (ICA)	Note	**$ 1,134,120**

	2017 (estimated)	2016 (actual)
Creditable ratio for earnings distribution to ROC residents	Note	**30.16** %

The above-mentioned information of the ICA has been prepared in accordance with the permit No.10204562810 issued by the Ministry of Finance on October 17, 2013.

Note: According to the amendments to the "Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(m) Capital and other equity

As of December 31, 2017 and 2016, the Company's authorized capital consisted of 2,500,000 thousand shares, amounting to $25,000,000 thousand, with par value of $10 (NT dollars) per share. All of the issued shares were ordinary shares consisted of 2,218,297 thousand shares and the funds had been received.

1. Capital surplus

The balance of capital surplus was as follows:

		2017.12.31	**2016.12.31**
Premium on ordinary shares	$	22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond		1,222,787	1,222,787
Change in equity of subsidiaries accounted for under equity method		16,055	16,055
	$	**1,261,681**	**1,261,681**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

The industry of the Company is highly changeable and is capital intensive. The Company is in the stable growing stage. Therefore, in consideration of the future capital needs of long-term financial plans, and to meet the cash flow needs of the shareholders, the Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve, and special reserves are to be provided according to the regulations. If there is a requirement for the expansion of transportation equipment and an improvement of the financial structure, the Company may set aside a special reserve.

If there are surpluses, plus, the undistributed cumulative earnings from the previous year, the board of directors shall appropriate 30% or more after taking into account factors such as the Company's capital needs, capital budget, interests of shareholders, and the Company's long-term financial planning. The board of directors proposed the distribution of earnings and submitted them to the shareholders' meeting for approval.

The distribution ration of stock dividends or cash dividends must be done in accordance with the current year's actual profit, capital position, and capital expansion program. The proportion of cash dividends may not be lower than 10% of the total dividends.

1) Legal reserve

According to the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The earnings distribution for 2016 and 2015 was decided by the general meeting of shareholders held on June 22, 2017 and June 29, 2016, respectively.

The relevant dividend distribution to shareholders was as follows:

	2016		2015	
	Dividend per share ($)	**Amount**	**Dividend per share ($)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 0.40	887,319	1.20	2,661,957

3. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	**Available for-sale investments**	**Total**
Balance at January 1, 2017	$ 572,600	12,120	584,720
Exchange differences on foreign operations	(2,052,858)	-	(2,052,858)
Unrealized gains (losses) on available-for-sale investment	-	340,656	340,656
Balance at December 31, 2017	$ (1,480,258)	352,776	(1,127,482)
Balance at January 1, 2016	$ 792,182	(222,810)	569,372
Exchange differences on foreign operations	(219,582)	-	(219,582)
Unrealized gains (losses) on available-for-sale investment	-	234,930	234,930
Balance at December 31, 2016	$ 572,600	12,120	584,720

(n) Earnings per share

The calculation of basic earnings per share and diluted earnings per share at December 31, 2017 and 2016 were as follows:

		2017	2016
Basic earnings per share			
Profit attributable to ordinary shareholders	$	**2,541,889**	**1,141,680**
Weighted-average number of ordinary shares		**2,218,297**	**2,218,297**
Basic earnings per share (In Dollars of New Taiwan Dollars)	$	**1.15**	**0.51**
Diluted earnings per share			
Profit attributable to ordinary shareholders (adjusted for the effects of all dilutive potential ordinary shares)	$	**2,541,889**	**1,141,680**
Weighted-average number of ordinary shares		2,218,297	2,218,297
Effects of all dilutive potential ordinary shares		1,778	1,540
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**2,220,075**	**2,219,837**
Diluted earnings per share (In Dollars of New Taiwan Dollars)	$	**1.14**	**0.51**

(o) Revenue

The details of revenue for the years ended December 31, 2017 and 2016 were as follows:

		Continuing Operations	
		2017	**2016**
Freight	$	46,758,475	46,649,725
Rentals		2,907,788	2,809,499
WHL terminal		617,037	595,160
Others		17,422	16,461
	$	**50,300,722**	**50,070,845**

(p) Rewards of employees, directors and supervisors

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounting to $30,951 thousand and $14,871 thousand, and directors' and supervisors' remuneration amounting to $30,951 thousand and $14,871 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017 and 2016. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2017 and 2016.

(q) Non-operating income and expenses

1. Other income

The details of other income for 2017 and 2016 were as follows:

	2017	2016
Interest income:		
Bank deposit	$ 178,617	176,161
Others	35	120,361
Dividend income	184,683	170,284
	$ 363,335	**466,806**

2. Other gains and losses

The details of other gains and losses for 2017 and 2016were as follows:

	2017	2016
Foreign exchange gains (losses)	$ (318,662)	(576,023)
Gains (losses) on disposal of investments and financial liabilities		
Net gain or loss on disposal of available-for-sale financial assets	52,817	8,884
Impairment on financial assets		
Loss on impairment of financial assets measured at cost	-	(27,000)
Loss on impairment of available for sale financial assets	-	(29,065)
Gain on disposal of property, plant and equipment	222,304	298,587
Other	55,083	11,858
	$ 11,542	**(312,759)**

3. Finance costs

The details of finance costs for 2017 and 2016 were as follows:

	2017	2016
Interest expense:		
Bank loans	**$ 326,530**	**315,297**

(r) Financial instruments

1. Financial instruments

Financial assets:

	2017.12.31	2016.12.31
Available-for-sale financial assets (Include financial assets measured at cost)	$ 5,129,344	4,870,495
Loans and receivables:		
Cash and cash equivalents	12,850,798	14,072,884
Bond portfolios with inactive market	1,187,200	1,288,800
Notes receivable, accounts receivable and other receivable	2,755,565	2,271,629
Receivables from agents	1,551,315	1,624,191
Guarantee deposits paid (recorded in other non-current assets)	130,270	126,867
sub-total	18,475,148	19,384,371
Total	**$ 23,604,492**	**24,254,866**

Financial liabilities:

	2017.12.31	2016.12.31
Financial liabilities measured at cost:		
Accounts payable	$ 5,126,811	5,005,030
Other payable	2,026,626	498,020
Payables to agents	707,972	1,493,568
Other current liabilities	307,453	158,752
Bonds payable (Include current-portion of long-term loans)	11,400,000	12,200,000
Long-term loans (Include current-portion of long-term loans)	9,205,607	7,953,445
Guarantee deposits received	1,235	2,551
Total	**$ 28,775,704**	**27,311,366**

2. Credit risks

1) Credit risks exposure

The carrying amount of financial assets represented the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Company has considerable customers worldwide and does not concentrate its transactions significantly with any single customer or in similar areas, the Company has no concentration of credit risk. The Company mitigates the credit risks by continuously monitoring customers' credit risk and credit ratings, however, the Company's policy usually doesn't require the customers to provide collateral.

3. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Less than 6 month	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2017							
Non-derivative financial liabilities							
Secured bank loans	$ 5,483,866	5,695,713	933,385	867,939	1,754,490	2,139,899	-
Unsecured bank loans	1,122,600	1,139,355	903,174	2,704	60,200	173,277	-
Commercial paper	2,599,141	2,670,583	16,828	17,825	1,632,764	1,003,166	-
Account payables (Include related parties)	5,126,811	5,126,811	5,126,811	-	-	-	-
Other payables	2,026,626	2,026,626	2,026,626	-	-	-	-
Payables to agents	707,972	707,972	707,972	-	-	-	-
Other current liabilities	307,453	307,453	307,453	-	-	-	-
Bonds payable	11,400,000	11,883,000	4,651,200	32,100	1,100,050	6,099,650	-
Guarantee deposits received	1,235	1,235	1,235	-	-	-	-
	$ 28,775,704	**29,558,748**	**14,674,684**	**920,568**	**4,547,504**	**9,415,992**	**-**
December 31, 2016							
Non-derivative financial liabilities							
Secured bank loans	$ 6,536,307	6,586,760	474,353	728,671	1,864,412	3,519,324	-
Commercial paper	1,597,137	1,637,332	4,336	7,238	14,437	1,611,321	-
Account payables (Include related parties)	5,005,030	5,005,030	5,005,030	-	-	-	-
Other payables	498,020	498,020	498,020	-	-	-	-
Payables to agents	1,493,568	1,493,568	1,493,568	-	-	-	-
Other current liabilities	158,752	158,752	158,752	-	-	-	-
Bonds payable	12,200,000	12,721,750	118,650	2,982,850	4,650,750	4,969,500	-
Guarantee deposits received	2,551	2,551	2,551	-	-	-	-
	$ 27,491,365	**28,103,763**	**7,755,260**	**3,718,759**	**6,529,599**	**10,100,145**	**-**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

4. Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risks was as follows:

	2017.12.31			2016.12.31		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 384,332	29.68	11,406,964	409,896	32.22	13,206,840
JPY	2,611,065	0.26	687,818	2,434,772	0.28	670,041
CNY	363,694	4.56	1,656,857	324,576	4.64	1,504,745
HKD	109,027	3.80	414,071	203,246	4.15	844,401
INR	594,521	0.46	276,097	751,804	0.47	356,432

	2017.12.31			2016.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities						
Monetary items						
USD	293,668	29.68	8,716,065	215,633	32.22	6,947,690
JPY	3,272,397	0.26	862,029	2,912,710	0.28	801,567
CNY	177,080	4.56	806,712	163,180	4.64	756,511
HKD	165,328	3.80	627,895	367,285	4.15	1,525,913
MYR	35,344	7.32	258,630	31,639	7.18	227,166
SGD	13,907	22.20	308,777	9,104	22.26	202,693

2) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, available-for-sale financial assets, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the TWD against the USD, HKD and JPY as at December 31, 2017 and 2016 would have increased (decreased) the net profit after tax by $39,725 thousand and $72,423 thousand. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017 and 2016.

3) Foreign exchange Gain or Loss on Monetary Items

The information of the translation to functional currency of foreign exchange gain (loss) on monetary items, including realized and unrealized, and the translation between the functional currency of the foreign operation and the Company (the presentation currency) were as follows:

	2017		2016	
	Exchange gain or loss	Average Rate	Exchange gain or loss	Average Rate
TWD	$ (318,662)	-	(576,023)	-

5. Interest rate analysis

Please refer to the notes for the liquidity risk management and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases or decreases by 1%, the Company’s net income will decrease or increase by $92,065 thousand and $79,563 thousand for the years ended 2017 and 2016, respectively. This is mainly due to the changes in the Company’s variable rate instruments.

6. Fair value

1) The Categories and Fair Values of Financial Instruments

The carrying amount and the fair value of the Company's financial assets and financial liabilities, including fair value hierarchy information; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required, except for the following:

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Domestic and foreign listed shares	$ 4,420,377	4,420,377	-	-	4,420,377

	December 31,2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Domestic and foreign listed shares	$ 4,161,528	4,161,528	-	-	4,161,528

2) Valuation Techniques for Financial Instruments Measured at Fair Value

A. Non-derivative Financial Instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the Companys' financial instruments have an active market, fair values are determined as follows:

Financial assets and financial liabilities composed of listed redeemable bonds, listed stocks, financial bills and bonds are traded with quoted market price in an active market and have standard provisions and conditions.

3) For the years ended December 31, 2017 and 2016, there is no transferring of fair value hierarchy.

(s) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring Company’s risk management policies.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investment.

1) Accounts receivable and other receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company’s customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Since the Company has considerable customers worldwide and does not concentrate transactions significantly with any single customer or in similar areas, the Company has no concentration of credit risk. The Company mitigates the credit risks by monitoring customers’ credit risk and credit ratings continuously, however, the Company’s policy usually doesn't require the customers to provide collateral.

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company' s standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide guarantee only to subsidiaries. The detailed information is stated in note 13.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. the Company' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As to December 31, 2017, the Company has unused credit line were amounted to $6,691,123 thousand.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (TWD) and US Dollars (USD). The currencies used in these transactions are denominated in TWD, USD and EUR.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's policy is to mitigate exposure to changes in interest rates on borrowings. There are 55.32% borrowings on fix-rate basis.

3) Other market price risk

The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(t) Capital management

The Company meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to its shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio at the end of the reporting period is as follow:

		2017.12.31	2016.12.31
Total liabilities	$	30,565,699	28,877,053
Less: cash and cash equivalents		(12,850,798)	(14,072,884)
Net debt	**$**	**17,714,901**	**14,804,169**
Total equity	$	33,966,960	34,107,950
Adjusted capital	**$**	**33,966,960**	**34,107,950**
Debt-to-adjusted-debt ratio		**52.15 %**	**43.40 %**

(7) Related-Party Transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Companyt
Wan Hai Lines (Singapore) Pte. Ltd. (WHL Singapore)	Subsidiary
Wan Hai Lines (America) Ltd. (WHL America)	Subsidiary
TK LOGISTICS INTERNATIONAL CO., LTD (TK)	Subsidiary
k.k. WH Corporation(WH Corporation)	Subsidiary
Wan Hai Lines (Germany) GmbH (WHL Germany)	Subsidiary
BAO SHENG SHIPPING AGENCY CO., LTD. (BS)	Subsidiary
Wan Hai Lines (M) Sdn. Bhd. (WHL Malaysia)	Indirect subsidiary

Name of related party	Relationship with the Companyt
Wan Hai Lines (Hong Kong) Limited (WHL Hongkong)	Indirect subsidiary
Wan Hai Lines (Phils.), Inc. (WHL Phils.)	Indirect subsidiary
Wan Hai Lines (Korea) Ltd. (WHL Korea)	Indirect subsidiary
Wan Hai International Pte. Ltd. (WHL INTL.)	Indirect subsidiary
Yi Chun Shipping Agencies Sdn. Bhd.(Yi Chun)	Indirect subsidiary
Wan Hai (Vietnam) Ltd. (WHL Vietnam)	Indirect subsidiary
Wan Hai Lines (Thailand) Limited (WHL Thailand)	Indirect subsidiary
Wan Hai Lines (Ecuador) S.A.	Indirect subsidiary
Wan Hai Lines (India) PVT Ltd. (WHL India)	Indirect subsidiary
Bravely International Pte. Ltd. (Bravely)	Indirect subsidiary
Infinite Marine Investment Co., Ltd.	Indirect subsidiary
Bravely (Myanmar) Transport and Logistics Company Limited.(Bravely (Myannar))	Indirect subsidiary
Guangzhou Wan Hai Informaton Technology Ltd. (GWHTT)	Indirect subsidiary
Dawin Logistics (International) Ltd.(Dawin)	Indirect subsidiary
Shenzhen Uniwin International Logistics Ltd. (SUIL)	Indirect subsidiary
Blue Ocean Logistics (Shanghai) Ltd (BOL)	Indirect subsidiary
Shanghai Clipper International Shipping Agency Ltd. (CISA)	Indirect subsidiary
Shenzhen Yong Chun International Shipping Managerment Co., Ltd.	Indirect subsidiary
Wan Hai Lines (Arizona) LLC.	Indirect subsidiary
Tan Cang-Cai Mep International Terminal Co., Ltd. (Tan Cang-Cai Mep)	An associate
Asia Pacific Container Terminal Inc. (APCT)	Related party in substance
New World Container services Corporation	Related party in substance
Universal Checker Co., Ltd.	Related party in substance
Express Container Terminal Corp. (ECTC)	Related party in substance

Name of related party	Relationship with the Companyt
Lin & Associates Law Firm	Related party in substance (Note)
New Sincere Transportation Corp. (NSTC)	Related party in substance
New Safety Transportation Corp. (NSaTC)	Related party in substance
An Chun Tally Co., Ltd.	Related party in substance
Taipei Port Container Terminal Corp. (Taipei Port)	Corporate director of the company
Taian Insurance Co., Ltd.	Related party in substance
Wan Chun International Corp. (WCIC)	Subsidiary of ECTC
Apezgo Digital Information Co., Ltd.	Subsidiary of APCT
AP PETROLEUM BUSINESS CO., LTD	Subsidiary of APCT
Formosa Wonderworld Co., Ltd. (Formosa Wonderworld)	Same chairman with the Company
Interasia Lines Taiwan, Ltd.	Related party in substance
New Speed Transportation & Terminal Co., Ltd. (NS)	Corporate director
Hyaline Shipping (HK) Co., Ltd. (Hyaline)	Same director with the Company
Wan Hai Lines (UAE) LLC. (WHL UAE)	Joint venture
Wan Hai Lines (Japan) Ltd. (WHL Japan)	Same director with the Company
Interasia Shipping Lines India Private Limited	Related party in substance
Interasia Lines Singapore Pte. Ltd. (IAL (S))	Related party in substance
INTERASIA LINES (M) SDN. BHD.	Related party in substance
INTERASIA LINES (THAILAND) CO., LTD.	Related party in substance
Qingdao port & Win International Logistics Co., Ltd.	Joint venture

Note: After the elections for directors in the 2017 annual general shareholder's meeting, Lin & Associates Law Firm had ceased to be a related party in substance.

As a result, the disclosure on significant transactions with related parties only includes the information as of June 22, 2017.

(b) Significant transactions with related parties

1. Sales to related parties:

	2017	2016
Subsidiary	$ 2,015,085	1,732,413
Other related parties	534,991	606,765
	$ 2,550,076	2,339,178

The transaction terms with related parties were not significantly different from those of sales to third parties. The average collection period for notes and accounts receivable pertaining to such sales transactions ranged from one to three months, while the average collection period for routine sales transactions was within one month.

2. Consideration for services related to the entity:

	2017	2016
Subsidiary		
WH Corporation	$ 5,416,810	5,569,559
Others	1,422,711	1,356,764
Associates	63,068	110,012
Other related parties	3,200,485	2,859,218
	$ 10,103,074	**9,895,553**

The transaction terms with related parties were not significantly different from those of the third parties. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

3. Receivables from related parties

Receivables of the Company from related parties were as follows：

Item	Related party categories	2017.12.31	2016.12.31
Accounts receivable	Subsidiary	$ 28,830	-
Accounts receivable	Other related parties	10,860	43,423
	Subsidiary:		
Other receivable	WH Corporation	130,055	77,930
Other receivable	Others	33,470	21,586
Other receivable	Associates	706	-
Other receivable	Other related parties	3,732	6,565
	Subsidiary:		
Receivable from agents	CISA	429,332	465,835
Receivable from agents	WHL India	244,036	331,716
Receivable from agents	Others	205,022	130,574
Receivable from agents	Associates	26,686	-
	Other related parties		
Receivable from agents	WHL Japan	432,779	509,524
Other current assets	Subsidiary	17,421	17,449
		$ 1,562,929	**1,604,602**

4. Payables from related parties

Payable of the Company related parties were as follows：

Item	Related party categories	2017.12.31	2016.12.31
Accounts payable	Subsidiary	$ 177,911	230,212
Accounts payable	Other related parties	168,962	84,787
Other payables	Subsidiary	3	4
Other payables	Other related parties	12,787	9,808
	Subsidiary:		
Payable to agents	WHL Hong Kong	347,372	1,019,760
Payable to agents	WHL INTL.	180,209	82,949
Payable to agents	WHL Thailand	118,761	145,844
Payable to agents	SUIL	-	207,686
Payable to agents	Others	57,686	16,281
Payable to agents	Associates	-	10,142
Other current liabilities	Subsidiary	10,545	5,525
Other current liabilities	Other related parties	925	1,182
		$ 1,075,161	**1,814,180**

5. Property transactions

1) Acquisition of property, plant and equipment

The acquisition price of property, plant and equipment from related parties are summarized as follows:

	2017	2016
Subsidiaries	**$ -**	**530,145**

In June 2016, the Company purchased a vessel from its subsidiary. The purchasing price was USD 16,500 thousand (TWD 530,145thousand) depending on the valuation report. The carrying value of the vessel was USD 19,428 thousand (TWD 626,128 thousand), and loss on disposal of property was $95,983 thousand, but not entirely realized. As of December 31, 2017 and 2016, the unrealized loss was $87,345 thousand and $92,801 thousand depending on the useful life of the vessel, 18 years, as the induction of long-term equity investment under equity method.

2) Disposals of property, plant and equipment

From January to June 2006, the Company sold five vessels to its subsidiaries. The selling price was USD73,470 thousand (TWD2,386,986 thousand) depending on the valuation report. The carrying value of the five vessels was $2,021,430 thousand, and gain on disposal of property was $365,556 thousand, but not entirely realized. As of December 31, 2017 and 2016, the unrealized gain was recognized in the amount of $3,157 thousand and $22,240 thousand respectively. The amount was recognized depending on the useful life of the vessel, 18 years, as the deduction of long-term equity investments under equity method.

The sales of fuels, property, plant and equipment to related parties are summarized as follows:

	2017		2016	
Related party categories	**Disposal price**	**Gain (loss) from disposal**	**Disposal price**	**Gain (loss) from disposal**
Subsidiaries	$ -	-	-	-
WHL Singapore	92,204	-	43,768	-
Others	35	35	-	-
Other related parties	81	69	-	-
	$ 92,320	**104**	**43,768**	**-**

6. Other related-party transactions

For the Years Ended December 31, 2017 and 2016, the company paid $1,500 thousand and $3,000 thousand of professional services fee to other related-party.

For the Years Ended December 31, 2017 and 2016 2017 and 2016, the company received payments of claims from related parties were $53,338, and $94,120 thousand.

7. Loans to Related Parties

The interest charged by the Company to related parties is based on the average interest rate charged by financial institutions on the Company's borrowings. The loans to related parties are unsecured. There are no provisions for doubtful debt required after the management' s assessment.

8. Guarantees

Endorsement guarantees offered to related parties were as follows:

	2017.12.31	2016.12.31
Subsidiaries	**$ 2,915,664**	**10,581,909**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2017	2016
Shorts-term employee benefits	$ 46,332	32,939
Post-employment benefits	-	72
	$ 46,332	**33,011**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Objective	2017.12.31	2016.12.31
Time deposits (recorded in other current assets)	Registration of container storage and truck lease contract	$ 50,415	47,250
Refundable deposits (recorded in other non-current assets)	Harbor bureau lease contract for wharf, building lease contract and lawsuit	79,855	79,617
Containers	Long-term loans	5,022,444	4,920,404
Buildings	Long-term loans	15,177	15,731
Terminal equipment	Long-term loans	353,496	398,149
		$ 5,521,387	**5,461,151**

(9) Significant Contingencies and Commitments

(a) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Company entered into a contract to lease a wharf in Japan in March 2003 and renewed it in April 2008. The lease period is from March 2003 to March 2023. As of December 31, 2017, the lease deposit amounted to ￥255,775,000 (TWD 67,371 thousand) and was recorded in refundable deposits.

The Company co-operated with the Kaohsiung Harbor Bureau to renovate containers and wharf facilities in December 2007 and rented the No. 63 and 64 wharf repair centers and straddle carrier. From the date of beginning renovation to the date the Harbor Bureau examined the construction, the rental period lasted 13 years and 7 months, and the total contract amount was $68,609 thousand, which was reclassified as leased assets on December 31, 2010, to replace previous prepayment for equipment.

(b) As of December 31, 2017, the total amount claimed to the Company was approximately $16,721 thousand, and the related cases are under negotiation or under trial.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the FY 2018 corporate income tax return commencing. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Company's current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by $21,524 thousand and $192,164 thousand, respectively.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

By function / By item	For the years ended December 31, 2017 Operating Cost	Operating Expense	Total	For the years ended December 31, 2016 Operating Cost	Operating Expense	Total
Employee benefits						
Salary	435,320	987,690	1,423,010	396,649	778,877	1,175,526
Labor and health insurance	22,182	70,209	92,391	20,990	67,500	88,490
Pension	23,492	44,035	67,527	23,793	43,715	67,508
Others employee benefits	15,605	51,693	67,298	15,490	50,215	65,705
Depreciation	990,880	18,805	1,009,685	889,669	20,177	909,846
Amortization	664	21,540	22,204	495	23,837	24,332

As of December 31, 2017 and 2016, the Company had 1,087 and 1,075 employees, respectively.

(13) Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2017:

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Name	Collateral Value	Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 3)
0	The Company	WHL Singapore	Other receivables related parties	Yes	12,490,000	7,664,250	-	-	1	-	Note 2	-	Promissory note	7,664,250	10,856,825	13,586,784

Note 1: Short-term financing.

Note 2: Operating usage.

Note 3: Financing amount shall not exceed 40 percent of the Company's net worth and the following:

1. Individual funding loan limits of financing for single borrower who has business with the lending company cannot exceed the total transaction amount of the current year.
2. Individual funding loan limits for short-term borrower cannot exceed the lower of 40 percent of the lending company's net worth or 50 percent of borrower's net worth.
3. An individual loaned amount between the foreign companies whose voting shares are wholly owned by the Company directly or indirectly shall not exceed 35 percent of the lending company's net worth.

Note 4: Eliminated in the consolidated financial statement.

2. Guarantees and endorsements for other parties:

Number	Name of the company	Counter-party of guarantee and endorsement: Name	Relationship with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount) (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	WHL Singapore	1	27,173,568	10,243,375	2,842,198	2,842,198	-	8.37 %	67,933,919	Y		

Number	Name of the company	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount) (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	TK	1	27,173,568	91,852	73,466	51,466	-	0.22 %	67,933,919	Y		

Note 1: Relationship:

1.A subsidiary in which the Company directly holds more than 50 percent of its voting shares.

2.Parent company.

Note 2: According to the Company's "Policy and Procedures for Guarantee and Endorsement":

1. External endorsements and guarantees made by the Company may not exceed 200% of the Company's net worth.
2. Endorsements and guarantees made to a single enterprise may not exceed 40% of the Company or its subsidiaries' net worth.
3. The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole may not exceed 250% of the Company's net worth.
4. Endorsements and guarantees made by the Company and its subsidiaries to a single enterprise may not exceed 50% of the Company's net worth.
5. Endorsements and guarantees made by the Company to the subsidiaries, or subsidiaries to the Company, are not subject to the above mentioned restrictions. However, the aggregate amount of endorsements/guarantees that the Company or its subsidiaries make for a single company may not exceed 80% of the net worth of the company providing guarantees.

Note 3: The Company provided a guarantee for TK's bank loan of $82,700 thousand and had received a promissory note for that amount.

3. Securities held as of December 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance: Number of shares	Ending balance: Book value	Ending balance: Percentage of shares	Ending balance: Market value	Notes
	Domestic listed stocks:							
The Company	GREATWALL ENT	-	Available for sale financial assets－current	9,478,752	318,012	- %	318,012	
〃	Formosa Plastics Corporation	-	〃	376,288	37,140	- %	37,140	
〃	Formosa Chemicals & Fiber Corporation	-	〃	245,480	25,284	- %	25,284	
〃	Tainan Spinning Co., Ltd	-	〃	1,726,898	23,486	- %	23,486	
〃	China Steel Corporation	-	〃	2,291,162	56,706	- %	56,706	
〃	Hon Hai Precision Ind. Co., Ltd.	-	〃	116,800	11,119	- %	11,119	
〃	Chunghwa Telecom Co., Ltd.	-	〃	19,279,000	2,043,574	- %	2,043,574	
〃	Transcend Information, Inc.	-	〃	89,111	7,369	- %	7,369	
〃	Amtran Technology Co., Ltd.	-	〃	984,058	16,089	- %	16,089	
〃	Yang Ming Marine Transport Corp.	-	〃	957,526	11,012	- %	11,012	
〃	China Airlines Ltd.	-	〃	23,753,862	276,733	- %	276,733	
〃	Chinese Maritime Transport Ltd.	-	〃	435,050	12,486	- %	12,486	
〃	Mega Financial Holding Co., Ltd.	-	〃	8,676,646	208,673	- %	208,673	
〃	Taishin Financial Holding Co., Ltd.	-	〃	16,071,005	222,583	- %	222,583	
〃	First Financial Holding Co., Ltd.	-	〃	14,354,705	280,634	- %	280,634	
〃	Kinsus Interconnect Technology Corp.	-	〃	334,627	18,137	- %	18,137	
〃	Shih Wei Navigation Co., Ltd.	-	〃	1,029,345	9,460	- %	9,460	
〃	Taiwan Cooperative Finance Holding Co., Ltd.	-	〃	28,300,355	469,786	- %	469,786	

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance: Number of shares	Book value	Percentage of shares	Market value	Notes
The Company	Taiwan Secom Co., Ltd.	-	Available for sale financial assets－current	1,853,000	169,735	- %	169,735	
〃	The Eslite Spectrum Corporation	-	〃	179,000	24,613	- %	24,613	
	Listed stocks							
〃	Shihlin Paper Co., Ltd.	Related party in substance	Available for sale financial assets－non-current	5,419,088	177,746	2.08 %	177,746	
	Unlisted stocks:							
〃	Taipei Port Container Terminal Corp.	Related party in substance	Financial assets measured at cost－non-current	79,315,476	701,154	15.25 %	-	Note 1
〃	United Stevedoring Corporation	-	〃	781,250	7,813	15.63 %	-	Note 1
	Bonds:							
〃	Royal Bank of Scotland PLC	-	Bond portfolios with inactive market－non-current	-	1,187,200	- %	-	Note 2

Note 1: Invested in unlisted companies, and no quoted prices in active markets were available.

Note 2: The medium-term and long-term bond investment, the interest rate is calculated from the contract. No quoted prices in active markets were available, and thus the investments were classified as bond portfolios with inactive market.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD$300 million or 20% of the capital stock: None.

5. Acquisition of individual real estate with amount exceeding the lower of TWD$300 million or 20% of the capital stock: None.

6. Disposal of individual real estate with amount exceeding the lower of TWD$300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD$100 million or 20% of the capital stock:

Name of company	Name of Counter-party	Relationship	Transaction details: Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Reasons why and description of how the transaction conditions differ from general transactions: Unit price	Credit period	Account/note receivable (payable): Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	Notes
The Company	Taipei Port	Corporate director of the company	Container fee, terminal handling charges	815,390	1.78 %	30 days	-	-	(3)	- %	
〃	k.k. WH Corporation	Subsidiary	Terminal port charges, rent expense	5,416,810	11.82 %	〃	-	-	(67,043)	1.15 %	
〃	WHL Singapore	Subsidiary	Rent income, commission revenue	(2,014,158)	4.00 %	〃	-	-	28,830	0.82 %	
〃	〃	Subsidiary	Commission fee	101,321	0.22 %	〃	-	-	-	- %	
〃	WHL Hong Kong	Subsidiary	Commission fee	225,834	0.49 %	〃	-	-	(347,372)	5.95 %	

			Transaction details				**Reasons why and description of how the transaction conditions differ from general transactions**		**Account/note receivable (payable)**		
Name of company	**Name of Counter-party**	**Relationship**	**Purchase/ Sale**	**Amount**	**Percentage of total purchases/ sales**	**Credit period**	**Unit price**	**Credit period**	**Balance**	**Percentage of total accounts/notes receivable (payable) (Note 1)**	**Notes**
The Company	CISA	Subsidiary	Commission fee	246,843	0.54 %		-	-	-	- %	
〃	SUIL	Subsidiary	Commission fee	146,109	0.32 %		-		-	- %	
〃	WHL (Japan)	Same director with the company	Commission fee	209,612	0.46 %	30 days	-	-	-	- %	
〃	IAL Singapore	Related party in substance	Container rental revenue, commission revenue,joint venture revenue	(468,778)	0.93 %	〃	-	-	-	- %	
〃	〃	Related party in substance	Joint venture expense, container rental expense	254,485	0.56 %	〃	-	-	(31,550)	0.54 %	
〃	Hyaline Shipping (HK) Co., Ltd.	Same director with the company	Commission fee	595,296	1.30 %	〃	-	-	-	- %	
〃	APCT	Related party in substance	Container fee	319,328	0.70 %	〃	-	-	(29,828)	0.51 %	
〃	NSTC	Related party in substance	Tow charge	386,615	0.84 %	〃	-	-	(53,876)	0.92 %	
〃	TK	Subsidiary	container fee, service fee, terminal handling charge	113,052	0.25 %	〃	-	-	(9,958)	0.17 %	
〃	New World Container services Corporation	Related party in substance	Container fee	116,694	0.25 %	〃	-	-	(9,943)	0.17 %	
〃	WHL (Malaysia)	Indirect subsidiary	Commission fee	102,606	0.22 %	〃	-	-	-	- %	
〃	WHL (Korea)	Indirect subsidiary	Commission fee	104,945	0.23 %	〃	-	-	-	- %	
〃	WCIC	Related party in substance	Turnkey charges, terminal handling charge	159,780	0.35 %	〃	-	-	(13,512)	0.23 %	
〃	NSaTC	Related party in substance	Container fee, tow charge	140,961	0.31 %	〃	-	-	(12,616)	0.22 %	

Note : Including notes receivable / payable, accounts payable－related parties and receivable / payable from / to agents.

8. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	CISA	Related party in substance	429,332	- %	-		356,986	-
〃	WHL Japan	Same director with the company	432,779	- %	-		421,728	-
〃	WHL India	Related party in substance	244,036	- %	-		234,960	-

9. Trading in derivative instruments: None.

(b) Information on investees

For the year 2017, the following is the information on investees (excluding investees in Mainland china):

(In thousands of NTD)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Wan Hai Lines (Singapore) Pte Ltd	Singapore	Transportation and shipping agency service, vessel rental service, and international transportation and shipping agency services	21,546,395	21,546,395	959,957,200	100.00 %	24,808,532	543,822	538,366	Subsidiary (Note 2)
	Wan Hai Lines (America) Ltd.	America	Transportation and shipping agency services	401,460	132,000	280,000	100.00 %	389,232	10,666	10,666	Subsidiary
	k.k. WH Corporation	Japan	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	16,979	1,467	1,467	Subsidiary
	Wan Hai Lines (Germany) GmbH	Germany	Transportation and shipping agency services	1,018	1,018	-	100.00 %	2,502	56	56	Subsidiary (Note 1)
	Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	Managing wharf and containers	259,917	259,917	-	21.33 %	313,359	367,902	78,474	Associate (Note 1、4)
	T.K. Logistics International Co., Ltd.	Taiwan	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	146,996	10,487	5,768	Subsidiary
	Bao Sheng Shipping Agency Co., Ltd.	Taiwan	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	38,188	5,004	3,503	Subsidiary
	Hai Phong International Container Terminal Co., Ltd.	Vietnam	Managing wharf and containers	202,896	-	-	16.50 %	190,160	2,764	456	Associate (Note 1、4)
WHL Singapore	Wan Hai Lines (Phils.), Inc.	Philippine	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	10,676	1,636	1,636	Indirect subsidiary
	Wan Hai Lines (H.K.) Limited	Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	3,112,593	290,335	290,335	Indirect subsidiary
	Wan Hai Lines (M) Sdn. Bhd.	Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	67,103	(18,443)	(18,443)	Indirect subsidiary
	Yi Chun Shipping Agencies Sdn. Bhd.	Malaysia	ODD operations	1,845	1,845	200,000	100.00 %	1,873	6,620	6,620	Indirect subsidiary
	Wan Hai Lines (Korea) Ltd.	Korea	Transportation and shipping agency services	11,019	11,019	80,000	100.00 %	15,364	12,805	12,805	Indirect subsidiary
	Wan Hai International Pte Ltd.	Singapore	Transportation and shipping agency services	239,979	239,979	10,312,460	100.00 %	682,672	(64,135)	(64,135)	Indirect subsidiary
	Wan Hai Lines (Thailand) Limited	Thailand	Transportation and shipping agency services	2,805	2,805	29,400	49.00 %	50,706	8,299	4,066	Indirect subsidiary
	Wan Hai (Vietnam) Ltd.	Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	14,736	12,176	12,176	Indirect subsidiary

WAN HAI LINES LTD.
NOTES TO THE FINANCIAL STATEMENTS

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
WHL Singapore	Wan Hai Lines Peru S.A.C	Peru	Transportation and shipping agency services	1,007	1,007	104,040	51.00 %	8,826	15,331	7,819	Associate
	Wan Hai Lines Ecuadora SA.	Ecuador	Transportation and shipping agency services	1,627	1,627	51,000	51.00 %	4,722	6,443	3,286	Indirect subsidiary
WHL INTL.	Wan Hai Lines (UAE) LLC.	Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	29,658	57,948	28,394	Associate
	Infinite Marine Investment Co., Ltd.	Cayman	Investment	173,463	173,463	5,550,000	100.00 %	164,196	(235)	(235)	Indirect subsidiary
	Wan Hai Lines (India) PVT Ltd.	India	Transportation and shipping agency services	69	69	10,000	100.00 %	55,721	35,837	35,837	Indirect subsidiary
	Bravely International Pte. Ltd.	Singapore	Transportation and investment	151,638	90,998	6,623,101	100.00 %	45,273	(112,214)	(112,214)	Indirect subsidiary
WHL Hong Kong	Dawin Logistics (International) Ltd.	Hong Kong	Transportation, storage services	570,480	570,480	144,640,000	100.00 %	891,223	31,093	31,093	Indirect subsidiary
Bravely International Pte Ltd.	Bravely (Myanmar) Transport and Logistics Company Limited	Myanmar	Managing container, storage and logistics services	96,894	96,894	3,000,000	80.00 %	70,753	(2,750)	(2,200)	Indirect subsidiary
WHL-America	Wan Hai Lines (Arizona) LLC.	America	House rental and management services	359,760	-	-	100.00 %	359,939	3,869	3,869	Indirect subsidiary

Note 1: Limited companies with no common shares issued.

Note 2: The difference is due to the unrealized gain /loss.

(c) Information on investment in Mainland China

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of TWD)

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
Guangzhou Wan Hai Information Technology Ltd.	Information software service	7,922	(1)	-	-	-	-	2,487	100.00 %	2,487	21,954	-
Shenzhen Uniwin International Logistics Ltd.	Freight transportation and agency services for transport affairs	644,016	(1)	-	-	-	-	2,534	100.00 %	2,534	782,525	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	7,317	49.00 %	3,585	(1,676)	-
Blue Ocean Logistics (Shanghai) Ltd	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	4,183	100.00 %	4,183	63,322	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	2,939	90.00 %	2,645	24,967	-
Wan Hang Tours Co., Ltd.	Retailing and catering management	287,330	(1)	-	-	-	-	(6,481)	50.00 %	(3,240)	120,511	-
Qingdao Port & Win International Logistics Co., Ltd.	Container Depot	50,188	(1)	-	-	-	-	37,537	50.00 %	18,768	50,641	-

Note 1: Indirectly invested in Mainland China through investees.
Note 2: The investment income (loss) recognized in current period was audited and certified by the CPA of the Company.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	1,131,368	20,380,176

Note: The Company's investments in Mainland China were mostly from the investees' self-owned capital in indirect subsidiaries.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which are eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(14) Segment Information

Please refer to the consolidated financial report for the year ended December 31, 2017.

Wan Hai Lines Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description				Amount
Cash on hand					$ 48,292
Saving accounts-NT					109,211
Saving accounts-Foreign currency	USD	422	thousand @	29.68	71,788
	THB	59,554	thousand @	0.91	
	KRW	96,472	thousand @	0.03	
	CNY	524	thousand @	4.56	
Time deposits-NT					1,315,000
Time deposits-Foreign currency	USD	342,474	thousand @	29.68	11,306,507
	JPY	353,899	thousand @	0.26	
	CNY	189,453	thousand @	4.56	
	SGD	1,967	thousand @	22.20	
	HKD	37,363	thousand @	3.80	
Total					**$ 12,850,798**

Wan Hai Lines Ltd.

STATEMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Current:

Name of financial instruments	Description	Shares (In thousands)	Book Value	Total Amount	Interest Rate	Acquisition Costs	Accumulated impairment loss	Market Value Unit Price (NT$)	Market Value Total Amount	Notes
GREATWALLENT	Domestic listed stocks	9,479	$ -	-	- %	219,510	-	33.55	318,012	
Formosa Plastics Corporation	〃	376	-	-	- %	29,619	-	98.70	37,140	
Formosa Chemicals & Fiber Corporation	〃	245	-	-	- %	17,917	-	103.00	25,284	
Tainan Spinning Co., Ltd	〃	1,727	-	-	- %	32,771	-	13.60	23,486	
China Steel Corporation	〃	2,291	-	-	- %	57,287	-	24.75	56,706	
Hon Hai Precision Ind.Co., Ltd.	〃	117	-	-	- %	9,785	-	95.20	11,119	
Chunghwa Telecom Co., Ltd.	〃	19,279	-	-	- %	1,776,728	-	106.00	2,043,574	
Transcend Information, Inc.	〃	89	-	-	- %	9,530	-	82.70	7,369	
Amtran Technology Co., Ltd.	〃	984	-	-	- %	35,642	(20,143)	16.35	16,089	
Yang Ming Marine Transport Corp.	〃	958	-	-	- %	38,942	(29,065)	11.50	11,012	
China Airlines Ltd.	〃	23,754	-	-	- %	457,957	-	11.65	276,733	
Chinese Maritime Transport Ltd.	〃	435	-	-	- %	51,519	(40,841)	28.70	12,486	
Mega Financial Holding Co., Ltd.	〃	8,677	-	-	- %	177,449	-	24.05	208,673	
Taishin Financial Holding Co., Ltd.	〃	16,071	-	-	- %	175,061	-	13.85	222,583	
First Financial Holding Co., Ltd.	〃	14,355	-	-	- %	216,016	-	19.55	280,634	
Kinsus Interconnect Technology Corp.	〃	335	-	-	- %	39,588	-	54.20	18,137	
Shih Wei Navigation Co., Ltd.	〃	1,029	-	-	- %	60,607	(48,255)	9.19	9,460	
Taiwan Cooperative Financial Holding Co., Ltd.	〃	28,300	-	-	- %	442,739	-	16.60	469,786	
Taiwan Secom Co., Ltd.	〃	1,853	-	-	- %	164,923	-	91.60	169,735	
The Eslite Spectrum Corporation	〃	179	-	-	- %	24,560	-	137.50	24,613	
				-		4,038,150	(138,304)		4,242,631	

Non-current:

Name of financial instruments	Description	Shares (In thousands)	Book Value	Total Amount	Interest Rate	Acquisition Costs	Accumulated impairment loss	Market Value Unit Price (NT$)	Market Value Total Amount	Notes
Shihlin Paper Co., Ltd.	Domestic listed stocks	5,419	$ -	-	- %	401,464	(234,014)	32.80	177,746	

Wan Hai Lines Ltd.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Notes
Accounts receivable-joint service:			
Non-Related parties:		$	
Others (Note 1)		89,003	
Accounts receivable-freight, additional fee and container loading / discharge			
Related parties:			
Others (Note 1)		39,690	
Non-Related parties:			
Formosa Chemicals & Fiber Corporation	〃	99,113	
Others (Note 1)	Freight and additional fees revenue	1,712,760	
		1,940,566	
Less: Allowance for doubtful receivables		(358)	
Total		$ **1,940,208**	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Related parties:			
Accounts receibable-disposal of assets	Revenue from sale of containers	$ 1,884	
Accounts receivable-vessel rental revenue	Revenue from charters of the remaining fuel at the end of rental period or others	105,231	
Other		60,848	
Sub total		167,963	
Non-Related parties:			
Receivables	Discount on expense of containers loading / discharge	204,464	
Indemnity income receivables	Receivables of insurance	308,133	
Other		111,590	
Sub total		624,187	
Total		**$ 792,150**	

STATEMENT OF INVENTORIES

Item	Amount		Note
	Cost	Net Realizable Value	
Marine diesel oil	$ 99,086	107,228	
Marine residual fuel oil	876,343	910,001	
Fresh lubricating oil	4,921	5,085	
	$ 980,350	**1,022,314**	

Wan Hai Lines Ltd.

STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepaid expenses:			
Prepaid rent expense	Rent expenses of vessels and office	$ 32,790	
Prepaid insurance expense	Insurance expenses of containers, fire disaster, public liability insurance and mutual insurance	11,767	
Prepaid expenses from agents		33,888	
Others (The individual accoust does not exceed 5% of the amount balance)		71,096	
Sub total		149,541	
Payment on behalf of others:			
Payment on behalf of others-charters	Payment of fuel expense, accommodation fee, medical expense and others	565,763	
Others (The individual accoust does not exceed 5% of the amount balance)		135,215	
Sub total		700,978	
Total		**$ 850,519**	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT COST

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2017		Additions		Decrease		Balance, December 31, 2017		Collateral	Note
	Shares (In thousands)	Carrying value	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Carrying value		
Taipei Port Container Terminal Corp.	79,315	$ 701,154	-	-	-	-	79,315	701,154	None	
United Steredoring Corporation	781	7,813	-	-	-	-	781	7,813	〃	
Total		**$ 708,967**		-		-		**708,967**		

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN BOND PORTFOLIOS WITH INACTIVE MARKET-NON-CURRENT

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2017		Additions		Decrease		Balance, December 31, 2017			
Name	Shares (In thousands)	Carrying value	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Carrying value	Collateral	Note
Royal Bank of Scotland PLC	-	$ 1,288,800	-	-	-	101,600	-	1,187,200	None	

Wan Hai Lines Ltd.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2017		Additions		Decrease		Balance, December 31, 2017			Market Value or Net Assets		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price	Total Amount		
Wan Hai Lines (Singapore) Pte Ltd	959,957,200	$ 26,304,633	-	-	-	1,496,101	959,957,200	100.00 %	24,808,532	25.84	24,808,532	None	
Wan Hai Lines (America) Ltd.	90,000	121,255	190,000	267,977	-	-	280,000	100.00 %	389,232	1,390.11	389,232	〃	
K.K. WH Corporation	500	16,248	-	731	-	-	500	100.00 %	16,979	33,958.00	16,979	〃	
Wan Hai Lines (Germany) GmbH	Note 1	2,333	-	170	-	-	Note 1	100.00 %	2,503	-	2,503	〃	
Tan Cang-Cai Mep International Terminal Co., Ltd.	Note 1	278,307	-	35,052	-	-	Note 1	21.33 %	313,359	-	313,359	〃	
T.K. Logistics International Co., Ltd.	14,300,000	141,228	-	5,767	-	-	14,300,000	55.00 %	146,995	10.28	146,995	〃	
Bao Sheng Shipping Agency Co., Ltd.	3,000,000	38,598	-	-	-	410	3,000,000	70.01 %	38,188	12.73	38,188	〃	
Hai Phong International Container Terminal Co Ltd.	Note 1	-	-	190,160	-	-	Note 1	16.50 %	190,160	-	190,160	〃	
		$ 26,902,602		**499,857**		**1,496,511**			**25,905,948**		**25,905,948**		

Note 1: Limited companies with no common share issued.

Wan Hai Lines Ltd.

STATEMENT OF OTHER NON-CURRENT ASSET

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred tax assets-non-current		$ 121,970	
Refundable deposits		130,270	
Others		73,181	
Total		**$ 325,421**	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Accounts payable			
Related parties:			
Other (Note 1)		$ 346,873	
Non-related parties			
Other (Note 1)		4,566,651	
Accounts payable-agents commision		11,965	
Accounts payable-containers fee		107,071	
Accounts payable-charters		41,679	
Accounts payable-joint service		52,572	
Total		**$ 5,126,811**	

Note 1: The amount of individual client does not exceed 5% of the amount balance.

Wan Hai Lines Ltd.

STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued expense		$ 624,953
Payable to acquisition of equipments		1,142,865
Others		258,808
		$ 2,026,626

STATEMENT OF OTHER CURRENT LIABILITIES

Item	Description	Amount	Note
Receipts in advance	Revenue from disposal of containers or over payment	$ 187,454	
Temporary collection-others	Receipts under custody of income tax expense and labor / health insuranle expense	105,967	
Payables to charters	Receipts under custody of freight expense	11,887	
Guarantee deposits received	Deposit	2,145	
Total		**$ 307,453**	

Wan Hai Lines Ltd.

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Creditor	Description	Balance, December 31, 2017	Contract Period	Range of Interest Rates	Collateral	Note
Taiwan cooperative Bank Chengdong Branch		$ 237,440	2013.07.09~2018.07.09	1.67%~2.23%	Containers	
〃		237,440	2014.01.29~2018.07.09	1.83%~2.22%	Containers	
〃		949,760	2014.11.25~2019.11.25	2.04%~2.42%	Containers	
Mizuho Bank Taipei Branch		46,301	2014.05.09~2018.05.09	1.97%~2.52%	Equipment	
〃		10,685	2014.12.16~2018.05.09	1.97%~2.52%	Equipment	
〃		178,080	2015.07.15~2020.07.15	1.83%~2.34%	Containers	
〃		356,160	2015.12.30~2020.07.15	1.83%~2.34%	Containers	
〃		296,800	2017.12.25~2022.12.25	2.56%	Containers	
Chang Hwa Bank Chilin Branch		890,400	2015.08.31~2020.08.31	1.87%~2.4%	Containers	
〃		890,400	2016.07.28~2021.07.28	1.78%~2.54%	Containers	
〃		500,000	2016.12.21~2021.12.21	1.16%	Buildings, land	
Mega International Commercial Bank Foreign Department		593,600	2016.08.08~2021.08.08	1.79%~2.34%	Containers	
〃		296,800	2017.10.23~2022.10.23	2.06%	Containers	
China Bills Finance Corperation		600,000	2016.12.27~2019.12.27	0.59%~0.98%	-	
Mega Bills Finance Corperation		1,000,000	2016.12.27~2019.12.27	0.76%~0.86%	-	
〃		700,000	2017.08.22~2020.06.22	0.76%	-	
〃		300,000	2017.12.25~2020.06.22	0.74%	-	
Taishin International Bank Jianpei Branch		600,000	2017.12.25~2018.01.25	1.12%	-	
Bank SinoPac Banking Division		300,000	2017.12.20~2018.01.03	0.96%	-	
Taipei Star Bank Changan Branch		222,600	2017.12.21~2022.12.21	2.39%	-	
		9,206,466				
Less: Current portion		(2,599,279)				
Discount on commercial paper		(859)				
		$ 6,606,328				

Wan Hai Lines Ltd.

STATEMENT OF OPERATING REVENUE

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Numbers	Amount	Note
Freight revenue		$ 39,813,651	
Additional freight revenue		2,191,190	
Additional freight revenue-other		2,173,337	
Slottage revenue		1,898,551	
Revenue from WHL terminal		617,059	
Agency revenue		17,423	
Documentation revenue		2,757,713	
Container rental revenue		996,080	
Income for charter hire		13,159	
		50,478,163	
Less: Sales returns and allowances		(177,441)	
Net amount of operating revenue		**$ 50,300,722**	

Wan Hai Lines Ltd.

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Amount
Agency Service	$ 1,680,896
Port charges	3,107,010
Stevedorage expense	16,795,449
Container expense	5,088,979
Vessel expense	1,600,227
Fuel Cost	8,294,990
Loss on inventory valuation	(39)
Vessel rental expense	5,727,987
Slottage rental expense	1,045,073
WHL terminal expense	2,506,014
	$ 45,846,586

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED IN DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary		$ 987,690	
Entertainment		88,407	
Taxes		258,875	
Service fee		92,091	
Other expenses		680,957	No single amount exceed 5%
Total		**$ 2,108,020**	

Note: 1.The statement of change in property, plant and equipment please refer to note (6)(f).
2.The statement of change in accumulated depreciation please refer to note (6)(f).
3.The details of non-operating income and expenses please refer to note (6)(q).