Stock Code: 2618

EVA AIR | A STAR ALLIANCE MEMBER

5 STAR AIRLINE SKYTRAX 2016

5 STAR AIRLINE SKYTRAX 2017

5 STAR AIRLINE SKYTRAX 2018

5 STAR AIRLINE SKYTRAX 2019

CROWNED AS A 5-STAR AIRLINE
4 YEARS IN A ROW
EXPERIENCE WORLD-CLASS FLYING

2019 ANNUAL REPORT

Notice to readers
This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders

Dear Shareholders,

The year 2019 marked the 30th anniversary of EVA Air. Since our establishment, our flight safety and services have won approval from our customers in addition to various international awards all over the globe. It is because of our philosophy of "Enjoy Flying" that we have been able to give full scope to our team spirit and guarantee passengers the safest and most comfortable journeys. Compared to 2018, our annual revenue in 2019 reached a plateau with NT$135.6 billion, while 12.83 million passenger were carried, hitting another record high.

In 2018, the first 787-9 Dreamliner joined our fleet. In 2019, we continued to introduce the 787-10 passenger aircraft from the same series in response to the environmental objectives of energy conservation, carbon reduction and greenhouse gas emission reduction. At the same time, our service quality was also improved. To brace for the AI era, we launched our text-based chatbot for customer service. Passengers can receive customer support anytime and anywhere. As one of the digital service channels in the new era, the chatbot has effectively enhanced the efficiency of our customer service. As for our Cargo service, all newly 777 freighters came into service and optimized our fleet by replacing the 747-400 freighters, drastically increasing the overall airfreight operating performance.

EVA Air has upheld the fundamental goals of "Safety, Service, and Sustainability." In 2019, we won a variety of domestic and international awards. We were selected as one of "The World's 20 Safest Airlines" by AirlineRatings.com for the seventh consecutive years and named as one of the "Top 20 Airlines". We were also rated favorably in "Corporate Governance Evaluation" by Taiwan Stock Exchange Corporation for the fifth consecutive years, and listed in its "Corporate Governance 100 Index", "Taiwan High Compensation 100 Index", "Taiwan Employment Creation 99 Index" and "TIP Smart Multi-Factor 30 Index." We were named as one of "The World's 5-Star Airlines" by SKYTRAX for the fourth consecutive years and ranked sixth in "The World's Top 10 Airlines", "The World's Best Airline Cabin Cleanliness" and "Best Economy Class Food" in 2019. Other awards including third place in TripAdvisor's "The World's Best Airlines", "Top Airlines in Asia", "Asia's Best Business Class" and "Asia's Best Premium Economy Class". Furthermore, we were named as one of the "Five Star Global Airlines" by APEX & FTE and "The Best Overall In Eastern Asia" on 2020 APEX Regional Passenger Choice Awards. The results showed that we won the recognition from our passengers worldwide.

2019 Results

- **Passenger revenue grew 1.6% to NT$ 100.6 billion, a NT$ 1.5 billion increase compared to 2018.**

The passenger load factor was 81.6% in 2019, while the number of passengers we carried increased by 2.3% and the yield increased by 0.9%. In the first half of the year, we were impacted by a strike. Our passenger revenue in June and July decreased by 18.5% compared to the same period of the previous year. In the second half of the year, due to the anti-extradition bill movement in Hong Kong and China's Taiwan travel ban, the demands for flights from Taiwan to Hong Kong and China decreased. By proactively adjusting capacity and developing potential flight routes, the overall revenue maintained growing though the growth rate was not as expected.

- **Cargo revenue dropped 8.2% to NT$25.4 billion, a NT$2.3 billion decrease compared to 2018.**

The cargo load factor was 78.2% in 2019, while the cargo we carried decreased by 6.0% and the yield decreased by 2.3%. We were influenced by the stagnation in the US-China trade negotiations, low global investor confidence and weak market demand. Except for a surge in exports before the lunar new year, there were no significant difference between the high and low season in the first half of the year. In the second half of the year, the cargo volume increased by 12.8%, compared to the first half of the year. The cargo capacity supply exceeded demand, resulting in a 1.1% decrease in yield compared to the first half.

- **A total of 84 aircraft with ongoing fleet renewal**

EVA operated 84 aircraft by the end of 2019, including 79 passenger aircraft and 5 freighters. The last two 747-400F freighters were retired from the fleet. Seven new aircraft, including one 777F freighter, two 787-9s and four 787-10s were delivered throughout the year to facilitate the renewal of the fleet. One 777-300ER leased to Air New Zealand was extended.

Aircraft Type	Quantity
777-300ER	33
A330-300	9
A330-200	3
A321-200	24
ATR72-600	2
777F (Freighter)	5
787-9	4
787-10	4
Total	84

- **Affiliated companies**

EVA has invested in 11 affiliates including Evergreen Aviation Technologies Corporation, Evergreen Sky Catering Corporation, Evergreen Airline Services Corporation, Evergreen Air Cargo Services Corporation and EVA Flight Training Academy, etc. These companies construct a complete downstream aviation service network and upstream supply chain. The annual investment income was NT$2.24 billion in 2019.

Results vs. Projections

EVA and subsidiaries estimated total consolidated operating revenue of NT$191.66 billion for 2019 and actually achieved NT$181.28 billion, surpassing our goal with 94.58%. Expected net profit before taxes was NT$4.88 billion and actual profit before taxes amounted to NT$6.06 billion.

Analysis of Financial Results and Profitability

EVA and subsidiaries reported consolidated operating revenue of NT$181.28 billion for 2019, a 0.8% increase over the previous year. Consolidated operating expense was NT$171.83 billion, a 0.5% increase over the previous year.

Profitability analysis (consolidated):

Return on assets: 3.1%
Return on equity: 6.6%
Profit margin: 2.7%
Earnings per share: NT$0.83

Research and Development

1. Customer Service Chatbot Solution

The Company introduced diversified customer service channels by launching AI-powered conversational Chatbot(Chat-Robot) and live chat service to interact with our passengers, in addition to traditional voice telephony. This Chatbot leverages powerful AI backend and integrates with all service channels to interact with passengers swiftly and it certainly enhances customer experience by seamlessly integrating conversations between Chatbot and human agents.

2. EVA Mobile service enhancement

EVA Mobile has established 26 languages in different markets and has continued increasing the markets for new languages in order to serve larger customer base. At the same time, in order to provide users with a friendlier and intimate travel experience, EVA Mobile has successively launched Infinity Miles membership applications, real-time baggage message pushing, prepaid baggage purchase, passport scanning, and integration of Google pay boarding pass, etc. EVA Mobile takes responsibility for continuously providing passengers with more complete services.

3. Enhancing Cyber Security and Cyber Defense

In order to cope with the emerging global cyber threats, the Company has continued to build up a defense-in-depth Information Security mechanism based on risk management in 2019. In addition, we have achieved these main targets including Proactive Defense, Precise Detection, Efficient Incident Response, and Sustainable Continuous Improvement. The synergy of these pillars would benefit the Company to maintain a high standard of cyber security.

4. Air-cargo Pricing Management System Project

The Company's new cargo system has been launched in 2017 to provide stable and rapid system services for our cargo business. It helps the Company to manage market changes and met the needs of customer service. The upgrade of air-cargo pricing management system can provide cargo management department to administer the real-time air-cargo market freight and volume changes more efficiently, and to maximize the profit of each flight.

5. Development of New Mail Revenue Accounting System

The Company has successfully migrated its Mail Revenue Accounting (MRA) System from mainframe-based legacy platform to open architecture with modern technologies in 2019. New MRA System takes advantage of innovative technologies to re-engineer all interface and working flows more efficiently and effectively. New MRA System will be beneficial to both operation efficiency and agile software development.

6. Intelligent Logistics for New Bonded Warehouse

The IoT technology has matured tremendously in the past decade with extensive implementations in logistics industry, the Company plans to introduce the smart logistics in the new bonded warehouse. EVA had completed the project in 2019 by applying wearable devices and electronic tags. Through cloud computing and image recognition technology, the Company integrates various information in real time and enhances the loading efficiency of commissary supplies and optimize the allocation of storage space.

7. New virtual server infrastructure design and implementation

To enhance the Company’s virtual server security, resource utilization and management efficiency, we invested in a new Hyper-converged infrastructure for virtual server operation. By the new infrastructure, the company is able to shorten virtual server deployment process for application systems, and further accelerate our information system development.

2020 Preview

Operating Objectives

1. Promote the core value of “Safety, Service and Sustainability” Ideals:

   Based on our core value, we will continue to enhance flight, ground and food safety as well as raise the quality of services. To refer to UN Sustainable Development Goals (SDGs), we will strive to promote economic, environmental, and social sustainability and towards to a sustainable goal. We continue to maintain solid performance on both the operational and financial fronts. We believe that always plan ahead and reserve energy provide us the ability to deal with crises and move towards sustainable business goals in the face of global events such as epidemics.

2. Expand regional capacity and strengthen the hub-and-spoke effects, diversify passenger and cargo sources and spread operational risks:

   With the increase of our passenger fleet, we aggressively open new markets and increase flight frequencies on potential routes. We also leveraged the benefits of network proliferation to expand the passenger and cargo base and spread operational risks.

3. Fleet renewal and cabin upgrade:

   To improve the competitiveness of passenger flights, the company continue to expand fleet. In 2020, five more 787-10 Dreamliner will be delivered, and one 777-300ER leased to Air New Zealand will return to our fleet. The total number of aircraft will reach ninety in 2020.

4. Strengthen digital services to enhance customer experience:

   Our website will be visually and aesthetically re-designed with convenient features added. We aim to promote online services related to cross-alliance collaboration and enhance user experience by combining travel service platforms.

Operational Adjustments In Response To The Impact Of The Coronavirus Epidemic

Passenger Business:

In response to the epidemic development and quarantine regulations in various countries, we've adjusted the aircraft model, reduced the number of flights, deployed the flight schedules in advance, and will restore orderly after the epidemic. The flight adjustment principles and cancellation are explained as follows:

1. Hong Kong and Macau: Taoyuan-Hong Kong 2 flights per day, Taoyuan- Macau 1 flight per day.

2. China: Flights to Beijing, Shanghai (Pudong, Hongqiao) and Chengdu.

3. North-East Asia: 1 flight per day from Taoyuan to Incheon, Fukuoka, Osaka, Haneda, Narita. The remaining routes were reduced.

4. South-East Asia: Flights to Ho Chi Minh, Manila, Bangkok night flight and Hanoi noon flight were cancelled. The remaining routes will be reduced depending on the flight conditions. The new route to Phuket was originally open on date 2^{nd}, April but postponed in the end.

5. Europe: The new route to Milan was originally open on date 18^{th}, February but postponed in the end. Flights to Vienna remain 4 flights per week, the remaining routes remain 3 flights per week.

6. America: Flights to Los Angeles (BR06/05), San Francisco (BR08/07) and Seattle (BR04/03) were cancelled, the remaining routes were reduced.

7. Oceania: Flights to Brisbane were cancelled until the end of April.

Cargo Business:

Our cargo business is effected due to the tremendous cancellation of passenger flights, the short term supply-demand become imbalance. Thus the freight price has increased.

1. The main cargo stations remain using wide-body passenger aircraft to operate: The flights to China and Seoul have decreased; therefore, we remain using wide-body passenger aircraft to deliver goods and increase profit.
2. The Company use wide-body passenger aircraft to deliver long distance cargo in regional Asia route: Flights to Hong Kong, Ho Chi Minh and Kuala Lumpur resume using wide-body passenger aircraft to deliver cargo to Europe and America.
3. Seize the charter opportunities: We coordinate the needs of urgent dispatches and special cases of vendors and provide charter delivery service.

<u>Future Development Strategies</u>

1. Investments in new-generation aircraft and cabin upgrades

   To enhance the services of mid- and long-haul flights, we brought in eight Dreamliners in 2019 after successfully introducing the new-generation 787 Dreamliners in 2018. We will continue to introduce five more brand new 787-10 passenger aircraft in 2020 and complete twenty-four 787 passenger aircraft in 2022. As for freighters, all five 777 freighters has come into in service, upgrading the competitiveness of our cargo services.

2. Increase regional flight capacity and enhance benefits of the hub-and-spoke system

   (1)As Taoyuan Airport is approaching its maximum capacity, we attempt to enhance our capacity at Taipei Songshan Airport and Kaohsiung Airport. Starting from December 18, 2020, Songshan Airport will be equipped with two 787s to replace the existing A330-300. The flights from Songshan to Haneda and Hongqiao will be operated by 787. An A330-300 wide-body aircraft will be equipped in Kaohsiung to increase our regional capacity departing from Kaohsiung. Starting from September 2020, flights from Kaohsiung to Narita and Pudong will be operated by A330-300 instead of A321. Also, we will introduce new service from Kaohsiung to Hanoi and Okinawa. The flights from Kaohsiung to Fukuoka will increase from 5 to 7 per week.

   (2)In coordination with our network in North America, larger aircraft will be arranged to destinations such as Kuala Lumpur and Cebu. New services will be inaugurated from Taoyuan to Phuket and Clark to boost the number of transfer and regional passengers and give full scope to the hub-and-spoke effect.

3. Flexible fleet deployment to increase revenue

   (1)To cope with the successive delivery of 787 aircraft, we plan to fly lucrative routes from Songshan to Haneda and Hongqiao to increase capacity. In addition, we will also change aircraft type to 787 for Brisbane, Vancouver and Seattle routes.

(2)We plan to start new service to Milan and add frequency to Seattle and Chicago to enhance our competitiveness.

(3)In response to the decreasing demand for flights to Hong Kong and Mainland China, we will flexibly adjust the aircraft type or frequency to Mainland China and Hong Kong. We will also adjust the proportion of tickets sold to group customers and individual customers to attract more customers and minimize the impact of reducing demand.

4. Enhance products and innovate services

We will continue to introduce new in-flight meals and amenities. The exquisite meals are matched with creative menu designs to provide passengers with visual and gustatory delights. We also provide premium amenities, such as brand new overnight kits featuring a premium brand and multi-functional pajamas designed by a world-renowned designer. These efforts are meant to upgrade our cabin services and comfort of passengers.

5. Integrate digital development and strengthen application of e-commerce

(1)EVA Mobile APP will be equipped with features such as passport scan and boarding pass storage. Passengers who want to check in by using their mobile phones can read the passport information with their cameras to avoid manual data entry and potential errors. Passengers can also store their boarding pass in Google Pay or Apple Wallet to improve user experience and efficiency.

(2)Passengers can take advantage of APP to manage trips and complete the check-in procedure before departure. Airports provide automated baggage check-in. All of the above can enhance check-in efficiency and reduce the chances of contacting ground staff face to face.

(3)The Company launched AI-powered conversational Chatbot to provide 24 hours customer service which is a new assistant of the new generation digital service channel. Passengers can get answers of their questions anytime through EVA official website or APP regardless of location or time.

(4)The Company classifies passengers through data analyzing and upgrades services by referring to their travel habits and preferences.

(5)With the Star Alliance Digital Services platform, we collaborate with Star Alliance to launch the “Cross-Alliance Free Seat Reservation Service,” allowing cross-alliance passengers to reserve their seats for free at itinerary management on the website.

6. Strengthen Star Alliance Partnership

Through Star Alliance network, mileage reward program, ticket product and global corporate customer sales mechanism, we are able to attract more premium customers and elevate our advantage in developing the business travel market. In addition, by practice exchange, joint purchasing, system co-development and resource sharing with the member airlines, we continue to reduce operating costs and increase efficiency.

EVA Air currently has code-sharing agreements with 20 airlines, including Air Canada, Air China, Air India, Air New Zealand, All Nippon Airways, Asiana Airlines, Avianca, Bangkok Airways, Copa Airlines, Hainan Airlines, Hong Kong Airlines, Juneyao Airlines, Shandong Airlines, Shenzhen Airlines, Singapore Airlines, Thai Airways, Turkish Airlines, UNI Air, United Airlines and Air China Cargo. This year, EVA Air will negotiate with Thai Smile Airways on code-sharing cooperation and look into the possibility of extending current codeshare scope with code-sharing partners.

7. Proactively expand and diversify freight sources

   Apart from retaining major freight sources like mobile devices and e-commerce products, we will focus on cold chain goods such as ingredients, pharmaceuticals, and precision electronic components. We will also proactively collect mobile internet devices, automation and Artificial Intelligence (AI) freight.

8. Continue to promote e-freight cargo services

   In collaboration with IATA's initiative to use the electronic air waybill (e-AWB), the penetration of electronic waybills used by the Company till the end of 2019 was 74.9%. The target penetration in 2020 is 75.0%.

Impact of External Competition, Legal Issues and Overall Operating Environment

External Competition

IATA forecasts oil price is expected to drop to US$63 in 2020 while jet fuel price is expected to decrease from US$77 to US$75.6 per barrel, which is beneficial for airline industry profit. However, the slowdown of global economic, trade war, geopolitical tensions and social unrest, together with Brexit, all add the uncertainty to the business environment and market demand. To the worse, the outbreak of coronavirus disease in the beginning of 2020 has resulted in a sharp decrease in airline load factor, passenger capacity and traffic have also plummeted, which means the revenue of airline will decrease exponentially. If the outbreak ends before the second quarter, airlines could compensate for the losses during the summer peak season as well as to relieve their financial stress.

Legal Environment

1. Political and economic status and policy stability will impact the ups and downs in passenger and cargo markets.

2. The amendments to relevant laws and regulations of flight crew duty and management-labor relationship will have a direct impact on the operating costs of the aviation industry.

Overall Operating Environment

1. According to IATA, the global GDP is expected to grow by 2.7% in 2020, slightly higher than the figure (2.5%) in 2019. The pressure of the U.S. presidential election is of help to cooling trade tensions. The global trade growth is predicted to bounce back from 0.9% in 2019 to 3.3%. The measures taken by central banks and expansionary fiscal policies will provide momentum for economic growth. In 2020, the net profit of the airline industry will reach US$29.3 billion, better than US$25.9 billion in 2019. This will be the 11th consecutive gains for the worldwide airline industry. However, the outbreak of coronavirus disease has forced airlines to halt flights to severely infected area, the profits might not be as good as expected.

2. IATA predicts that only four airports among the world's top 100 airports can be free from restricted capacity in the next 10 years. Airport slots are more and more difficult to acquire. Infrastructure such as terminals and runways cannot catch up with the growth of the industry and will continue to be a bottleneck for the development of the aviation industry.

3. Taiwan Institute of Economic Research has announced the GDP growth in 2020 will be 2.67%, a 0.22pp increase compared to the forecast in November 2019. As the demand for high performance computing, IoT, smart phones and 5G infrastructure increase, the global market for semiconductors is expected to grow in 2020. Also, due to 2019 had a lower base period, Taiwan's growth rate of export is expected to shift from negative to positive, and the trade amount of imports and exports will be increased by 3.45% and 3.30%, respectively.

4. The U.S.-China trade war has forced Taiwanese companies in Mainland China to move to other regions in Asia or Taiwan. In addition, the outbreak of the coronavirus disease has caused supply chain breakage, which will lead to Taiwanese businesses speeding up moving their factories to Southeast Asian countries and Taiwan.

The operation of the airline industry is influenced by various internal and external factors, all of which must be closely monitored and risk management controlled. EVA Air will strive to provide safer and better flying experience for our passengers, and continue to optimize our workplace environment, ensuring the rights and interests of our employees, shareholders, customers, and stakeholders.

Chairman

Lin, Bou-Shiu

II. Company Profile

Date of Incorporation: April, 07, 1989

Location: No. 376, Sec. 1, Xinnan Rd., Luzhu Dist., Taoyuan City

Tel: 03-351-5151

Taipei Branch Office: 1F, No. 117, Sec. 2, Chang' an E. Rd., Zhongshan Dist., Taipei

Tel: 02-8500-2345

Major Milestones

1989~1996

- EVA was founded on March 8, 1989 by Group Chairman Y. F. Chang and registered on April 7, 1989. The Company immediately prepared for flight operation. The authorized capital was NT$ 10 billion and the paid-up capital was NT$2.5 billion.
- First Flight was launched on July 1, 1991.

1997~2001

- The Company's stocks were listed for sale in OTC.
- The Company moved into new terminal and provided services to customers, after the opening of terminal 2 of Taoyuan International Airport.
- EVA secured approval to transfer its stocks listing from OTC and moved its shares to the Taiwan Stocks Exchange (TWSE).

2002~2006

- EVA took delivery of its first A330-200 aircraft and introduced new generation of business class, Premium Laurel Class.
- EVA Europe Cargo Center was established.
- EVA made a successful record in Taiwan to assist Taiwan Semiconductor Manufacturing Company Ltd. (TSMC) transport the 8-inch wafer fab from Taipei to Shanghai.
- EVA took delivery of the first 777-300ER aircraft (B-16701) in Boeing Company in Seattle, U.S.
- EVA opened Southern China Cargo Center in Hong Kong, enabling it to acquire market information, integrate regional cargo goods and discuss regional cooperation plans with local forwarders, which make EVA move air freight shipments in and out of the region, prepare business plan, sell and discover customers more efficiently and quickly.

2007~2011

- Recognized 2007 "Best Wines on the Wing" by Global Traveler, a famous travel magazine of U.S.
- EVA received 2007 The Richard Teller Crane Founder's Award from the 60th annual International Air Safety Summit (IASS) held in Seoul for "its corporate leadership in aviation safety programs and its superb safety records." In the five years since the coveted award was established, EVA was the first Asian airline and only the second airline among all recipients to receive it.
- EVA ranked 1st as the 2008 "Best Ideal Brand of International Airline" for the second year from the surveys of Taiwanese consumers, Management Magazine.
- Wanderlust, a leading travel magazine U.K., recognized EVA Silver Award of 2008 "Best Airline".
- EVA ranked 2nd "Best White" and 5th "Best Red" of 2007 Cellars in the Sky Awards, published by Business Traveller, a worldwide famous travel magazine.
- Air Cargo World, a famous cargo magazine, ranked EVA 6th of 2008 "Air Cargo Excellence Award". EVA was the second Asian airline to win the prize and surpassed most of famous airlines that were mainly in charge of cargo business.
- EVA was recognized "White Gold Medal" among the Reputation Brand investigation of Reader's Digest magazine.
- EVA and UNI Air provided cross-strait charter flights services since July 4, 2008.
- EVA ranked 1st of "Best Premium Economy Class" in the 2008 Airlines services Rating of SKYTRAX.
- Joined IATA as e-freight airline with the e-AWB service became a milestone of EVA.
- EVA recognized as "World's Best 10 Airlines" by Travel & Leisure, a leading traveling magazine of U.S.
- Selected as "Top 100 Brands" by Ministry of Economic Affairs (MOEA).
- EVA was awarded Travel Weekly's 2011 Magellan Award Gold winner for international economy class.
- Certificated Authorized Economic Operator (AEO) by Customs Administration, Ministry of Finance.

2012~2016

- EVA Sky Jet Center was available to provide services which makes the service function in Taipei Songshan Airport more complete.
- EVA started 777-300ER aircraft renovation. The Business Class will be placed by fully-flat beds and named as "Royal Laurel Class".

- EVA recognized as “The World’s Best Airline” from CommonWealth Magazine’s 2012 Golden Service Awards survey.
- EVA was awarded CAA’s 2012 “Golden Flyer Award” for International and Cross-Strait Route Group.
- Became a Star Alliance member since 2013.
- EVA received “Best Business Class White” and “Best Business Class Sparkling” of Business Traveller’s Cellar in the Sky Awards 2013.
- EVA acquired general aviation permission and became the first airline company that provided periodical flights and business jets services.
- EVA was recognized as 2014 Top 10 “The World’s Best Long-Haul Airlines” by The Telegraph, U.K. leading media, annual reader’s select.
- EVA received “The World’s Top Ten Best Airlines” and “Best Airline Cabin Cleanliness” in SKYTRAX’s 2015 World Airline Awards.
- EVA signed agreements with the Boeing Company to introduce twenty four 787 Dreamliners and two 777-300ERs.
- EVA was recognized as Top 10 “World’s Safest Airlines” by AirlineRating.com.
- SKYTRAX announced EVA as “5-Star Airline”.
- SKYTRAX ranked EVA the 8th of “World Best Airline”, “Best Transpacific Airline”, “Best Business Class Comfort Amenities” as well as the 3rd “World’s Most Loved Airlines” in 2016.

2017

- EVA was awarded CAA’s 2016 “Golden Flyer Award” for International and Cross-Strait Route Group.
- The Infinity Lounge in Taoyuan Airport was rewarded as 2016 “Top 10 First and Business Class Airline Lounges” by SKYTRAX.
- Business Traveller awarded EVA the Gold Medal of 2016 “Best Business Class Cellar” and “Best First Class Sparkling”.
- EVA ranked the world’s safest airlines on the annual index reported by Germany’s AERO International Magazines for 15 consecutive years.
- TripAdvisor honored EVA “Top 10 Major Airlines in Asia Pacific” and “Best Airline- Taiwan”.
- SKYTRAX announced EVA as the “5-Star Airline”, 2017 “Best Airline Cabin Cleanliness ”, “Best Business Class Comfort Amenities” and ranked 6th among “The World’s Top Ten Best Airlines”.
- EVA was listed 10th of 2017 “The World’s Best International Airlines” on the Travel + Leisure Magazine’s.
- EVA and UNI Air launched new flights between Songshan to Tianjin, Hangzhou and Chongqing.

- The first 777 freighter B-16781 was delivered in Boeing Company in Seattle, U.S.A.

2018

- EVA Air won the Gold Medal for 2017 “Best Business Class Sparkling” by leading magazine Business Traveller.
- EVA started code share flights with Juneyao Air and provided flight services between Taoyuan-Pudong and Kaohsiung-Pudong.
- TripAdvisor recognized EVA “Top 10 Major Airlines in Asia Pacific”, “Best Business Class”, “Best Premium Economy Classes”, “Travelers’ Choice Major Airlines in Asia” and 5th of “World’s Top-10 Best Airlines”.
- EVA was the only company that had been awarded the top 5% of the corporate governance evaluation by Taiwan Stock Exchange among the TWSE/TPEx Listed Companies for three consecutive years.
- EVA launched direct flight service between Taipei-Chiang Mai.
- SKYTRAX announced EVA as the “5-Star Airline”, 2018 “The World’s Best Airport Services” and ranked 5th among “The World’s Top Ten Best Airlines”.
- EVA had codeshare flights with Copa Airlines to provide flight services between Taoyuan-Los Angeles-Panama City, Taoyuan-San Francisco-Panama City, Taoyuan-Chicago-Panama City and Taoyuan-New York-Panama City.
- AirlineRatings.com recognized the “World’s Top-10 Best International Airlines” and “Best Long-Haul Airline in Asia Pacific.
- EVA was awarded as Top 50 Taiwan Corporate Sustainability Report Awards.

2019

- TripAdvisor recognized EVA “Best Airline in Asia”, “Best Business Class in Asia”, “Best Premium Economy Class in Asia” and 3rd of “World’s Best Airlines”.
- EVA recognized as “The Best Business Class Onboard Amenities Kit (Georg Jensen)”, “The Best Business Class Onboard Amenities Kit (Salvatore Ferragamo)”, “The Best Premium Economy Class Onboard Amenities Kit (Sport b.)”, “The Best Economy Class Onboard Textiles” by Onboard Hospitality, a transportation magazine of U.K. PAX International, a Canadian professional aviation magazine, awarded EVA “Asia Best Economy Class Amenity Kit (Sport b.)”. The world-renowned magazine, TravelPlus, awarded EVA “The Best Premium Economy Class Amenity Bag (FURLA)”.
- EVA launched direct flights between Taipei to Nagoya, Aomori, Matsuyama, and Da Nang.
- SKYTRAX announced EVA as the “5-Star Airline” for four consecutive years, 2019 “World's Best Airline Cabin Cleanliness” and “World's Best Economy Class

Catering” and ranked 6th among “The World’s Top Ten Best Airlines”.

- EVA was awarded the “Five Star Global Airline” and “Passenger Choice Award-Best Overall In Eastern Asia” by APEX.
- AirlineRatings.com recognized EVA the 8th of “World’s Top-20 Airlines” and “World’s Safest Airlines” for six consecutive years.
- EVA was awarded the Taiwan Corporate Sustainability Report Platinum Award.

2020

- AirlineRatings.com recognized EVA the 3rd of “World’s Top 20 Safest Airlines”.
- EVA was recognized the 9th of “World’s Safest Airlines” by AERO International, a magazine in Germany.

III.Corporate Governance Report

The excellent corporate governance is the basis of corporate sustainable operation. By following the idea, the Company is devoted to maintaining shareholders' interests, enhancing the functionality of Board of Directors and strengthening the correctness and instantaneity of information disclosure to make sure the efficiency and transparency of corporate operation.

The Company started electronic voting for Annual General Shareholders Meeting from year 2012. Shareholders could participate in voting by electronic way. The shareholders rights is protected and the activism of shareholders are implemented well. Besides, the Company also provides Chinese and English shareholder meeting agenda and annual report for investors' reference to ensure all investors could receive equal information.

In 2019 and 2020, the 5th and 6th "Corporate Governance Evaluation for Listed and OTC Companies" organized by TWSE, EVA Air was ranked in the range of 6% to 20% of all selected listed companies. EVA Air also awarded Taiwan Corporate Sustainability Report Platinum Award in 2019. This illustrates that the Company has excellent performance in corporate governance and executes corporate social responsibility well.

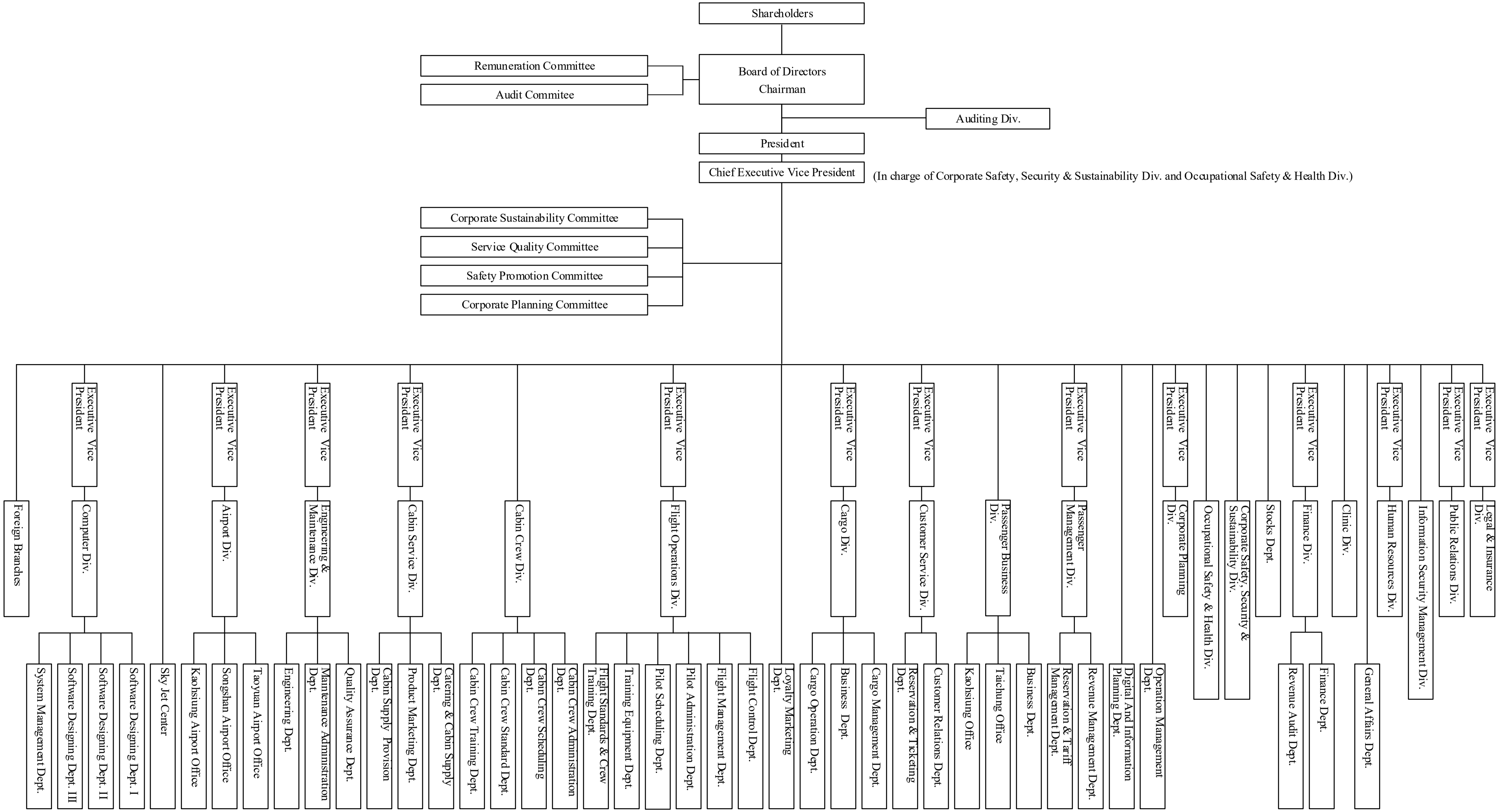
The Company's Board of Directors is composed of nine directors, including three independent directors. The tenure of independent directors is not over nine years in order to make sure the independence and transparency of the operation of Board of Directors. The members of Board of Directors have professional knowledge and diverse background, such as transportation management, accounting, laws, technology, environmental protection and risk management. The independent directors provide professional and multi-dimensional opinions by their experiences. Considering gender equality, there is one female director in the Board, which takes 11.11% among all the directors.

The Remuneration Committee is composed of three independent directors and subordinated under Board of Directors. The Committee periodically reviews the remuneration policies of directors and managers and stipulates a reasonable remuneration for them according to their devotion on company operation. In addition, to completely carry out corporate governance policies to conform with the spirit of sustainable operation, the Company set up Audit Committee in 2017. The Committee is composed of the entire independent directors. The main function is to supervise fair presentation of the financial reports, the appointment, independence, and performance of CPAs, the effective implementation of the internal control system and the risks management of the Company.

The Auditing Div. is also subordinated under Board of Directors to build, implement and maintain the appropriateness and effectiveness of internal control system, improve operational efficiency and ensure that all the operation follows the related laws by auditing.

3.1 Organization

3.1.1 Organizational Chart



Issue Date: 2020.03.31

3.1.2Major Corporate Functions

According to the Articles of Incorporation, the Company shall have seven to nine (7~9) Directors. The Directors shall be elected at the shareholders' Meeting and they are selected due to their competence and disposing capacity. They shall have a three-year term of office. The Directors shall constitute the Board of Directors, which is responsible for executing business of the Company. The Chairman shall be elected at a meeting attended by at least two-thirds (2/3) of the Directors and by a simple majority vote of the Directors present at the meeting and may also elect a Vice Chairman in the same manner. The Chairman represents the Company to deal with all business.

To complete corporate governance and strengthen the ability of the Board of Directors, the Company sets up Remuneration Committee and Audit Committee subordinated under the Board of Directors. The Remuneration Committee is responsible to formulate and regularly review the Directors and managers remuneration policy and the reasonable remuneration of management team according to their contribution. The Audit Committee mainly supervise if the financial statements of the Company is reasonable expressed, the election, dismissal, independence of CPA and internal control effectiveness of the Company.

The Company also set up one President who is responsible to handle company business by following the order from the Board. The appointment and dismissal of the President shall executed at a meeting attended by at least half (1/2) of the Directors and by a simple majority vote of the Directors.

Department	Functions
Auditing Div.	Responsible for the inspection and evaluation of internal control to promote operating performance.
Legal & Insurance Div.	Responsible for aviation insurance affairs, contracts review, legal consultation, litigation and non-contentious matters.
Public Relations Div.	Responsible for media relations, press releases, advertising, planning PR activities and corporate image marketing.
Information Security Management Div.	Responsible for the planning and management of information security and privacy protection strategy, risk assessment and treatment, regulatory compliance and key performance indicator.
Human Resources Div.	Responsible for human resources management, recruiting, execution of general training programs, employee assistance and care as well as union affairs.
General Affairs Dept.	Responsible for the building maintenance, dormitory operations, receptions for visiting, employee cafeteria operations and so on.
Clinic Div.	Responsible for arranging employee's regular health examinations, follow-up of abnormal health results, health promotion, general medical treatment and consultation, in-flight medical supplies and equipment maintenance.
Finance Div.	Responsible for financial statements, tax processing, funds management, recording and auditing operation revenue, providing operating analysis data and so on.
Stocks Dept.	Responsible for stocks affairs, board meeting and shareholders' meeting affairs, and corporate governance related matters.

Department	Functions
Corporate Safety, Security & Sustainability Div.	Responsible for setting up corporate safety, security and sustainability related policies; Establishing safety, and security management systems; Conducting flight and ground staff safety and security training; Responsible for emergency response and accident or incident investigation of EVA operations; Responsible for the implementation of corporate sustainability, environment and energy management program.
Occupational Safety & Health Div.	Responsible for the planning and implementation of occupational safety and health management.
Corporate Planning Div.	Responsible for developing the Company's strategies covering fleet and network planning, route performance analysis, overseas branch administration, fuel procurement, investment and affiliates coordination, alliances and international affairs etc.
Operation Management Dept.	Responsible for the worldwide station operation managements, planning and managing the Star Alliance and concerning projects.
Digital And Information Planning Dept.	Responsible for the planning and management of passenger and cargo service systems, data science, customer experience, e-commerce, social media, and Star Alliance digital services.
Passenger Management Div.	Responsible for the worldwide passenger revenue management, pricing strategy development and concerning matters.
Passenger Business Div.	Responsible for passenger sales-related management and concerning matters for Taiwan.
Customer Service Div.	Responsible for reservations and ticketing, service quality checks, EVA Air members and customer care.
Cargo Div.	Responsible for the worldwide freight revenue management, capacity management, pricing and marketing strategy development.
Loyalty Marketing Dept.	Responsible for planning rewards approaches for EVA Air members, newly-negotiating cross-industry cooperation, contracting and maintaining with Star Alliance airlines, and participating in the implementation of various Star Alliance members' projects.
Flight Operations Div.	Responsible for the pilots' recruitment, scheduling, management and training, flight dispatch, analyzing aircraft performances and fuel consumption of routes, formulating operating manual for aircraft and flight simulator equipment management.
Cabin Crew Div.	Responsible for the flight attendants' recruitment, scheduling, management and training, formulating standard operating procedures, etc.
Cabin Service Div.	Responsible for the development, procurement, marketing, warehousing of cabin service supplies, in-flight duty-free products, duty-free preorder products, home delivery shopping products and LOGO products, as well as sky catering management, shopping website management, etc.
Engineering & Maintenance Div.	Responsible for the aircraft engineering technologies, maintenance program planning and control, fleets airworthiness monitoring, the audit of aircraft spare part purchase and repair, and so on.

Department	Functions
Airport Div.	Responsible for the passenger immigration related affairs and airlines dispatch.
Sky Jet Center	Responsible for the hosting, maintenance and ground handling affairs of business jets.
Computer Div.	Responsible for the design and maintenance of computer programs, the procurement of computer equipment and maintenance and the consulting of operation computer system.
Foreign Branches	Responsible for the branch’s development and promotion of passenger and freight related businesses overseas.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

MAR 31, 2020

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment (Note 2)	Shareholding When Elected (Note 11)		Present Shareholdings (Note 11)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other			Remark (Note 4)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Chairman	R.O.C.	Evergreen International Corp.	-	2017.06.26	3 Years	1993.04.30 (Note 5)	493,156,676	12.17	549,262,304	11.32	-	-	0	0.00	-	-	-	-	-	-
	R.O.C.	Representative: Lin, Bou-Shiu	Male	2017.06.26	3 Years	1993.04.30 (Note 6)	0	0.00	350,029	0.00	21,911	0.00	0	0.00	Chairman, Evergreen Steel Corp. Bachelor of Computer Science and Information Engineering, Tamkang University	**Chairman:** Hsiang-Li Investment Corp. **Director:** Evergreen Sky Catering Corp., UNI Airways Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Evergreen Aviation Technologies Corp., GE Evergreen Engine Services Corp., Trade-Van Information Services Co.	-	-	-	-
Director	R.O.C.	Evergreen International Corp.	-	2017.06.26	3 Years	1993.04.30 (Note 5)	493,156,676	12.17	549,262,304	11.32	-	-	0	0.00	-	-	-	-	-	-
	R.O.C.	Representative: Chang, Kuo-Cheng	Male	2017.06.26	3 Years	1989.03.31 (Note 7)	0	0.00	92,460,183	1.90	0	0.00	0	0.00	Chairman, Evergreen Marine Corp. (Taiwan) Ltd. Bachelor of Science in Business Administration, Boston University (BSBA)	**Vice Chairman:** Central Reinsurance Corp. **Director:** Evergreen International Storage & Transport Corp., Evergreen Insurance Co., Ltd., Qingdao Evergreen Container Storage & Transportation Co., Ltd., South Asia Gateway Terminals (Private) Ltd., Evergreen International S.A.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment (Note 2)	Shareholding When Elected (Note 11)		Present Shareholdings (Note 11)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other			Remark (Note 4)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Director	R.O.C.	Evergreen Marine Corp. (Taiwan) Ltd.	-	2017.06.26	3 Years	1989.03.31 (Note 8)	660,957,390	16.31	776,541,111	16.00	-	-	0	0.00	-	-	-	-	-	-
	R.O.C.	Representative: Ko, Lee-Ching	Female	2017.06.26	3 Years	1992.05.02 (Note 9)	0	0.00	105,942	0.00	0	0.00	0	0.00	Vice Group Chairman, Evergreen Group Keelung Girls' Senior High School	**Chairman:** Evergreen International Corp. Evergreen (Shanghai) Hotel Limited **Director:** Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Storage &Transport Corp., Taiwan High Speed Rail Corp., Evergreen Steel Corp., Evergreen Security Corp., Shun An Enterprise Corp., Charng Yang Development Corp., Evergreen Marine (Singapore) Pte. Ltd., Greencompass Marine S.A., Gaining Enterprise S.A. **Supervisor:** Ever Reward Logistics Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Hsin Yung Enterprise Corp., Ever Ecove Corp. **Director and Manager:** Evergreen International S.A.	-	-	-	-
	R.O.C.	Representative: Wu, Kuang-Hui	Male	2017.06.26	3 Years	2010.12.01 (Note 10)	0	0.00	46,957	0.00	0	0.00	0	0.00	Group Executive Officer, Finance, Evergreen Group MBA, Sun Yat-Sen University	Chief Executive Vice President of Evergreen Marine Corp. (Taiwan) Ltd. **Director:** Taipei Port Container Terminal Corp. **Supervisor:** UNI Airways Corp., Evergreen Security Corp., Taiwan Terminal Services Corp., Charng Yang Development Corp., Hsiang-Li Investment Corp.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment (Note 2)	Shareholding When Elected (Note 11)		Present Shareholdings (Note 11)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other			Remark (Note 4)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Director	R.O.C.	Chang Yung-Fa Charity Foundation	-	2017.06.26	3 Years	2009.06.16	12,056,209	0.30	13,427,823	0.28	-	-	0	0.00	-	-	-	-	-	-
	R.O.C.	Representative: Tai, Jiin-Chyuan	Male	2017.06.26	3 Years	2011.06.10	0	0.00	16,731	0.00	0	0.00	0	0.00	Executive Vice President, Legal Department of Evergreen International Corp. Master of Maritime Law, National Taiwan Ocean University	**Director and President:** Evergreen International Corp. **Director:** Evergreen International Storage &Transport Corp., Central Reinsurance Corp., Evergreen Sky Catering Corp., UNI Airways Corp., Evergreen Security Corp., Shun An Enterprise Corp., Taipei Port Container Terminal Corp., Evergreen Aviation Technologies Corp., Ever Ecove Corp., Super Max Engineering Enterprise Corp., Evergreen (Shanghai) Hotel Limited, Evergreen International Hotel Property (Bangkok) Co., Ltd., Evergreen Insurance Company Limited, Colon Container Terminal S.A., Evergreen Container Terminal (Thailand) Ltd.	-	-	-	-
	R.O.C.	Representative: Sun, Chia-Ming	Male	2018.01.01	2.48 Years	2018.01.01	0	0.00	102,763	0.00	0	0.00	0	0.00	Executive Vice President, Passenger Management Division of EVA Airways Corp. Bachelor of International Trade, Chinese Cultural University	**President:** EVA Airways Corp. **Director:** Evergreen Sky Catering Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Evergreen Aviation Technologies Corp., Hsiang-Li Investment Corp.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment (Note 2)	Shareholding When Elected (Note 11)		Present Shareholdings (Note 11)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other			Remark (Note 4)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Indepen-dent Director	R.O.C.	Chien, You-Hsin	Male	2017.06.26	3 Years	2014.06.17	0	0.00	0	0.00	0	0.00	0	0.00	Minister of Transportation and Communications, Minister of Foreign Affairs, Minister of the Environmental Protection Administration, Representative, Taipei Representative Office in the U.K., Legislator, Legislative Yuan (Parliament), Professor and Dean, College of Engineering, Tamkang University Ph. D. Aeronautics and Astronautics, New York University, U. S. A. B.S. Mechanical Engineering, National Taiwan University	**Independent Director:** Far Eastern Department Stores, Ltd. (FEDS) **Director:** KD Holding Corp.	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment (Note 2)	Shareholding When Elected (Note 11)		Present Shareholdings (Note 11)		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience (Note 3)	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other			Remark (Note 4)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Independent Director	R.O.C.	Hsu, Shun-Hsiung	Male	2017.06.26	3 Years	2014.06.17	0	0.00	0	0.00	0	0.00	0	0.00	Managing Partner of YMH Company, CPAs Master Department of Accounting, National Taiwan University Bachelor of Transportation & Communication Management Science, National Cheng Kung University	Managing Partner of YMH Company, CPAs **Director:** YMH International Co., Ltd., YMH Risk Management Consultant Ltd.	-	-	-	-
	R.O.C.	Wu, Chung-Pao	Male	2017.06.26	3 Years	2017.06.26	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, Protech Systems Co., Ltd. Master of International Business, National Taiwan University	**Chairman:** Protech Systems Co., Ltd. **Independent Director:** Trade-Van Information Services Co., Marketech International Corp. **Director:** Chenbro Micom Co., Ltd., CPC Corp.	-	-	-	-

Note 1: For statutory director, both the names of the legal entity and its representative are required to be disclosed; for representative of statutory director, the name of the legal entity should also be disclosed, and the aforementioned information should be noted and filled in Chart 1 below.

Note 2: To fill in “the Date of Initial Election, Appointment” of the directors and supervisors, the discontinuation of tenure should be footnoted.

Note 3: To fill in the “Experience” of director and supervisor, detailed job titles and work responsibilities should also be described if he/she previously worked for the auditing accounting firm or the Company’s affiliates.

Note 4: The chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response: None.

Note 5: Evergreen International Corp. has appointed representatives to serve as directors or supervisors of the Company from 1993.04.30 to 2004.06.15 and 2007.06.13 till present.

Note 6: Mr. Lin, Bou-Shiu has served as a director of the Company from 1993.04.30 to 1996.03.20, 2004.06.15 to 2012.03.18 and 2016.03.11 till present.

Note 7: Mr. Chang, Kuo-Cheng has served as a director of the Company from 1989.03.31 to 1992.05.02, 2004.06.15 to 2009.06.16 and from 2017.06.26 till present.

Note 8: Evergreen Marine Corp. (Taiwan) Ltd., has appointed representatives to serve as directors or supervisors of the Company from 1989.03.31 to 1993.04.30 and 1996.03.21 till present.

Note 9: Ms. Ko, Lee-Ching has served as a supervisor of the Company from 1992.05.02 to 2012.03.18, and she serves as a director of the Company from 2012.03.19 till present.

Note 10: Mr. Wu, Kuang-Hui has served as a supervisor of the Company from 2010.12.01 to 2017.06.26, and he serves as a director of the Company from 2017.06.26 till present.

Note 11: The Company had issued 4,051,892,256 shares when current Board of Directors was elected on 2017.06.26. As of 2020.03.31, the Company has issued 4,853,569,490 shares.

Note 12: Diversification of Board of Directors:

Title	Name	Gender	Business Management	Transportation Management	Finance Accounting	Law	Technology	Environmental Protection	Risk Management	Government & Supervision
Chairman	Lin, Bou-Shiu	Male	✓	✓			✓			
Director	Chang, Kuo-Cheng	Male	✓	✓						
Director	Ko, Lee-Ching	Female	✓	✓	✓					
Director	Tai, Jiin-Chyuan	Male	✓	✓		✓				
Director	Sun, Chia-Ming	Male	✓	✓						
Director	Wu, Kuang-Hui	Male	✓	✓	✓					
Independent Director	Chien, You-Hsin	Male	✓	✓			✓	✓		✓
Independent Director	Hsu, Shun-Hsiung	Male	✓	✓	✓				✓	
Independent Director	Wu, Chung-Pao	Male	✓	✓			✓			

Chart 1:Major Shareholders of the Institutional Shareholders

MAR 31, 2020

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)
Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%), Chang, Kuo-Cheng (16.67%), Chang, Kuo-Hua (12.90%), Chang, Kuo-Ming (12.17%), Lee, Yu-Mei (7.14%), Chen, Hui-Chu (5.81%), Yang, Mei-Chen (5.10%), Chang Yung-Fa Charity Foundation (5.00%), Chang, Yung-Fa (5.00%), Tseng, Chiung-Hui (1.33%)
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama) (8.14%), Chang, Kuo-Hua (6.64%), Evergreen International Corp. (5.45%), Chang, Yung-Fa (4.59%), Cathay Life Insurance Co., Ltd. (2.80%), New Labor Pension Fund (2.59%) Chang, Kuo-Ming (2.43%), Chang, Kuo-Cheng (1.98%), Fu, Di-Chen (1.96%), Standard Chartered in Custody for Fidelity Funds (1.40%)
Chang Yung-Fa Charity Foundation (Note 5)	Chang, Yung-Fa (33.33%), Chang, Kuo-Hua (33.33%), Cheng, Shen-Chih (33.33%)

Note1: If the directors and supervisors are institutional shareholders, please disclose the name of institute.

Note2: The major shareholders of the institutional shareholder (for those holding more than 10% shares) and its shareholdings percentage should be disclosed. If the major shareholders of the institutional shareholders are institute, please fill in chart 2.

Note3: When the institutional shareholder is not company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of endower and its endowment ratio.

Note4: Information is provided by institutional shareholders, Department of Commerce MOEA or Market Observation Post System (MOPS).

Note5: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Charity Foundation and their endowment as a percentage of endowment property endowed by endowers when Chang Yung-Fa Charity Foundation was established.

Chart 2:Major Shareholders of the Company’s Major Institutional Shareholders

MAR 31, 2020

<table>
<tr><th>Legal Entity
(Note 1)</th><th>Name of Institutional Shareholders (Note 2)</th><th>Major Shareholders of Institutional Shareholders (Note 3)</th></tr>
<tr><td rowspan="2">Evergreen International Corp.</td><td>Chang Yung-Fa Foundation (Note 6)</td><td>Chang,Yung-Fa,
Chang, Shu-Hua,
Chang, Kuo-Hua,
Chang, Kuo-Ming,
Chang, Kuo-Cheng,
Evergreen International Corp.,
Evergreen Marine Corp. (Taiwan) Ltd.,
Everglory Transport Corp.,
Evergreen Investment Corp.,
Eversafty Container Terminal Corp.,
Evermaster Industrial Corp.,
Evergenius Computer Information Corp.,
Everlaural Trading Corp. Ltd.,
Uniglory Marine Corp.</td></tr>
<tr><td>Chang Yung-Fa Charity Foundation (Note 7)</td><td>Chang, Yung-Fa (33.33%),
Chang, Kuo-Hua (33.33%),
Cheng, Shen-Chih (33.33%)</td></tr>
</table>

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama)	Chang, Yung-Fa (20%), Chang, Kuo-Hua (20%), Chang, Kuo-Ming (20%), Chang, Kuo-Cheng (20%), Pieca Corp. (20%)
	Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%), Chang, Kuo-Cheng (16.67%), Chang, Kuo-Hua (12.90%), Chang, Kuo-Ming (12.17%), Lee, Yu-Mei (7.14%), Chen, Hui-Chu (5.81%), Yang, Mei-Chen (5.10%), Chang Yung-Fa Charity Foundation (5.00%), Chang, Yung-Fa (5.00%), Tseng, Chiung-Hui (1.33%)
	Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd.(100%)
	New Pension Labor Fund	N/A
	Standard Chartered in Custody for Fidelity Funds	N/A
Chang Yung-Fa Charity Foundation	Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama) (8.14%), Chang, Kuo-Hua (6.64%), Evergreen International Corp. (5.45%), Chang, Yung-Fa (4.59%), Cathay Life Insurance Co., Ltd. (2.80%), New Labor Pension Fund (2.59%), Chang, Kuo-Ming (2.43%), Chang, Kuo-Cheng (1.98%), Fu, Di-Chen (1.96%), Fidelity Funds (1.40%)
	Soonex Co., Ltd.	Tasi, Chang-Chuan(54%)

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Chang Yung-Fa Charity Foundation	Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd. (40.36%), Evergreen International Corp. (8.45%), Chang, Kuo-Cheng (2.80%), Chang, Kuo-Hua (1.82%), Chang, Kuo-Ming (1.76%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for Norges Bank Investment Account (1.28%), Yang, Mei-Chen (1.03%), China Life Insurance Co., Ltd. (1.01%), Chang Yung-Fa (0.95%), Ding Yuan Investment Corp. (0.80%)
	Wei-Meng Limited Company	Hung, De-Tai(51%)

Note1: Name of the institutional shareholders of chart 1.

Note2: Name of the major shareholder of institutional shareholders of chart 1.

Note3: The major shareholders of the institutional shareholder (for those holding more than 10% shares) and its shareholdings percentage should be disclosed.

Note4: When the institutional shareholder is not company organization, the mentioned name of institution and its shareholding ratio, which shall be disclosed, are defined as name of endower and its endowment ratio.

Note5: Information is provided by institutional shareholders, Department of Commerce MOEA or Market Observation Post System (MOPS).

Note6: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Foundation.

Note7: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Charity Foundation and their endowment as a percentage of endowment property endowed by endowers when Chang Yung-Fa Charity Foundation was established.

Professional Qualifications and independence Analysis Of Directors

MAR 31, 2020

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lin, Bou-Shiu			✓	✓		✓	✓	✓	✓		✓	✓	✓	✓		0
Chang, Kuo-Cheng			✓	✓					✓	✓			✓	✓		0
Ko, Lee-Ching			✓	✓		✓	✓		✓	✓			✓	✓		0
Tai, Jiin-Chyuan			✓	✓		✓	✓		✓	✓			✓	✓		0
Sun, Chia-Ming			✓			✓	✓	✓	✓		✓	✓	✓	✓		0
Wu, Kuang-Hui			✓	✓		✓	✓		✓		✓		✓	✓		0
Chien, You-Hsin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Hsu, Shun-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wu, Chung-Pao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note:Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27,

paragraph 1 or 2 of the Company Act. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. The same does not apply, however, in cases where a specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not being a person of any conditions defined in Article 30 of the Company Act.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management Team

MAR 31, 2020

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Sun,Chia-Ming	Male	2018.01.01	102,763	0.002	0	0	0	0	Bachelor of International Trade, Chinese Cultural University	Director: Evergreen Sky Catering Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Evergreen Aviation Technologies Corp., Hsiang-Li Investment Corp.	-	-	-	-
Chief Executive Vice President	R.O.C.	Ho, Ching-Sheng	Male	2016.03.11	371,452	0.008	0	0	0	0	Master of Aviation Safety, University of Central Missouri Master of Business Administration, University of Central Missouri	-	-	-	-	-
Executive Vice President, Legal & Insurance Div.	R.O.C.	Hsu, Hui-Sen	Male	2019.01.01	14,417	0.000	0	0	0	0	Master of the Law of the Sea, National Taiwan Ocean University Legal Affairs (Senior Vice President), Group Management Head Office	-	-	-	-	-
Executive Vice President, Public Relations Div.	R.O.C.	Chen, Yao-Min	Male	2019.06.19	44,453	0.001	0	0	0	0	Department of Tourism, World College of Journalism	Executive Vice President, Public Relations Dept., Evergreen International Corp.	-	-	-	-
Executive Vice President, Human Resources Div.	R.O.C.	Hsiao, Chin-Lung	Male	2019.01.01	22,271	0.000	0	0	0	0	Department of International Trade, Tamsui Institute of Business Administration	-	-	-	-	-
Executive Vice President, Finance Div. (Financial Officer)	R.O.C.	Tsai, Ta-Wei	Male	2011.01.01	87,005	0.002	918	0	0	0	Bachelor of Accounting, Chinese Cultural University	Director: Hsiang-Li Investment Corp. Kaohsiung Airport Catering Services Ltd. Supervisor: Evergreen Sky Catering Corp., Ever Fun Travel Services Corp., Evergreen Aviation Technologies Corp., GE Evergreen Engine Services Corp.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Executive Vice President, Corporate Planning Div.	R.O.C.	Liao, Chi-Wei	Male	2016.03.22	69,560	0.001	4,725	0	0	0	Master of Marine Biology, National Sun Yat-Sen University President (Junior Vice President), EZFLY.COM Corp.	-	-	-	-	-
Executive Vice President, Passenger Management Div.	R.O.C.	Li, Shyh-Liang	Male	2008.01.01	22,511	0.000	13	0	0	0	Bachelor of Transportation and Communication Management, Feng Chia University	-	-	-	-	-
Executive Vice President, Customer Service Div.	R.O.C.	Lu, Yu-Chuan	Female	2018.01.01	0	0.000	0	0	0	0	Bachelor of Business Administration, Fu Jen University Junior Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	-
Executive Vice President, Cargo Div.	R.O.C.	Chuang, Shih-Hsiung	Male	2019.01.01	51,421	0.001	4,119	0	0	0	Bachelor of Animal Science and Biotechnology, Tunghai University	-	-	-	-	-
Executive Vice President, Flight Operations Div.	R.O.C.	Chen, Yeou-Yuh	Male	2011.01.01	53,554	0.001	0	0	0	0	Bachelor of Maritime Science, Tamkang University	-	-	-	-	-
Executive Vice President, Cabin Service Div.	R.O.C.	Chang, Jang-Tsang	Male	2014.01.01	186,938	0.004	0	0	0	0	Bachelor of Business Management, Tatung University Senior Vice President, UNI Airways Corp.	-	-	-	-	-
Executive Vice President, Engineering & Maintenance Div.	R.O.C.	Kuo, Chun-Yi	Male	2019.01.01	40,161	0.001	0	0	0	0	Bachelor of Aeronautical Engineering, Feng Chia University Executive Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	-
Executive Vice President, Airport Div.	R.O.C	Yeh, Shih-Chung	Male	2017.02.01	117,712	0.002	0	0	0	0	Bachelor of Industrial Management, National Taiwan Institute of Technology	-	-	-	-	-
Executive Vice President, Computer Div.	R.O.C.	Fang, Gwo-Shianng	Male	2007.01.01	215,178	0.004	0	0	0	0	Bachelor of Computer Science, Feng Chia University Deputy Junior Vice President, Evergreen IT Corp.	-	-	-	-	-
Executive Vice President, America Head Office	R.O.C.	Chen, Chi-Hung	Male	2016.01.01	0	0.000	0	0	0	0	Department of Mechanical Engineering, Hsin-Pu Junior College of Industry	-	-	-	-	-
Secretary (Senior Vice President)	R.O.C.	Chou, Yu-Chuan	Female	2019.01.01	57,588	0.001	0	0	0	0	Bachelor of German Language and Literature, Fu Jen University Secretary (Junior Vice President), Group Management Head Office	-	-	-	-	-
Senior Vice President, Auditing Div.	R.O.C.	Lee, Yi-Chung	Male	2018.01.01	14,422	0.000	0	0	0	0	Bachelor of Accounting, Tunghai University Deputy Senior Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President, General Affairs Dept.	R.O.C.	Soong, Allen	Male	2007.01.01	0	0.000	0	0	0	0	Department of Tourism, World College of Journalism	-	-	-	-	-
Senior Vice President, Finance Div. Finance Dept. (Accounting Officer)	R.O.C.	Chiang, Chin-Lan	Female	2015.01.01	70,088	0.001	0	0	0	0	Bachelor of Economics, National Taiwan University	-	-	-	-	-
Senior Vice President, Finance Div. Revenue Audit Dept.	R.O.C.	Ho, Li-Cheng	Female	2015.01.01	62,780	0.001	0	0	0	0	Bachelor of Banking and Finance, Tamkang University	-	-	-	-	-
Senior Vice President, Stocks Dept. (Governance Officer)	R.O.C.	Hsieh, Shu-Hui	Female	2016.04.27	0	0.000	0	0	0	0	Bachelor of Law, Soochow University	Senior Vice President, Stocks Dept., Evergreen International Corp.	-	-	-	-
Senior Vice President, Corporate Planning Div.	R.O.C.	Chiang, Wei-Du	Male	2017.01.01	42,198	0.001	10,860	0	0	0	Bachelor of Foreign Languages and Literature, National Tsing Hua University Deputy Junior Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	-
Senior Vice President, Corporate Planning Div.	R.O.C.	Su, Wei-Jen	Male	2018.01.01	54,991	0.001	21,733	0	0	0	Bachelor of International Trade, Fu Jen University	-	-	-	-	-
Senior Vice President, Digital And Information Planning Dept.	R.O.C.	Chiu, Chung-Yu	Male	2020.01.01	57,843	0.001	0	0	0	0	Bachelor of Mechanical Engineering, Feng Chia University	-	-	-	-	-
Senior Vice President, Passenger Management Div. Revenue Management Dept.	R.O.C.	Pan, Hsin-Hsiu	Male	2018.01.01	14,997	0.000	368	0	0	0	Bachelor of Western Language and Literature, National Chengchi University	-	-	-	-	-
Senior Vice President, Passenger Business Div.	R.O.C.	Wang, Chen-Hsing	Male	2016.01.01	40,996	0.001	10,232	0	0	0	Department of Marine Engineering, Kaohsiung Institute of Marine Technology	-	-	-	-	-
Senior Vice President, Customer Service Div. Reservation & Ticketing Dept.	R.O.C.	Wu, Su-Shin	Female	2020.01.01	64,532	0.001	0	0	0	0	Bachelor of Sociology, Fu Jen University	-	-	-	-	-
Senior Vice President, Flight Operations Div.	R.O.C.	Lee, Cheng-Chieh	Male	2016.01.01	57,982	0.001	16,372	0	0	0	Bachelor of Mechanical Engineering, Tamkang University	-	-	-	-	-
Senior Vice President, Cabin Crew Div. Cabin Crew Administration Dept.	R.O.C.	Hsu, Ping	Male	2020.01.01	57,739	0.001	0	0	0	0	Bachelor of Psychology, National Taiwan University	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President, Cabin Crew Div. Cabin Crew Scheduling Dept.	R.O.C.	Hsu, Shu-Ching	Female	2018.01.01	52,056	0.001	0	0	0	0	Department of Banking and Insurance, Taipei College of Business Public Relations (Junior Vice President), Group Management Head Office	-	-	-	-	-
Senior Vice President, Cabin Crew Div. Cabin Crew Standard Dept.	R.O.C.	Yang, Hsiu-Huey	Female	2013.01.01	352	0.000	0	0	0	0	Department of Radio & Television, World College of Journalism	-	-	-	-	-
Senior Vice President, Cabin Service Div. Catering & Cabin Supply Dept.	R.O.C.	Liu, Ying	Female	2011.01.01	76,965	0.002	0	0	0	0	Master of Graduate Institute of Human Resource Management, National Central University	-	-	-	-	-
Senior Vice President, Cabin Service Div. Cabin Supply Provision Dept.	R.O.C.	Tao, Shin-Chien	Male	2015.01.01	0	0.000	0	0	0	0	Bachelor of Business Administration, National Chung Hsing University	-	-	-	-	-
Senior Vice President, Engineering & Maintenance Div. Maintenance Administration Dept.	R.O.C.	Yeh, Ching-Far	Male	2012.01.01	152	0.000	0	0	0	0	Master of Business Adminstrations, National Chengchi University Master of Mechanical Engineering, Tatung College of Technology	-	-	-	-	-
Senior Vice President, Engineering & Maintenance Div. Engineering Dept.	R.O.C.	Liu, Wen-Jang	Male	2018.07.01	52,128	0.001	0	0	0	0	Bachelor of Electrical Engineering , National Taiwan Institute of Technology Manager, Evergreen Aviation Technologies Corp.	-	-	-	-	-
Senior Vice President, Airport Div. Taoyuan Airport Office	R.O.C.	Yu, Chia-Chieh	Male	2017.01.01	57,878	0.001	0	0	0	0	Bachelor of International Business, Soochow University	-	-	-	-	-
Senior Vice President, Airport Div. Kaohsiung Airport Office	R.O.C.	Chen, Shen-Chi	Male	2019.01.01	57,588	0.001	0	0	0	0	Department of Tourism, World College of Journalism Station Manager (Senior Vice President), UNI Airways Corp.	-	-	-	-	-
Senior Vice President, Computer Div.	R.O.C.	Chen, Chia-Chuan	Male	2018.01.01	36,236	0.001	93	0	0	0	Bachelor of Business Administration, National Chung Hsing University	-	-	-	-	-
Senior Vice President, Computer Div.	R.O.C.	Hou, Hsien-Yu	Male	2011.01.01	15,972	0.000	0	0	0	0	Master of Information Management, National Taiwan University Senior Engineer, Evergreen E-Services Corp.	-	-	-	-	-
Senior Vice President, America Head Office	R.O.C.	Chung, Kai-Cheng	Male	2018.01.01	29,218	0.001	0	0	0	0	Master of Transportation and Communication Management Science, National Cheng Kung University	-	-	-	-	-
Deputy Senior Vice President, Corporate Planning Div.	R.O.C	Lin, Shu-Fen	Female	2018.01.01	54,179	0.001	0	0	0	0	Bachelor of English Language and Literature, Soochow University	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Deputy Senior Vice President, Corporate Planning Div.	R.O.C.	Chen, Shih-Ming	Male	2018.01.01	14,417	0.000	0	0	0	0	Bachelor of Forestry, National Chung Hsing University	-	-	-	-	-
Deputy Senior Vice President, Operation Management Dept.	R.O.C.	Fung, Mei-Lie	Female	2018.01.01	81,815	0.002	0	0	0	0	Department of Tourism, Ming Chuan Junior Women's Commercial College Junior Vice President, UNI Airways Corp.	-	-	-	-	-
Deputy Senior Vice President, Operation Management Dept.	R.O.C.	Chang, Yu-Heng	Male	2017.01.01	14,727	0.000	434	0	0	0	Bachelor of Physics, Tunghai University	-	-	-	-	-
Deputy Senior Vice President, Passenger Management Div. Reservation & Tariff Management Dept.	R.O.C.	Liu, Hsin-Cheng	Male	2017.01.01	70,626	0.001	968	0	0	0	Bachelor of Accounting, Chinese Cultural University	-	-	-	-	-
Deputy Senior Vice President, Passenger Business Div. Business Dept.	R.O.C.	Lee, Chia-Fang	Female	2018.01.01	22,620	0.000	0	0	0	0	Bachelor of International Business, Tamkang University Secretary (Deputy Manager), Evergreen Sky Catering Corp.	-	-	-	-	-
Deputy Senior Vice President, Cargo Div. Business Dept.	R.O.C.	Chen, Shui-Feng	Male	2017.08.01	26,545	0.001	0	0	0	0	Department of Electrical Engineering, Ming-Hsin Institute of Technology & Commerce	-	-	-	-	-
Deputy Senior Vice President, Loyalty Marketing Dept.	R.O.C.	Liu, Ying-Chun	Female	2017.01.01	15,311	0.000	6,230	0	0	0	Bachelor of Spanish, Tamkang University	-	-	-	-	-
Deputy Senior Vice President, Corporate Safety, Security & Sustainability Div.	R.O.C.	Yeh, Wu-Han	Male	2019.01.01	46,282	0.001	0	0	0	0	Bachelor of Information Engineering and Computer Science, Feng Chia University	-	-	-	-	-
Deputy Senior Vice President, Flight Operations Div. Training Equipment Dept.	R.O.C.	Kuo, Ming-Cheng	Male	2013.01.01	84,773	0.002	0	0	0	0	Bachelor of Economics, Fu Jen University	-	-	-	-	-
Deputy Senior Vice President, Cabin Service Div. Product Marketing Dept.	R.O.C.	Wang, Pei-Chi	Male	2017.01.01	14,417	0.000	0	0	0	0	Bachelor of Foreign Languages, Christ's College Taipei	-	-	-	-	-
Deputy Senior Vice President, Engineering & Maintenance Div. Quality Assurance Dept.	R.O.C.	Lin, Wen-Ji	Male	2019.01.01	26,720	0.001	6,422	0	0	0	Bachelor of Aeronautical Engineering, Feng Chia University Junior Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Present Shareholdings		Shares Held by Spouse & Dependents		Shares Held by Third Parties		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Deputy Senior Vice President, Airport Div. Taoyuan Airport Office	R.O.C.	Wu, Shu-Ping	Female	2013.01.01	41,793	0.001	5,219	0	0	0	Department of Tourism, Hsing Wu College of Commerce	-	-	-	-	-
Deputy Senior Vice President, Airport Div. Taoyuan Airport Office	R.O.C.	Wang, Hwa-Tsai	Male	2018.01.01	63,487	0.001	0	0	0	0	Bachelor of Banking, Feng Chia University	-	-	-	-	-
Deputy Senior Vice President, Airport Div. Songshan Airport Office	R.O.C.	Huang, Chun-Hsiung	Male	2018.01.01	281	0.000	0	0	0	0	Bachelor of Electrical Engineering, Tamkang University	-	-	-	-	-
Office Chief (Deputy Senior Vice President), Sky Jet Center	R.O.C.	Lee, Kang	Male	2019.01.01	5,149	0.000	0	0	0	0	Bachelor of Traffic Engineering and Management, Feng Chia University	-	-	-	-	-
General Manager (Deputy Senior Vice President), Beijing Office	R.O.C.	Liang, Wen-Long	Male	2019.01.01	38,871	0.001	19,735	0	0	0	Master of Transportation and Logistics Management, National Chiao Tung University Representative in China (Manager), Group Management Head Office	-	-	-	-	-
General Manager (Deputy Senior Vice President), Europe Head Office U.K. Branch	R.O.C.	Wang, Yuan-Shyang	Male	2014.01.01	127	0.000	0	0	0	0	Bachelor of Business Administration, National Taiwan University	-	-	-	-	-
General Manager (Deputy Senior Vice President), Hong Kong Branch	R.O.C.	Chang, Ming-Hung	Male	2014.01.01	168,000	0.003	0	0	0	0	Bachelor of International Trade, Tunghai University	-	-	-	-	-
General Manager (Deputy Senior Vice President), Japan Branch	R.O.C.	Tseng, Wen-Chiang	Male	2015.09.01	20,587	0.000	0	0	0	0	Bachelor of Journalism, Chinese Cultural University	-	-	-	-	-
General Manager (Deputy Senior Vice President), Thailand Branch	R.O.C.	Chen, Yu-Hou	Male	2016.01.01	14,417	0.000	0	0	0	0	Master of Civil Engineering, National Chiao Tung University	-	-	-	-	-
Deputy Senior Vice President, America Head Office	U.S.A	Yeh, Vanessa	Female	2019.01.01	263	0.000	0	0	0	0	Bachelor of Fine Art, University of Texas at Austin	-	-	-	-	-

3.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

3.3.1 Remuneration of Directors

As of December 31, 2019
Unit: NT$ thousands

Title	Name	Remuneration: Base Compensation (A) (Note 2)		Remuneration: Severance Pay (B)		Remuneration: Remuneration to Directors (C) (Note 3)		Remuneration: Allowances (D (Note 4)		Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, Allowances (E) (Note 5)		Severance Pay (F)		Employees' Compensation (G) (Note 6)				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 8)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 9)
		EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA	Consolidated Subsidiaries of EVA (Note 7)	EVA: Cash	EVA: Stock	Consolidated Subsidiaries of EVA(Note 7): Cash	Consolidated Subsidiaries of EVA(Note 7): Stock	EVA	Consolidated Subsidiaries of EVA (Note 7)	
Chairman	Evergreen International Corp. Representative：Lin, Bou-Shiu	6,759	6,759	-	-	2,000	4,500	36	36	0.22%	0.28%	-	-	-	-	-	-	-	-	0.22%	0.28%	914
Director	Evergreen International Corp. Representative：Chang, Kuo-Cheng	-	-	-	-	1,500	1,500	-	-	0.04%	0.04%	-	-	-	-	-	-	-	-	0.04%	0.04%	5,551
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative：Ko, Lee-Ching	-	-	-	-	1,500	2,500	36	36	0.04%	0.06%	-	-	-	-	-	-	-	-	0.04%	0.06%	1,100
Director	Chang Yung-Fa Charity Foundation Representative：Tai, Jiin-Chyuan	-	-	-	-	1,500	3,000	36	36	0.04%	0.08%	-	-	-	-	-	-	-	-	0.04%	0.08%	1,320
Director	Chang Yung-Fa Charity Foundation Representative：Sun, Chia-Ming	-	-	-	-	1,500	4,000	36	36	0.04%	0.10%	4,880	4,880	-	-	-	-	-	-	0.16%	0.22%	-
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative：Wu, Kuang-Hui	-	-	-	-	1,500	1,500	36	36	0.04%	0.04%	-	-	-	-	-	-	-	-	0.04%	0.04%	655
Independent Director	Chien, You-Hsin	960	960	-	-	-	-	48	48	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	-
Independent Director	Hsu, Shun-Hsiung	960	960	-	-	-	-	48	48	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	-
Independent Director	Wu, Chung-Pao	960	960	-	-	-	-	48	48	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	408

Note1: Illustrate the remuneration policies, system, standards and structure for independent directors, and describe the relevance of the amount of remuneration with its responsibilities, risks, engaged time and other factors:

(1) Independent directors of the company also serve as members of the audit committee and the remuneration committee. According to "Payment Regulation of Directors Compensation", the independent directors receive not only monthly remuneration but travel allowance each time they attend committee meetings.

(2) The company periodically reviews remuneration standard and structure for independent directors based on the company's operating performance, future operating risks, the degree of independent directors' participation, and the value of individuals' contribution to the company's operation.

Note2: Except for the disclosed information above, the directors received remuneration due to providing service (ex. being consultant) for the Company's subsidiaries: None.

Note 1: If the directors are also the management of the Company, please fill in chart 3.3.2 .
Note 2: Includes directors' salary, subsidy, leave pay and bonus.
Note 3: The directors' remuneration has been approved by Board of Directors.
Note 4: Includes transportation allowance of directors.
Note 5: Includes employees' salary, subsidy, employees' stock options and unholiday bonus.
Note 6: The directors didn't receive employees' compensation from the Company.
Note 7: Includes the total amount received from EVA and its consolidated subsidiaries.
Note 8: Net income is the profit after tax of the parent-company-only financial statements.
Note 9: The directors received the compensation from other invested companies, which are not subsidiaries.

3.3.2 Remuneration of the President and Executive Vice President

As of December 31, 2019
Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C) (Note 3)</th><th colspan="4">Employees' Compensation (D) (Note 4)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income(%) (Note 8)</th><th rowspan="3">Compensation from an Invested Company Other than the Company's Subsidiaries (Note 9)</th></tr>
<tr><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA (Note 5)</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA (Note 5)</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA (Note 5)</th><th colspan="2">EVA</th><th colspan="2">Consolidated Subsidiaries of EVA (Note 5)</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA (Note 5)</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Sun, Chia-Ming</td><td>3,476</td><td>3,476</td><td>-</td><td>-</td><td>2,940</td><td>5,440</td><td>-</td><td>-</td><td>-</td><td>-</td><td>0.16%</td><td>0.22%</td><td>-</td></tr>
<tr><td>Chief Executive Vice President</td><td>Ho, Ching-Sheng</td><td rowspan="16">41,514</td><td rowspan="16">41,514</td><td rowspan="16">2,787</td><td rowspan="16">2,787</td><td rowspan="16">15,553</td><td rowspan="16">17,327</td><td rowspan="16">225</td><td rowspan="16">-</td><td rowspan="16">225</td><td rowspan="16">-</td><td rowspan="16">1.51%</td><td rowspan="16">1.55%</td><td rowspan="16">-</td></tr>
<tr><td>Executive Vice President</td><td>Hsu, Hui-Sen</td></tr>
<tr><td>Executive Vice President</td><td>Kou, Jin-Cheng</td></tr>
<tr><td>Executive Vice President</td><td>Chen, Yao-Min</td></tr>
<tr><td>Executive Vice President</td><td>Hsiao, Chin-Lung</td></tr>
<tr><td>Executive Vice President</td><td>Tsai, Ta-Wei</td></tr>
<tr><td>Executive Vice President</td><td>Liao, Chi-Wei</td></tr>
<tr><td>Executive Vice President</td><td>Li, Shyh-Liang</td></tr>
<tr><td>Executive Vice President</td><td>Lu, Yu-Chuan</td></tr>
<tr><td>Executive Vice President</td><td>Chuang, Shih-Hsiung</td></tr>
<tr><td>Executive Vice President</td><td>Chen, Yeou-Yuh</td></tr>
<tr><td>Executive Vice President</td><td>Chang, Jang-Tsang</td></tr>
<tr><td>Executive Vice President</td><td>Kuo, Chun-Yi</td></tr>
<tr><td>Executive Vice President</td><td>Yeh, Shih-Chung</td></tr>
<tr><td>Executive Vice President</td><td>Fang, Gwo-Shianng</td></tr>
<tr><td>Executive Vice President</td><td>Chen, Chi-Hung</td></tr>
</table>

Range of Remuneration	Name of President and Executive Vice President	
	EVA (Note 6)	Consolidated Subsidiaries of EVA (Note 7)(E)
Under NT$ 1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	Kou, Jin-Cheng	-
NT$2,000,000 ~ NT$3,499,999	Chen, Yao-Min	Kou, Jin-Cheng Chen, Yao-Min
NT$3,500,000 ~ NT$4,999,999	Ho, Ching-Sheng Hsu, Hui-Sen Hsiao, Chin-Lung Tsai, Ta-Wei Liao, Chi-Wei Li, Shyh-Liang Lu, Yu-Chuan Chuang, Shih-Hsiung Chen, Yeou-Yuh Chang, Jang-Tsang Kuo, Chun-Yi Yeh, Shih-Chung Fang, Gwo-Shianng Chen, Chi-Hung	Ho, Ching- Sheng Hsu, Hui-Sen Hsiao, Chin-Lung Tsai, Ta-Wei Liao, Chi-Wei Li, Shyh-Liang Lu, Yu-Chuan Chuang, Shih-Hsiung Chen, Yeou-Yuh Chang, Jang-Tsang Kuo, Chun-Yi Yeh, Shih-Chung Fang, Gwo-Shianng Chen, Chi-Hung
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
NT$100,000,000 or above	-	-
Total	16	16

Note 1: If the President and Executive Vice Presidents are also the directors of the Company, please fill in chart 3.3.1
Note 2: Salary received of President and Executive Vice Presidents.
Note 3: Includes employees' stock options, bonus, subsidy, transportation allowance and remunerations received from consolidated subsidiaries of EVA.
Note 4: The employees' compensation of Executive Vice Presidents have been approved by Board of Directors.
Note 5: Includes the total amount received from EVA and its consolidated subsidiaries
Note 6: The name of the President and Executive Vice President is disclosed according to their total remuneration received from the Company.
Note 7: The name of the President and Executive Vice President is disclosed according to their total remuneration received from the Company and its subsidiaries.
Note 8: Net income is the profit after tax of the parent-company-only financial statements.
Note 9: The President and Executive Vice Presidents received the compensation from other invested companies, which are not subsidiaries.

3.3.3 Employees' Compensation of the Management Team

As of December 31, 2019 /Unit: NT$ thousands

	Title	Name	Employees' Compensation - in Stock	Employees' Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chief Executive Vice President	Ho, Ching-Sheng	0	960	960	0.02%
	Executive Vice President	Hsu, Hui-Sen				
	Executive Vice President	Chen, Yao-Min				
	Executive Vice President	Hsiao, Chin-Lung				
	Executive Vice President (Financial Officer)	Tsai, Ta-Wei				
	Executive Vice President	Liao, Chi-Wei				
	Executive Vice President	Li, Shyh-Liang				
	Executive Vice President	Lu, Yu-Chuan				
	Executive Vice President	Chuang, Shih-Hsiung				
	Executive Vice President	Chen, Yeou-Yuh				
	Executive Vice President	Chang, Jang-Tsang				
	Executive Vice President	Kuo, Chun-Yi				
	Executive Vice President	Yeh, Shih-Chung				
	Executive Vice President	Fang, Gwo-Shianng				
	Executive Vice President	Chen, Chi-Hung				
	Senior Vice President	Chou, Yu-Chuan				
	Senior Vice President	Lee, Yi-Chung				
	Senior Vice President	Chang, Tsu-Chun				
	Senior Vice President	Soong, Allen				
	Senior Vice President (Accounting Officer)	Chiang, Chin-Lan				
	Senior Vice President	Ho, Li-Cheng				
	Senior Vice President (Governance Officer)	Hsieh, Shu-Hui				
	Senior Vice President	Chiang, Wei-Du				
	Senior Vice President	Su, Wei-Jen				
	Senior Vice President	Lin, Ta-Yuan				
	Senior Vice President	Pan, Hsin-Hsiu				
	Senior Vice President	Wang, Chen-Hsing				
	Senior Vice President	Lee, Cheng-Chieh				
	Senior Vice President	Yang, Hsiu-Huey				
	Senior Vice President	Hsiu, Shu-Ching				
	Senior Vice President	Liu, Ying				

	Title	Name	Employees' Compensation - in Stock	Employees' Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Senior Vice President	Tao, Shin-Chien	0	960	960	0.02%
	Senior Vice President	Yeh, Ching-Far				
	Senior Vice President	Liu, Wen-Jang				
	Senior Vice President	Yu, Chia-Chieh				
	Senior Vice President	Chen, Shen-Chi				
	Senior Vice President	Chen, Chia-Chuan				
	Senior Vice President	Hou, Hsien-Yu				
	Senior Vice President	Chung, Kai-Cheng				
	Deputy Senior Vice President	Hsu, Ping				
	Deputy Senior Vice President	Lin, Shu-Fen				
	Deputy Senior Vice President	Chen, Shih-Ming				
	Deputy Senior Vice President	Chang, Yu-Heng				
	Deputy Senior Vice President	Chiu, Chung-Yu				
	Deputy Senior Vice President	Liu, Hsin-Cheng				
	Deputy Senior Vice President	Lee, Chia-Fang				
	Deputy Senior Vice President	Wu, Su-Shin				
	Deputy Senior Vice President	Chen, Shui-Feng				
	Deputy Senior Vice President	Liu, Ying-Chun				
	Deputy Senior Vice President	Yeh, Wu-Han				
	Deputy Senior Vice President	Kuo, Ming-Cheng				
	Deputy Senior Vice President	Fung, Mei-Lie				
	Deputy Senior Vice President	Wang, Pei-Chi				
	Deputy Senior Vice President	Lin, Wen-Ji				
	Deputy Senior Vice President	Wu, Shu-Ping				
	Deputy Senior Vice President	Wang, Hwa-Tsai				
	Deputy Senior Vice President	Huang, Chun-Hsiung				
	Deputy Senior Vice President	Lee, Kang				
	Deputy Senior Vice President	Liang, Wen-Long				
	Deputy Senior Vice President	Wang, Yuan-Shyang				
	Deputy Senior Vice President	Chang, Ming-Hung				
	Deputy Senior Vice President	Tseng, Wen-Chiang				
	Deputy Senior Vice President	Chen, Yu-Hou				
	Deputy Senior Vice President	Yeh, Vanessa				

Note 1: The title and the name of management should be disclosed separately. The amount of employees' compensation could be disclosed by summary amount.

Note 2: The employees' compensation (including stocks and cash) should resolved by Board of Directors. If the compensation amount can not be predicted, the estimated distribution amount could be calculated by the percentage of the actual distribution amount of last year. Net income is the profits after tax of the parent-company-only financial report of last year (if the Company adopts TIFRS).

Note 3: Managements team includes

a. President or equal position
b. Executive Vice Presidents or equal position
c. Senior Vice Presidents and Deputy Senior Vice Presidents or equal position
d. Finance Officer
e. Accounting Officer
f. The Person who is in charge of the company operating business or has the right to sign papers.

Note 4: If the Directors, Presidents or Executive Vice Presidents have received employees' compensation (including stocks or cash), the name should be disclosed in the above chart.

3.3.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Executive Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Executive Vice Presidents

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the last two fiscal years to directors, supervisors, presidents and executive vice presidents of the Company, to the net income of the parent-company-only financial statements.

Title	EVA		Consolidated Subsidiaries of EVA	
	2018	2019	2018	2019
Directors	0.52%	0.61%	0.64%	0.79%
Presidents and Executive Vice Presidents	1.27%	1.67%	1.32%	1.78%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:

The directors' remuneration are stipulated according to the Company's Articles of Incorporation, authorizing Board of Directors to determine the remuneration by its participation and contribution as well as that of other company's data. The remuneration of managers are determined in accordance with the Payment Regulation of Managers Compensation. The remuneration for directors and managers are stipulated by Remuneration Committee and should be approved by Board of Directors. The bonus would be considered and distributed refer to the operation results of the Company and the personal performance.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total 6 (A) meetings of the Board of Directors were held in the year 2019. The attendance of directors was as follows.

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Note 2)	Remarks
Chairman	Evergreen International Corp. Representative: Lin, Bou-Shiu	6	0	100%	-
Director	Evergreen International Corp. Representative: Chang, Kuo-Cheng	0	2	0%	-
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Ko, Lee-Ching	6	0	100%	-
Director	Chang Yung-Fa Charity Foundation Representative: Tai, Jiin-Chyuan	6	0	100%	-
Director	Chang Yung-Fa Charity Foundation Representative: Sun, Chia-Ming	6	0	100%	-
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Wu, Kuang-Hui	6	0	100%	-
Independent Director	Chien, You-Hsin	6	0	100%	-
Independent Director	Hsu, Shun-Hsiung	6	0	100%	-
Independent Director	Wu, Chung-Pao	6	0	100%	-

Other mentionable items:

1. Please illustrate the dates of the Board Meetings, period, agenda and all independent directors' opinions and the Company's responses if one of following situation occurred during the Board Meetings:
   (1) The items listed in Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established the Audit Committee.
   (2) Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.
2. If the directors have personal interest conflicts to the proposal and are required for recusal, please specify the name of the directors, proposal, reason and the resolution: Please refer to page 86 to page 91 for more information.
3. The 2019 Self-evaluation of the performance of the Board of Directors:

Evaluation Cycle	Once a year
Evaluation Period	From Jan 1, 2019 to Dec 31, 2019
Evaluation Scope	The Board, the Board members and the functional committees.
Evaluation Method	Internal self-evaluation of the Board and self-evaluation of the Board members
Evaluation Indexes	1. Self-evaluation of performance of the Board: Participation in the operation of the company, the quality of the board of directors' decision making, Composition and structure of the board of directors, Election and continuing education of the directors, and Internal control. 2. Self-evaluation of performance of Board members (for themselves): Alignment of the goals and missions of the company, Awareness of the duties of a director, Participation in the operation of the company, Management of internal relationship and communication, the director's professionalism and continuing education, and Internal control 3. Self-evaluation of performance of the functional committees: Participation in the operation of the company, Awareness of the duties of the functional committee, the quality of decisions made by the functional committee, Makeup of the functional committee and election of its members, and Internal control
Evaluation Result	1. Self-evaluation of performance of the Board: Good 2. Self-evaluation of performance of Board members (for themselves): Excellent 3. Self-evaluation of performance of the functional committees: Excellent

4. The evaluation to strengthen the functionality of Board of Directors in recent years(ex. establish Audit Committee or enhance information transparency):

(1) The Company has purchased liability insurance for directors in order to disperse the risk of legal responsibility and improve the ability of corporate governance.

(2) To enhance the professional ability of directors as well as implement corporate governance, the Company has invited lecturers for directors to attend training courses in 2019 and 2020.

(3) The Company was ranked in the range of 6% to 20% of all selected listed companies of the 6th Corporate Governance Evaluation, which illustrated the Company had good performance during operation.

(4) To enhance the information transparency, the Company voluntarily publishes important dissolutions of Board Meetings and establishes corporate governance page, social responsibility page, stakeholders' interest page and investors page on company website.

(5) To enable directors to obtain the appropriate assistance in time when requesting information and to improve the efficiency of the Board, the Company established "The Standard Operating Procedures for Handling Directors' Requests" on May 10, 2019.

(6) The Company has 3 independent directors, and it has stipulated the "Rules Governing the Duties of Independent Directors". To enhance the functionality of Board of Directors, the Company has established the Audit Committee.

Note 1: For directors and supervisors who are legal entities, both the names of the legal entity and the representative should be disclosed.

Note 2: (1) If any of the directors or supervisors resigns before the end of the year, it is required to specify the date of his/her resignation in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

(2) If there is any re-election of the Board before the end of the year, both the information of current and former directors and supervisors should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

3.4.2 Annual Tasks and Implementation Status of the Audit Committee

A. The Audit Committee of the Company is composed of three independent directors, whose major duties are to supervise and review the financial reports, accounting and internal control system, the major asset transactions, endorsements and guarantees, and the offering or issuance of securities.

B. Annual Tasks of the Audit Committee in 2019:

(A) Review financial reports:

The Company's annual business report, financial reports, and surplus distribution proposals were all reviewed by the Audit Committee and submitted to the Board for discussion. After being approved by the Board, the proposals were presented to the annual general meeting of shareholders for acknowledgement.

(B) Assess the effectiveness of internal control system:

The self-assessment of internal control systems and the implementation of the Company are completed by the internal units every year. And the audit unit reports the audit results to Audit Committee on a regular basis and submits the amendment of internal control system and internal control system statement to Audit Committee for confirmation. Besides, the Audit Committee and the audit unit have several closed-door meetings every year to enable the Committee to understand the financial status, operational effectiveness, risk management, information security, the compliance with regulations, and evaluate the effectiveness of internal control system of the Company.

(C) Appoint the Company's Certified Public Accountants.

The Audit Committee annually assesses the professionalism, independence, and the reasonableness of fees of CPAs. The proposal of appointing Mr. Tang Chia-Chien and Mr. Su Yen-Ta, the CPAs of Klynveld Peat Marwick Goerdele (hereinafter referred to as "KPMG"), as the Company's CPAs for 2019 was reviewed by Audit Committee on the 1st meeting of 2019 and approved by Board Meeting. Besides, CPAs have several closed-door meetings with the Audit Committee every year to communicate matters related to financial reports.

C. A total of 6 (A) meetings of the Audit Committee were held in 2019. The attendance of Independent directors was as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Chien, You-Hsin	6	0	100%	-
Independent director	Hsu, Shun-Hsiung	6	0	100%	-
Independent director	Wu, Chung-Pao	6	0	100%	-

Other mentionable items:

1. If any of the following circumstances occurs, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) The items listed in Article 14-5 of Securities and Exchange Act: Please refer to page 86 to 91.
   (2) Except for the proposal mentioned above, other resolutions which are not approved by Audit Committee but are approved by two-third of directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: Please refer to page 86 to 91.
3. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
   (1) The Communications between the independent directors and the Company's chief internal auditor:
      A. Communication method
      The independent directors and the chief internal auditor had seven closed-door or communication meetings in 2019, to report the results of execution of internal audit and operation of internal control. In the case of emergency, the meeting may be convened at any time. In addition, the audit and follow-up reports shall be submitted for review to the independent directors by the end of the next month following the completion of the audit items.

      B. The summaries of communication in 2019:

Date	Communication Content	The Company's Response
Mar 18, 2019	1. Reviewing the internal auditor's reports completed during Dec 2018 to Jan 2019. 2. Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits".	1.Submitted to Board of Directors meeting. 2.After being approved, the proposal was submitted to Board of Directors meeting for a resolution.

Date	Communication Content	The Company's Response
Mar 18, 2019		3.The in-charge department submitted the report of "Cost -variance Analysis for Common user self-service (CUSS) in LHR airport" and "Efficiency analysis of fuel hedging" to next Audit committee meeting.
May 10, 2019	1. Reviewing the internal auditor's reports completed during Feb to Mar 2019. 2. Reviewing the report of "Cost -variance Analysis for Common user self-service (CUSS) in LHR airport". 3. Reviewing the report of "Efficiency analysis of fuel hedging ".	Submitted to Board meeting.
Aug 9, 2019	Reviewing the internal auditor's reports completed during Apr to Jun 2019.	1. Submitted to Board meeting. 2. The in-charge department evaluated the application of IoT to EVA and submitted the evaluation report to Audit Committee.
Oct 2, 2019	1. Reviewing the internal auditor's reports completed during Jul to Aug 2019. 2. Report for Cost Effective and Risk Dashboard Project.	Submitted to Board meeting.
Nov 6, 2019	1. Customer automatic service including check-in of airport and internet ticketing service. 2. The application of IoT and automatic system in bonded warehouse.	The in-charge departments reported at communication meeting: 1. Current situation and plan for customer automatic service 2. The application of IoT to EVA's bonded warehouse.

Date	Communication Content	The Company's Response
Nov 8, 2019	Reviewing the internal auditor's reports completed during Aug to Oct 2019.	Submitted to Board meeting.
Dec 25, 2019	1. Reviewing the internal auditor's reports completed during Oct to Nov 2019. 2. 2020 Risk and Auditing.	Submitted to Board meeting.

(2) The Communications between the Independent Directors and CPAs:

A. Communication method

The independent directors and CPAs had four closed-door meetings in 2019, to report the financial situation and the audit results of the Company and its subsidiaries, and to explain about materially adjusting journal entries and the influence of legislation amendment on accounts. In the case of emergency, the meeting may be convened at any time.

B. The independent directors and CPAs had fully communicated, the summaries of communication in 2019:

Date	Communication Content	The Company's Response
Mar 18, 2019	1. CPAs review 2018 Financial Statement, explain Key Audit Matters (KAMs) and the important legislation amendment. 2. CPAs begin the discussion based on the problems that raised by the attendee.	None
May 10, 2019	1. CPAs review 2019 Q1 Financial Statement, explain Key Audit Matters (KAMs) and the important legislation amendment. 2. CPAs begin the discussion based on the problems that raised by the attendee.	None
Aug 9, 2019	1. CPAs review 2019 Q2 Financial Statement, explain Key Audit Matters (KAMs) and the important legislation amendment. 2. CPAs begin the discussion based on the problems that raised by the attendee.	None
Nov 8, 2019	3. CPAs review 2019 Q3 Financial Statement, explain Key Audit Matters (KAMs) and the important legislation amendment. 4. CPAs begin the discussion based on the problems that raised by the attendee.	None

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Board of Directors has approved "Corporate Governance Best-Practice Principles", which can be found on both the Company's website (URL: https://www.evaair.com/en-global/corporate-governance/) and Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders' Rights:				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		Stocks Department is in charge of handling the issue following internal control operation procedure.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		Responsibility is assigned to relevant departments.	None
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company has established risk control measures within internal control operation procedure.	None
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Board of Directors has established "Procedures for Handling Material Inside Information" and "Insider Trading Prevention Management" within internal control operation procedure to prevent the trading of stock by insiders.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			To enable the directors and managers of the Company to fully understand the relevant rules and penalties of "internal trading" in time. The Company provides the directors and managers with the Q&A on insider trading prohibition monthly, and also forwards the information of insider trading prevention from time to time. Moreover, to prevent any insider from making a profit by using information that is not available in the market, the Company organized an advocacy activity for employees on Dec 24, 2019, the subject included Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, insider trading prevention. The Company also provides external training resources, such as TWSE's Insider Trading Zone, so that all employees could acquire in-depth knowledge about insider trading prevention.	
3. Composition and Responsibilities of the Board of Directors: (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		1. According to the Company's "Corporate Governance Best-Practice Principles" paragraph 3 of Article 20, the composition of the	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Board of Directors should be determined by taking diversity into consideration. As per Paragraph 4 of Article 20, the members of the Board of Directors should have professional knowledge, skill and ability. Please refer to Table 3 for the information of diversity of the Company's Board of Directors. 2. Gender equality in the board members' composition is also deeply concerned by the Company, and the goal of female rate in board members is at least 10%. The current board of directors consists of 9 directors and 1 of whom is a female, which accounts for 11.11% of the board.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company doesn't voluntarily establish other functional committees.	The Company has established Remuneration Committee and Audit Committee. Board of Directors executes authority according to laws, Articles of Incorporation, resolutions of Shareholders' Meeting and the principle of corporate governance.
(3) Does the Company establish a standard to measure the performance of the Board annually, report the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and	V		1. The Company established the "Regulations Governing the Board Performance Evaluation", and disclosed it through the Company's official website and the Market Observation Post System (MOPS). 2. The Company shall conduct an internal board performance evaluation at least once a year. In	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
nomination?			addition, the Company's board performance evaluation may be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. 3. The 2019 evaluation results of the performance of the Board of Directors (please refer to Table 1) was reported to the board meeting dated Feb 7, 2020. 4. The annual Evaluation results of the performance of the Board of Directors are also the basis for individual director's remuneration and nomination of directors.	
(4) Does the Company regularly evaluate the independence of CPAs?	V		1. The assigned accountants are not directors, supervisors, executive officers, employees or shareholders of the Company or its affiliated companies and have been confirmed as non-stakeholders, which meets with the regulation of independent judgment of government. (Please refer to Table 2 for the CPAs independence evaluation.) 2. The Company annually evaluates the specialization and independence of CPAs. Also, the CPAs have completed independent report for the appointed auditing affair. The assignment and remuneration for CPAs of 2020 financial and tax certification have been approved by Board of Directors on Mar 19, 2020.	None
4. Does the TWSE/TPEx	V		1. The most senior officer of Stocks	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Listed Companies have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to deal with corporate governance business (including but not limited to provide directors and supervisors necessary information, assist directors and supervisors with legal compliance, hold Board Meeting or Annual General Meeting, company registration and change registration of company and Minutes of Board of Directors meeting and Annual General Meeting preparation) ?			Department, Hsieh, Shu-Hui, who was appointed the chief corporate governance officer of the Company by the resolution of the board meeting dated May 10, 2019. The sufficient professional corporate governance personnel has been allocated to protect shareholders' rights and strengthen the board functions. The chief corporate governance officer of the Company, who has been conducted stock affairs, shareholders' meeting and Board meeting affairs for at least 3 years, is eligible for corporate governance affairs. 2. The main duties of the chief corporate governance officer of the Company are as follows: (1)To handle matters relating to board meetings and shareholders meetings according to laws. (2)To produce minutes of board meetings and shareholders meetings. (3)To assist in onboarding and continuous development of directors. (4)To furnish information required for business execution by directors. (5)To assist Directors with legal compliance. 3.The business development in 2019 are as follows: (1)To furnish Directors with relevant information and regulations to	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			perform their duty and hold the Directors training courses: a. To furnish Directors with the latest regulations of corporate governance irregularly. b. To furnish Directors with the information to perform their duties and maintain smooth communication between Directors and departments. c. To arrange more than two closed-door meetings to enable independent directors to communication face-to-face with the chief internal auditor and CPAs to deeply understand the Company's audit and financial status. d. To hold two Directors training courses.(3 hours each time) (2) To handle matters relating to board meetings and shareholders meetings according to laws: a. To notify the meeting agendas to each director at least seven days in advance, provide the materials, remind the director not to participate in discussion or voting on the agenda item if he is an interested party with it, and distribute the minutes to each director within 20 days after the meeting. b. To assist to announce the material information after board meeting, ensure the legality and correctness of material information to protect	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			information equivalence of investor transaction. c. To register the date of the shareholders' meeting in accordance with laws, and produce meeting notices, handbooks and minutes within the legal period. (3) Chief corporate governance officer training records in 2019 please refer to Table 4.	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company provides stakeholders section on the website (URL: https://www.evaair.com/zh-tw/stakeholder-interest/) to facilitate communication channel between investors, suppliers, customers and employees. The Company also reports "Communication with stakeholders" to the board of directors once a year.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?		V	The Company does not assign any agency to be in charge of its shareholder affairs.	Whereas Stocks Department is managed by the Company itself, the Shareholders' Meeting is conducted following government regulation and corporate guideline to ensure its lawfulness, effectiveness and safeness.
7. Information Disclosure: (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		1. The Company has set up a corporate website(URL:https://www.evaair.com) and designated appropriate people to monitor and keep it up-to-date with current information. 2. Corporate governance status:	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			The Company has disclosed "Articles of Incorporation", important operating procedures and the resolutions adopted during Board Meetings on website. (URL: https://www.evaair.com/en-global/corporate-governance)	
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has established an English website and spokesperson system for gathering and disclosing information. Investor conference information of the Company held or been invited to over the years is disclosed on the Company's website.	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	The Company doesn't announce and report the annual financial statements within two months after the end of the fiscal year, and doesn't announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline.	The Company has announced and reported the first, second, third quarter and annual financial statements before the prescribed deadline, according to laws by Taiwan Stock Exchange.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices ?				
(1) Employee rights and employee wellness	V		Please refer to Chapter 5 "Labor Relations" for more information.	None
(2) Investor relations	V		The Company has set up "Investor Relations" on website (URL:	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
	V		https://www.evaair.com/en-global/investor-relations/legal-notice/) which provides investors reference about operation and financial information.	
(3) Supplier relations and rights of stakeholders	V		Please refer to Chapter 3 "Corporate Social Responsibility" for more information.	None
(4) Directors training records	V		The status of the continuing training of directors: Please refer to MOPS for complete information of the continuing training of the Company's directors.	None
(5) The implementation of risk management policies and risk evaluation measures	V		Please refer to Chapter 7 "Analysis of Risk Management" for more information.	None
(6) Implementation of customer policies	V		In order to gain a deeper understanding of customer satisfaction, the Company will send the "EVA Airways Online Customer Satisfaction Questionnaire" to customers after they take the flight. The Company formulate specific improvement measures by analyzing and reviewing customer satisfaction. In 2019, 75,399 questionnaires were collected. The overall passenger service satisfaction of passengers was 4.41 points (out of 5 points), which had reached the satisfaction target value of 4.35 points.	None
(7) Purchasing insurance for directors	V		The Company has purchased liability insurance for its directors since 2015.	None

9. Please specify the Company's measures for the evaluation results published by Corporate Governance Center of Taiwan Stock Exchange Corporation which should be improved:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(1) The Company has been invited to attend Investor Conference held by KGI Securities Co., Ltd. On Mar 29, 2019 and Nov 15, 2019. (2) The directors of the Company have completed the training in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in 2019, and the Company will encourage directors to continue education.				

Table 1: The Evaluation Results of Board of Directors of 2019

	Self-evaluation of performance of the Board	Self-evaluation of performance of Board members (for themselves)	Self-evaluation of performance of the functional committees
Average score (Full score: 3)	2.99	3	3
Evaluation Results	Good	Excellent	Excellent

Table 2: CPA Independence Evaluation

No.	Item	The Company's Evaluation	Statement of CPA Tang, Chia-Chien	Statement of CPA Su, Yen-Ta
1.	CPA and their family do not have any direct or indirect significant finance benefit of the Company.	Conformity	Conformity	Conformity
2.	CPA or their family have no business relation between the Company's directors, supervisors and managers that might affect the independence of CPA.	Conformity	Conformity	Conformity
3.	CPA are not one of the Company's directors, supervisors, managers or any important positions now or during the last two years. Also, CPA do not promise to take the positions mentioned above.	Conformity	Conformity	Conformity
4.	During auditing period, the family of CPA are not the directors, supervisors, managers or any important positions of the Company.	Conformity	Conformity	Conformity

No.	Item	The Company's Evaluation	Statement of CPA Tang, Chia-Chien	Statement of CPA Su, Yen-Ta
5.	During auditing period, CPA and the Company's directors, supervisors or managers have no direct blood relative, direct relatives by marriage, collateral blood relatives in 2nd degree.(Or during auditing period, the close relatives of CPA is being the Company's directors, supervisors, managers or any other important positions that might affect auditing but the violence of independence has been diminished to an acceptable level)	Conformity	Conformity	Conformity
6.	The CPA do not accept the gifts from the Company, the directors, supervisors, managers or main shareholders. (The value of the gift is not over the standard of normal social etiquette.)	Conformity	Conformity	Conformity

Table 3: Board Diversity Policy

Title	Name	Gender	Business Management	Transportation Management	Finance Accounting	Law	Technology	Environmental Protection	Risk Management	Government & Supervision
Chairman	Lin, Bou-Shiu	Male	✓	✓			✓			
Director	Chang, Kuo-Cheng	Male	✓	✓						
Director	Ko, Lee-Ching	Female	✓	✓	✓					
Director	Tai, Jiin-Chyuan	Male	✓	✓		✓				
Director	Sun, Chia-Ming	Male	✓	✓						
Director	Wu, Kuang-Hui	Male	✓	✓	✓					
Independent Director	Chien, You-Hsin	Male	✓	✓			✓	✓		✓
Independent Director	Hsu, Shun-Hsiung	Male	✓	✓	✓				✓	
Independent Director	Wu, Chung-Pao	Male	✓	✓			✓			

Table 4: Chief corporate governance officer training records in 2019

Date	Professional Organization	Training sessions and hours
Aug 27, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (1 Hours)
Oct 18, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (3 Hours)
Nov 18, 2019	Governance Professionals Institute of Taiwan	2019 Related Party and Related Party Transaction Seminar(3 Hours)
Nov 21, 2019	Taiwan Stock Exchange Corporation	2019 Board Functions Enhancement Seminars (3 Hours)
Nov 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance (6 Hours)
Dec 6, 2019	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations (3 Hours)
Total Training hours in 2019		19 Hours

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note1)	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience: An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Independence Criteria (Note2): 1	2	3	4	5	6	7	8	9	10	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note
Independent Director	Chien, You-Hsin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Hsu, Shun-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Wu, Chung-Pao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note1: Please fill in the blank with director, independent director or others.

Note2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution. The same does not apply, however, in cases where the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. The same does not apply, however, in cases where a specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the person is an independent director appointed in accordance with the Act or the laws and the regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides

commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

10. Not being a person of any conditions defined in Article 30 of the Company Act.

B. The duties of the Remuneration Committee are as follows:

1. Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.
2. Periodically evaluate and establish the remuneration of directors and managers.

C. Attendance of Members at Remuneration Committee Meetings

1. The Remuneration Committee is composed of three independent directors.
2. The term of office of current Remuneration Committee is from Jun 26, 2017 to Jun 25, 2020. A total of 2 (A) meetings were held in 2019. Please refer to page 86 to 91 for resolutions made by the Remuneration Committee and the attendance of Committee member is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	Chien, You-Hsin	2	0	100%	-
Committee Member	Hsu, Shun-Hsiung	2	0	100%	-
Committee Member	Wu, Chung-Pao	2	0	100%	-
Other mentionable items: 1. If the Board of Directors decline to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company’s response to the remuneration committee’s opinion (eg. the remuneration passed by the Board of Directors exceed the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None. 2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.					

Note:

(1) If any of the Compensation Committee members has resigned before the end of the year, the date of his/her resignation should be stated in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

(2) If any of the Compensation Committee members has been re-elected before the end of the year, both the information of current and former members should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

3.4.5 Corporate Social Responsibility and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company evaluate the risk of environmental, social and corporate governance issues related to the Company's operation in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note)	V		The Company refer to global standards and guidelines, such as GRI (Global Reporting Initiative), UNGC (United Nation Global Impact), SDGs (UN Sustainable Development Goals), ISO 26000, TCFD (Task Force in Climate-Related Financial Disclosures), CDP (Carbon Disclosure Project) and DJSI (Dow Jones Sustainability Index) to establish EVA Air's analytical procedures for material issues. The CSR report discloses important strategies, response measures, performance indicators, goals and actual implementation results. Details can be found on the Company's Corporate Social Responsibility Report of 2018 (page 97-116).	None
2. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Company has set up the "Corporate Sustainability Committee" (the "CSC"), which is a specialized unit responsible for formulating policies, regulations and management and executing corporate social responsibility. The CSC meeting is held once every three months to have general discussions in the aspects of economics, environment and society. The Company's President is assigned as Committee Chairman. The execution of related operation are reported to the Board of Directors regularly. For the organizational chart of the	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Corporate Sustainability Committee, please refer to footnotes table 1.	
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		In order to ensure the effectiveness of the Company's environment and energy management systems and to accord with domestic and international regulations, EVA Air has obtained certification to the ISO 50001 Energy Management System on 2 December, 2015 and ISO 14001 Environmental Management System on 4 January, 2016; and has obtained the recertification in 2018. Please refer to "Environmental Protection Expenditure" page 133 of this Annual Report for details.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The Company's enhancement of all resources more efficiently and use of renewable materials are described as follows: 1. Continually introduce latest environment friendly aircraft and promote paperless work: (1)According to the characteristics of the aviation industry, greenhouse gas emissions from aircraft are one of the main facts affecting the environment. EVA Air persistently conducts aircraft modernization plan with 26 aircraft contract signed with Boeing in 2015, which includes 24 brand-new wide-body aircraft — Boeing 787 Dreamliner. The Dreamliner adopted a large	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			proportion of lightweight carbon fiber composite, and it's more than 50% of the entire aircraft material. For the illumination device, fluorescent tubes are replaced with LEDs, which will reduce half of the electricity consumption. Moreover, with the latest GEnx engine made by GE, the Dreamliner is able to reduce 20% of aviation fuel consumption and Green House Gas emission compared with the previous wide-body aircraft. EVA Air will continuously replace aircraft in order to reduce the impact to the environment with the latest eco-friendly and energy-saving technology. By the end of 2019, total of four Boeing 787-9 and four Boeing 787-10 are introduced to EVA Air's fleet and the fleet will expand continuously. (2)Each fleet is equipped with an electronic flight bag (EFB). All documents of flight operations are digitalized. Pilots can read the manuals through their allocated iPad. This helps discard the inconvenience and waste from traditional administrative operations and improve efficiency. (3)Electronic tickets are fully adopted.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			The Company encourage passenger using e-boarding passes for check-in operation to reduce paper consumption and provide online booking service and Mobile App to improve ticket purchase efficiency. Freight operations are conducted in accordance with the paperless operation standard for import/export freight transport of the International Air Transportation Association (IATA). (4)The Company launched the e-tag baggage check-in service, the first in Asia and the second around the world. Baggage check-in and operations can be done through smart devices. This largely reduces the use of papers and waste. 2. Purchase environment friendly raw materials: The inflight magazines, paper towels, boarding pass and the office papers are all products made from papers of sustainable forestry certified by FSC. The Company purchases environment friendly office products in accordance with the environmental and energy management system to reduce the impact of company operations on the environment. 3. The enhancement of the environment and energy efficiency:	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(1)With the intensification of global warming and energy issues continued to be concerned, energy saving and carbon reduction have become a global trend. In the past few years, in addition to at least 1% reduction of the annual energy saving in accordance with the domestic energy regulation, the Company introduced e-Formula Optimization Management (e-FOM) in June 2019 to strengthen the Company's environmental protection efforts and improve energy efficiency. The accuracy of information digitizing can be improved with the e-FOM technology; moreover, the introduction of Big Data statistical analysis and Genetic Algorithm reinforce the intelligent management to reduce human error and manage human resource. Through monitoring data with e-FOM system and learning to adjust various parameters by itself, the system is performed with efficiency and the energy consumption is greatly reduced. The e-FOM was launched in November 2019. Taking the largest energy-consuming equipment in Nankan Park, the air conditioning	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
	V		system, as the calculation basis, with the intelligent control of the e-FOM system to optimize the operating efficiency of HVAC Chilled Water System, the annual air-conditioning energy consumption can be reduced by approximately 22%. (2)The office area has adopted energy-saving LED light in place of conventional fluorescent lamp and install infrared sensors for the low usage lighting area to reduce energy consumption. (3)The Company appropriately adjust the water flow of the faucet in the public restroom and prioritizes purchased products with water-saving label. Moreover, the equipment of recycling rain and water from air-conditioning condensed water is installed to make good use of the precious water resources.	
(3) Does the Company evaluate its present and future potential risks and opportunities to the climate change and take corresponding measures on climate issues?	V		The Company implemented the four main core elements of TCFD disclosures, which identify and control high risk factors caused by climate change and extreme climates, and expend risk monitoring to all environmental aspects. Details can be found on the Company's Corporate Social Responsibility Report of 2018 (page 74).	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company calculate the greenhouse gas emission, water consumption and total weight of waste in the past two years, and establish policies for energy conservation and carbon reduction, greenhouse gas and water consumption reduction or other waste management?	V		Since the implementation of ISO 14001 Environment Management System, the long-term collection and tracking of the quantity of the Company’s waste, hazardous industrial waste, and recycles resources has helped our self-management and eliminated the abnormal production of waste. On the other hand, the Company not only tracks the water consumption but adds a new condensed water recycling system in addition to the original rain water recycling system to increase recycled efficiency of water resources. Last but not least, the Company has been conducting voluntary inventory check of Green House Gas emissions since 2011, and has completed a third party verification of Green House Gas emission data with ISO 14064-1 principles since 2016. Please refer to ”Environmental Protection Expenditure” page 132 to 133 of this Annual Report and the Company’s Corporate Social Responsibility Report of 2018 (page 69-80) for more details.	None
4. Social Issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		In compliance with the International Bill of Human Rights , “UN Universal Declaration of Human Rights” and the fundamental conventions of the “International Labor Organization”, and relevant rules and various labor-related laws and regulations, the Company set	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			up working rules and employee management regulations as the basis of its management. For the employment worldwide, the Company strictly follows the statutory labor laws and regulations of respective areas or countries, and never hires child labor or forces compulsory labor. The Company provides a diversified and equal working environment as well as an equitable salary system. There is no differential treatment or discrimination resulting from the issues of gender, ethnicity, nationality, physical conditions, religion, political affiliation, marital status, etc. To protect gender equality in employment, eliminate gender discrimination and prevent sexual harassment, the Company has announced the matters regarding "the prevention of sexual harassment at work sites" on its internal website. The Company continued to offer courses related to the Act of Gender Equality in Employment and sexual harassment prevention in 2019, in which female labor and maternal health protection added to the content of the courses, aiming to actively promoting gender equality and sexual harassment prevention. If sexual discrimination or harassment happened, the employee may fill out the "EVA Air Employee Complaint Form" or file the compliant	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			through the sexual discrimination and harassment complaint hotline or email in accordance with the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment in the Workplace" to promptly report the incident to the head of the HR division. In order to establish a friendly workplace, the Company has a reporting channel for wrongful workplace harm. If employees have suffered from threat, bullying or being ostracized, they may file the compliant through the 134 complaint hotline or email to promptly report the incident.	
(2) Does the Company formulate and implement reasonable employee welfare measures, including remuneration, leave and other benefits, and appropriately reflect business performance or results in employee remuneration?	V		In addition to an employee leave system in accordance with the law, The Company also provide many benefits. To enhance employee welfare, the "Employee Welfare Committee" was established for organizing employee benefits-related matters. The Company's adoption of remuneration policies based on characteristics of each position, living costs, company management performance, and remuneration provided by competitors. The Company takes reasonable factors such as fulfilling social responsibility into consideration. Details can be found on the Company's Corporate Social Responsibility Report of 2018 (page 58-60).	None
(3) Does the Company provide a healthy and safe	V		The Company offers the occupational safety and health education and training,	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
working environment and organize training on health and safety for its employees on a regular basis?			firefighting and safety seminars and practical training for all newly arrived employees. The Company also supervises the inspection of occupational hazards and conducts the survey on occupational hazards. In March 2015, Taiwan Occupational Safety and Health Management System (TOSHMS) was introduced into the Company. At the end of 2018, the Company acquired TOSHMS as well as Occupational Health and Safety Management System (ISO45001) verification. It was the first company to achieve TOSHMS and ISO45001 verification in Taiwan airline industry. Recently, the Company immensely improved the work environment of employees, guaranteeing employees' safety and health.	
(4) Does the Company provide its employees with career development and training sessions?	V		The Company provides employees with well-packaged career development training. Details can be found on the Company's Corporate Social Responsibility Report of 2018 (page 61-65).	None
(5) As for the customer health and safety, customer privacy, marketing and labeling of the Company' goods and services, does the Company comply with relevant regulations and international standards, and formulate relevant	V		The customer health and safety, customer privacy, sales and labeling of products and service provided by the Company all follow local law and international regulation such as the Commodity Labeling Act, Taiwan's Civil Aeronautics Administration (CAA), US Federal Aviation Administration (FAA), US Department	None

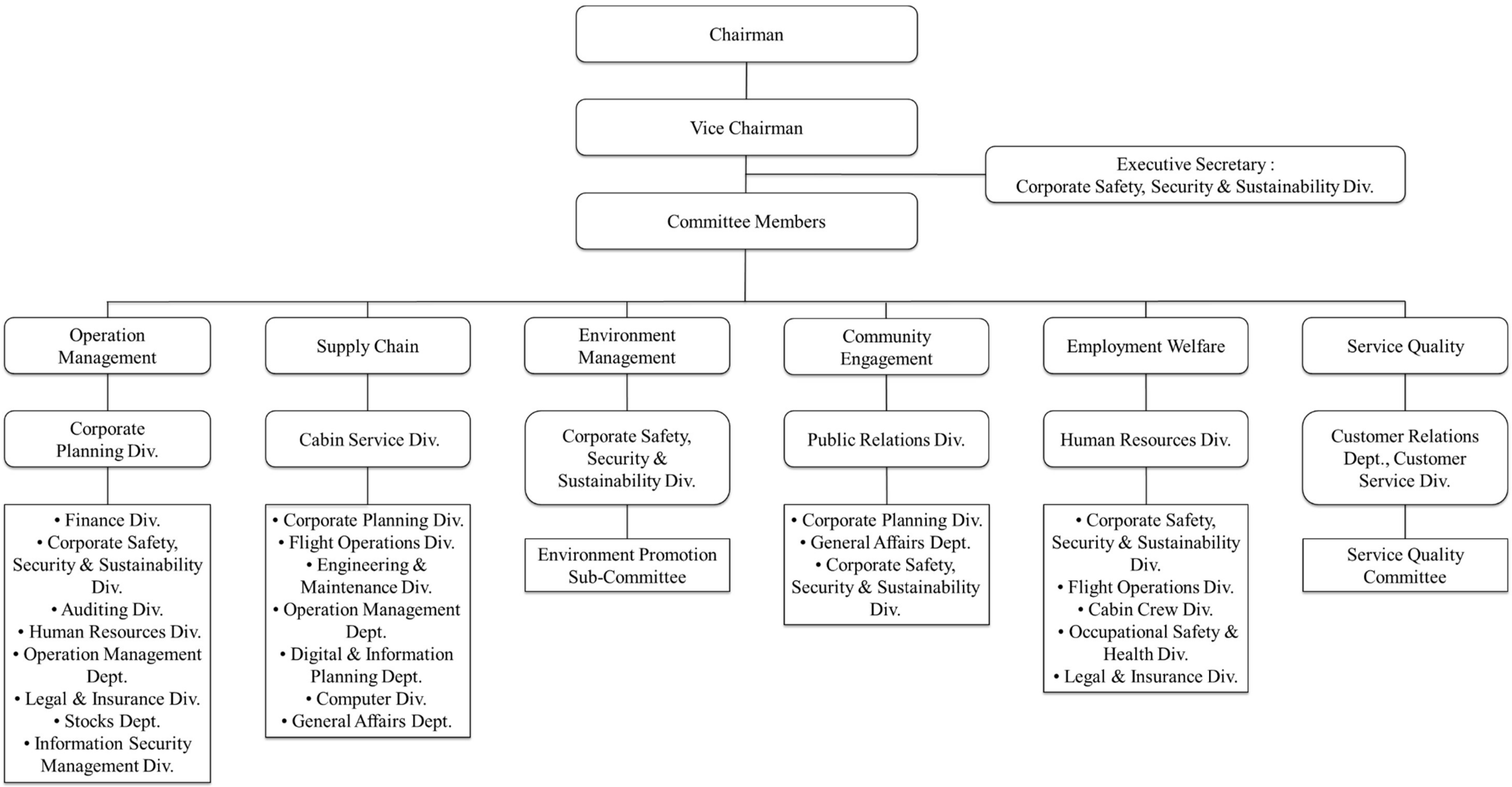
Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
consumer rights policies and complaint procedure?			of Homeland Security (DHS), European Union (EU) and General Data Protection Regulation (GDPR). Relevant consumer rights policies and complaint procedure can be found on the Company official website "Corporate Social Responsibility Best Practice Principles", "Information Security Policy" and the Company's Corporate Social Responsibility Report of 2018 (page 44).	
(6) Does the Company formulate the supplier management policy that requires the supplier to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	V		The Company has formulated the "Supplier Code of Conduct" and issued it to all suppliers. The relevant specifications have included topics such as environmental protection, occupational safety and health, or labor rights, and implemented a "Supplier Sustainability Risk Assessment Survey" to understand supplier's situation on related issues.	None
5. Does the company refer to general international standards or guidelines for compiling the Company non-financial information report, such as corporate social responsibility report? Did the previous released report obtain the assurance of the third-party certification unit?	V		The Company's 2018 Corporate Social Responsibility Report accords with GRI Standards Core Option and high assurance standard of AA1000 AS (2008) Type II of SGS.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
6. If the Company has established the Corporate Social Responsibility Principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has formulated “Corporate Social Responsibility Best-Practice” and followed “Corporate Governance”, “Sustainable Environment Development”, “Society Public Interest Protection” and “Enforcement of Corporate Social Responsibility Information Disclosure” etc. to implement Corporate Social Responsibility. The actual operation does not vary from the principles.				
7.Other important information to facilitate better understanding of the Company’s Corporate Social Responsibility Practices: The Company has participated in “Taiwan Corporate Sustainability Awards” (TCSA) held by Taiwan Institute for Sustainable Energy (TAISE) for the five consecutive years. In 2019, the Company is the winner of “Corporate Sustainability Report First Category-Platinum Award”.				

Note: The materiality principle refers to those who have a significant influence on the company's investors and other stakeholders on environmental, social and corporate governance issues.

Footnote Table 1

EVA Air CSR Committee Organizational Chart



3.4.6 Ethical Corporate Management and Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company formulate its ethical corporate management policies approved by the Board of Directors and declare the policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?	V		The Company has formulated "ECM Best-Practice Principles" approved by the Board of Directors and declared the principles on its internal and external corporate website. It can be used by the staffs for reference and self-examination. In order to promote ethical behavior in business, the Company disclosed ideas of ethical management and fair trade in its Corporate Social Responsible Report.	None
(2) Does the Company establish a risk assessment mechanism for unethical conduct to regularly analyze and assess operating activities that pose a higher risk of unethical conduct within its business scope, as well as develop preventive plans based on such analysis and assessment which at least includes preventive measures against activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed	V		The Company has incorporated procedures for ethical management and guidelines for conduct in "ECM Best-Practice Principles" to prevent unethical behavior in higher risk operating activities stipulated by "ECM Best-Practice Principles for TWSE/TPEx Listed Companies" Article 7 Paragraph 2.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Companies?				
(3) Does the Company clearly state relevant procedures, guidelines of conduct, punishment for violation, rules of appeal on policies of preventing unethical conduct which are committed to implement and reviewed periodically?	V		The Company has formulated "ECM Best-Practice Principles", "Codes of Ethical Conduct" as well as concerning code of conduct and appeal process for implementation purpose. To assist the Company's ethical corporate management policy, the Company has set "Antitrust Policy and Guidelines" that are implemented in internal management and external business activities.	None
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company engages in commercial activities in a fair and transparent manner. Prior to any commercial dealings, the Company takes into account legality of its agents, suppliers, clients or other trading counterparties, and if any unethical conduct was involved. It is advisable to avoid doing any business with any party with any record of unethical conduct. Contract contents are based on "ECM Best-Practice Principles" and contained the provision for termination at the time the trading counterparties get involved in any unethical conduct.	None
(2) Does the Company establish a dedicated unit supervised by the Board to be in charge of corporate integrity, and	V		Human Resources Div. is in charge of promoting ethical corporate management and rendering the report to the Board of Directors annually.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
regularly (at least once a year) report the development and implementation, under supervision, of ethical management policies and preventive measures to the Board of Directors?				
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		Following "Codes of Ethical Conduct", the Company demanded that the staffs shall avoid conflict of interest and automatically explain whether or not there is any latent conflict of interest. The Company has set up regulations governing appeal and channels for declaration.	None
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited, after formulating relevant audit plans based on the assessment results of the risk of unethical conduct, by either internal auditors or CPA on a regular basis?	V		The Company has established accounting system, internal control system and internal audit implementation rules. It is audited by internal and external auditors (including ISO verification organization and CPA) regularly to fully implement ethical corporate management.	None
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		All new employees are informed of "Codes of Ethical Conduct" and corporate ethics and participate in orientation. Guidelines can be found on the corporate website. In 2019, 245 new ground staffs in Taiwan (total 245 man hours) participated in the education and training courses	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			related to ethical management, including Morals and the Corporate Spirit, Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, and Antitrust Law Compliance Guidelines.	
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has formulated regulations according to "ECM Best-Practice Principles" governing appeal and clearly states its impeachment policy, system and the ad hoc person.	None
(2) Does the Company establish standard operating procedures for investigation, follow-up measures after investigation, and confidential reporting on investigating accusation cases?	V		The Company has established standardized investigation process, follow-up measures after investigation, and impeacher protection policy based on "ECM Best-Practice Principles".	None
(3) Does the Company provide proper whistleblower protection?	V		Following "ECM Best-Practice Principles", the Company protects whistleblower from any improper treatment due to the impeachment case.	None
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company discloses its "ECM Best-Practice Principles" on its corporate website. The results of our implementation are disclosed in Market Observation Post System and Corporate Social Responsibility Report.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: None				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): None				

3.4.7 Information disclosure is required if the Company has established principles for ethical management: Details can be found on http://mops.twse.com.tw, https://www.evaair.com and http://stock.evergreen.com.tw.

3.4.8 Important information in understanding corporate governance management:

1. The Company was ranked in the range of 6% to 20% of all selected listed companies in the 6th Corporate Governance Evaluation, which demonstrates the excellent performance of the Company in corporate governance implementation.

2. The status of management level attending corporate governance related continuing education/training:

Name	Professional Organization	Training sessions and hours
President Sun, Chia-Ming	Taiwan Corporate Governance Association	Director's Liability and Risk Management under the Latest Blueprint of Corporate Governance (3 Hours)
	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (3 Hours)
	Taiwan Stock Exchange Corporation	2019 Board Functions Enhancement Seminars (3 Hours)
Executive Vice President (Financial Officer) Tsai, Ta-Wei	Taiwan Corporate Governance Association	Director's Liability and Risk Management under the Latest Blueprint of Corporate Governance (3 Hours)
	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (3 Hours)

3. The Company and personnel relevant to the transparency of financial information obtain the licenses designated by professional organization or the competent authorities as follows:

(1) Internal Auditor:

Name	Professional Organization	Training Sessions and Hours
Lee, Yi-Chung (Chief Internal Auditor)	The Institute of Internal Auditors-Chinese Taiwan	1. How auditors assist the operation of the board of directors and provide related consulting services (6 hours) 2. How auditors detect fraud in financial statements (6 hours)

The status of internal auditors that acquired certification designated by government authority:

(A) CIA (Certified Internal Auditor): 3 auditors

(B) CCSA (Certification in Control Self-Assessment): 1 auditor

(C) ISO9001 Leading Auditor: 7 auditors

(D) Auditing Test of Corporate Internal Control Basic Capacity held by Securities and Futures Institute: 1 auditor

(E) CFE(Certified Fraud Examiner): 1 auditor

(2)Accounting Officer:

Name	Professional Organization	Training sessions and hours
Chiang, Chin-Lan	Accounting Research and Development Foundation	Accounting Officer Training Courses (12 hours)
	Taiwan Corporate Governance Association	Director's Liability and Risk Management under the Latest Blueprint of Corporate Governance (3 Hours)
	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (3 Hours)

3.4.9 Internal Control System Execution Status:

EVA Airways Corporation
Internal Control System Statement

Date: March 19, 2020

Based on the findings of a self-assessment, EVA Airways Corporation (EVA) states the following with regard to its internal control system during the year 2019:

1. EVA's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over effectiveness and efficiency of our operations (including profit, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of our reporting, and compliance with applicable laws, regulations, and bylaw.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and EVA takes immediate remedial actions in response to any identified deficiencies.
3. EVA evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five constituent elements of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each element contains detailed items. Aforementioned items please refer to the Regulations.
4. EVA has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, EVA believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulations and bylaw.
6. This statement is an integral part of EVA's annual report for the year 2018 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the Board of Directors in their meeting held on March 19,2020, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

If the Company designated CPA to audit internal control system, CPA audit report should be disclosed: Not applicable

3.4.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major Shareholders' Meeting Resolutions

Date of Meeting	Summary of Important Proposals	Execution
Jun 24, 2019	1.To approve 2018 earnings distribution and the issuance of new shares for capital increase by earnings re-capitalization. a. Cash dividends to common shareholders: NTD 0.49727797 per share, with total NTD 2,343,646,585. Stock dividends to common shareholders: 29.836678 shares per thousand shares. Total 140,618,796 shares are distributed and par value is NTD 10 per share. b. To authorize Chairman to adjust ratios of the stock dividends and cash dividends if the number of total shares outstanding is changed.	a. The Board Meeting held on Aug 9, 2019 resolved Sep 13, 2019 as dividend record date. b. The cash dividend was distributed on Oct 7, 2019. The change of the Company registration was approved by Commerce Department, Ministry of Economic Affairs (No. 10801136110) on Oct 4, 2019. The new stocks were available in stock market on Oct 17, 2019.
	2.To amend "Articles of Incorporation".	The amended Articles of Incorporation has been approved by Commerce Department, Ministry of Economic Affairs (No. 10801088830) and the related actions on behalf of the Company have been conducted in accordance with revised Articles of Incorporation.
	3.To amend "Procedures for Acquiring and Disposing of Assets".	The related actions on behalf of the Company have been conducted in accordance with revised "Procedures for Acquiring and Disposing of Assets".

Date of Meeting	Summary of Important Proposals	Execution
	4.To amend "Procedures for Transaction of Derivative Products".	The related actions on behalf of the Company have been conducted in accordance with revised "Procedures for Transaction of Derivative Products".
	5.To amend "Procedures for Fund Lending, Endorsement and Guarantee".	The related actions on behalf of the Company have been conducted in accordance with revised "Procedures for Fund Lending, Endorsement and Guarantee".

2. Major Board of Director, Audit Committee, and Remuneration Committee Meeting's Resolutions

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
Mar. 19, 2019 (The 1st meeting of 2019)	1. To approve 2018 Business Report. 2. To approve 2018 Parent-Company-Only Financial Statement and Consolidated Financial Statement. 3. To approve the earnings distribution of 2018. 4. To approve the issuance of new shares for capital increase by earnings re-capitalization of 2018. 5. To approve the "2018 Internal Control System Statement". 6. To amend "Internal Control System" and "Internal Audit Implementation Rules". 7. To appoint the Company's certified public accountants and determine their remuneration. 8. To approve purchasing 2 leasing 777-300ER aircraft. 9. To amend the "Procedures for Acquiring and Disposing of Assets" and the "Table of Authority Limit of Acquiring and Disposing of Assets & Other Financial Matters". 10. To amend the "Procedures for Transaction of Derivative Products".	Approved unanimously by Audit Committee members on the 1st meeting of 2019 dated Mar. 18, 2019	None

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
	11. To approve 2018 employees' compensation. 12. To approve 2018 directors' remuneration.	Approved unanimously by Remuneration Committee members on the 1st meeting of 2019 dated Mar. 18, 2019	None
	13. To approve 2019 Operation Plan. 14. To approve the revocation of Panama Branch's registration. 15. To set the capital increase record date of common stocks transferred from the 3rd unsecured convertible bond. 16. To change bank account authorized person of the Company's Philippine Branch. 17. To amend the "Articles of Incorporation". 18. To amend the "Organizational Principle of Corporate Social Responsibility Committee". 19. To convene 2019 Annual General Shareholders' Meeting. 20. To approve 2018 Modern Slavery Act Statement.	-	-
May 10, 2019 (The 2nd meeting of 2019)	1. To ratify subscribing the shares of "EverFun Travel Services Corp." <u>Recusal of Directors and voting situation of Board of Directors</u> ● Chairman Lin, Bou-Shiu and Director Chang, Kuo-Cheng are representatives appointed by "Evergreen International Corp.", and Director Ko, Lee-Ching and Director Tai, Jiin-Chyuan also sit on the Board of "Evergreen International Corp." ● Except for directors who recused themselves from	Approved unanimously by Audit Committee members on the 2nd meeting of 2019 dated May 10, 2019	None

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
	the discussion and resolution, all 5 attendance directors agreed and approved the proposal. 2. To sell one 747-400SF freighter. 3. To amend the "Procedures for Fund Lending, Endorsement and Guarantee".		
	4. To approve the setup of Italy Branch. 5. To set the capital increase record date of common stocks transferred from the 3rd unsecured convertible bond. 6. To change bank account authorized person of the Company's Philippine Branch. 7. To amend the "Articles of Incorporation". 8. To amend the "Corporate Governance Best Practice Principles". 9. To amend the "Rules Governing the Scope of Powers of Independent Directors". 10. To appoint the "the chief corporate governance officer". 11. To establish the "Standard Operational Protocol for Responding to Requests from Directors".	-	-
Aug. 9, 2019 (The 3rd meeting of 2019)	1. To ratify extending the lease of one 777-300ER passenger aircraft.	Approved unanimously by Audit Committee members on the 3rd meeting of 2019 dated Aug. 9, 2019	None
	2. To approve establishing a branch office in Da Nang, Vietnam. 3. To stipulate dividend record date.	-	-

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
Oct. 2, 2019 (The 4th meeting of 2019)	1. To approve leasing a piece of real estate from the related party "Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd." 2. To amend the "Audit Committee Charter".	Approved unanimously by Audit Committee members on the 4th meeting of 2019 dated Oct. 2, 2019	None
	3. To ratify signing the transferring contract of the lease of A321-211 passenger aircraft. 4. To amend the "Corporate Governance Best Practice Principles". 5. To amend the "Rules of Procedure for Board of Directors Meetings".	-	-
Nov. 8, 2019 (The 5th meeting of 2019)	1. To ratify signing the transferring contract of the lease of 777-300ER passenger aircraft. 2. To approve leasing an office from the related party "Evergreen International S.A." Recusal of Directors and voting situation of Board of Directors ● Director Chang, Kuo-Cheng and Director Ko, Lee-Ching also sit on the Board of "Evergreen International S.A." ● Except for directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. 3. To approve purchasing shares of "UNI Airways Corp." from the related party "Evergreen Steel Corporation" Recusal of Directors and voting situation of Board of Directors ● A blood relative within the second degree of kinship of Director Chang, Kuo-Cheng, and	Approved unanimously by Audit Committee members on the 5th meeting of 2019 dated Nov. 8, 2019	None

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
	Director Ko, Lee-Ching also sit on the Board of "Evergreen Steel Corporation" ● Except for directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.		
Dec. 25, 2019 (The 6th meeting of 2019)	1. To approve increasing the investment in subsidiary "EVA Flight Training Academy". 2. To amend "Accounting System". 3. To approve using the Company's undistributed earnings of 2018 to make substantial investment.	Approved unanimously by Audit Committee members on the 6th meeting of 2019 dated Dec. 25, 2019	None
	4. To amend the "Payment Regulation of Managers Compensation". 5. To approve the 2019 bonus for management. Recusal of Directors and voting situation of Board of Directors ● Director Sun, Chia-Ming has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. 6. To approve 2020 compensation for management. Recusal of Directors and voting situation of Board of Directors ● Director Sun, Chia-Ming has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. 7. To approve the 2019 Chairman's bonus.	Approved unanimously by Remuneration Committee members on the 2nd meeting of 2019 dated Dec. 25, 2019	None

<table>
<tr><th>Date of Board of Director Meeting</th><th>Major Proposals</th><th>The date and resolution of Audit Committee or Remuneration Committee</th><th>The Company's response to the opinions of Audit Committee or Remuneration Committee</th></tr>
<tr><td rowspan="2"></td><td>Recusal of Directors and voting situation of Board of Directors
● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.
● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.
8. To approve 2020 Chairman's compensation.
Recusal of Directors and voting situation of Board of Directors
● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.
● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.</td><td></td><td></td></tr>
<tr><td>9. To formulate "2020 Internal Audit Plan".
10. To establish the "Directions for the Implementation of Continuing Education for Directors".
11. To amend the "Corporate Governance Best Practice Principles".
12. To approve 2020 budget.</td><td>-</td><td>-</td></tr>
<tr><td>Feb. 7, 2020 (The 1st meeting of 2020)</td><td>1. To make proposal on 2020 Annual General Shareholders' Meeting to elect new directors.
2. To make proposal on 2020 Annual General Shareholders' Meeting to lift the restriction of "non-competition" for the newly elected directors.
3. To convene 2020 Annual General Shareholders' Meeting.</td><td>-</td><td>-</td></tr>
<tr><td>Mar. 19, 2020 (The 2nd meeting of</td><td>1. To approve 2019 Business Report.
2. To approve 2019 Parent-Company-Only Financial Statement and Consolidated Financial Statement.
3. To approve the earnings distribution of 2019.</td><td>Approved unanimously by Audit Committee members on the</td><td>None</td></tr>
</table>

Date of Board of Director Meeting	Major Proposals	The date and resolution of Audit Committee or Remuneration Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee
2020)	4. To approve the "2019 Internal Control System Statement". 5. To amend "Internal Control System" and "Internal Audit Implementation Rules". 6. To appoint the Company's certified public accountants and determine their remuneration. 7. To amend the "Audit Committee Charter".	2nd meeting of 2020 dated Mar. 18, 2020	
	8. To approve 2019 employees' compensation. 9. To approve 2019 directors' remuneration. 10. To amend the "Remuneration Committee Charter". 11. To establish the "Stock Ownership Guidelines for Senior Managers who hold Director Positions".	Approved unanimously by Remuneration Committee members on the 1st meeting of 2020 dated Mar. 18, 2020	None
	12. To amend "2020 Internal Audit Plan". 13. To approve 2020 Operation Plan. 14. To change bank account authorized person of the Company's Philippine Branch. 15. To amend the "Articles of Incorporation". 16. To amend the "Regulations for Electing Directors". 17. To amend the "Rules of Procedure for Board of Directors Meetings". 18. To amend the "Corporate Governance Best Practice Principles". 19. To amend the "Corporate Social Responsibility Best Practice Principles". 20. To amend the "Organizational Principle of Corporate Social Responsibility Committee". 21. To approve 2019 Modern Slavery Act Statement. 22. To amend the agenda of 2020 Annual General Shareholders' Meeting.	-	-

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Director: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

3.5 Information Regarding the Company's Audit Fee and Independence

3.5.1 Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others (Note 2)	Subtotal		
KPMG	Tang Chia-Chien Su, Yen- Ta	7,760	0	45	0	2,389	2,434	01 Jan~ 31 Dec, 2019	revenue audit for sky jet center, tax consult, transfer pricing report, BEPS Country-by-Country Report, certification of dual-status business entities direct deduction method, declaration of capitalization of retained earnings.

Note 1: If the Company changes CPA or accounting firm, the audit period should be displayed separately and remarks the reason for replacement. The audit fees and non-audit fees should be displayed accordingly.

Note 2: The item of non-audit fee should be displayed separately. If the amount of non-audit fee of others is over 25% of total non-audit fee, please remarks the audit items.

3.5.2 If The Company Changes Accounting Firm and The Audit Fees Charged by The New Firm Is Less Than That of The Pervious Accounting Firm, Please Disclose The Audit Fees Charged by The Two Accounting Firms and The Reason: None

3.5.3 Audit Fees Decreases 10% of That Of Previous Year, The Decreased Audit Fees, Decreased Percentage and Reason Should Be Disclosed: None

3.6 Replacement of CPA: None

3.7 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Finance Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2019.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders and Information of Stock Transfer or Stock Pledge:

3.8.1 Changes in Shareholding of Directors, Mangers and Major Shareholders

Title	Name	2019		As of MAR 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Evergreen International Corp.	15,913,360	0	0	0
	Representative: Lin, Bou-Shiu	27,789	0	0	0
Director	Evergreen International Corp.	15,913,360	0	0	0
	Representative: Chang, Kuo-Cheng	7,340,606	0	0	0
Director	Evergreen Marine Corp. (Taiwan) Ltd.	61,715,695	0	0	0
	Representative: Ko, Lee-Ching	3,069	0	0	0
	Representative: Wu, Kuaug-Hui	3,727	0	0	0
Director	Chang Yung- Fa Charity Foundation	389,034	0	0	0
	Representative: Tai, Jiin-Chyuan	1,327	0	0	0
	Representative: Sun, Chia-Ming	36,600	0	0	0
Independent Director	Chien, You-Hsin	0	0	0	0
	Hsu, Shun-Hsiung	0	0	0	0
	Wu, Chung-Pao	0	0	0	0
Major Shareholder	Evergreen Marine Corp. (Taiwan) Ltd.	61,715,695	0	0	0
Major Shareholder	Evergreen International Corp.	15,913,360	0	0	0
Major Shareholder	Falcon Investment Services Ltd.	14,972,173 (284,000)	0	0	0
President	Sun, Chia-Ming	36,600	0	0	0
Chief Executive Vice President	Ho, Ching-Sheng	47,503	0	0	0
Executive Vice President	Hsu, Hui-Sen	14,417	0	0	0
Executive Vice President	Chen, Yao-Min	17,372	0	0	0
Executive Vice President	Hsiao, Chin-Lung	15,352	0	0	0

Title	Name	2019		As of MAR 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive Vice President (Finance Officer)	Tsai, Ta-Wei	24,920	0	0	0
Executive Vice President	Liao, Chi-Wei	23,535	0	0	0
Executive Vice President	Li, Shyh-Liang	19,800	0	0	0
Executive Vice President	Lu, Yu-Chuan	19,000 (19,000)	0	0	0
Executive Vice President	Chuang, Shih-Hsiung	17,354	0	0	0
Executive Vice President	Chen, Yeou-Yuh	1,551	0	0	0
Executive Vice President	Chang, Jang-Tsang	33,270	0	0	0
Executive Vice President	Kao, Chun-Yi	3,187	0	0	0
Executive Vice President	Yeh, Shih-Chung	27,358	0	0	0
Executive Vice President	Fang, Gwo-Shianng	35,096	0	0	0
Executive Vice President	Chen, Chi-Hung	0	0	0	0
Senior Vice President	Chou, Yu-Chuan	17,844	0	0	0
Senior Vice President	Lee, Yi-Chung	14,417	0	0	0
Senior Vice President	Soong, Allen	(9,673)	0	0	0
Senior Vice President (Accounting Officer)	Chiang, Chin-Lan	18,836	0	0	0
Senior Vice President	Ho, Li-Cheng	18,256	0	0	0
Senior Vice President	Hsieh, Shu-Hui	0	0	0	0
Senior Vice President	Chiang, Wei-Du	16,622	0	0	0
Senior Vice President	Su, Wei-Jen	17,638	0	0	0
Senior Vice President	Chiu, Chung-Yu	17,864	0	0	0
Senior Vice President	Pan, Hsin-Hsiu	14,463	0	0	0
Senior Vice President	Wang, Chen-Hsing	1,187	0	0	0

Title	Name	2019		As of MAR 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Vice President	Wu, Su-Shin	18,863 (9,000)	0	0	0
Senior Vice President	Lee, Cheng-Chieh	17,875	0	0	0
Senior Vice President	Hsu, Ping	17,856	0	0	0
Senior Vice President	Hsu, Shu-Ching	17,405	0	0	0
Senior Vice President	Yang, Hsiu-Huey	14,027 (14,000)	0	0	0
Senior Vice President	Liu, Ying	19,382	0	0	0
Senior Vice President	Tao, Shin-Chien	0	0	0	0
Senior Vice President	Yeh, Ching-Far	11	0	0	0
Senior Vice President	Liu, Wen-Jang	17,411	0	0	0
Senior Vice President	Yu, Chia-Chieh	18,023	0	0	0
Senior Vice President	Chen, Shen-Chi	17,844	0	0	0
Senior Vice President	Chen, Chia-Chuan	16,616	0	0	0
Senior Vice President	Hou, Hsien-Yu	14,540	0	0	0
Senior Vice President	Chung, Kai-Cheng	15,592	0	0	0
Deputy Senior Vice President	Lin, Shu-Fen	1,569	0	0	0
Deputy Senior Vice President	Chen, Shih-Ming	14,417	0	0	0
Deputy Senior Vice President	Fung, Mei-Lie	19,768	0	0	0
Deputy Senior Vice President	Chang, Yu-Heng	14,441	0	0	0
Deputy Senior Vice President	Liu, Hsin-Cheng	18,880	0	0	0
Deputy Senior Vice President	Lee, Chia-Fang	15,587 (7,000)	0	0	0

Title	Name	2019		As of MAR 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Deputy Senior Vice President	Chen, Shui-Feng	16,315	0	0	0
Deputy Senior Vice President	Liu, Ying-Chun	14,488	0	0	0
Deputy Senior Vice President	Yen, Wu-Han	12,206	0	0	0
Deputy Senior Vice President	Kuo, Ming-Cheng	20,796	0	(10,000)	0
Deputy Senior Vice President	Wang, Pei-Chi	14,417	0	0	0
Deputy Senior Vice President	Lin, Wen-Ji	774	0	0	0
Deputy Senior Vice President	Wu, Shu-Ping	17,109	0	0	0
Deputy Senior Vice President	Wang, Hwa-Tsai	19,247 (18,000)	0	0	0
Deputy Senior Vice President	Huang, Chun-Hsiung	8	0	0	0
Deputy Senior Vice President	Lee, Kang	5,149	0	0	0
Deputy Senior Vice President	Liang, Wen-Long	1,126	0	0	0
Deputy Senior Vice President	Wang, Yuan-Shyang	14,003 (28,000)	0	0	0
Deputy Senior Vice President	Chang, Ming-Hung	75,790 (14,000)	0	106,210	0
Deputy Senior Vice President	Tseng, Wen-Chiang	14,907	0	0	0
Deputy Senior Vice President	Chen, Yu-Hou	14,417	0	0	0
Deputy Senior Vice President	Yeh, Vanessa	7	0	0	0

Note: The major shareholders that holds more than 10% shares of the Company should be disclosed separately.

3.8.2 Information of Stock Transfer: NIL

3.8.3 Information of Stock Pledged: NIL

3.9 Relationship Among the Top Ten Shareholders

Name (Note 1)	Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	16.00	-		0	0	Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd. is the director of Evergreen International Storage & Transport Corp.	-
							Evergreen International Corp.	Major shareholders of Evergreen Marine Corp. (Taiwan) Ltd. reinvest the company	-
							Evergreen Steel Corp.	Director of Evergreen Marine Corp. (Taiwan) Ltd.	-
							Chang, Kuo-Ming	Director of Evergreen Marine Corp. (Taiwan) Ltd.	-
							Ko, Lee-Ching	Director of Evergreen Marine Corp. (Taiwan) Ltd.	-
Representative: Chang, Cheng-Yung	0	0.00	0	0.00	0	0	-	-	-
Evergreen International Corp.	549,262,304	11.32	-		0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Major shareholders of Evergreen International Corp. reinvest the company	-
							Evergreen International Storage & Transport Corp.	Evergreen International Corp. is the director of Evergreen International Storage & Transport Corp.	-
							Evergreen Steel Corp.	Evergreen International Corp. is the director of Evergreen Steel Corp.	-
							Chang, Kuo-Ming	Major shareholder of Evergreen International Corp.	-
							Chang, Kuo-Cheng	Major shareholder of Evergreen International Corp.	-
Representative: Ko, Lee-Ching	105,942	0.00	0	0.00	0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Director	-
							Evergreen Steel Corp.	Director	-
							Evergreen International Storage & Transport Corp.	Director	-

Name (Note 1)	Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Name and Relationship Between the Company’s Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Falcon Investment Services Ltd.	516,492,482	10.64	-		0	0	-	-	-
Evergreen Steel Corp.	240,603,763	4.96	-		0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen Steel Corp. is the director of Evergreen Marine Corp. (Taiwan) Ltd.	-
							Evergreen International Corp.	Director of Evergreen Steel Corp.	-
							Ko, Lee-Ching	Director of Evergreen Steel Corp.	-
Representative: Lin, Keng-Li	166,519	0.00	0	0.00	0	0	-	-	-
Chang, Yung-Fa	131,970,122	2.72	0	0.00	0	0	Chang, Kuo-Ming Chang, Kuo-Cheng	Within two degrees kinship	-
Chang, Kuo-Cheng	92,460,183	1.90	0	0.00	0	0	Evergreen International Storage & Transport Corp.	Director	-
							Evergreen International Corp.	Major shareholder	-
							Chang, Yung-Fa Chang, Kuo-Ming	Within two degrees kinship	-
Chang, Kuo-Ming	55,968,382	1.15	25,375,098	0.52	0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Director	-
							Evergreen International Corp.	Major shareholder	-
							Chang, Yung-Fa Chang, Kuo-Cheng	Within two degrees kinship	-
New Labor Pension Fund	50,685,379	1.04	-		0	0	-	-	-

Name (Note 1)	Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Evergreen International Storage & Transport Corp.	48,957,013	1.01	-		0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen Marine Corp (Taiwan) Ltd. is the director of Evergreen International Storage & Transport Corp.	-
							Evergreen International Corp.	Evergreen International Corp. is the director of Evergreen International Storage & Transport Corp.	-
							Chang, Kuo-Cheng	Director of Evergreen International Storage & Transport Corp.	-
							Ko, Lee-Ching	Director of Evergreen International Storage & Transport Corp.	-
Representative: Chen, Yih-Jong	0	0.00	0	0.00	0	0	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	46,678,943	0.96	-		0	0	-	-	-

Note1: All the top 10 shareholders should be disclosed. If any of them is an institute shareholder, the name of the institute and its representatives should be disclosed separately.

Note2: Shareholding percentage is calculated by the shares owned by the shareholders himself/ herself, spouse and dependents or by third parties separately.

Note3: The relationship of the shareholders (including institute and natural person) should be disclosed according to Regulations Governing Information to be published in Annual Reports of Public Companies.

3.10 Ownership of Shares in Affiliated Enterprises

As of Dec 31, 2019

Unit: Shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Sky Castle Investment Ltd.	5,500,000	100.00	0	0	5,500,000	100.00
Evergreen Airways Service (Macau) Ltd.	Stock Unissued	99.00	Stock Unissued	0	Stock Unissued	99.00
PT Perdana Andalan Air Service	40,800	51.00	0	0	40,800	51.00
EVA Flight Training Academy	10,000,000	100.00	0	0	10,000,000	100.00
Evergreen Aviation Technologies Corp.	518,440,696	79.42	0	0	518,440,696	79.42
Evergreen Airline Services Corp.	34,459,973	56.33	12,380,788	20.24	46,840,761	76.57
Evergreen Sky Catering Corp.	72,912,180	49.80	36,602,500	25.00	109,514,680	74.80
Evergreen Air Cargo Services Corp.	72,750,000	60.625	13,649,392	11.37	86,399,392	72.00
Hsiang-Li Investment Corp.	2,680,000	100.00	0	0	2,680,000	100.00
Evergreen Security Corp.	6,336,000	31.25	13,929,200	68.70	20,265,200	99.95
EverFun Travel Services Corp.	5,505,000	26.48	5,000	0.02	5,510,000	26.50

Note: The affiliated enterprises are invested by equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: thousand shares; NT$ thousands

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (NT$ thousands)	Capital Increased by Assets Other than Cash	Approval Date and Document No. by Ministry of Economic Affairs
Mar, 2008	10	4,000,000	40,000,000	3,906,815	39,068,150	Corporate Bond Conversion 318,356	-	Apr 11, 2008. Jing-Shou-Shang Zi No. 09701085730
Apr, 2008	10	4,000,000	40,000,000	3,942,677	39,426,773	Corporate Bond Conversion 358,623	-	Jun 30, 2008. Jing-Shou-Shang Zi No. 09701154430
Jul, 2009	10	4,000,000	40,000,000	2,262,677	22,626,773	Capital Reduction 16,800,000	-	Jul 24, 2009. Jing-Shou-Shang Zi No. 09801165370
Sep, 2009	10	4,000,000	40,000,000	2,962,677	29,626,773	Cash Subscription 7,000,000	-	Oct 12, 2009 Jing-Shou-Shang Zi No. 09801233470
Sep, 2011	10	4,000,000	40,000,000	3,258,945	32,589,450	Capitalization of Retained Earnings 2,962,677	-	Oct 20, 2011 Jing-Shou-Shang Zi No. 10001239600
Feb, 2015	10	4,000,000	40,000,000	3,858,945	38,589,450	Cash Subscription 6,000,000	-	Mar 06, 2015 Jing-Shou-Shang Zi No. 10401028870
Aug, 2016	10	4,500,000	45,000,000	4,051,892	40,518,923	Capitalization of Retained Earnings 1,929,473	-	Sep 29, 2016 Jing-Shou-Shang Zi No. 10501233140
Sep, 2017	10	4,500,000	45,000,000	4,173,449	41,734,490	Capitalization of Retained Earnings 1,215,567	-	Sep 13, 2017 Jing-Shou-Shang Zi No. 10601131380
Sep, 2018	10	4,500,000	45,000,000	4,382,121	43,821,215	Capitalization of Retained Earnings 2,086,725	-	Oct 01, 2018 Jing-Shou-Shang Zi No. 10701123880
Jan, 2019	10	5,500,000	55,000,000	4,682,121	46,821,215	Cash Subscription 3,000,000	-	Feb 22, 2019 Jing-Shou-Shang Zi No. 10801015500
Mar, 2019	10	5,500,000	55,000,000	4,687,087	46,870,877	Corporate Bond Conversion 49,662	-	Apr 24, 2019 Jing-Shou-Shang Zi No. 10801047840
May, 2019	10	5,500,000	55,000,000	4,712,950	47,129,507	Corporate Bond Conversion 258,630	-	Jun 04, 2019 Jing-Shou-Shang Zi No. 10801062800
Sep, 2019	10	7,000,000	70,000,000	4,853,569	48,535,695	Capitalization of Retained Earnings 1,406,188	-	Oct 04, 2019 Jing-Shou-Shang Zi No. 10801136110

B. Type of Stock

Unit: thousand shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	4,853,569	2,146,431	7,000,000	Shares of TWSE Listed Companies

Note: Shares approved by Ministry of Economic Affairs.

4.1.2 Status of Shareholders

As of MAR 29, 2020
(Shareholders' meeting book closure date)

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	10	214	156,746	1,139	158,114
Shareholding (shares)	62,481,096	22,755,771	1,786,091,590	1,639,300,580	1,342,940,453	4,853,569,490
Percentage (%)	1.29	0.47	36.79	33.78	27.67	100.00

4.1.3 Shareholding Distribution Status

Common Shares

As of MAR 29, 2020
(Shareholders' meeting book closure date)

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	47,213	13,760,692	0.28
1,000 ~ 5,000	66,907	151,398,395	3.12
5,001 ~ 10,000	18,491	134,317,384	2.77
10,001 ~ 15,000	8,834	107,137,310	2.21
15,001 ~ 20,000	4,161	73,675,609	1.52
20,001 ~ 30,000	4,667	114,389,838	2.36
30,001 ~ 50,000	3,407	132,067,407	2.72
50,001 ~ 100,000	2,434	169,757,456	3.50
100,001 ~ 200,000	1,033	141,376,760	2.91
200,001 ~ 400,000	473	132,879,196	2.74
400,001 ~ 600,000	146	70,746,321	1.46
600,001 ~ 800,000	64	44,013,995	0.91
800,001 ~ 1,000,000	50	45,663,107	0.94
1,000,001 or over	234	3,522,386,020	72.56
Total	158,114	4,853,569,490	100.00

4.1.4 List of Major Shareholders

As of MAR 29, 2020
(Shareholders' meeting book closure date)

Shareholding / Shareholder's name	Number of Shares	Percentage (%)
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	16.00
Evergreen International Corp.	549,262,304	11.32
Falcon Investment Services Ltd.	516,492,482	10.64
Evergreen Steel Corp.	240,603,763	4.96
Chang, Yung-Fa	131,970,122	2.72
Chang, Kuo-Cheng	92,460,183	1.90
Chang, Kuo-Ming	55,968,382	1.15
New Labor Pension Fund	50,685,379	1.04
Evergreen International Storage & Transport Corp.	48,957,013	1.01
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	46,678,943	0.96

4.1.5 The Last Two Years Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items	2018 (Distributed in 2019)	2019 (Distributed in 2020)	2020 (As of MAR 31) (Note 9)
Market Price per Share (Note 1)			
Highest Market Price	16.55	15.95	13.90
Lowest Market Price	13.55	13.50	7.56
Average Market Price	15.30	14.72	10.87
Net Worth per Share			
Before Distribution	14.45	14.68	(Note 10)
After Distribution	(Note 2) 13.91	(Note 3) 14.43	-
Earnings per Share			
Weighted Average Shares (thousands)	4,382,121	4,826,530	4,853,569
Earnings per Share	1.50	0.83	(Note 10)
Adjusted Earnings per Share (Note 4)	1.45	(Note10) 0.83	-
Dividends per Share			
Cash Dividends	0.49727797	(Note 3) 0.25	-
Stock Dividends			
Dividends from Retained Earnings	0.29836678	(Note 10) -	-
Dividends from Capital Surplus	-	(Note 10) -	-
Accumulated Undistributed Dividends(Note 5)	-	(Note 10) -	-
Return on Investment			
Price / Earnings Ratio (Note 6)	10.05	17.63	-
Adjusted Price / Earnings Ratio (Note 6)	10.40	(Note 10) 17.63	-
Price / Dividend Ratio (Note 7)	30.33	(Note 3) 58.52	-
Cash Dividend Yield Rate (Note 8)	3.30%	(Note 3) 1.71%	-

If the Company uses earnings or capital surplus to increase capital, the adjusted market price per share and cash dividends should be recalculated accordingly.

Note 1: The highest market price and lowest market price should be listed. The average price is calculated by total transaction value and total transaction volume of each year.

Note 2: Net worth per share is based on the distribution amount resolved by annual general shareholders' meeting and the shares issued at the end of the financial year.

Note 3: The Board of Directors resolved the 2019 cash dividends on Mar 19, 2020.

Note 4: If the Company distributes stock dividends, the earnings per shares should be adjusted and disclosed as well.

Note 5: If the conditions of the issue of equity securities regulated the undistributed dividends can be accumulated until profit year, the undistributed dividends should be disclosed.

Note 6: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 7: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 8: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 9: Net Worth per share and Earnings per share reviewed by CPA should be disclosed. The other items should be disclosed until the printing date of this annual report.

Note 10: The 2019 earnings distribution is pending for shareholders' approval.

Note 11: The Company's financial statements as of Mar 31, 2020 haven't been reviewed by CPA.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

If the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, and set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the Shareholders' Meeting for approval, and then distribute it. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

The dividends shall be distributed in the combination of cash and stocks, provided that cash dividends shall not be less than 10% of the total amount of dividends.

B. Proposed Distribution of Dividend

The proposal for the distribution of 2019 profits was passed at the meeting of the Board of Directors on March 19, 2020 and a report of such distribution will be submitted to the Annual General Shareholders' Meeting on May 27, 2020.

Cash Dividends to Common Shareholders	NT$0.25/ per share	NT$ 1,213,392,373

4.1.7 Impact of Stock Dividends issuance on the Company's Business Performance and Earnings per Share: Not applicable

4.1.8 Employees' Compensation and Directors' Remuneration

A. According to the Article 26 of the Company's Articles of Incorporation, if the Company makes profit in a fiscal year, employees' compensation, no less than 1% of the profit, and directors' remuneration, no more than 2% of the profit, shall be set aside. However, in case the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses beforehand. The employees' compensation and the directors' remuneration shall be set aside afterwards according to the principles mentioned above.

   The employees' compensation shall be distributed in the form of stock or cash; while the directors' remuneration shall be distributed only in the form of cash.

   The profit in item 1 refers to profit before tax without deducting employees' compensation and directors' remuneration.

   The amount of employees' compensation and directors' remuneration as well as the payment method of employees' compensation shall be determined by a resolution adopted by a majority vote at a Board of Directors' Meeting attended by two-thirds or more of the directors and be reported at a shareholders' meeting.

B. The basis for estimating the amount of employees' compensation and directors' remuneration, for calculating the number of shares to be distributed as employee' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company recognized 2019 employees' compensation and directors' remuneration according to the regulation of Articles of Incorporation. Once the actual distributed amounts are different from the estimated amounts, the adjustment will be recognized in the distribution year as changes in accounting estimates.

C. Appropriation for Employees' Compensation and Directors' Remuneration:

a. If company distributes employees' compensation in the form of cash or stock and directors' remuneration, the discrepancy, reason and how it is treated should be disclosed if the amounts distributed vary from the amounts recognized.

The Board of Directors resolved to distribute 2019 employees' compensation and directors' remuneration on March 19, 2020 as follows:

Items	Resolution of Board of Directors (Mar 19, 2020)
Employees' Compensation (Cash)	NT$170,475,000
Directors' Remuneration (Cash)	NT$9,500,000

The employees' compensation actual distributed amount is less than the estimated amount by NT$113,650,000 due to the resolution adjustment of the Board of Directors. The Company will make adjustment accounting entry in profit or loss in 2020 as changes in accounting estimates.

b. The amount of employees' compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employees' compensation: Not applicable

D. The Distribution Status of Employees' Compensation and Directors' Remuneration of previous year (including distributed shares, amount and stock price) and, if the amounts distributed vary from the amounts recognized, additionally the discrepancy, reason and how it is treated:

The Company distributed directors' remuneration of NT$9,500,000 and employees' compensation of NT$237,552,000 of year 2018. The amounts distributed are in line with the resolution of Board of Directors.

4.1.9 Buyback of Treasury Stock: None

4.2 Corporate Bond

4.2.1 Outstanding Corporate Bond

Corporate bond type	19th Domestic Secured Corporate Bond	3rd Domestic Unsecured Convertible Bond
Issue date	December 29, 2016	October 27, 2017
Denomination	NT$1,000,000	NT$100,000
Issuing and transaction location	Republic of China	Republic of China
Issue price	Par	Issue by 100.2% of par value
Total price	NT$8,500,000,000	NT$7,000,000,000
Coupon rate	1.07% p.a.	0% p.a.
Tenor	5 years	5 years

		Maturity: December 29, 2021	Maturity: October 27, 2022
Guarantee agency		Bank of Taiwan Hua Nan Commercial Bank Mega International Commercial Bank Co., Ltd. Chang Hwa Bank Taiwan Cooperation Bank The Shanghai Commercial & Savings Bank, Ltd.	None
Consignee		Cathay United Bank	Mega International Commercial
Underwriting institution		Capital Securities Corp., etc.	KGI Securities Co., Ltd.
Certified lawyer		Kuo, Hui-Chi (True Honesty International Lawyer Offices)	Peng, Yi-Chen (Handsome Attorneys-at-Law)
CPA		Chen, Ya-Ling Wang, Chin-Sun (KPMG)	Chen, Ya-Ling Wang, Chin-Sun (KPMG)
Repayment method		Repayment of 50% of the principal in the fourth year and the remaining 50% in the fifth year.	According to the offering of EVA 3rd Domestic Unsecured Convertible Bond Article 10, 18 and 19.
Outstanding principal		NT$8,500,000,000	NT$6,548,900,000
Terms of redemption or advance repayment		None	Please refer to the Procedures for Issuance and Conversion of 3rd Domestic Unsecured Convertible Bond.
Restrictive clause		None	None
Name of credit rating agency, rating date, rating of corporate bonds		None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Not applicable	NT$451,100,000
	Issuance and conversion (exchange or subscription) method	Not applicable	Please refer to the Procedures for Issuance and Conversion of 3rd Domestic Unsecured Convertible Bond.
Issuance and conversion, exchange or subscription method, issuing condition		No dilution and impact on existing shareholders' equity	Impact on existing shareholders' equity is limited if all bonds are converted into common shares at

dilution, and impact on existing shareholders' equity		NT$13.7 per share, with a maximum equity dilution of 8.97%.
Transfer agent	Not applicable	Not applicable

4.2.2 Corporate Bond Under Processing: None

4.2.3 Convertible Bond

Corporate bond type		3rd Domestic Unsecured Convertible Bond	
Item \ Year		2019	As of Mar 31, 2020
Market price of the convertible bond	Highest	108.50	105.55
	Lowest	103.80	93.35
	Average	105.85	101.60
Convertible price		13.7	
Issue date and conversion price at issuance		Issue Date: 2017/10/27 Conversion price at issuance: NT$ 15.5/ per share	
Conversion methods		Issuing of new stocks	

4.3 Preferred Stock: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 New Restricted Employee Shares: None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.8 Financing Plans and Implementation:

As of March 31, 2020, the use of funds raised from all previously securities issuance was carried out according to the planned progress and was in line with the expected benefits.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

The business activities of the Company and its subsidiaries are
1. civil aviation transportation and general aviation business
2. maintenance, manufacture and sales of aircraft, engine and parts
3. ground service at airports
4. catering service
5. air cargo entrepot
6. to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

B. Revenue distribution

Unit: NT$ thousands

Item / Year	Passenger		Cargo		Other		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
2019	100,623,028	56%	25,379,299	14%	55,272,931	30%	181,275,258	100%
2018	99,077,690	55%	27,642,897	15%	53,186,745	30%	179,907,332	100%

C. The business activities provided by EVA and its subsidiaries

1. Passenger services: international air transportation of passenger, periodically and non-periodically charter flights.
2. Cargo services: transportation of international freight, express, mail and parcel.
3. Sky shop services: In-flight duty free sales.
4. Maintenance services: maintenance, manufacture and sales of aircraft, engine and parts.
5. Ground services: providing luggage and freight loading and unloading service, aircraft cleanness and aircraft ground-infrastructure support.
6. Catering services: providing in-flight meals for airlines.
7. Air cargo entrepot services: providing import, export and transit cargo storage, container stuffing and stripping.
8. Training services: pilot training.

D. New services planned to be developed

(1) Diverse rewards program to facilitate member allegiance
Comprehensive content for "Infinity MileageLands" rewards program allows diverse selection of

mileage redemption options and member discounts, coupled with occasional awards of extra bonus miles and status miles, discounted mileage redemption for upgrades, as well as award tickets to increase positive interactions with members and ticket purchasers via the internet to allow convenient mileage redemption.

(2) To upgrade relevant equipment of 787 aircraft cabin seats and entertainment systems to enhance service quality

Royal Laurel Class

With the cross-industry collaboration with BMW Designworks, we have extended the comfort of luxury car from the land to the air by increasing the seat width to 23 inches but retaining the flatbed design. Adopting the brand new eX3 inflight entertainment system with 18 inches Full HD touch screen, and integrating power outlet and remote controller with control panel, making the adjustment of seat angle rapid and easy. In addition, we also have more storage spaces and user-friendly designs such as the brand-new designed large size single plate dining table, the partitions that can be stored, and aisle indicator lights.

Economy Class

To collaborate with Recaro, the renowned seat manufacturer in Germany on the design of thin seat, the seat pitch increases by 10% to 12.6 inches, which allows the back of the seat to lean back for 6 inches, and the upward and downward shifting range of headrest reaches 6 inches. Except for seats in the first row, we provide at least two power outlets for each rows. The 787 adopt eX3 inflight entertainment system with 12 inches touch screen.

Wi-Fi System on Aircraft

The latest generation of High Throughput Satellite (HTS) network is planned to replace the current internet service and upgrade the bandwidth management server for the Wi-Fi system on aircraft, providing speedy internet service in the air.

(3) Digital Service Platform (DSP) Developed by Star Alliance

Through the digital services sharing by Star Alliance, passengers can enjoy consistent services while flying with different airlines. The Company has launched services including interline baggage tracking and unpaid seat selection. Frequent Traveler Validation via DSP for lounges will go online soon. Other functions such as digital connection assistant, disruption management, paid seat selection, ancillary service and dynamic redemption are under evaluation.

(4) Continue to upgrade boutique level supplies, beverage and dining ware to improve passengers' flying experiences.

Royal Laurel Class

- Collaborate with Taiwan-renowned Wang De Chuan Tea House to provide a selection of four types of tea: Alishan Jinxuan, Jasmine Oolong Tea, Selected Ripe Oolong Tea and Ripe Puer Tea.
- Launch three types of drink, Roaming in Milan, Amber Dreams and Cloud Sonata to enrich the menu

of Skybar to the needs of the passengers.

- Continue to collaborate with Jason Wu, the internationally renowned designer, on co-branded multi-functional good night sleep pajamas; a drawstring neckline design and pockets are added to reflect the preferences of our passengers.
- Launch hard-case Salvatore Ferragamo amenity kits and a new edition of soft-case amenity kits with Taiwanese aboriginal diamond totems printed on the case to honor the elegance of local culture on long-distance flight.
- Collaborate with Evergreen International Corporation and JL DESIGN to launch 2020 meal and wine menu on aircraft. Designed around the concept of "All flights lead to the coincidence with the best sceneries", the menu aims to accompany passengers on their way to the best scenery which they treasure.

Premium Economy Class

- Collaborate with world-renowned brands, Kipling and FURLA, to jointly launch amenity kits.
- The design team of the Italian dining ware brand, Guzzini, designed the luxurious dining ware exclusive to the Premium Economy Class.

(5) Promoting the air cold chain market

In April 2015, the Company started cold-chain temperature-controlled product service (EVA Pharmacare). The service network has extended to 28 stations covering main markets with import and export demands of temperature-controlled products including Europe, Asia, and America. In recent years, EVA Air has successfully carried seasonal influenza vaccines, biologicals, pharmaceuticals, high-end food ingredients and related products with special needs for precise temperature control. In 2019, the demand of cold chain temperature-controlled product continued to grow, the quantity of active temperature controlled container canvassed by the Company reached record high and broke through the threshold of 468 containers. Cold-chain temperature-controlled product is a potential market. EVA air will continue to promote cold-chain sales and participate in IATA's CEIV (Center of Excellence of Independent Validators) – Pharma Certification to provide customers with more secure, convenient and reliable temperature-controlled delivery quality and services.

5.1.2 Industry Overview

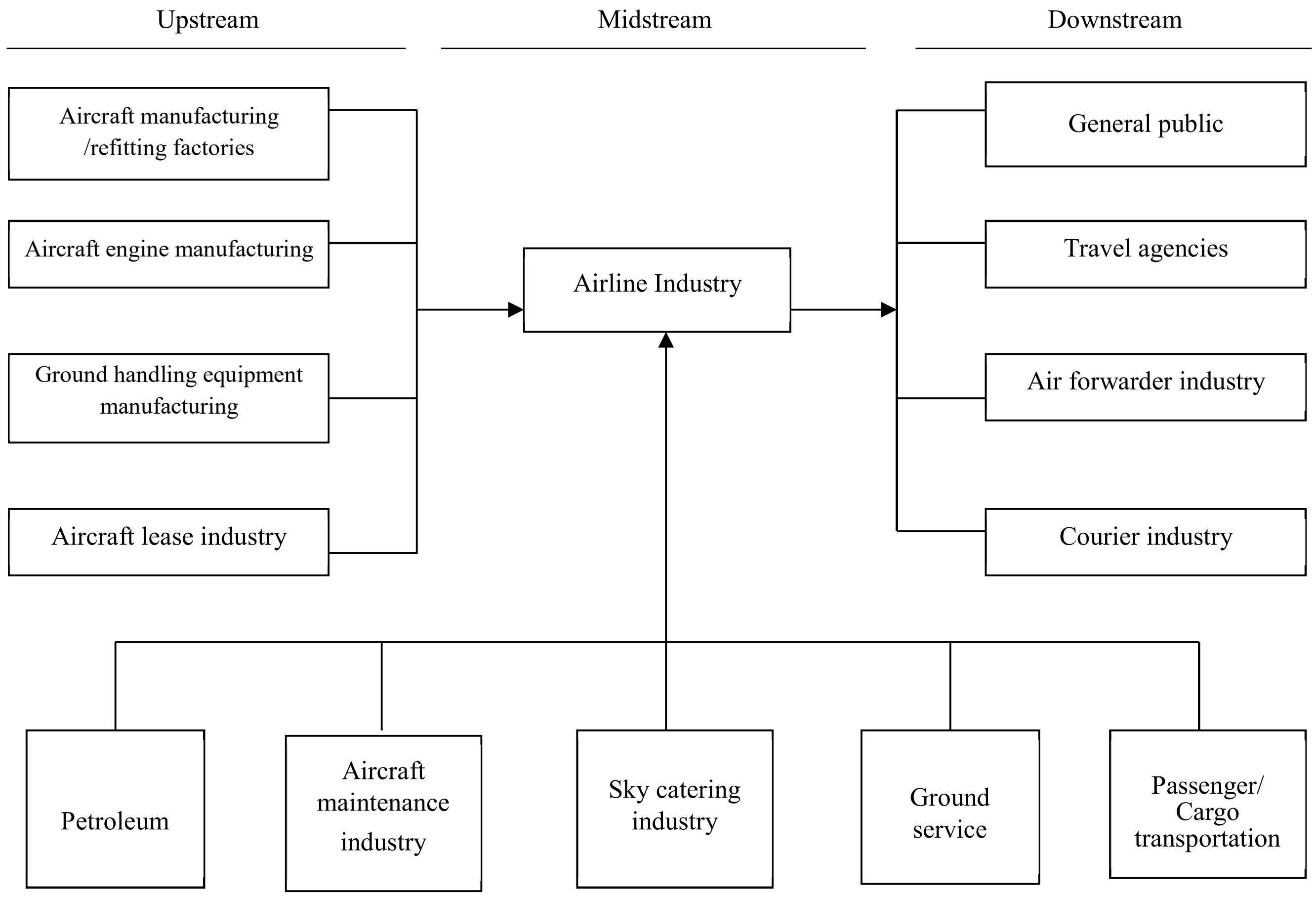
A. Current status and development of the industry

According to the forecast of International Air Transport Association (IATA), the revenue passenger kilometers (RPK) will grow 4.1% in 2020. The number of passengers will grow from 4.54 billion to 4.72 billion. The available seat kilometers (ASK) will increase by 4.7%. As the growth of passenger demand is expected to continue, passenger revenue will increase by 2.5%, from US$567 billion to US$581 billion. The demand mainly comes from Asia Pacific and Latin America. The cargo volume is expected to rebound slowly, increasing 2.0% and reaching 62.4 million tons. The estimated cargo revenue will decline for the third consecutive years, decreasing 1.1% to US$101.2 billion.

Compared with 2019, the lowest point in the business cycle, the prospect for 2020 is a little more positive with GDP expected to increase by 2.7%, which is slightly higher than 2.5% in 2019. The growth rate of international trade is expected to increase from 0.9% to 3.3%. The aviation industry is hugely impacted by the rise in labor costs. However, as the capacity increases in 2020, labor cost per unit (USD/Available Tonne-Kilometre) is expected to remain at US$0.12. The net global profit of the aviation industry in 2020 is estimated to reach US$29.3 billion, higher than US$25.9 billion in 2019. And it will be the eleventh consecutive year for the aviation industry to make profit. However, recently the epidemic of Coronavirus disease has affected the tourism markets, which casts doubts on future profits. Despite such a situation, based on past events, the IATA believes that the aviation industry had proven that it is capable of recovery from such shocks. During the period of SARS outbreak, the passenger traffic returned to pre-crisis level within 9 months.

B. Relevance of the Upstream, Midstream and Downstream Industry

The major services provided by the air transport service industry are mainly passenger and cargo transportation, which rely on the support of, and cooperation between, the upstream, midstream, and downstream industries to realize the provision of complete, integrated services and to satisfy customers' needs. The correlations among the up-, mid-, and down-stream industries of EVA Air are shown below:



Upstream Industries:

Aircraft Manufacturing Industry and Refitting Factories: EVA Air purchases its fleets from internationally renowned commercial aircraft manufacturers, including Boeing in the United States and Airbus in France.

Aircraft Engine Manufacturing Industry: Aircraft engines are critically important aircraft components, which affect the flight range and flight efficiency. Currently, the world's major aircraft engine manufacturers are GE, Pratt & Whitney, Rolls-Royce, and so on. The aviation transport operators select their engine suppliers mainly according to factors such as aircraft model requirements, maintenance costs, standardization of maintenance operation and maintenance technology availability.

Ground Handling Equipment Manufacturing Industry: Tractors and related equipment required for the apron operation are all classified as ground handling equipment.

Aircraft Lease Industry: Arrangement of aircraft procurement and leasing is in accordance with our financial planning. Aircraft lease operators are upstream industry of the aviation transport industry.

Midstream Industries:

Petroleum Industry: Aircraft fuel accounts for quite a large proportion of the operating costs of airlines, and the international oil price is easily affected by the international situation, policies of oil producers, exchange rate fluctuations, etc., which make the control of fuel cost more difficult. To stabilize fuel costs, besides signing long-term contracts with major fuel suppliers throughout the world for greater discounts, EVA Air also utilizes futures as an instrument for hedging.

Aircraft Maintenance Industry: Aircraft’s periodic/non-periodic (emergency or special condition) checks, maintenance and repairs are inextricably associated with flight quality and safety. In its initial launch, EVA Air has already heavily invested in building a modern jumbo wide-body aircraft maintenance center, followed by establishing Evergreen Aviation Technologies Corp., which has already acquired numerous maintenance accreditations from 14 countries, including those of FAA, EASA and ISO-AS9100 QA. Besides, the alliance cooperation with GE is beneficial to build the capability and higher level technology for aircraft maintenance and engine overhaul, which can provide a greater guarantee for the flight safety of EVA Air.

Sky Catering Industry: In-flight food services are a crucial aspect affecting aviation service quality. To ensure the quality of the in-flight foods, EVA Air commissions its consolidated subsidiary Evergreen Sky Catering Corp. to manage the catering operation (self-run) for the Taipei Station. As for other stations, EVA Air prudently selects qualified local sky catering suppliers to provide in-flight foods.

Ground Service Industry: The ground services at airports include flight check-in, the apron operation for guiding aircraft in and out of the airport, baggage, cargo, mail services, building-up freight into containers and onto pallets, as well as aircraft loading and unloading operations. Currently, for domestic stations in Taiwan, EVA Air mostly commissions its subsidiary Evergreen Airline Services Corp. (EGAS) for the ground handling services to ensure the operation quality. As for foreign stations, EVA Air consigns varying ground handling services to its international industry partners or foreign airports’ professional ground agencies.

Passenger/Cargo Transport Industry: Taking quality into account, EVA Air commissions Evergreen International Storage & Transport Corp. to handle the shuttle transport operation for its crew members to commute between our office and airport.

Downstream Industries:

General public: Due to the development of the economy and trade as well as the increase in personal income, the opportunity for the general public to go abroad for business or sightseeing has greatly increased, and with the convenience of the Internet, the general public comprises direct customers that EVA Air actively strives to serve.

Travel agencies: EVA Air continues to work with travel agencies for co-marketing, promotes and popularizes products through travel agencies to the general public and companies. Charter flights are formed according to market demand.

Air forwarder industry: The scope of the business includes import freight transport, export freight transport, transit freight transport, air container inland transport and customs declaration business, which is the transshipment operator of air cargo on the land side. Recently EVA Air has also directly undertaken chartered transport services of international exhibition goods, which not only benefits revenue growth, but also enhances international popularity and market competitiveness.

Courier industry: Mutual combination of courier service companies and air transportation services can provide more convenient services.

C. Development trends of products

(1) Development of global alliance

Due to the constraint of air traffic right and market scale, also to share the resources and reduce operational costs, airlines usually join strategic alliance to increase the overall competitiveness and to expand the code-shared network by code-sharing or frequent flyer plan. Currently, we have code-shared alliance with 20 airlines including United Airlines, All Nippon Airways, Air Canada, Air China, Asiana Airlines and Singapore Airlines. We will continue to seek the opportunities to cooperate with Star Alliance member airlines in the future.

Three major global alliances in airline industry already consists two-thirds of total available seat kilometers (ASK).

Three Major Alliances

Star Alliance	One World	Sky Team
Aegean Airlines Air Canada Air China Air India Air New Zealand	American Airlines British Airways Cathay Pacific Finnair Iberia	Aeroflot Aerolíneas Argentinas Aeromexico Air Europa Air France

Star Alliance	One World	Sky Team
ANA Asiana Airlines Austrian Airlines Avianca Brussels Airlines Copa Airlines Croatia Airlines EGYPTAIR Ethiopian Airlines EVA Air LOT Polish Airlines Lufthansa Scandinavian Airlines Shenzhen Airlines Singapore Airlines South African Airways SWISS TAP Air Portugal THAI Airways Turkish Airlines United Airlines	Japan Airlines LATAM Malaysia Airlines Qantas Qatar Airways Royal Jordanian S7 Airlines SriLankan Airlines	Alitalia China Airlines China Eastern Czech Airlines Delta Air Lines Garuda Indonesia Kenya Airways KLM Royal Dutch Airlines Korean Air Middle East Airlines Saudia TAROM Vietnam Airlines XiamenAir

Data Sources: Official Websites of Star Alliance, One World and Sky Team.

(2) Open sky policy of airline industry

As countries gradually exempt visas for foreigners and increase interactions between cities, open sky policy is the long-term trend of the international airline market. So far, the United States has carried out the open sky policy thoroughly while there still have a certain control to ensure a free competition market and protect consumer's interests. Due to the spillover effect of U.S. policy and effects from cross demand, EU and other countries tend to follow this trend. At present, Taiwan sky is not fully open, but will gradually alleviate the operators' restrictions along with the global trend. In recent years, budget and foreign airlines continue to expand capacity to Taiwan market. It becomes evident that competition intensifies while airline market tends to be free and open.

(3) Change of air cargo structure

With the rise of e-commerce in recent years, the freight composition becomes more diverse. Apart from traditional high-end machineries, consumer electronics and raw materials, e-commerce has huge impact on air cargo. Pharmaceuticals, fresh agricultural, high-yield and time sensitive products, small-sized goods and products transported via cold chain logistics have become main freight delivered by air.

D. Product competition situation

According to statistics of CAA, the Company is on the top of the list among international airlines by passenger loading factor and gradually increasing the market share. Please refer to the Statistics of Passenger and Cargo Volume of International Airlines in Taiwan.

Statistics of Passenger & Cargo Traffic Volume of International Airlines in Taiwan

Name of Airline	2019					
	Passenger Operation				Cargo Operation	
	Number of Flights	Seat Capacity	Passenger Capacity	PLF (%)	Tons of Cargo	Percentage (%)
China Airlines	62,452	17,208,085	13,900,100	80.8	847,056	65.3
EVA Air	57,419	15,446,447	12,861,068	83.3	546,608	78.2
Tigerair Taiwan	18,371	3,302,616	2,783,726	84.3	857	74.5
Mandarin Airlines	10,236	1,592,273	1,288,578	80.9	14,589	25.6
UNI Air	4,948	1,019,083	848,003	83.2	12,705	47.7
Far Eastern Air	2,267	374,055	275,391	73.6	7	20.8
Other Foreign Carriers	150,571	34,336,212	27,320,887	79.6	844,699	N/A
Total	306,264	73,278,771	59,277,753	80.9	2,266,521	N/A

Note: Passenger operation data source: Monthly Digest of Statistics, December 2019, CAA. The number of passengers includes transit passengers.

5.1.3. Research and Development

A. The amount invested and product successfully developed by the Company in recent year and by the printed date of annual report.

The Company has invested NT$75 million on the development of following research product.

Research Product	Explanation
Customer Service Chatbot Solution	The Company introduced diversified customer service channels by launching AI-powered conversational Chatbot(Chat-Robot) and live chat service to interact with our passengers, in addition to traditional voice telephony. This Chatbot leverages powerful AI backend and integrates with all service channels to interact with passengers swiftly and it certainly enhances customer experience by seamlessly integrating conversations between Chatbot and human agents.

Research Product	Explanation
EVA Mobile service enhancement	EVA Mobile has established 26 languages in different markets and has continued increasing the markets for new languages in order to serve larger customer base. At the same time, in order to provide users with a friendlier and intimate travel experience, EVA Mobile has successively launched Infinity Miles membership applications, real-time baggage message pushing, prepaid baggage purchase, passport scanning, and integration of Google pay boarding pass, etc. EVA Mobile takes responsibility for continuously providing passengers with more complete services.
Enhancing Cyber Security and Cyber Defense	In order to cope with the emerging global cyber threats, the Company has continued to build up a defense-in-depth Information Security mechanism based on risk management in 2019. In addition, we have achieved these main targets including Proactive Defense, Precise Detection, Efficient Incident Response, and Sustainable Continuous Improvement. The synergy of these pillars would benefit the Company to maintain a high standard of cyber security.
Air-cargo Pricing Management System Project	The Company's new cargo system has been launched in 2017 to provide stable and rapid system services for our cargo business. It helps the Company to manage market changes and met the needs of customer service. The upgrade of air-cargo pricing management system can provide cargo management department to administer the real-time air-cargo market freight and volume changes more efficiently, and to maximize the profit of each flight.
Development of New Mail Revenue Accounting System	The Company has successfully migrated its Mail Revenue Accounting (MRA) System from mainframe-based legacy platform to open architecture with modern technologies in 2019. New MRA System takes advantage of innovative technologies to re-engineer all interface and working flows more efficiently and effectively. New MRA System will be beneficial to both operation efficiency and agile software development.
Intelligent Logistics for New Bonded Warehouse	The IoT technology has matured tremendously in the past decade with extensive implementations in logistics industry, the Company plans to introduce the smart logistics in the new bonded warehouse. EVA had completed the project in 2019 by applying wearable devices and electronic tags. Through cloud computing and image recognition technology, the Company integrates various information in real time and enhances the loading efficiency of commissary supplies and optimize the allocation of storage space.

Research Product	Explanation
New virtual server infrastructure design and implementation	To enhance the Company's virtual server security, resource utilization and management efficiency, we invested in a new Hyper-converged infrastructure for virtual server operation. By the new infrastructure, the Company is able to shorten virtual server deployment process for application systems, and further accelerate our information system development.

B. Future Research Plan

(1) The Company is estimated to invest NT$ 123 million on following research item.

Research Product	Explanation	Estimated Completion Time
Website Re-Engineering Project	In light of the diversity requirement and mobility development trend, the Company has kicked off a project to re-engineer our website. The website is designed regarding to customer experience and analytics of website traffic statistics. We will be able to provide user with awesome cross digital service visual experience and complete journey map.	APR, 2020 95% Completion
Implementation of IATA NDC standards	The Company will implement New Distribution Capability(NDC) launched by the International Air Transport Association(IATA) to transform the way its air products retailed to corporations, leisure and business travelers. Adoption of NDC standard, the Company will elevate product differentiation, shopping experience and accelerate time-to-market.	DEC, 2020 15% Completion
Enhancing Information Security Governance	In 2020, the Company will continue to improve its capability of information security governance and cyber defense. We focus on reinforce security control mechanism and the protection of payment card transaction applications and cardholder data. Meanwhile, the Company will enhance its information security detection, aim to precisely prevent and predict, immediately detect, and quickly respond to a security incident before, during, and after the incident.	DEC, 2020 30% Completion
Air-cargo Mail Pricing Management System Project	The Company will implement air-cargo mail pricing management system in response to the emerging demand of e-commerce and mail order. It will flexibly control the space of flights to maximize sales profit of each flight.	DEC, 2020 35% Completion

Research Product	Explanation	Estimated Completion Time
Cargo Website Re-Engineering Project	In light of the diversity requirement of freight forwarders and mobility development trend, the Company will initiate a project to re-engineer our cargo website. The website is designed regarding to customer experience and analytics of website traffic statistics. We will be able to provide freight forwarders with instant and convenient digital services at all stages of the shipment.	DEC, 2020 35% Completion
Development of New Passenger/Cargo Revenue Accounting System	In 2020, the Company plans to migrate its Passenger and Cargo Revenue Accounting (PRA and CRA) from mainframe-based legacy platform to open architecture with modern technologies. The Company will re-engineer all interface and working flows with innovative technologies and infrastructure aiming to operate more efficiently and effectively. New PRA and CRA System will be beneficial to both TCO reduction and software development.	DEC, 2020 80% Completion
Robotic Process Automation Project	Due to the in-flight service material declaration systemized project owned by Customs Administration, the Company needs to declare SCR, BCR and Meal Order List by Customs Port Trade Single Window System before flight departure. Considering the maximum benefit of manpower utilization, the Company plans to apply RPA (Robotic Process Automation) for automated operations across company platforms and reduce management cost.	AUG, 2020 35% Completion
New Wireless Network and Management Platform Implementation	To enhance user experience of wireless accessing service for both internal and external users, the Company will implement a new wireless network management platform and redesign the architecture. The new platform will integrate the software and hardware maintenance, and enhance wireless access security. Thus, it can unify the system management and stable the wireless access service.	JUN, 2020 70% Completion
Establishment of Data Center Network Architecture	To meet the increasing bandwidth demand and network performance requirement from airline's daily operations, the Company will reconstruct its data center network architecture. This project aims to provide neat cabling, improve network service stability and disaster recovery reliability. The new architecture of core network will unify management and provide high-scalability, and serve all information systems with higher availability and security standards.	DEC, 2020 40% Completion

(2) Key Reasons for Successful Research In The Future:
  A. Fully support of management team
  B. Strictly execute research projects management
  C. Well control project budgets
  D. Control and verify new technology
  E. Great support from in charge departments
  F. Fully understand of research projects

5.1.4 Long-term and Short-term Business Development Plan

A. Short-term plan

(1) Expand the Available Seat Kilometer of regional routes and strengthen the hub-and-spoke effect

Inaugurate new routes in Northeast Asia and Southeast Asia including flights from Taoyuan to Busan, Phuket and Clark, Kaohsiung to Okinawa and Hanoi. Kaohsiung Airport will be equipped with A333 wide-body aircraft to expand regional capacity and network, consolidating transit passenger market and increasing competitiveness.

(2)Optimize fleet rotation and revenue

787 new generation aircraft will be added to Brisbane, Vancouver and Seattle to increase product competitiveness. Songshan Airport will be equipped with 787 to expand the capacity of high-profit Haneda and Hongqiao routes. New routes to Milan and frequencies increased on Seattle and Chicago will intensify the long-haul routes network.

(3)Enhance e-commerce application in response to the trend of digital development

Conduct the revision project of the official website in coordination with the expansion of routes, and increase the languages available on the online platform to serve the diverse market. Manage social media and interact with the users, instantly provide feedback to public opinion and enhance relations with fans. Expand automatic functions, including convenient services such as text-based customer service, cancellation of schedule, payment of no-show fee, etc. Re-design the interface and function for mobile devices to optimize users' operation experience and increase the efficiency of airports.

(4)Strengthen the cooperation with alliance airlines and expand flight networks to increase global competitiveness

Continue to explore collaboration opportunities and have conversations with the right alliances at the right time. Expand transit markets in Europe, America and Northeast Asia by code-sharing with Thai Airways. To expand transit markets in the Middle East and Northeast Asia by code-sharing with Turkish Airlines. To strengthen the network in Oceania by code-sharing with Air New Zealand. To code-share with United Airlines to increase competitiveness in America.

(5)Deliver value for Star Alliance members

By 2022, the EVA Air aims to be recognized by customers as the best airline that offers superior digital Alliance experiences and delivers value to members.

(6)Diverse rewards program to strengthen member service management

Comprehensive content for “Infinity MileageLands” rewards program allows diverse selection of mileage redemption options and member discounts, coupled with occasional awards of mileage extra bonus miles and status miles, discounted mileage redemption for upgrades, as well as award tickets to increase positive interactions with members and ticket purchasers via the Internet to allow convenient mileage redemption.

(7)Make active marketing plan and increase target revenue

Continue to monitor the results of Fare Family project, making adjustment in accordance with the market to increase flight revenue and to continue developing value-added service items to increase revenue.

(8)Improve products and innovate services

Plan for boutique level supplies, new amenity kits created by famous brands, and the launch of multi-functional good night sleep pajama co-branded with international renowned designers.

(9)Appropriately handle the COVID-19 outbreak

Adjust aircraft type influenced by COVID-19, reduce flight frequencies and adjust aircraft properly. And full load the belly cargo to increase revenue.

(10)Enhance the use of e-commerce in cargo transportation in response to the trend of digital development

EVA Air developed a new web core system for freight, introducing new internet technology, collecting demand and consolidating development by phase. By introducing newly developed tools and functions, we are able to consolidate and optimize the framework, and to accelerate the process of operation, providing customers with better service.

(11)Flexibly adjust cargo operation routes

In line with the characteristics of various routes and market demand during the off seasons and peak seasons, the Company flexibly adjust cargo operation routes, frequency and aircraft types, fully utilizing cargo capacity to enhance the overall operating results.

B. Long-term plan
(1)Adjust fleet size properly

In response to the business growth and market demand, the Company continues to expand its fleet size and business territory. In addition to the completion of fleet establishment, which consists of thirty-three 777-300ERs, four 787-9s, four 787-10s, nine A330-300s, three A330-200s, twenty-four A321-200s and two ATRs. The Company will continue to introduce five 787-10s in 2020 to provide travelers with safer and more comfortable flying experience.

Furthermore, in response to cargo demand and for the improvement of the operational efficiency of freighter fleet, the last 747-400 freighter was phased out in the first half of 2019. Five 777F fuel-efficient freighter has completely delivered.

(2)Guarantee flight safety

EVA Air is dedicated to improving flight safety. The Company invests a considerable amount to acquire resources including equipment and safety classes to train our staffs and make sure the quality of flight safety.

(3)Reduce energy consumption and carbon footprints

Implement Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) recognized by the ICAO. Follow the sustainability project of the IATA; implement solutions such as waste reduction, recycling, carbon offsetting, resource conservation, etc.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Main Sales (Service) Regions and Key Performance Indicators (KPI)

Passenger Operations:

Item / Region	2018			2019		
	No. of Passenger	RPK (Million)	Revenue (NT$ Million)	No. of Passenger	RPK (Million)	Revenue (NT$ Million)
America	2,267,781	25,075	39,222	2,239,229	24,623	39,386
Europe	898,731	7,130	11,580	886,722	7,040	11,516
Asia	9,282,659	15,537	47,361	9,589,358	16,264	48,628
Oceania	92,706	626	915	111,996	756	1,093
Total	12,541,877	48,368	99,078	12,827,305	48,683	100,623

Note: RPK (Revenue Passenger Kilometers) = The number of revenue passengers carried multiplied by the distance travelled in kilometers.

Cargo Operations:

Region \ Item	2018			2019		
	Cargo Carried (Tons)	FTK (Million)	Revenue (NT$ Million)	Cargo Carried (Tons)	FTK (Million)	Revenue (NT$ Million)
America	217,509	2,496	17,307	207,081	2,373	16,079
Europe	48,720	504	3,132	43,233	442	2,660
Asia	379,827	645	7,114	356,766	606	6,548
Oceania	3,128	21	90	3,331	23	92
Total	649,184	3,666	27,643	610,411	3,444	25,379

Note: FTK (Freight Tonne Kilometers) = The weight of cargo in tons multiplied by the distance travelled in kilometers.

B. Market Share of Taiwan on International Routes in the Last Two Years

Item \ Year		2018	2019
Number of Flights	EVA Air	56,787	57,419
	Taiwan	292,414	306,264
	Market Share (%)	19.42	18.75
Number of Passengers	EVA Air	12,567,686	12,861,068
	Taiwan	56,791,207	59,277,753
	Market Share (%)	22.13	21.70
Tons of Cargo	EVA Air	590,157	546,608
	Taiwan	2,414,975	2,266,521
	Market Share (%)	24.44	24.12

Data Source: Monthly Digest of Statistics, December 2018 and December 2019, CAA.

Passenger & Cargo Market Share of Taiwanese Airlines on International Routes in the Last Two Years

Unit: %

Airline \ Year	2018		2019	
	Passenger	Cargo	Passenger	Cargo
China Airlines	24.23	38.60	23.45	37.37
EVA Airways	22.13	24.44	21.70	24.12
Mandarin Airlines	2.34	0.71	2.17	0.64
Tigerair Taiwan	4.52	0.05	4.70	0.04
UNI Airways	1.52	0.52	1.43	0.56
Far Eastern Air	0.40	0.00	0.46	0.00

Data Source: Monthly Digest of Statistics, December 2018 and December 2019, CAA.

C. Market supply & demand and growth in the future

In view of the steady growth of global economy, the continued growth of emerging market in Asia Pacific and the recovery of developed economies in Europe and the United States will drive the global economy and trade activities among Asia Pacific, Europe and the United States. It is beneficial to the strategy development of the Company toward the hub-and-spoke network expansion. The analysis of the future growth of the Company's main operating routes is as follows:

(1) Passenger Routes

■ American Routes

EVA Air has 89 passenger direct flights flying non-stop to the United States and Canada per week. It includes 21 flights to Los Angeles weekly, 7 flights to New York weekly, 21 flights to San Francisco weekly, 12 flights to Seattle weekly, 7 flights to Houston weekly, 7 flights to Chicago weekly, 7 flights to Vancouver weekly, and 7 flights to Toronto weekly. Flights will be adjusted and capacity will be maneuvered in line with off and peak seasons in the future. Code sharing with United Airlines, Avianca Airlines, Copa Airlines and Air Canada will be continued to provide convenient transfer services for the US and Canada inland as well as Central and South America.

■ European Routes

The Company has 28 passenger flights to Europe per week, including 3 flights to Amsterdam weekly, 7 flights to Vienna weekly, 7 flights to Paris weekly, and 7 flights to London weekly, and will open new service to Milan with 4 flights weekly in 2020. Also, to expand code-share cooperation with Thai Airways, providing Taiwanese passengers with convenient flight services to Europe, and actively strives for other destinations with marketability.

■ Australian Routes

The Company has 7 passenger flights to Brisbane per week in peak seasons and 5 passenger flights per week in off seasons, and has code-share cooperation with Air New Zealand to develop the transit passengers between Oceania and Northeast Asia.

■ Asian Routes

The Company has 14 destinations and 152 flights to Southeast Asia weekly, and 17 destinations and 215 flights to Northeast Asia weekly, and 19 destinations and 180 flights to China, Hong Kong and Macao weekly. The Company will coordinate with the government policies and the two-way tourism boom of Taiwan-Japan and Taiwan-South Korea, such as open new scheduled flight from Kaoshiung to Okinawa and Taipei to Busan in Northeast Asia and Taipei to Phuket and Clark and Kaoshiung to Hanoi in Southeast Asia. Also, to actively strengthen route network and expanding Southeast Asia and Northeast Asia market to and from Taiwan and transit passengers to and from Europe and America.

(2) Air cargo Routes

The North American Routes are the Company's main source of cargo revenues, accounting for more than 60%. Freighters offer 14 flights per week to 4 destinations in Los Angeles, Chicago, Dallas and Atlanta in the United States while wide-bodied passenger aircraft provide over 80 flights per week with belly hold to 8 destinations in Los Angeles, San Francisco, Seattle, New York, Houston, Chicago, Vancouver and Toronto. The Company provides sufficient capacity to and from North America. The AFTK between Asia and North America increases by 5.6%, and a double-digit growth in Japan, Europe and Australia in 2020. An overall AFTK increases by 7.7%.

D. Competitive Niche

(1) Excellent flight safety record

Since the inauguration of its maiden flight, the Company has adhered to Evergreen Group's decades of experience in international transport, and has provided passengers with most appropriate and comfortable transport services with the business philosophy of flight safety and convenience, etc. "Flight Safety" is our promise to customers and the most important target and responsibility for our staff to accomplish. To achieve the business objectives of "Safe, Punctual Flights, Friendly, Professional Services, and Efficient, Innovative Operations", we committed to establishing the flight safety standard operating procedures, implementing the work discipline, strengthening the organizational functions, and shaping the safety awareness to build the high-quality safety culture. It also ensures the safety of passengers and aircraft by performing the organizational functions and implementing the safety management system.

By adhering to the philosophy of "we aim to assure your safety whenever you are airborne" and "we never compromise safety in the air or on the ground", EVA Air is ranked among the best by local and overseas civil aviation authorities and external certification companies in flight safety inspection with a perfect flight safety record and has created a number of perfect records of "Zero Defect". With excellent flight safety performance, EVA Air has ranked among one of the "World's Safest Airlines" by German civil aviation magazine, AERO International, for consecutive years. In accordance with the latest airline safety ratings published by the world-renowned professional aviation rating website AirlineRatings.com, EVA Air has been selected as one "The World's 20 Safest Airlines" for 7 consecutive years and was awarded the third place. At the same time, EVA Air has also earned the 8th position among the World top-20 airlines 2020.

As EVA Air has been making constant effort and investment to maintain the safety of flight, its safety performance has been recognized once and again in the industry at home and abroad. EVA Air's commitment to flight safety never change, and will set higher standards for itself in order to provide its passengers with peaceful and comfortable flight services.

(2) Aggressively expanding flight network, consolidating the hub-and-spoke network efficiency

EVA Air has served destinations more than 60 cities over four continents (Europe, America, Asia and Australia), to form a complete global passenger and cargo transport network. We provide perfect services to meet consumer demands with intensive schedule by new fleet. It also creates more business opportunities for the market.

(3) The new generation of a brand new fleet

The new generation of the main aircraft model - 787 Dreamliner of EVA Air has been delivered in the second half of 2018. With more 787 come into service, apart from routes to Japan and Hong Kong, part of European and Australian routes are served by the new aircraft type. 787 passenger planes adopt the world's top aerospace science and technology, and are equipped with the latest generation of GEnx engines. Compared with the old type wide-body aircraft, 20% of fuel consumption and pollution emissions are saved through the extensive use of lightweight composite materials and the latest technology. Thus, the operating efficiency is improved effectively. The brand new cabin design also greatly improves the comfort of passengers.

E. Favorable & Unfavorable Factors in Prospects and Countermeasures

■ Favorable Factors

(1) The Asia-Pacific region benefits from the slight comeback of the global trade and air freight market. IATA forecasts a net income of US$6 billion in 2020, higher than US$4.9 billion in 2019 with a profit margin of 2.2%. The average jet fuel price for 2020 is estimated to be US$75.6 per barrel, lower than US$77 per barrel in 2019, which will benefit the airline's profit.
(2) The financial measures and expanding fiscal policies implemented by central banks around the world can hopefully stimulate economic growth.
(3) Characterized by advantageous geographical location, Taiwan is one of the important air transshipment hubs in the Trans-Pacific.
(4) The government's New Southbound Policy, such as visa-free for Australian, New Zealander, Thais, Singaporean, Malaysian, Bruneians, and Filipinos coming to Taiwan, can improve the willingness of local people to visit Taiwan, and increase the airline revenue and the number of passengers.
(5) The U.S. presidential election may help ease the tension of trade. America and China signed the first stage of trade agreement on the 18th of January, 2020 putting an end to the 18-month trade war between the two countries. This benefits to global trade, especially for Asia-Pacific region which acts as the manufacturing center of the world. The growth for air freight market in the region is expected to improve.
(6) The rise of the Otaku economy accelerates the vigorous development of international e-commerce. The transport demand for high-profit freight, such as goods requiring temperature control is also on the rise. The trend not only change the traditional air freight market, but also further drive the demand for air cargo.

■ Unfavorable Factors

(1) As economic growth decelerates, trade wars, political tension and social instability rise, the business environment for airlines become tougher than expected.
(2) Latest figures showed that economy in Germany, Japan and China are still slowing down, which has knock-down effect to global economic development.
(3) The aging population situation in developed economies and emerging markets hamper future economic developments.

(4) The uncertainty of fuel price fluctuations and the rising of airport-related expenses increase the operating costs of the airline industry.
(5) Newcomers made the competition even fiercer. The yield for the aviation industry may continue to decrease.
(6) The travel industry is suffering its worst shock because of COVID-19 and airlines are facing sharp drop in their loading factor. If the virus cannot be contained, the annual profit will not be optimistic.

■ Countermeasures
(1) To strengthen the cooperation with alliance airlines and sharing resources, increasing seat capacity and competitiveness, and expanding global flight network.
(2) After introducing the Fare Family project, we continue to meet the demand of various customers with differentiated fare products, increasing flight revenue, and securing high-yield passengers.
(3) Flexibly adjust flights and types according to market demand, and continually adjust the frequencies during the off and peak seasons to maximize the efficiency of aircraft use.
(4) Adding additional service items to generate more revenue.
(5) Strengthen advertising and expand sports marketing to enhance the Company's brand image and product awareness.
(6) Continuously improve software and hardware quality in cabin service to increase passengers' flying experiences.
(7) Improve load factor of Business class and Premium Economy Class to increase the ratio of high yield passengers.
(8) Grab more airmail bag and high-yield goods such as cold chain, medical and biotech products to secure higher revenue.
(9) Flexibly adjust capacity in accordance with market demand, grab the business opportunity on project shipment and charter business to increase cargo revenue.

5.2.2 Production Procedures of Main Products

1. Major products and their main uses

Major Products	Main Uses
Passenger Services	International Air Transport, scheduled, non-scheduled and charter flights.
Cargo Services	International cargo, express, mail and parcel transportation.
Others Services	In-flight duty free sales and aircraft maintenance services.

2. Major production of main products
The Group mainly focus on air transport related industries. Therefore, there is no major production process.

5.2.3 Supply Status of Main Materials

The Group mainly focus on air transportation service and maintenance of airframe, engine and aircraft parts. Aviation fuel is the main material for operation. We not only sign fuel contracts with world-renowned fuel suppliers to insure steady fuel supply, but also adopt appropriate hedging strategies corresponding to fuel price trend. Our maintenance business mainly includes materials required for airframes and engines.

5.2.4 Major Suppliers in the Last Two Calendar Years

1. Major customers：The Group provide air transport service to the public.
2. Major suppliers：Formosa Petrochemical Corp., CPC Corp., etc.

Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item	2018			2019		
	Company Name	Amount	(%)	Company Name	Amount	(%)
1	Formosa Petrochemical Corp.	11,082,833	7.02	Formosa Petrochemical Corp.	10,653,915	6.72
2	CPC Corp.	8,268,391	5.24	CPC Corp.	7,661,645	4.84
	Others	138,438,418	87.74	Others	140,132,563	88.44
	Net Total	157,789,642	100.00	Net Total	158,448,123	100.00

Analysis of deviation: Fuel is the Company's primary operating costs. Among our fuel suppliers, Formosa Petrochemical Corp. and CPC Corp. are main domestic suppliers. Fuel costs as a percentage of total operating costs decreased owning to the decline of fuel price in 2019. As a whole, our procurement have remained stable.

5.2.5 Production in the Last Two Years

Year / Capacity and Traffic	2018	2019	Change rate
Available Seat Kilometers (ASK)	59,835,564	59,672,883	-0.27%
Revenue Passenger Kilometers (RPK)	48,368,418	48,682,624	0.65%
Passenger Load Factor (%)	80.84%	81.58%	0.75pp
Available Freight Tonne Kilometers (AFTK)	4,392,437	4,402,373	0.23%
Freight Tonne Kilometers (FTK)	3,666,262	3,443,624	-6.07%
Cargo Load Factor (%)	83.47%	78.22%	-5.25pp
Available Tonne Kilometers (ATK)	9,777,638	9,772,932	-0.05%
Revenue Tonne Kilometers (RTK)	8,019,420	7,825,060	-2.42%
Overall Load Factor (%)	82.02%	80.07%	-1.95pp

5.2.6 Sales in the Last Two Years

Unit: NT$ thousands

Sales \ Year	2018		2019	
	Quantity	Amount	Quantity	Amount
Passenger	12,541,877	99,077,690	12,827,305	100,623,028
Cargo(Tons)	649,184	27,642,897	610,411	25,379,299
Others	-	53,186,745	-	55,272,931
Total	-	179,907,332	-	181,275,258

5.3 Human Resources

Year		2018	2019	As of MAR 31, 2020
Number of Employees	Pilot	1,465	1,512	1,529
	Crew	4,389	4,528	4,395
	Others	13,407	13,640	12,965
	Total	19,261	19,680	18,889
Average Age		35.4	35.4	35.6
Average Years of Service		8.9	8.5	8.6
Education %	Ph.D.	0.1	0.1	0.1
	Masters	4.8	4.9	4.9
	Bachelor's Degree	79.2	79.5	79.3
	Senior High School	13.3	13.2	13.4
	Below Senior High School	2.6	2.3	2.3

5.4 Environmental Protection Expenditure

5.4.1 The loss or penalty caused by environmental pollution during the latest year and up to the printed date of this annual report:

The consolidated subsidiary Evergreen Aviation Technologies Corp. (EGAT) violated Article 18 of the Water Pollution Control Act on 15 August, 2019 due to the discharge of sewage from the plant to the rainwater channel of the industrial zone without permission, and was fined NT$28,000 and punished to take environmental class for 2 hours. The content of violations, the date of punishment, the punishment number and the corresponding measure are as follow.

The content of violations: Enterprises shall adopt water pollution control measures; the central competent authority in consultation with the relevant industry competent authorities shall determine management regulations for the applicable targets, scope, conditions, necessary facilities, specifications, installation, operation, monitoring, recordkeeping, time limit in years for the preservation of monitoring data, preventive

management, emergency response, the collection, treatment and discharge of wastewater and sewage, and other binding matters for water pollution control measures.
The date of punishment: 11 November, 2019
The punishment number: 30-108-100023
The corresponding measure: After the construction company extracts groundwater, the plant disposes of sewage or sends it to the sewage disposal plant in Guanyin Industrial Park and then discharges it.

5.4.2 Countermeasures and Improvements

1. Strengthen the energy management, restrain the load of electricity and use of fuel to reduce CO2 emission.
2. Continually build improving management mechanism and good working environment.

(1) The waste produced from building is stored as required by law into recycling, reusable waste, and industrial waste and collected by Environment Protection Administration (EPA) approved recyclers or waste companies. The relevant department periodically follow and audit to make sure the final procedure is legitimate.

(2) The Company introduces TOSHMS and ISO 45001 and sets up standards which are stricter than relevant laws. By rigorous conditions of working environment detection and training, the Company can build up an excellent and safe working environment which meets the demand of organizations and employees.

(3) The consolidated subsidiary Evergreen Aviation Technologies Corp. (EGAT) commits to provide a safe, healthy and environmental-friendly working environment for employees. All employees, top executives as well as grassroots staffs, have taken aggressive action in the environment protection during daily maintenance operations. EGAT will continue to reduce water consumption and all energy resources and properly control in the disposal and recycle of waste materials, in order to keep the promise of a safe, healthy working environment.

(4) The consolidated subsidiary Evergreen Airline Services Corp. (EGAS) has equipped with sewage disposal facilities in Changxing Park since February 2018 in order to comply with the sewage emission standards regulated by Environment Protection Administration (EPA) and spare no effort to protect the environment.

(5) The consolidated subsidiary Evergreen Sky Catering Corp.(EGSC)

- EGSC has established Wastewater Treatment System and rinsing machines in Unit II facility to comply with the Water Pollution Control Act and Air Pollution Control Act regulated by EPA , so as to carry out our obligation in environment protection.
- The establishment of Water Chiller Unit with constant frequency control can automatically adjust the load, improve the air conditioning efficiency, achieve energy conservation, and use environmental refrigerant to reduce the impact on the environment.
- The usage of Liquefied Natural Gas (LNG) in steam boiler installations can reduce nitrogen oxide emissions and depletion of ozone layer.
- In response to the government's green energy policy, EGSC installed "Solar Power Generation System" on the top floor of the Unit I facility. The total power generation in the year of 2019 was

304,808 degrees. It is expected to complete the construction of "Solar Power Generation System" in Unit II facility in the first half 2020.

3. Airport Noise Management

   In compliance with the airport noise abatement regulations and silent living environment policy, ICAO and FAA FAR promulgates strict noise standard for all new aircraft models. The noise level of all EVA fleets has complied with basic standard: Chapter 3 by ICAO Annex 16, Volume I and Stage 3 by 14 CFR part 36, Appendix B. Contemporary aircraft boast more silent takeoff and landing performance through optimized airframe and engine system designs. Actually, most of EVA fleets like 787-9/-10, 777-300ER/F, A330-200/300, A321-200 have got higher noise standards of Chapter 4 by ICAO Annex 16 and Stage 4 by 14 CFR part 36, Appendix B. EVA complies with designated airport noise abatement procedures for flight operations to let the noise impact on surroundings reduce to minimum and achieve the goal of silent residence.

4. Decrease of Greenhouse Gas and Prevention of Air Pollution

   EVA air persistently conduct aircraft modernization plan with the 26 sets of airplanes contract, signed with Boeing in 2015, that include 24 brand new wide-body planes—Boeing 787 Dreamliner. The Dreamliner adopted a large proportion of lightweight carbon fiber composite, and it's more than 50% of the entire aircraft material. For the illumination device, fluorescent tubes are replaced with LEDs, which will reduce half of the electricity consumption. Moreover, with the latest GEnx engine made by GE, the Dreamliner is able to reduce 20% of aviation fuel consumption and Green House Gas emission compared with the previous wide-body aircraft. The Company will continuously replace aircraft in order to reduce the impact to the environment with the latest eco-friendly and energy-saving technology. By the end of 2019, total of four Boeing 787-9 and four Boeing 787-10 are introduced to EVA Air's fleet and the fleet will expand continuously.

   In 2015, the Company formed the "Environment Promotion Sub-Committee", which is EVA Air's highest decision-making supervisory unit for corporation sustainability and environment management policy. The Sub-committee is responsible for planning and ensuring the effectiveness of the Company's environment and energy management guidelines and policies. The Sub-committee is divided into four task groups: fuel conservation, environment, energy, carbon rights; based on these four aspects, the Sub-committee promotes action plans and fuel saving procedures to reduce the impact of Greenhouse Gas (GHG) emissions and noise pollutions.

   EVA Air has been conducting voluntary inventory check of Greenhouse Gas since 2011, and has completed a third party verification of Greenhouse Gas emission data with ISO 14064-1 principles since 2016. The emission data are quantified and mainly includes aviation fuel, vehicle gasoline and diesel fuels, and each office building's total power consumption; the quantified data helps to further understand and response the global Greenhouse Gas emission status and trend in advance.

   Besides, EVA Air continues to monitor our aircraft's Greenhouse Gas emissions within EU to comply with the European Union Emission Trading Scheme (EU ETS); and submits Annual Emission Data to UK supervised institution for carbon offsetting.

   In 2018, EVA Air has formulated and submitted Emission Monitoring Plan (EMP) to Civil

Aeronautics Administration (CAA) to comply with Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), proposing by International Civil Aviation Organization (ICAO). From 2019, the Airline is required to monitor fuel consumption based on the EMP; moreover, the Airline has to set up CO2e emission baseline for international carbon offsetting and mitigation in the future.

5. Introduce ISO 14001 Environmental Management System and ISO 50001 Energy Management System

   In order to ensure the effectiveness of the Company's environment and energy management systems and to accord with domestic and international regulations, EVA Air has obtained certification to the ISO 50001 Energy Management System on 2 December, 2015 and ISO 14001 Environmental Management System on 4 January, 2016; and has obtained the recertification in 2018. EVA Air continuously promotes environmental protection actions and plans based on systematic administration and organized operation and achieves toward becoming a sustainable and green corporation. In 2019, EVA Air introduces Intelligent Energy Management System to effectively control and monitor central air conditioning system and also replaces current elevator with new elevator equipped with Power Regeneration System in First Training Building to substantially reduce energy consumption.

5.4.3 Restriction of Hazardous Substances (RoHS) information

The Company is air transportation industry, which is not regulated by RoHS regulations.

5.4.4 The Expenditure on Environmental Protection of Year 2019 and 2020

Unit: NT$ thousands

Item / Year	2019	2020 (Estimated)
Cleaning fee of litter	71,253	68,773
Aircraft noise prevention charge	151,164	167,642
EU carbon emissions fee	140	176
Expenses for development the environmental and energy management system program	4,590	22,560
Disposal fee of polluted water	12,389	13,492
Pollution prevention facility	167,309	0

5.5 Labor Relations

5.5.1 Employee benefits, implementation status of further education, training, and retirement system, labor-management negotiation, and protection of various employees' rights.

1. Employee Benefits

(1)The Employee Welfare Committee of EVA Air was established on 30 October, 1997. The Company and employees, with a registration certificate No. 225031 issued by the Taoyuan City Government, set aside welfare funds to handle and process the following welfare businesses pursuant to the Employee Welfare Fund Act:

(A) Marriage subsidy
(B) Funeral subsidy
(C) Injury and sickness consolation cash benefit
(D) Festival vouchers or gifts
(E) Free language courses subsidies
(F) Recreation and fitness facilities
(G) Funds and subsidies for each department to hold cultural and recreational activities

(2)The Company provides lunch and overtime meal allowance for all employees, in addition, breakfast and evening meal allowance for shift personnel.

(3)The Company provides laundry service of uniforms and other accessories.

(4)The Company provides commute buses for all employees as well as transport allowance for shift personnel.

(5)The Company provides wedding cash gift, burial subsidies, injury or sickness benefits, settlement subsidy for international job transfer, and subsidy for domestic job transfer.

(6)The Company gives year-end bonus and employee compensation based on its operation performance every year.

(7)The Company sets up Clinic Div. to provide medical interview and medicine prescription by doctors, in addition, regularly arrange free health check.

(8)The Company covers workers by Labor Insurance, National Health Insurance, group accident insurance, hospitalization and injury medical insurance for those on overseas business trips, and provides group term life insurance preferential premium rate.

(9)The Company offers psychological consultation for employees, and individual services for those in need.

(10)The Company provide massage service to relieve the tension and fatigue from work of employees.

2. Implementation Status of Further Education, Training, and Retirement System

(1)Ground Staff Training

Since it was founded, the Company has been continuously endeavored to improve employees' quality, management capability and professional knowledge to achieve higher business performance. Entire training programs were standardized and divided into three categories: functional training, annual training and international civil aviation organization training.

(A) Functional Training：

Training courses held by each division for request of employees' profession according to its responsibilities includes departmental functional training, management training, and general training to advance soft skill.

(B) Annual Training：

In order to improve employees' professional knowledge, skills, and service attitude so as to provide high-quality services for passengers, the Company provides professional training for operational characteristics of ground staff, including Reservation & Ticketing Course, Passenger and Cargo Service Course, Load & Balance Course, Baggage Course, and also Dangerous Goods Course, etc.

(C) International Civil Aviation Organization Training：

Depending on the requirement for ground staff developing needs, employees will be assigned to attend relevant training programs organized by international civil aviation organization, such as IATA (International Aviation Transportation Association) and Star Alliance, or aircraft manufacturing company.

(D) Statistics of Ground Staff Completing Training Course in 2019：

Number of Trainees	Total Training Hours	Total Training Expenditure (NT$ thousands)
28,055	140,610	22,435

(2)Cabin Crew Training

Each new-hired cabin crew trainee must receive basic ground training for three months. The courses mainly focus on the operation of all sorts of emergency equipment on an aircraft, countermeasures during emergency situation, as well as learning the techniques and professional knowledge of all service procedures. The cabin crew trainee must pass the evaluation of the ground courses to be qualified for operating duty.

For the cabin crew, EVA provides the following trainings, and the 2019 training performance statistics are as follows:

Courses	Completed Counts	Training Hours (per person)
Initial Ground Subject Training	199	464
Recurrent Training	4,275	24
A330 Transition Training	5	24
A321 Transition Training	6	16
787 Transition Training	2,339	24
CP Promotion Training	11	72
DP Promotion Training	22	40
AP Promotion Training	79	40
AP Promotion Training (alien crew)	12	64
CA Enhanced Training	60	48
CA Advanced Training	62	16

(3)Flight Crew Training

For the flight crew, EVA provides the following trainings, and the 2019 training performance statistics are as follows:

Types of Training	Completed Counts	Training Hours(Per Person)
Initial New Hire	68	217
Transition Training-simulator phase	147	125
On–type Upgrade (SFO to PIC)	19	31
Upgrade (FO to SFO)	112	8
Requalification Training	23	24
Recurrent Simulator training	2,140	6
Annual Ground School	1,264	26
CRM-Joint Emergency Training	1,264	8

(4)Retirement System

The Company has established an employee retirement plan, in accordance with the Labor Standards Act and the Labor Pension Act, covering full-time employees in ROC.

(A) Employees who are applicable to the pension regulations of the Labor Standards Act

Labor pension funds appropriated in accordance with the Labor Standards Act are generally coordinated and managed by the Bureau of Labor Funds, Ministry of Labor.

Each employee receives 2 bases for each full service year from year 1 to year 15, and 1 base for each additional year thereafter, subject to a maximum of 45 bases. Payments of retirement benefits are based on the employee’s average monthly salary for the last six months before retirement and the number of bases accumulated by the employee according to his/her years of service.

(B) Employees who are applicable to the Labor Pension Act

In accordance with the Labor Pension Act, enacted from July 1, 2005, labor pension appropriated monthly by the Company is 6% of the worker’s monthly wages.

3. Protection of Various Employees’ Rights:

(1)Continue to reinforce the operation of personnel system:

Attempting to attract and retain talent, and increase their competitiveness, the Company continues to strengthen integration of corporate structure, rationalize the manpower allocation, review personnel system and duty allowances, smooth promotion channels, and nurture international talents.

(2)Signing of Collective Agreement:

(A)The Company and the Taoyuan Union of Pilots (TUP) reached consensus on core issues and signed a preliminary agreement to not strike for a year on 30 August, 2018. During the negotiation, the TUP agreed to hold off the exercise of the disputed act. The rest of unresolved issues were settled by the end of 2018 therefore TUP agreed that they will not stage another strike until 31 August, 2022.

(B)The Company and the Taoyuan Flight Attendants Unions (TFAU) reached consensus and signed an agreement on 6 July, 2019 to define stable future labor-management relations.

Meanwhile both sides agreed that the TFAU will not stage another strike within three years and that future strikes should spare domestic flights.

(3)Keep Labor-Management Communication Unimpeded:

(A)The Company maintains every communication channel well to garner consensus and effectively enhances every employee's cohesiveness, for instance, regularly holding management meeting, department meeting, and interview with employees, conveying the Company's future development, operation strategy and objective, significant information and measures, and innovations so that employees can fully understand operation status and give their feedback and opinions to have good labor-management interactions.

(B)The Company continues to communicate and negotiate with unions, for various issues raised by the union, the company will respond specifically and adjust the feasible countermeasures in a timely manner.

5.5.2 Until the printing date of the annual report, the actual or estimated losses caused by labor disputes and the countermeasures:

1. The loss due to civil action is estimated about NT$ 5.8 million, and it will not have great impact on shareholders' equity and stock prices of the Company.
2. After the labor inspection, the total amount of fines imposed by the labor authority is about NT $ 4.5 million. The details are as follows:

Disposition Date	Disposition Number	Violated Article	Violated Article Content
6 September, 2019	Taoyuan Labor Inspection No.1080207899	Labor Standards Act Article 24 Paragraph 1	An employer shall pay worker overtime wages using the following basis: When the overtime work does not exceed two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one-third of the regular hourly rate.
25 January, 2019	Taoyuan Labor Inspection No.1070316468	Labor Standards Act Article 32 Paragraph 2	When an employer has a necessity to have his/her employee to perform the work besides regular working hours, he/ she, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, may extend the working hours. The extension of working hours referred to in the preceding paragraph, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed
12 June, 2019	Taoyuan Labor Inspection No.1080129039		

Disposition Date	Disposition Number	Violated Article	Violated Article Content
6 September, 2019	Taoyuan Labor Inspection No.10802078991		forty-six hours a month; however, the extension of working hours, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, shall not exceed fifty-four hours a month and one hundred and thirty-eight hours every three months.
25 October, 2019	Taipei Labor Inspection No.10860317821		
25 October, 2019	Taipei Labor Inspection No.10860317821	Labor Standards Act Article 35	A worker shall be permitted to have a break for at least thirty minutes after having worked for four continuous hours; provided, however, that such break may be rescheduled by the employer to be taken within other working hours if a rotation system is adopted or work of a continuous or urgent nature is involved.
6 June, 2019	Taoyuan Labor Inspection No.1080127362	Labor Standards Act Article 38 Paragraph 2	A worker who has worked continually for the same employer or business entity for a certain period of time shall be granted annual paid leaves on an annual basis based on the following conditions: 1. Three days for service of six months or more but less than one year. 2. Seven days for service of one year or more but less than two years. 3. Ten days for service of two years or more but less than three years. 4. Fourteen days for service of three years or more but less than five years. 5. Fifteen days for service of five years or more but less than ten years. 6. One additional day for each year of service over ten years up to a maximum of thirty days.
6 September, 2019	Taoyuan Labor Inspection No.10802078992		
13 December, 2019	Taoyuan Labor Inspection No.1080313765		

Disposition Date	Disposition Number	Violated Article	Violated Article Content
27 February, 2020	Taoyuan Labor Inspection No.1090038461		Annual paid leaves from the preceding paragraph are to be arranged by workers. The employer, however, in the light of urgent needs of the business operation or personal factors of workers, may consult and make adjustments with workers.
6 June, 2019	Taoyuan Labor Inspection No.10801273621	Labor Standards Act Article 39	Wages shall be paid by an employer to a worker for taking leaves for regular leaves and rest days as stipulated by Article 36, for holidays as stipulated under Article 37, and annual paid leaves as stipulated by Article 38. When an employer has obtained the consent of a worker to work on a holiday, the employer shall pay the worker at double the regular rate for such work. This shall also apply when, with the consent of the worker or the labor union, the worker is required to work to meet seasonal needs.
17 July, 2019	Taoyuan Labor Inspection No.1080167404	Labor Standards Act Article 43	A worker may take time off for wedding, funeral, sickness or other proper causes. The duration of such leave and the wage standards for leaves other than unspecified casual leave shall be prescribed by the Central Competent Authority.
17 July, 2019	Taoyuan Labor Inspection No.10801674041	Labor Standards Act Article 59 Paragraph 1(2)	An employer shall pay compensation to a worker who is dead, injured, disabled or sick due to occupational accidents according to the following provisions; provided that if, in respect of the same accident, the employer has already paid compensation to the worker concerned in accordance with the provisions of the Labor Insurance Act or other applicable statutes and administrative regulations, The employer may deduct those already paid compensation therefrom: 2. When a worker under medical treatment is not

Disposition Date	Disposition Number	Violated Article	Violated Article Content
			able to work, the employer shall pay him/her compensation according to his/her pre-existing wage. The employer shall be released from such compensation obligation by giving to the worker a lump sum payment equal to forty months of average wage if the worker failing to recover after two years of medical treatment has been diagnosed and confirmed by a designated hospital as being unable to perform the original work and so does not meet the disability requirements under Subparagraph 3 hereof.
9 July, 2019	Taoyuan Labor Mediation No.1080154110	Act of Gender Equality in Employment Article 13 Paragraph 2	When employers know of the occurrence of sexual harassment mentioned in the preceding article, immediate and effective correctional and remedial measures shall be implemented.
29 January, 2019	Taoyuan Labor Inspection No.1080023461	Regulations for the Occupational Safety and Health Equipments and Measures Article 324-3 Paragraph 1 & Occupational Safety and Health Act Article 6 Paragraph 2	Regulations for the Occupational Safety and Health Equipments and Measures The adequate plan to prevent wrongful physical or mental harm caused by the behaviors of others during the execution of job duties shall include the following items and reserve the record for three years: 1.Identification and assessment of risks; 2.Adaptation of job sites; 3.Placement of job suitability; 4.Establishment of regulations for behaviors; 5.Training on risk prevention and communication techniques; 6.Procedures for handling events; 7.Assessment and improvement of results; 8.Other matters related to safety and health. Occupational Safety and Health Act

			The employers shall adequately plan and adopt the necessary safety and health measures for the following items: 1. To prevent musculoskeletal disorders induced by repetitive operations and related works; 2. To prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours; 3. To prevent wrongful physical or mental harm caused by the actions of others during the execution of job duties; 4. To allow for evacuation, first-aid treatment, rest, or other actions to protect the physical and mental health of laborers.

3. The Taoyuan Flight Attendants Union (hereinafter referred to as TFAU) launched a strike from 20 June, 2019 to 9 July, 2019. During the strike period, 735 round-trip flights were cancelled, wherein the Group estimated a loss on revenue amounting to NT$ 3.24 billion and the estimated amount of NT$ 805 million, deriving from the compensation paid to the passengers, as well as other related expenses. The Company and TFAU reached a consensus and countersigned a group protocol on July 6, 2019. It is calculated that the operating costs resulted from the 4th appeal, flight safety bonus, is estimated to increase about NT$131 million annually. The operating costs resulted from layover flight for Tokyo routes as well as Beijing route, the 5th appeal, will increase about NT$44 million annually. The remaining claims did not involve company cost.
4. Response measures: Besides labor conferences, there are multiple channels for employees to reflect all kinds of problems related to work such as caring interviews, interactive meetings, welfare committee etc. To protect employees' rights and interests, the Company established labor complaint handling regulation. Employees may reflect problems through the appealing channel and the Company will communicate with the employee properly to achieve consensus. The complaints are mostly about training compensation and employment disputes, the Company will enhance the communication about employment conditions to prevent disputes.

5.5.3 Codes of Conduct or Ethics for Employees and Protection Measures for Working Environment and Personnel Safety

1. Codes of Conduct or Ethics for Employees

Service principles for employees standardized by the Company's Management Rules.

(1)Comply with the Company's regulations and work procedures, devote to work, and obey managers' orders, commands, and supervision.

(2)Sign in (out) within the prescribed time, unless there is special case stated and approved.

(3)Leave working position only when all document files are put in order after work.

(4)Be scrupulous in separating business from personal matters, discreet in word and deed, honest, and incorruptible. Protect the honor of the Company, get rid of all bad habits, show respect to colleagues and get along well with each other.

(5)Hold firm to own position, decentralize responsibilities, and stay intensive connection with related departments to make concerted efforts in finishing works undertaken for execution of business.

(6)Pay attention to the workplace neatness, aesthetic, and safety at all times.

(7)Be modest and courteous toward customers, must not treat them with frivolousness, arrogance, perfunctoriness or disregard.

(8)Avoid using business phone for personal purposes, and make calls short.

(9)Before bringing out public property, obtain a release pass from a department manager and accept examination of security officer.

The Company has formulated "Codes of Ethical Conduct" and "Ethical Corporate Management Best-Practice Principles". The former standardizes the ways employees carry out their daily actions with ethics, and makes the Company's ethical criterion understood and adhered by all stakeholders. The latter revealed that the Company upholds the business philosophy of honest, transparent and responsible, bases on ethics, and establishes a sound corporate governance system and risk control mechanism so as to create a business environment for sustainable development.

2. Protection Measures for Working Environment and Personnel Safety

(1)Located at office park in Nankan Village and with convenient communications, broad area and elegant environment, the Company provides employees many recreation and fitness facilities such as indoor heated swimming pool, gym, aerobics classroom, table tennis room, and badminton court for recreations or activities with colleagues.

(2)For the sake of employees' safety, the Company implements not only Labor Insurance and National Health Insurance, but also accident and injury insurance, medical insurance and so forth for those on overseas business trips and overseas dispatch.

(3)The Company sets up Clinic Div. to regularly arrange health check, medical consultation and interview, and the rest to ensure employees' health.

(4)The Company sets up Occupational Safety & Health Div. to draw up working regulations about occupational safety and health, convene a meeting of occupational safety and health once a quarter, and investigate and compile statistics of occupational accidents.

(5)The Company executes inspection of fire security and public facilities on a regular time schedule to safeguard environment safety.

(6)The Company organizes occupational safety and health educational training, fire-fighting lectures, and practical training for all new employees.

5.6 Important Contracts

A. Leasing Contracts & Purchasing Contracts

As of MAR 31, 2020

Contract Type	Counterparty	Contract Period	Major Contents	Restric -tions
Leasing Contract	CIT Aerospace International	2011.10~2023.10	A330-300 (B-16331)	-
	CIT Aerospace International	2011.11~2023.11	A330-300 (B-16332)	-
	CIT Aerospace International	2011.12~2023.12	A330-300 (B-16333)	-
	Avation Taiwan Leasing III Pte. Ltd.	2017.12~2027.11	A330-300 (B-16335)	-
	WILMINGTON TRUST SP SERVICES (DUBLIN) LTD.	2018.11~2027.12	A330-300 (B-16336)	-
	OAS Aviation (UK) Ltd.	2018.09~2029.01	A330-300 (B-16337)	-
	Dadu Aviation Leasing Ltd.	2018.05~2029.03	A330-300 (B-16338)	-
	BOC Aviation Ltd.	2017.06~2029.06	A330-300 (B-16339)	-
	BOC Aviation Ltd.	2017.10~2029.10	A330-300 (B-16340)	-
	KV Aviation UK Ltd.	2016.11~2024.06	777-300ER (B-16703)	-
	Sprite Aviation Netherlands No. 1 B.V.	2018.05~2026.07	777-300ER (B-16712)	-
	ALC B773 44554, LLC	2015.11~2028.05	777-300ER (B-16725)	-
	ALC B773 44552, LLC	2016.01~2028.01	777-300ER (B-16726)	-
	Pegasus Jet Leasing 2 Ltd.	2019.11~2028.07	777-300ER (B-16728)	-
	ALC B773 61601, LLC	2016.09~2028.08	777-300ER (B-16729)	-
	Celestial Aviation Trading 2 Ltd.	2016.09~2028.09	777-300ER (B-16730)	-
	Celestial Aviation Trading 44 Ltd.	2016.09~2028.09	777-300ER (B-16731)	-
	Celestial Aviation Trading 43 Ltd.	2016.10~2028.10	777-300ER (B-16732)	-
	ALC B773 61600, LLC	2017.01~2029.01	777-300ER (B-16733)	-
	BOC Aviation Ltd.	2017.03~2029.03	777-300ER (B-16735)	-
	Celestial Aviation Trading 56 Ltd.	2017.03~2029.03	777-300ER (B-16736)	-
	BOC Aviation Ltd.	2017.04~2029.04	777-300ER (B-16737)	-
	Celestial Aviation Trading 68 Ltd.	2017.06~2029.06	777-300ER (B-16738)	-
	ACG Acquisition BR2012-10B LLC	2012.10~2022.10	A321-200 (B-16201)	-
	ACG Acquisition BR2012-10A LLC	2012.12~2022.12	A321-200 (B-16202)	-
	ACG Acquisition BR2012-11 LLC	2012.12~2022.12	A321-200 (B-16203)	-
	FGL Aircraft Ireland Ltd.	2016.09~2023.02	A321-200 (B-16205)	-
	ABL Aviation 5808 SBI Ltd.	2019.08~2023.10	A321-200 (B-16206)	-
	Jin Shan Ireland Co. Ltd.	2014.10~2023.11	A321-200 (B-16207)	-

Contract Type	Counterparty	Contract Period	Major Contents	Restric-tions
Leasing Contract	Jin Shan Ireland Co. Ltd.	2014.10~2024.03	A321-200 (B-16208)	-
	Laf Leasing Ireland 2 Ltd.	2017.08~2024.03	A321-200 (B-16209)	-
	Zhuoshui Aviation Leasing Ltd.	2016.06~2024.05	A321-200 (B-16210)	-
	Jackson Square Aviation Ireland Ltd.	2016.09~2024.07	A321-200 (B-16211)	-
	Jackson Square Aviation Ireland Ltd.	2016.09~2024.09	A321-200 (B-16212)	-
	Einn Volant Aircraft Leasing Ireland 1 Ltd.	2018.03~2024.10	A321-200 (B-16213)	-
	BOC Aviation Ltd.	2015.03~2025.03	A321-200 (B-16215)	-
	BOC Aviation Ltd.	2015.04~2025.04	A321-200 (B-16216)	-
	BOC Aviation Ltd.	2015.05~2025.05	A321-200 (B-16217)	-
	BOC Aviation Ltd.	2015.06~2025.06	A321-200 (B-16218)	-
	BOC Aviation Ltd.	2015.07~2025.07	A321-200 (B-16219)	-
	BOC Aviation Ltd.	2015.08~2025.08	A321-200 (B-16220)	-
	BOC Aviation Ltd.	2016.01~2026.01	A321-200 (B-16221)	-
	BOC Aviation Ltd.	2016.02~2026.02	A321-200 (B-16222)	-
	BOC Aviation Ltd.	2016.04~2026.04	A321-200 (B-16223)	-
	BOC Aviation Ltd.	2016.05~2026.05	A321-200 (B-16225)	-
	BOC Aviation Ltd.	2016.09~2026.09	A321-200 (B-16226)	-
	BOC Aviation Ltd.	2016.10~2026.10	A321-200 (B-16227)	-
	ALC B879 72018, LLC	2018.09~2030.09	787-9 (B-17881)	-
	ALC B879 102018, LLC	2018.10~2030.10	787-9 (B-17882)	-
	ALC B879 22019, LLC	2019.02~2031.02	787-9 (B-17883)	-
	ALC B879 42019,LLC	2019.05~2031.05	787-9 (B-17885)	-
	ALC B8710 62019,LLC	2019.07~2031.07	787-10 (B-17802)	-
	ALC B8710 12020,LLC	2020.02~2032.02	787-10 (B-17806)	-
	Air New Zealand Aircraft Holdings Ltd.	2018.08~2020.04	777-300ER (B-16717)	-
	UNI Airways Corp.	2018.01~2022.09	777-300ER (B-16707)	-
	UNI Airways Corp.	2018.01~2022.09	A330-300 (B-16340)	-
	UNI Airways Corp.	2018.01~2022.09	A321-200 (B-16201)	-
	UNI Airways Corp.	2018.01~2022.09	A321-200 (B-16202)	-
	UNI Airways Corp.	2018.01~2022.09	A321-200 (B-16203)	-
	UNI Airways Corp.	2017.09~2024.03	A321-200 (B-16209)	-
	UNI Airways Corp.	2017.09~2024.05	A321-200 (B-16210)	-
	UNI Airways Corp.	2016.08~2020.08	ATR72-600(B-17016)	-

<table>
<tr><th>Contract Type</th><th>Counterparty</th><th>Contract Period</th><th>Major Contents</th><th>Restric-tions</th></tr>
<tr><td rowspan="7">Leasing Contract</td><td>UNI Airways Corp.</td><td>2016.09~2020.08</td><td>ATR72-600(B-17017)</td><td>-</td></tr>
<tr><td>UNI Airways Corp.</td><td>2019.01~2030.09</td><td>787-9 (B-17881)</td><td>-</td></tr>
<tr><td>Taoyuan Airport Corp.</td><td>2020.01~2022.12</td><td>Land and House Lease</td><td>-</td></tr>
<tr><td>Taoyuan Airport Corp.</td><td>2015.07~2025.07</td><td>Land and House Lease</td><td>-</td></tr>
<tr><td>CAA Taipei Station</td><td>2020.01~2022.12</td><td>Land and House Lease</td><td>-</td></tr>
<tr><td>CAA Taipei Station</td><td>2012.03~2022.02</td><td>Land and House Lease</td><td>-</td></tr>
<tr><td>Evergreen Aviation Technologies Corp.</td><td>2014.10~written notice of termination</td><td>Bonded Warehouse and Open Platform</td><td>-</td></tr>
<tr><td>Purchasing Contract</td><td>THE BOEING COMPANY</td><td>Contract Signing Date 2015.11</td><td>787-10</td><td>-</td></tr>
</table>

B. Loan Contracts

As of MAR 31, 2020

<table>
<tr><th>Company</th><th>Contract Type</th><th>Institution</th><th>Loan period</th><th>Type of Loans</th><th>Restric-tions</th></tr>
<tr><td rowspan="16">EVA Airways Corp.</td><td rowspan="16">Loan Contracts</td><td>Bank of Taiwan</td><td>2008.05~2020.05</td><td rowspan="11">Secured Loans (Aircraft Type：777-300ER)</td><td>-</td></tr>
<tr><td>First Commercial Bank, etc. Syndicated Loan</td><td>2008.06~2020.06</td><td>-</td></tr>
<tr><td>Taiwan Cooperative Bank, etc. Syndicated Loan</td><td>2009.02~2021.02</td><td>-</td></tr>
<tr><td>Hua Nan Commercial Bank</td><td>2014.05~2026.05</td><td>-</td></tr>
<tr><td>Bank of Taiwan</td><td>2014.06~2026.06</td><td>-</td></tr>
<tr><td>Mega International Commercial Bank</td><td>2015.03~2027.03</td><td>-</td></tr>
<tr><td>Chang Hwa Commercial Bank</td><td>2015.09~2027.09</td><td>-</td></tr>
<tr><td>Hua Nan Commercial Bank</td><td>2015.10~2027.10</td><td>-</td></tr>
<tr><td>Bank of Taiwan</td><td>2016.08~2028.08</td><td>-</td></tr>
<tr><td>Cathay United Bank</td><td>2017.09~2029.09</td><td>-</td></tr>
<tr><td>Mega International Commercial Bank</td><td>2017.12~2029.12</td><td>-</td></tr>
<tr><td>E.SUN Bank</td><td>2018.02~2030.02</td><td rowspan="5">Secured Loans (Aircraft Type：777F)</td><td></td></tr>
<tr><td>Bank of Taiwan</td><td>2018.06~2030.06</td><td></td></tr>
<tr><td>Chang Hwa Commercial Bank</td><td>2018.12~2030.12</td><td>-</td></tr>
<tr><td>Taiwan Business Bank</td><td>2019.01~2031.01</td><td>-</td></tr>
<tr><td>Bank of Taiwan</td><td>2019.06~2031.06</td><td>-</td></tr>
</table>

Company	Contract Type	Institution	Loan period	Type of Loans	Restric-tions
EVA Airways Corp.	Loan Contracts	Bank of Taiwan	2019.08~2031.08	Secured Loans (Aircraft Type：787-10)	-
		Yuanta Commercial Bank	2019.09~2031.09		-
		Hua Nan Commercial Bank	2019.12~2031.12		-
		KGI Bank	2015.12~2022.12	Secured Loans Land & Buildings	-
		Bank of Taiwan	2016.01~2023.01		-
		Bank of Taiwan	2015.05~2020.05	Unsecured Loans	-
		Chang Hwa Commercial Bank	2017.05~2022.05		-
		First Commercial Bank	2017.06~2020.06		-
		Bank SinoPac	2017.06~2022.06		-
		Taiwan Business Bank	2017.06~2022.06		-
		E.SUN Bank	2017.07~2020.07		-
		Mega International Commercial Bank	2017.08~2022.08		-
		Cathay United Bank	2017.09~2022.09		-
		Taishin International Bank	2018.01~2021.01		-
		Land Bank of Taiwan	2018.01~2022.01		-
		Far Eastern International Bank	2018.03~2023.03		-
		Bank of Taiwan	2018.08~2023.08		-
		Bank SinoPac	2018.09~2023.09		-
		CTBC Bank	2018.11~2021.11		-
		Yuanta Commercial Bank	2018.11~2021.11		-
		Bank of Kaohsiung	2018.11~2023.11		-
		KGI Bank	2018.12~2021.09		-
		The Export-Import Bank of the Republic of China	2019.03~2022.03		-
		Sunny Bank	2019.03~2022.03		-
		Taipei Fubon Bank	2019.07~2022.07		-
		Agricultural Bank of Taiwan	2019.07~2024.07		-
		DBS Bank	2019.11~2022.11		-
		Bank of Communications	2019.11~2022.11		-
		Bank of China	2019.12~2022.12		-
		Chang Hwa Commercial Bank	2020.01~2025.01		-
		O-Bank	2020.03~2025.03		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restric -tions
EVA Airways Corp.	Loan Contracts	First Commercial Bank	2020.03~2023.03	Unsecured Loans	-
Evergreen Aviation Technologies Corp.	Loan Contracts	Bank of Taiwan	2005.10~2020.10	Secured Loans Plant & Facilities	-
		Bank of Taiwan	2015.07~2030.07		-
		Taiwan Cooperative Bank	2016.01~2031.01		-
		KGI Bank	2018.12~2023.12		-
		Hua Nan Commercial Bank	2019.10~2034.10		-
		KGI Bank	2015.06~2020.03	Secured Loans Equipment	-
		Chang Hwa Commercial Bank	2017.09~2022.09	Unsecured Loans	-
		Chang Hwa Commercial Bank	2019.06~2024.06		-
		Shin Kong Bank	2015.06~2020.06		-
		Shanghai Bank	2018.12~2021.12		-
		Shanghai Bank	2018.12~2021.12		-
		First Commercial Bank	2015.12~2020.12		-
		First Commercial Bank	2017.09~2022.09		-
		First Commercial Bank	2016.06~2020.12		-
		Yuanta Commercial Bank	2019.01~2022.01		-
		Bank SinoPac	2018.07~2023.07		-
		The Export-Import Bank of the Republic of China	2018.07~2021.07		-
		The Export-Import Bank of the Republic of China	2018.08~2021.08		-
		The Export-Import Bank of the Republic of China	2019.11~2022.11		-
		Sunny Bank	2018.09~2021.09		-
		Cathay United Bank	2016.08~2021.08		-
		Cathay United Bank	2017.12~2022.12		-
		O-Bank	2020.02~2023.02		-
		E.SUN Bank	2019.09~2022.09		-
		Hua Nan Commercial Bank	2017.07~2022.07		-
		Hua Nan Commercial Bank	2019.07~2022.07		-
		Hua Nan Commercial Bank	2019.04~2022.04		-
		Jih Sun Bank	2019.03~2022.03		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restric -tions
Evergreen Aviation Technologies Corp.	Loan Contracts	Mega International Commercial Bank	2018.01~2023.01	Unsecured Loans	-
		Far Eastern International Bank	2018.02~2021.02		-
		Bank of Communications	2018.06~2021.06		-
		Bank of Taiwan	2018.09~2021.04		-
		Bank of Taiwan	2020.02~2025.02		-
		Bank of Kaohsiung	2018.12~2023.12		-
		Taiwan Cooperative Bank	2018.03~2023.03		-
		Agricutural Bank of Taiwan	2019.06~2024.06		-
		Far Eastern International Bank	2017.06~2020.06	Commercial Paper	-
		E.SUN Bank	2017.06~2020.06		-
		Mega Bills Finance Co., Ltd	2019.06~2020.06		-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheets – Based on IFRS (Consolidated)

Unit: NT$ thousands

Item		2015	2016	2017	2018	2019
Current Assets		58,585,588	69,375,363	69,002,340	75,996,433	77,199,776
Property, Plant and Equipment		113,750,466	125,481,847	135,017,379	143,960,512	138,646,890
Intangible Assets		2,272,757	2,170,781	2,078,673	2,123,769	1,977,277
Other Assets		20,797,501	20,635,413	22,108,836	19,113,189	138,427,751
Total Assets		195,406,312	217,663,404	228,207,228	241,193,903	356,251,694
Current Liabilities	Before Distribution	58,580,061	62,284,933	60,428,208	60,922,876	82,441,715
	After Distribution	59,737,744	63,095,312	61,262,897	63,266,523	83,655,107 (Note 1)
Non-current Liabilities		82,098,729	96,042,190	103,569,512	110,151,292	195,667,963
Total Liabilities	Before Distribution	140,678,790	158,327,123	163,997,720	171,074,168	278,109,678
	After Distribution	141,836,473	159,137,502	163,832,409	173,417,815	279,323,070 (Note 1)
Equity Attributable to Owners of Parent		48,858,814	53,328,195	58,007,723	63,582,269	71,252,182
Common Stock		38,589,450	40,518,923	41,734,490	43,821,215	48,535,695
Capital Collected In Advance		-	-	-	230,642	-
Capital Surplus		6,237,027	6,237,027	6,639,940	6,751,945	7,849,700
Retained Earnings	Before Distribution	6,347,229	5,702,366	8,672,249	12,344,382	12,117,248
	After Distribution	3,260,073	3,676,420	5,750,835	8,594,547	10,903,856 (Note 1)
Other Equity		(2,314,892)	869,879	961,044	434,085	2,749,539
Treasury Stock		-	-	-	-	-
Non-controlling Interests		5,868,708	6,008,086	6,201,785	6,537,466	6,889,834
Total Equity	Before Distribution	54,727,522	59,336,281	64,209,508	70,119,735	78,142,016
	After Distribution	53,569,839	58,525,902	63,374,819	67,776,088	76,928,624 (Note 1)

Note1: As of the publication date of this annual report, the Board of Directors resolved the 2019 cash dividends on Mar.19, 2020 while the 2019 earnings distribution is pending for shareholders' approval.

Note2: Above information was based on the audited consolidated financial statements.

6.1.2 Condensed Statements of Comprehensive Income – Based on IFRS (Consolidated)

Unit: NT$ thousands (Except EPS: NT$)

Item	2015	2016	2017	2018	2019
Operating Revenue	137,168,544	144,679,665	163,561,731	179,907,332	181,275,258
Gross Profit	20,239,442	19,076,651	21,193,928	22,117,690	22,827,135
Operating Income (Loss)	9,205,241	7,129,934	8,694,914	8,889,128	9,442,727
Non-operating Income and Expenses	(1,840,037)	(1,833,011)	(718,794)	266,803	(3,384,378)
Profit (Loss) Before Tax	7,365,204	5,296,923	7,976,120	9,155,931	6,058,349
Profit (Loss)	6,859,210	3,953,667	6,310,934	7,214,513	4,851,875
Other Comprehensive Income (Loss), Net of Tax	(2,067,974)	2,084,356	(769,683)	(543,495)	1,800,103
Comprehensive Income (Loss)	4,791,236	6,038,023	5,541,251	6,671,018	6,651,978
Profit or Loss attributable to :					
Owners of Parent	6,436,425	3,476,004	5,752,067	6,552,827	3,982,467
Non-controlling Interests	422,785	477,663	558,867	661,686	869,408
Comprehensive Income or Loss attributable to:					
Owners of Parent	4,453,225	5,627,064	5,086,994	6,059,260	5,838,155
Non-controlling Interests	338,011	410,959	454,257	611,758	813,823
Basic Earnings (Loss) per Share (Note 2)	1.45	0.77	1.27	1.45	0.83

Note1: Above information was based on the audited consolidated financial statements.

Note2: The earnings (losses) per share have been trace-back adjusted by stock dividends.

6.1.3 Condensed Balance Sheets – Based on IFRS (The Company)

Unit: NT$ thousands

Item		2015	2016	2017	2018	2019
Current Assets		39,263,072	49,522,632	47,038,484	50,987,932	52,700,839
Property, Plant and Equipment		103,950,044	112,986,912	119,481,891	125,704,145	120,612,684
Intangible Assets		455,178	493,089	493,403	600,856	642,155
Other Assets		32,819,367	32,747,101	34,132,290	32,994,484	147,907,655
Total Assets		176,487,661	195,749,734	201,146,068	210,287,417	321,863,333
Current Liabilities	Before Distribution	53,762,220	56,772,787	53,213,768	53,593,885	73,188,121
	After Distribution	54,919,903	57,583,166	54,048,457	55,937,532	74,401,513 (Note 1)
Non-current Liabilities		73,866,627	85,648,752	89,924,577	93,111,263	177,423,030
Total Liabilities	Before Distribution	127,628,847	142,421,539	143,138,345	146,705,148	250,611,151
	After Distribution	128,786,530	143,231,918	143,973,034	149,048,795	251,824,543 (Note 1)
Common Stock		38,589,450	40,518,923	41,734,490	43,821,215	48,535,695
Capital Collected In Advance		-	-	-	230,642	-
Capital Surplus		6,237,027	6,237,027	6,639,940	6,751,945	7,849,700
Retained Earnings	Before Distribution	6,347,229	5,702,366	8,672,249	12,344,382	12,117,248
	After Distribution	3,260,073	3,676,420	5,750,835	8,594,547	10,903,856 (Note 1)
Other Equity		(2,314,892)	869,879	961,044	434,085	2,749,539
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	48,858,814	53,328,195	58,007,723	63,582,269	71,252,182
	After Distribution	47,701,131	52,517,816	57,173,034	61,238,622	70,038,790 (Note 1)

Note1: As of the publication date of this annual report, the Board of Directors resolved the 2019 cash dividends on Mar.19, 2020 while the 2019 earnings distribution is pending for shareholders' approval.

Note2: Above information was based on the audited parent-company-only financial statements.

6.1.4 Condensed Statements of Comprehensive Income -Based on IFRS (The Company)

Unit: NT$ thousands (Except: EPS NT$)

Item	2015	2016	2017	2018	2019
Operating Revenue	115,892,656	115,495,819	125,314,160	135,620,650	135,621,151
Gross Profit	17,352,315	15,883,488	17,451,228	17,989,483	18,143,869
Operating Income (Loss)	7,372,937	4,961,439	5,942,518	5,995,142	6,116,866
Non-operating Income and Expenses	(833,408)	(593,405)	943,415	1,672,375	(1,588,738)
Profit (Loss) before Tax	6,539,529	4,368,034	6,885,933	7,667,517	4,528,128
Profit (Loss)	6,436,425	3,476,004	5,752,067	6,552,827	3,982,467
Other Comprehensive Income (Loss), Net of Tax	(1,983,200)	2,151,060	(665,073)	(493,567)	1,855,688
Comprehensive Income (Loss)	4,453,225	5,627,064	5,086,994	6,059,260	5,838,155
Basic Earnings (Loss) per Share (Note 2)	1.45	0.77	1.27	1.45	0.83

Note 1: Above information was based on the audited parent-company-only financial statements.
Note 2: The earnings (losses) per share have been trace-back adjusted by stock dividends.

6.1.5 Auditors' Opinions from 2015 to 2019

Year	CPA	Audit Opinion
2015	Chen, Ya-Ling；Wang, Chin-Sun	An Unqualified Opinion
2016	Chen, Ya-Ling；Wang, Chin-Sun	
2017	Chen, Ya-Ling；Wang, Chin-Sun	
2018	Chen, Ya-Ling；Su, Yen-Ta	
2019	Tang, Chia-Chien；Su, Yen-Ta	

6.2 Five-Year Financial Analysis

A. Financial Analysis – Based on IFRS (Consolidated)

Item		2015	2016	2017	2018	2019
Financial Structure (%)	Debt-Asset Ratio	71.99	72.74	71.86	70.93	78.07
	Ratio of Long-Term Capital To Property, Plant And Equipment	120.29	123.83	124.26	125.22	197.49
Solvency (%)	Current Ratio	100.01	111.38	114.19	124.74	93.64
	Quick Ratio	82.47	94.07	95.81	114.23	87.34
	Interest Coverage Ratio	562.49	450.50	682.78	847.01	246.38
Operating Ability	Receivables Turnover Rate (Times)(Note1)	-	-	-	-	-
	Average Collection Days for Receivables	-	-	-	-	-
	Inventory Turnover Rate (Times)(Note1)	-	-	-	-	-
	Payables Turnover Rate (Times)(Note1)	-	-	-	-	-
	Average Days for Sale (Note1)	-	-	-	-	-
	Property, Plant and Equipment Turnover Rate (Times)	1.29	1.21	1.26	1.29	1.28
	Total Assets Turnover Rate (Times)	0.76	0.70	0.73	0.77	0.61
Profitability	Return on Assets (%)	4.55	2.64	3.58	3.76	3.07
	Return on Equity (%)	14.53	6.93	10.22	10.74	6.55
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	19.09	13.07	19.11	20.89	12.48
	Profit Margin before Tax (%)	5.00	2.73	3.86	4.01	2.68
	Earnings (Loss) Per Share (NT$) (Note 3)	1.45	0.77	1.27	1.45	0.83
Cash Flow (%)	Cash Flows Ratio	44.43	33.97	29.21	39.54	45.07
	Cash Flow Adequacy Ratio	113.36	113.29	95.77	91.52	105.76
	Cash Flow Reinvestment Ratio	12.45	8.61	7.09	9.39	15.87
Leveraging	Operating Leverage	5.20	7.38	6.66	6.59	6.02
	Financial Leverage	1.23	1.34	1.30	1.29	2.34

Analysis of variation of 2019 vs. 2018 over 20%:

1. Ratio of long-term capital to property, plant and equipment, current ratio, quick ratio, total assets turnover rate, and financial leverage: As IFRS 16 was applied from 2019, the increase in assets, liabilities and interest expenses resulted in the large variation.
2. Interest coverage ratio: The current interest expenses increased in 2019 that result in the decrease of interest coverage ratio.
3. Profitability ratio: The profit decreased in 2019 that result in the large variation of profitability ratio.
4. Cash flow reinvestment ratio: The cash flows from operating activities increased in 2019 that result in the increase of cash flow reinvestment ratio.

Note1: Above information was based on the audited consolidated financial statements.

Note2: The earnings (losses) per share have been trace-back adjusted by stock dividends.

B. Financial Analysis – Based on IFRS (The Company)

Item		2015	2016	2017	2018	2019
Financial Structure (%)	Debt-Asset Ratio	72.32	72.76	71.16	69.76	77.86
	Ratio of Long-Term Capital To Property, Plant And Equipment	118.06	123.00	123.81	124.65	206.18
Solvency (%)	Current Ratio	73.03	87.23	88.40	95.14	72.01
	Quick Ratio	67.85	81.83	83.38	90.21	67.86
	Interest Coverage Ratio	555.41	427.73	675.11	864.00	221.70
Operating Ability	Receivables Turnover Rate (Times)(Note1)	-	-	-	-	-
	Average Collection Days for Receivables (Note1)	-	-	-	-	-
	Inventory Turnover Rate (Times)(Note1)	-	-	-	-	-
	Payables Turnover Rate (Times)(Note1)	-	-	-	-	-
	Average Days for Sale (Note1)	-	-	-	-	-
	Property, Plant and Equipment Turnover Rate (Times)	1.19	1.06	1.08	1.11	1.10
	Total Assets Turnover Rate (Times)	0.71	0.62	0.63	0.66	0.51
Profitability	Return on Assets (%)	4.70	2.60	3.67	3.88	3.03
	Return on Equity (%)	15.46	6.80	10.33	10.78	5.91
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	16.95	10.78	16.50	17.50	9.33
	Profit Margin before Tax (%)	5.55	3.01	4.59	4.83	2.94
	Earnings (Loss) Per Share (NT$) (Note 2)	1.45	0.77	1.27	1.45	0.83
Cash Flow (%)	Cash Flow Ratio	44.66	31.21	29.96	39.15	40.77
	Cash Flow Adequacy Ratio	113.68	114.52	98.00	95.17	106.06
	Cash Flow Reinvestment Ratio	12.93	8.09	7.37	9.54	14.78
Leveraging	Operating Leverage	5.36	8.69	7.99	7.94	7.88
	Financial Leverage	1.26	1.49	1.45	1.43	6.03

Analysis of variation of 2019 vs. 2018 over 20%:

1. Ratio of long-term capital to property, plant and equipment, current ratio, quick ratio, total assets turnover rate, and financial leverage: As IFRS 16 was applied from 2019, the increase in assets, liabilities and interest expenses resulted in the large variation.
2. Interest coverage ratio: The current interest expenses increased in 2019 that result in the decrease of interest coverage ratio.
3. Profitability ratio: The profit decreased in 2019 that result in the large variation of profitability ratio.
4. Cash flow reinvestment ratio: The cash flow from operating activities increased in 2019 that result in the increase of cash flow reinvestment ratio.

Note1: Above information was based on the audited parent-company-only financial statements.

Note2: The earnings (losses) per share have been trace-back adjusted by stock dividends.

Note1: Not applicable due to industry characteristics.

Note2: A company that is listed on the TWSE or traded at the place of business of a securities firm shall include in its analysis, the then current financial data up to and until the quarter immediately preceding the printing date of the annual report' publication date.

Note3: The calculations of the above financial ratios utilize the formulas listed below.

1. Financial structure

(1) Debt-asset ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / receivables turnover rate

(3) Inventory turnover rate = cost of sales / average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment

(7) Total asset turnover rate = net sales / average total assets

4. Profitability

(1) Return on assets = [net income + interest expenses X (1- tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities – cash dividends) / (gross property, plant and equipment value + long-term investments + other non-current assets + working capital) (Note 5)

6. Leverage

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6)

(2) Financial Leverage = operating income / (operating income – interest expenses)

Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintain consistency.

Note 7: In the case of a company whose shares have no par value or have a par value other than NT$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.3 Audit Committees' Report for the Most Recent Year

To: 2020 Annual General Shareholders' Meeting
EVA Airways Corporation (EVA)

The Board of Directors has prepared the Company's 2019 business report, financial report and proposal for distribution of earnings. The CPA firm of KPMG, Taiwan has audited the financial report and issued the audit report. The above business report, financial report, and proposal for distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of EVA. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

EVA Airways Corporation

Convener of the Audit Committee: Hsu, Shun-Hsiung

March 19, 2020

6.4 Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

Please refer to page 174 to 278 Appendix 1.

6.5 The Parent-Company-Only Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

Please refer to page 279 to 382 Appendix 2.

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status (Consolidated)

Unit: NT$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current Assets	77,199,776	75,996,433	1,203,343	1.58
Property, Plant and Equipment	138,646,890	143,960,512	(5,313,622)	(3.69)
Intangible Assets	1,977,277	2,123,769	(146,492)	(6.90)
Other Assets	138,427,751	19,113,189	119,314,562	624.25
Total Assets	356,251,694	241,193,903	115,057,791	47.70
Current Liabilities	82,441,715	60,922,876	21,518,839	35.32
Non-current Liabilities	195,667,963	110,151,292	85,516,671	77.64
Total Liabilities	278,109,678	171,074,168	107,035,510	62.57
Equity Attributable to Owners of Parent	71,252,182	63,582,269	7,669,913	12.06
Capital Stock	48,535,695	43,821,215	4,714,480	10.76
Capital collected in advance	-	230,642	(230,642)	(100.00)
Capital Surplus	7,849,700	6,751,945	1,097,755	16.26
Retained Earnings	12,117,248	12,344,382	(227,134)	(1.84)
Other Equity	2,749,539	434,085	2,315,454	533.41
Non-controlling Interests	6,889,834	6,537,466	352,368	5.39
Total Equity	78,142,016	70,119,735	8,022,281	11.44

Analysis of deviation:

Other Assets, Current Liabilities, Non-current Liabilities: Mainly due to the recognition of right-of-use assets, lease liabilities and financial liabilities for hedging as the application of IFRS16 in 2019.

Other Equity: Mainly due to the unrealized gains on hedging instruments.

Future response action: The above deviation has no significant impact on the Company and its subsidiaries.

7.2 Analysis of Financial Performance (Consolidated)

Unit: NT$ thousands

Item \ Year	2019	2018	Increase (Decrease) Amount	Change (%)
Operating Revenue	181,275,258	179,907,332	1,367,926	0.76
Operating Cost	158,448,123	157,789,642	658,481	0.42
Gross Profit	22,827,135	22,117,690	709,445	3.21
Operating Expenses	13,384,408	13,228,562	155,846	1.18
Operating Income	9,442,727	8,889,128	553,599	6.23
Non-operating Income and Expenses	(3,384,378)	266,803	(3,651,181)	(1,368.49)
Profit(Loss) before Tax	6,058,349	9,155,931	(3,097,582)	(33.83)
Income Tax Expenses	1,206,474	1,941,418	(734,944)	(37.86)
Profit(Loss)	4,851,875	7,214,513	(2,362,638)	(32.75)

Analysis of deviation:

A. The increase of non-operating expenses: Mainly due to the application of IFRS16 in 2019, resulting in the increase of finance costs.

B. The decrease of profit before tax, income tax expenses and profit: Mainly due to the profit decreased in 2019.

7.3 Analysis of Cash Flow (Consolidated)

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Item \ Year	2019	2018	Increase (Decrease) Amount	Change (%)
Cash and cash equivalents at the beginning of year	48,278,874	41,685,780	6,593,094	15.82
Net cash flows from (used in) operating activities	37,154,031	24,090,624	13,063,407	54.23
Net cash flows from (used in) investing activities	(22,092,562)	(15,033,277)	(7,059,285)	(46.96)
Net cash flows from (used in) financing activities	(11,798,054)	(2,535,077)	(9,262,977)	(365.39)
Exchange rate adjustments	(7,770)	70,824	(78,594)	(110.97)
Cash and cash equivalents at the end of year	51,534,519	48,278,874	3,255,645	6.74

Analysis of deviation:

A. Operating activities: Mainly due to the application of IFRS16 in 2019, resulting in the increase of depreciation expenses and finance costs.

B. Investing activities: Mainly due to the increase of aircraft, prepayments for business facilities and investments accounted for using equity method.

C. Financing activities: Mainly due to the application of IFRS16 in 2019, resulting in the increase of lease liabilities and interest payments.
D. Exchange rate adjustments: Mainly due to the exchange rate fluctuation.

Remedy Measures of Inadequate Liquidity: Not required.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Cash and Cash Equivalents at Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus (1)+(2)-(3)	Preparation for Liquidity Shortfall	
				Investment Plans	Financing Plans
51,534,519	(1,050,157)	19,402,960	31,081,402	-	-

Analysis of cash flow deviation of year 2020:

A. Operating activities: The estimated net cash generated by operating activities.
B. Investing activities: Primarily for purchase of aircraft and business facilities.
C. Financing activities: The cash flow used in financing activities mainly for redemption of bank borrowings and distribution of cash dividends.

Leverage of Cash Deficit: Not applicable

7.4 Major Capital Expenditure Items (The Parent-Company-Only)

A. In November 2015, the Company entered into aircraft purchase contracts amounting to US$6.59 billion with Boeing Company for eighteen Boeing 787-10 aircraft. As of December 31, 2019, fifteen Boeing 787-10 aircraft had not yet been delivered by Boeing Company. The Company has partially paid the price of $9.71 billion.
B. In November 2015, the Company entered into engine purchase contracts amounting to US$118.66 million with General Electric Company for five Boeing 787 engines. As of December 31, 2019, three Boeing 787 engines had not yet been delivered by General Electric Company. The Company has partially paid the price of $164.29 million.
C. The Company entered into a contract with DPR Construction, A General Partnership, for its Los Angeles land development case, with the approximate amount of US$64.59 million, which was approved during the Board of Directors' meeting on May 10, 2017. As of December 31, 2019, the Company has partially paid the price of $1,532.83 million.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The Company's recent reinvestment mainly focus on the development of aviation-related industries to make sure the service quality of airline industry. Due to the well performance of reinvestment companies, such as Evergreen Aviation Technologies Corp., Evergreen Sky Catering Corp., Evergreen Airline Services Corp., and Evergreen Air Cargo Services Corp., the Company reported investment income of NT$2.24 billion in 2019.

In the recent fiscal year, the Company and its subsidiaries invest in aviation-related industries, including traveling agency, ground handling services, air cargo terminals, maintenance, manufacturing of aircraft, engine and parts etc. For the year 2019, the Company and its subsidiaries reported investment income of NT$ 134.79 million.

7.6 Analysis of Risk Management

7.6.1 The Policies of Risk Management

A. Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

As for interest rate, the Company and its subsidiaries periodically and flexibility evaluate the account receivable and account payable of each foreign currency as well as financing interest rate. By issuing fixed rate corporate bond, acquiring fixed rate loan and buying fixed interest rate swap to make sure the interest rate will not fluctuate by time. If the interest rate increases (decreases) by 1% with all other factors that remain constant, the profit of the Company and its subsidiaries of year 2019 will change NT$850.10 million.

As for exchange rate, the Company and its subsidiaries operating revenue are mainly from international transportation income. Those foreign income is sufficient to pay foreign liabilities that spontaneously avoid exchange rate risks. For the other short-term demand of USD resulted from time difference, the Company operates derivative products according to foreign exchange rate market trends to minimize the risks. A strengthening (weakening) of 1% of the TWD against USD, EUR, JPY, CNY and HKD as of December 31, 2019 with all other factors remaining constant, the Company and its subsidiaries' financial assets or liabilities affected by exchange rate fluctuation would have changed the profit by NT$140.96 million.

B. Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

(1) The Company does not engage in any high-risk or high-leveraged investments.

(2) The Company does not provide any lending or endorsement guarantees. The related procedures are based on the Company's policy "Procedure for Funds Lending, Endorsement and Guarantee".

(3) The Company chooses derivative products, such as fuel swap, option agreement and forward exchange contracts, to avoid market risks. Each transaction is followed the Company's "Procedures for Transaction of Derivative Products" to evaluate risks and performance so as to reach the goal of risk management control.

C. Future research & development projects and estimated budget:

(1) Website re-engineering project

(2) Implementation of IATA NDC standards

(3) Enhancing Information Security Governance

(4) Air-cargo Mail Pricing Management System Project

(5) Cargo Website Re-Engineering Project

(6) Development of New Passenger/Cargo Revenue Accounting System

(7) Robotic Process Automation Project

(8) New Wireless Network and Management Platform implementation

(9) Establishment of Data Center Network Architecture

It is budgeted to spend NT$ 123 million for the projects.

D. Effects of and response to changes in policies and regulations relating to corporate finance and sales: None

E. Effects of and response to changes in technology and the industry relating to corporate finance and sales: None

F. The impact of changes in corporate image on corporate risk management, and the Company's response measures:

The Company has always complied with the corporate governance principle to ensure the rights and interests of passengers, employees and shareholders. The Taoyuan Flight Attendants Union (TFAU) launched a strike from 20 June, 2019 and lasted for 17 days, causing a loss to the Company and serious harm to the passengers' rights and the Company's reputation. Given this, besides labor-management meetings, there are also multiple channels, such as caring interviews, interactive meetings, and employee welfare committee, which allow the Company to communicate and interact with employees in terms of different topics. To protect employees' rights and interests, the Company has established guidelines for dealing with employees' complaints. Employees may reflect problems through the official channel and the Company will communicate with the employee properly to achieve consensus. The Company will enhance the communication about employment conditions to prevent disputes.

G. Expected benefits from, risks relating to and response to merger and acquisition plans:

There is no merger plan of the Company.

H. Expected benefits from, risks relating to and response to factory expansion plans:

The Company is not manufacturing industry. Therefore, there is no related risks.

I. Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration:

The Company has no related risks to excessive concentration of purchasing sources and excessive customer concentration.

J. Effects of risks relating to and response to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%: None

K. Effects of risks relating to and response to the changes in management rights: None

L. Litigation or non-litigation matters: None

M. Other major risks and responses:

(1)The evaluation of market risks and responses:

a. After joining the Star Alliance, actively reduce operating costs and diversify risks through bilateral alliance strategies.

b. In response to extreme climate, deadly natural disasters and epidemiological outbreak risk, regularly conduct simulation exercises in the Emergency Response Center to strengthen the response capability to deal with abnormal operations.

c. To cope with climate risk, we continue to pay close attention to the development of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). To create strategies in advance and introduce Task Force on Climate-Related Financial Disclosure (TCFD) to seize environmental risks and opportunities.

d. Set up relevant countermeasures to prevent drone risk.

e. In response to the increasing threat of terrorism worldwide and to comply with the requirement of International Civil Aviation Organization (ICAO) for safety inspection of all air freight by June 30, 2021, action has taken to closely cooperate with the cargo logistic industry on safety inspection enhancement as well as to facilitate the development on air freight safety inspection system.

(2) The evaluation of liquidity risks and responses:

With the principle of steady operation and healthy financial status, the Company periodically arranges short-term and long-term operating funds and evaluate to have cash subscription, issue domestic ordinary corporate bond and convertible bond for the major capital expenditure and redeem loans to improve the financial structure. Therefore, the Company’s assets and operating funds are sufficient to execute all contracts.

(3) The evaluation of operating risks and responses:

EVA Safety Promotion Committee (SPC) is the highest safety strategy and policy review committee. The supervisory responsibilities are ensuring the safety of company operation together with the oversight of the implementation of Safety Management System and managing major enterprise risk, including the most significant operational emerging risks that are expected to have a long term impact on the Company.

SPC adopts the proactive & predictive methodology and take “Data Driven”, “Evidence Based” & “Systematic Approach” on hazard identification and risk management in order to mitigate the risk exposure to ensure that every flight meets our passengers’ expectation on safety assurance.

(4) The evaluation of information risks and responses:

a. Information Security Organization

In view of the increasing frequency of global data breaches and much stricter regulations for information security. To reinforce the structure of EVA’s information and cybersecurity, a dedicated unit ISD (Information Security Management Division) has been established. ISD is the unit in charge of planning and governance of information security, privacy protection strategy, regulatory compliance, risk assessment and treatment, performance management, incident response, awareness advocacy and training.

b. Information Security Policy

EVA Air formulate Information Security Policy, establish information security risk assessment and management process which comply with the ISO 27001 Information Security Management System based on the company's business needs to ensure the confidentiality, integrity, availability and legality of information assets, and to avoid internal or external intentional or accidental threats. It’s applicable to all personnel of the company, business related vendors with its employees, temporary employees, visitors, etc.

The scope of information security management includes:

- Information security organization, personnel safety and management, information security supervision and audit mechanisms, compliance with regulations and other information security requirements.
- System development and maintenance, technical vulnerability management, access control, communication and operational management, event logging and evidence preservation.
- Incident prevention, reporting, response and drill.
- Physical and environmental security management, sustainability management, risk assessment management.
- Management procedures for the collection, processing and use of personal data, asset classification and control.
- Information security awareness advocacy and training program.

c. The Evaluation of Information Risks and Responses

In order to ensure the confidentiality, integrity, and availability of information assets, the Company will conduct risk assessment at least once per annum, or launch necessary risk assessment upon internal or external issues identified and the needs and expectations of interested parties, to effectively implement information security risk control mechanisms.

7.6.2 Risk Management Teams and Units-In-Charge

Under the policies mentioned above, the top management of related departments are in charge of supervising and controlling every risk. The auditing division formulates auditing plans to inspect and evaluate the results of risk control. Appropriate advices will be provided to risk management teams to ensure the risk management control policies are implemented efficiently.

The Units-In-Charge are as follows:

Aspects of Risk Management	Responsible Unit	Risk Management Tasks
Strategic and Operational Risks	Corporate Planning Div.	Responsible for developing the Company's strategies, covering fleet and network planning, route performance analysis, overseas branch administration, fuel procurement, investment and affiliates coordination, alliances and international affairs etc.
	Corporate Safety, Security & Sustainability Div.	Responsible for setting up corporate safety, security and sustainability related policies; Establishing safety, and security management systems; Conducting flight and ground staff safety and security training; Responsible for emergency response and accident or incident investigation of EVA operations; Responsible for the implementation of corporate sustainability, environment and energy management program.

Aspects of Risk Management	Responsible Unit	Risk Management Tasks
	Engineering & Maintenance Div.	Responsible for the aircraft engineering technologies, maintenance program planning and control, fleets airworthiness monitoring, the audit of aircraft spare part purchase and repair, and so on.
Market Risks	Corporate Planning Div.	Responsible for planning the Company's flight routes and destinations, and conducting market survey/assessment.
Financial Risks	Finance Div.	Staying on the top of the Company's financial status, being responsible for managing and controlling capital allocation, and taking hedging measures for exchange/interest rates. Convene a Fuel Risk Management team to draw up hedging strategies and countermeasures.
Legal Risks	Legal & Insurance Div.	Responsible for aviation insurance affairs, contracts review, legal consultation, litigation and non-contentious matters.
Information Security Risks	Information Security Management Div.	Make overall plan on risk assessment for annual and specific subject, track and consolidate the results of corresponding risk treatment executed by department-in-charge and submit to the information security management committee for review.
	Computer Div.	Developing a secure information technology infrastructure and ensure building security in all phases of software development life cycle. Collaborate with department-in-charge, to plan and implement subsequent improvement measure.

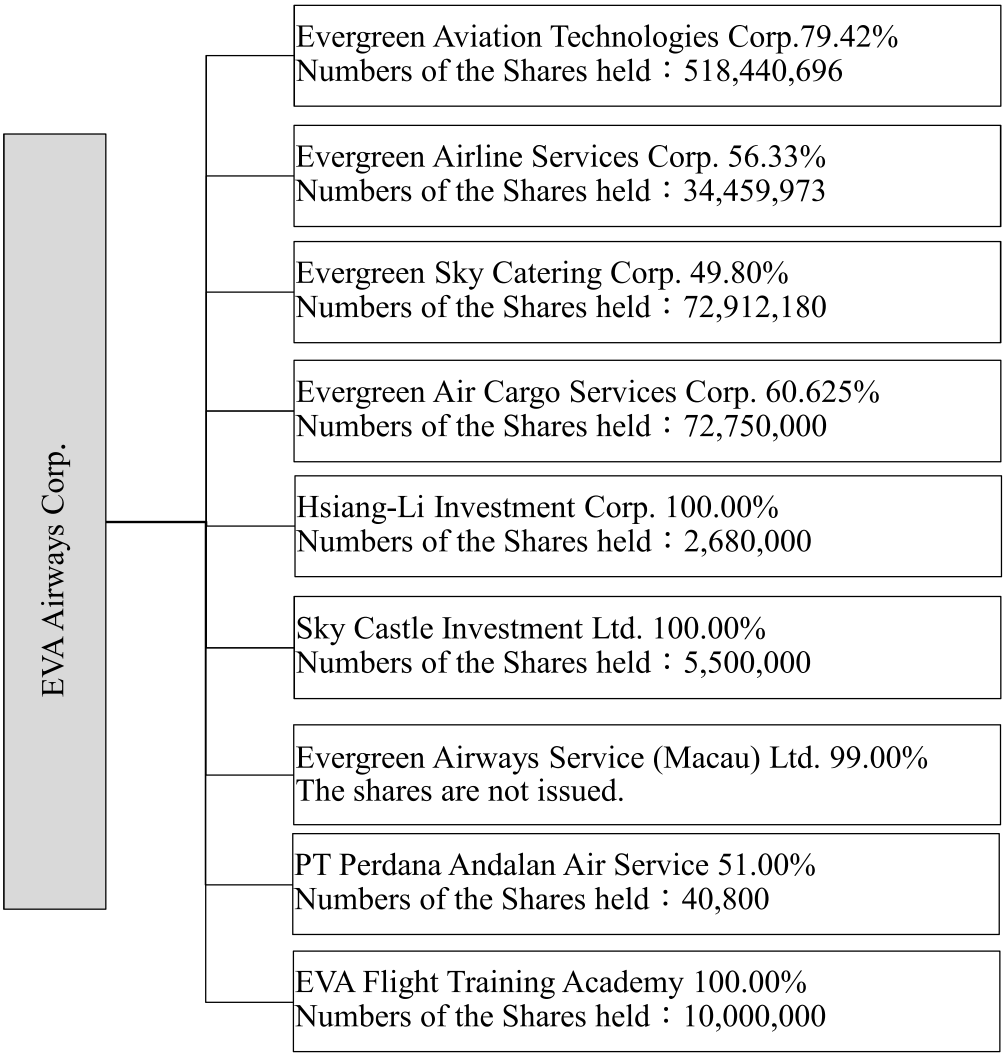
7.7 Other Important Items: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Basic Information of Affiliated Companies

A. Affilated Companies Chart (As of Dec 31, 2019)



B. Basic Information of Affiliated Companies

As of DEC 31, 2019

Company	Date Founded	Location	Capital	Principal Activities
Evergreen Aviation Technologies Corp.	Nov.10.1997	Taiwan	NT$6.5 billion	Maintenance, manufacturing, procession and sale of aircraft engine and parts
Evergreen Airline Services Corp.	Oct.17.1990	Taiwan	NT$611.7 million	Ground handling
Evergreen Sky Catering Corp.	Oct.20.1993	Taiwan	NT$1.5 billion	Airline catering
Evergreen Air Cargo Services Corp.	Mar.03.2000	Taiwan	NT$1.2 billion	Cargo terminal operation
Hsiang-Li Investment Corp.	Jan.18.2001	Taiwan	NT$26.8 million	Investment business
Sky Castle Investment Ltd.	Feb.02.2005	Samoa	US$5.5 million	Investment business
Evergreen Airways Service (Macau) Ltd.	Dec.05.1994	Macau	US$12,488	Investment business
PT Perdana Andalan Air Service	May.01.1991	Indonesia	IDR1.6 billion	Travel business
EVA Flight Training Academy	Feb.11.2013	The United States	US$30 million	Flight training academy

Note: The affiliates listed above are mean companies in which the Company has invested and has 50% or higher voting share, or the means to control, either directly or through a subsidiary company.

C. The industries covered by the business operated by the affiliates overall:

The main businesses engaged by the Company and the affiliates are set out as below:

EVA Airways Corp.: Periodically and non-periodically international air transportation of passenger and cargo.

Evergreen Aviation Technologies Corp.: Maintenance, manufacturing, procession and sale of aircraft, engine and parts.

Evergreen Airline Services Corp.: Ground service at airport.

Evergreen Sky Catering Corp.: In-flight meals in sky catering and the sales of food.

Evergreen Air Cargo Services Corp.: Air cargo entrepot.

D. The Directors, Supervisors and President of Affiliated Companies

As of DEC 31, 2019
Unit: Shares, %

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Evergreen Aviation Technologies Corp.	Chairman	EVA Airways Corp.	518,440,696	79.42%
		Representative：Chang, Che-Cheng	--	--
	Director	EVA Airways Corp.	518,440,696	79.42%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	518,440,696	79.42%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	518,440,696	79.42%
		Representative：Tai, Jiin-Chyuan	--	--
	Director	EVA Airways Corp.	518,440,696	79.42%
		Representative：Huang, Nan-Horang	--	--
	Supervisor	UNI Airways Corp.	134,366,266	20.58%
		Representative：Tsai, Ta-Wei	--	--
	President	Huang, Nan-Horang	--	--
Evergreen Airline Services Corp.	Chairman	EVA Airways Corp.	34,459,973	56.33%
		Representative：Chang, Ming-Yuh	--	--
	Director	EVA Airways Corp.	34,459,973	56.33%
		Representative：Lin, Bou-Shiu	146,284	0.24%
	Director	EVA Airways Corp.	34,459,973	56.33%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	34,459,973	56.33%
		Representative：Tsai, Zu-Ming	--	--
	Director	SATS Ltd.	12,234,504	20.00%
		Representative：Kuah Boon Kiam	--	--
	Supervisor	Evergreen International Corp.	12,234,504	20.00%
		Representative：Ko, Lee-Ching	--	--
	President	Tsai, Zu-Ming	--	--

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Evergreen Sky Catering Corp.	Chairman	EVA Airways Corp.	72,912,180	49.80%
		Representative：Kou, Jin-Cheng	--	--
	Director	EVA Airways Corp.	72,912,180	49.80%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	72,912,180	49.80%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	72,912,180	49.80%
		Representative：Tai, Jiin-Chyuan	--	--
	Director	EVA Airways Corp.	72,912,180	49.80%
		Representative：Tsai, Ming-Fang	--	--
	Director	SATS Ltd.	36,602,500	25.00%
		Representative：Tan Chuan Lye	--	--
	Director	SATS Ltd.	36,602,500	25.00%
		Representative：Foh Chi Dong	--	--
	Supervisor	Evergreen International Corp.	36,602,500	25.00%
		Representative：Ku Lai, Mei-Hsueh	--	--
	Supervisor	Evergreen International Corp.	36,602,500	25.00%
		Representative：Tsai, Ta-Wei	--	--
	President	Tsai, Ming-Fang	--	--
Evergreen Air Cargo Services Corp.	Chairman	EVA Airways Corp.	72,750,000	60.625%
		Representative：Lin, Chen-Tsai	--	--
	Director	EVA Airways Corp.	72,750,000	60.625%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	72,750,000	60.625%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	72,750,000	60.625%
		Representative：Lin, Tsung-Yen	--	--
	Director	SATS Ltd.	30,000,000	25.00%
		Representative：Kuah Boon Kiam	--	--
	Supervisor	Evergreen International Corp.	13,649,392	11.37%
		Representative：Ko, Lee-Ching	--	--
	President	Lin, Tsung-Yen	--	--

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Hsiang-Li Investment Corp.	Chairman	EVA Airways Corp.	2,680,000	100%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	2,680,000	100%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	2,680,000	100%
		Representative：Tsai, Ta-Wei	--	--
	Supervisor	EVA Airways Corp.	2,680,000	100%
		Representative：Wu, Kuang-Hui	--	--
Sky Castle Investment Ltd.	Director	EVA Airways Corp.	5,500,000	100%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	5,500,000	100%
		Representative：Sun, Chia-Ming	--	--
Evergreen Airways Service (Macau)Ltd.	Director	EVA Airways Corp.	--	99.00%
		Representative：Lin, Bou-Shiu	--	--
	Director	Sun, Chia-Ming	--	--
PT Perdana Andalan Air Service	Chairman	Mohamad Feriansyah Permadi	6,272	7.84%
	Director	EVA Airways Corp.	40,800	51.00%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	40,800	51.00%
		Representative：Sun, Chia-Ming	--	--
	Supervisor	EVA Airways Corp.	40,800	51.00%
		Representative：Tsai, Ta-Wei	--	--
	Supervisor	Gunadi Widjaja	32,928	41.16%

Company	Title	Name and Representative	Shares Holding	
			Shares	%
EVA Flight Training Academy	Chairman	EVA Airways Corp.	10,000,000	100.00%
		Representative：Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	10,000,000	100.00%
		Representative：Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	10,000,000	100.00%
		Representative：Tsai, Ta-Wei	--	--

Note: A resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

E. The Operating Overviews of Affiliated Companies

As of DEC 31, 2019
Unit: NT$ thousands

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Profit (Loss)	EPS (Dollars)
Evergreen Aviation Technologies Corp.	6,528,069	35,176,560	21,363,483	13,813,077	46,679,694	2,027,347	1,981,718	3.12
Evergreen Airline Services Corp.	611,725	6,035,327	4,498,324	1,537,003	3,240,881	152,774	102,652	1.68
Evergreen Sky Catering Corp.	1,464,100	6,873,412	2,173,310	4,700,102	3,576,706	778,090	614,862	4.20
Evergreen Air Cargo Services Corp.	1,200,000	3,706,255	1,178,749	2,527,506	1,553,684	376,380	297,794	2.48
Hsiang-Li Investment Corp.	26,800	63,842	660	63,182	2,466	2,130	2,194	0.82
Sky Castle Investment Ltd.	179,173	345,024	500	344,524	23,205	22,584	14,953	2.72
Evergreen Airways Service (Macau) Ltd.	327	224,410	24,614	199,796	112,703	111,978	113,973	-
PT Perdana Andalan Air Service	5,280	75,625	36,356	39,269	27,612	2,098	(44)	(0.55)
EVA Flight Training Academy	932,050	724,249	9,880	714,369	114,026	(29,981)	(22,246)	(2.22)

8.1.2 Affiliated Companies Consolidated Financial Statements

Information required to be disclosed regarding affiliated companies consolidated financial statements is included in Appendix 1 Consolidated Financial Statements. The Company will no longer prepare a separate consolidated financial statement of affiliated companies.

8.1.3 Relationship Report

EVA Airways Corp. is not the subsidiary of any company, so a relationship report is not required.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed by Subsidiaries in the Most Recent Years: None

8.4 Other Supplementary Information to be Disclosed: None

8.5 Until the Printing Date of the Annual Report, the Items That Have Great Impact on the Company's Shareholders' Interests or Stock Prices Which Related to Securities and Exchange Act Article 36 Paragraph 3 Section 2:

A. The Company and the Taoyuan Flight Attendants Unions (hereinafter referred to as TFAU) failed to reach a consensus concerning their labor disputes. Hence, TFAU launched a strike from 20 June, 2019 to 9 July, 2019. In the witness of the Minister of Labor and the Mayor of Taoyuan City Government, both parties reached a consensus and countersigned a group protocol on July 6, 2019. During the strike period, 735 round-trip flights were cancelled, wherein the Company estimated a loss on revenue amounting to NT$ 3.24 billion and the estimated amount of NT$ 805 million, deriving from the compensation paid to the passengers, as well as other related expenses. It is calculated that the operating costs resulted from the 4th appeal, flight safety bonus, is estimated to increase about NT$131 million annually. The operating costs resulted from layover flight for Tokyo routes as well as Beijing route, the 5th appeal, will increase about NT$44 million annually.

B. The Novel Coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment in the global routes and has impacted the Company's operations, including cancellation or restriction of flights, causing the operating revenue in the first quarter of 2020 decreased by NT$ 14.1 billion compared with the operating revenue in the first quarter of 2019. Facing the threats of the spreading epidemic, the Company has actively set up countermeasures in operation, fund and human resource allocation to minimize the impact.

Appendix 1

Stock Code:2618

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended
December 31, 2019 and 2018

Address: No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan
Telephone: 886-3-351-5151

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Representation Letter

The entities that are required to be included in the combined financial statements of EVA Airways Corp. and subsidiaries as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, EVA Airways Corp. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: EVA AIRWAYS CORP.

Chairman: Bou-Shiu Lin

Date: March 19, 2020

安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of EVA Airways Corp.:

Opinion

We have audited the consolidated financial statements of EVA Airways Corp. and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Contract liabilities－mileage redemption revenue

   Please refer to note 4(q) "Revenue recognition", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements, and note 6(y) "Revenue from contracts with customers".

   Description of key audit matter:

   The member who joins the "Infinity MileageLands" ("the Program") can earn mileage by flying any of the EVA Airways Corp.' s flights or through other consumption. Contract liabilities will be converted into reveres when the member actually redeems the mileage or it is expected that the right is probable not to be redeemed.

The Group maintains information technology systems in order to calculate its mileage redemption revenue. And the Group also uses the systems to estimate the unit fair value of the mileage. Therefore, the cut off test of contract liabilities—mileage redemption revenue is one of the key judgment areas for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing the design and implementation of the relevant controls over the mileage redemption revenue systems related to the Program; engaging the internal specialist to assess the quantity of the mileage, fair value of the redemption of the Program and the historical redemption probability of the Program to examine the unit fair value of the mileage for verifying the accuracy of recognition of the contract liabilities—mileage redemption revenue.

2. The restoration obligation of leased aircraft

   Please refer to note 4(o) "Provision", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements, and note 6(r) " Restoration obligations".

   Description of key audit matter:

   The estimated recovery costs are incurred through the lease of aircraft. The Group's restoration obligations are based on the necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group returns back all its rented aircraft. The accuracy of restoration obligation is one of the key judgmental areas for our audit.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the accounting policy of the restoration obligation; examining the methodology and key assumptions of the restoration obligation adopted by the Group's management, including lease terms and discount rates, as well as the assessing the accuracy of recognition of restoration obligation by understanding the using condition of the leased aircraft; comparing past assumptions made by the Group's management with actual recovery costs and analyzing their significant differences.

Other Matter

EVA Airways Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Yen-Ta Su.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance and 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 51,534,519	15	48,278,874	20
1110	Financial assets at fair value through profit or loss－current (note 6(b))	961,356	-	769,039	-
1139	Financial assets for hedging－current (note 6(c))	37,428	-	36	-
1140	Contract assets－current (note 6(y))	345,016	-	3,850,796	2
1150	Notes receivable, net (notes 6(d) and 6(y))	843,311	-	933,730	-
1170	Accounts receivable, net (notes 6(d) and 6(y))	17,194,658	5	8,434,458	4
1180	Notes and Accounts receivable－related parties (notes 6(d), 6(y) and 7)	677,696	-	6,719,914	3
130x	Inventories (note 6(f))	3,352,358	1	4,934,205	2
1460	Non-current assets or disposal group classified as held for sale, net (notes 6(g), 6(m) and 9)	1,233,824	1	-	-
1470	Other current assets (notes 6(e), 6(o) and 7)	1,019,610	-	2,075,381	1
	Total current assets	77,199,776	22	75,996,433	32
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income －non-current (note 6(b))	2,646,323	1	2,402,997	1
1550	Investments accounted for using equity method (notes 6(h) and 7)	2,055,220	1	710,002	-
1600	Property, plant and equipment (notes 6(k), 6(l), 6(m), 6(p), 6(r), 7, 8, and 9)	138,646,890	39	143,960,512	59
1755	Right-of-use assets (notes 6(k), 6(l), 6(q), 6(r) and 7)	116,946,873	33	-	-
1760	Investment property, net (notes 6(g), 6(k) and 6(m))	-	-	183,054	-
1780	Intangible assets (note 6(n))	1,977,277	-	2,123,769	1
1840	Deferred tax assets (note 6(u))	4,697,601	1	4,086,084	2
1900	Other non-current assets (notes 6(c), 6(o), 6(p), 7, 8 and 9)	12,081,734	3	11,731,052	5
	Total non-current assets	279,051,918	78	165,197,470	68
	Total assets	$ 356,251,694	100	241,193,903	100

	Liabilities and Equity	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(p) and 8)	$ 150,000	-	-	-
2120	Financial liabilities at fair value through profit or loss－current (notes 6(b) and 6(p))	3,274	-	-	-
2126	Financial liabilities for hedging－current (notes 6(c), 6(q) and 7)	11,558,692	3	136,731	-
2130	Contract liabilities－current (note 6(y))	19,958,937	6	18,317,646	8
2170	Notes and accounts payable	9,620,809	3	10,296,938	4
2180	Accounts payable－related parties (note 7)	105,230	-	96,293	-
2200	Other payables (notes 6(g), 6(z), 7 and 9)	9,666,770	3	9,735,356	4
2230	Current tax liabilities	910,148	-	1,045,402	-
2260	Liabilities related to non-current assets or disposal group classified as held for sale (note 6(g))	140,810	-	-	-
2280	Lease liabilities－current (notes 6(q) and 7)	387,924	-	-	-
2320	Current portion of long-term liabilities (notes 6(p) and 8)	24,867,998	7	15,637,144	7
2399	Other current liabilities (notes 6(p), 6(q) and 6(r))	5,071,123	1	5,657,366	2
	Total current liabilities	82,441,715	23	60,922,876	25
	Non-current liabilities:				
2500	Financial liabilities at fair value through profit or loss －non-current (notes 6(b) and 6(p))	-	-	6,234	-
2511	Financial liabilities for hedging－non-current (notes 6(c), 6(q) and 7)	86,744,021	24	-	-
2527	Contract liabilities－non-current (note 6(y))	3,220,551	1	2,908,958	1
2530	Bonds payable (note 6(p))	4,250,000	1	15,107,923	6
2540	Long-term borrowings (notes 6(p) and 8)	70,616,943	20	65,035,258	27
2570	Deferred tax liabilities (note 6(u))	638,563	-	98,159	-
2580	Lease liabilities－non-current (notes 6(q) and 7)	4,851,030	1	-	-
2613	Lease obligations payable－non-current (notes 6(p) and 6(q))	-	-	1,279,618	1
2640	Net defined benefit liabilities－non-current (note 6(t))	4,905,439	2	5,166,835	2
2670	Other non-current liabilities (notes 6(q) and 6(r))	20,441,416	6	20,548,307	9
	Total non-current liabilities	195,667,963	55	110,151,292	46
	Total liabilities	278,109,678	78	171,074,168	71
	Equity (notes 6(b), 6(c), 6(i), 6(p), 6(t), 6(u), 6(v) and 6(w)):				
3110	Ordinary share	48,535,695	14	43,821,215	18
3140	Advance receipts for share capital	-	-	230,642	-
3200	Capital surplus	7,849,700	2	6,751,945	3
3300	Retained earnings	12,117,248	3	12,344,382	5
3400	Other equity interest	2,749,539	1	434,085	-
	Total equity attributable to owners of parent	71,252,182	20	63,582,269	26
36XX	**Non-controlling interests (notes 6(j) and 6(v))**	6,889,834	2	6,537,466	3
	Total equity	78,142,016	22	70,119,735	29
	Total liabilities and equity	$ 356,251,694	100	241,193,903	100

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(y) and 7)**	$ 181,275,258	100	179,907,332	100
5000	**Operating costs (notes 6(c), 6(f), 6(k), 6(l), 6(n), 6(q), 6(s), 6(t), 6(z), 7 and 9)**	(158,448,123)	(88)	(157,789,642)	(88)
	Gross profit from operations	22,827,135	12	22,117,690	12
6000	**Operating expenses (notes 6(d), 6(k), 6(l), 6(n), 6(q), 6(s), 6(t), 6(w), 6(z) and 7)**	(13,384,408)	(7)	(13,228,562)	(7)
	Net operating income	9,442,727	5	8,889,128	5
	Non-operating income and expenses (notes 6(c), 6(h), 6(q), 6(r), 6(aa) and 7):				
7010	Other income	1,008,149	1	865,385	-
7020	Other gains and losses	871,520	-	1,202,071	1
7050	Finance costs	(5,398,838)	(3)	(2,002,227)	(1)
7060	Shares of profit of associates accounted for using equity method	134,791	-	201,574	-
	Total non-operating income and expenses	(3,384,378)	(2)	266,803	-
7900	**Profit before tax**	6,058,349	3	9,155,931	5
7950	**Income tax expenses (note 6(u))**	(1,206,474)	-	(1,941,418)	(1)
	Profit	4,851,875	3	7,214,513	4
8300	**Other comprehensive income (notes 6(c), 6(h), 6(t), 6(u) and 6(v)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**				
8311	Remeasurements of defined benefit plans	(641,530)	-	(734,889)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	175,455	-	156,743	-
8317	Gains (losses) on hedging instruments that will not be reclassified to profit or loss	(11,451)	-	366	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,942)	-	(1,034)	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	130,082	-	304,730	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(349,386)	-	(274,084)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	(35,663)	-	(14,806)	-
8368	Gains (losses) on hedging instruments	2,735,417	1	(320,961)	-
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(3,182)	-	7,698	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	(547,083)	-	58,658	-
	Components of other comprehensive income that will be reclassified to profit or loss	2,149,489	1	(269,411)	-
8300	**Other comprehensive income, net of tax**	1,800,103	1	(543,495)	-
8500	**Total comprehensive income**	**$ 6,651,978**	**4**	**6,671,018**	**4**
	Profit, attributable to:				
8610	Owners of parent	$ 3,982,467	3	6,552,827	4
8620	Non-controlling interests	869,408	-	661,686	-
		$ 4,851,875	**3**	**7,214,513**	**4**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 5,838,155	4	6,059,260	4
8720	Non-controlling interests	813,823	-	611,758	-
		$ 6,651,978	**4**	**6,671,018**	**4**
	Earnings per share (note 6(x))				
9750	**Basic earnings per share (in New Taiwan Dollars)**	**$ 0.83**		**1.45**	
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$ 0.76**		**1.32**	

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent														
				Retained earnings			Other equity interest								
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2018	$ 41,734,490	-	6,639,940	991,243	7,681,006	8,672,249	(10,851)	-	819,258	152,637	-	961,044	58,007,723	6,201,785	64,209,508
Effects of retrospective application	-	-	-	-	454,662	454,662	-	371,924	(819,258)	(152,637)	152,637	(447,334)	7,328	12	7,340
Balance on January 1, 2018 after adjustments	41,734,490	-	6,639,940	991,243	8,135,668	9,126,911	(10,851)	371,924	-	-	152,637	513,710	58,015,051	6,201,797	64,216,848
Appropriation of prior year's earnings:															
Legal reserve appropriated	-	-	-	575,207	(575,207)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(834,689)	(834,689)	-	-	-	-	-	-	(834,689)	-	(834,689)
Stock dividends of ordinary share	2,086,725	-	-	-	(2,086,725)	(2,086,725)	-	-	-	-	-	-	-	-	-
Profit	-	-	-	-	6,552,827	6,552,827	-	-	-	-	-	-	6,552,827	661,686	7,214,513
Other comprehensive income	-	-	-	-	(395,610)	(395,610)	7,091	156,945	-	-	(261,993)	(97,957)	(493,567)	(49,928)	(543,495)
Total comprehensive income	-	-	-	-	6,157,217	6,157,217	7,091	156,945	-	-	(261,993)	(97,957)	6,059,260	611,758	6,671,018
Issue of shares	-	180,980	91,500	-	-	-	-	-	-	-	-	-	272,480	-	272,480
Conversion of convertible bonds	-	49,662	20,505	-	-	-	-	-	-	-	-	-	70,167	-	70,167
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(276,089)	(276,089)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(18,332)	(18,332)	-	18,332	-	-	-	18,332	-	-	-
Balance on December 31, 2018	43,821,215	230,642	6,751,945	1,566,450	10,777,932	12,344,382	(3,760)	547,201	-	-	(109,356)	434,085	63,582,269	6,537,466	70,119,735
Appropriation of prior year's earnings:															
Legal reserve appropriated	-	-	-	655,282	(655,282)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,343,647)	(2,343,647)	-	-	-	-	-	-	(2,343,647)	-	(2,343,647)
Stock dividends of ordinary share	1,406,188	-	-	-	(1,406,188)	(1,406,188)	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	90,713	-	-	-	-	-	-	-	-	-	90,713	-	90,713
Changes in equity of associates accounted for using equity method	-	-	3,757	-	-	-	-	-	-	-	-	-	3,757	-	3,757
Profit	-	-	-	-	3,982,467	3,982,467	-	-	-	-	-	-	3,982,467	869,408	4,851,875
Other comprehensive income	-	-	-	-	(459,755)	(459,755)	(39,013)	175,283	-	-	2,179,173	2,315,443	1,855,688	(55,585)	1,800,103
Total comprehensive income	-	-	-	-	3,522,712	3,522,712	(39,013)	175,283	-	-	2,179,173	2,315,443	5,838,155	813,823	6,651,978
Issue of shares	3,000,000	(180,980)	900,000	-	-	-	-	-	-	-	-	-	3,719,020	-	3,719,020
Conversion of convertible bonds	308,292	(49,662)	103,285	-	-	-	-	-	-	-	-	-	361,915	-	361,915
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(461,455)	(461,455)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(11)	(11)	-	11	-	-	-	11	-	-	-
Balance on December 31, 2019	**$ 48,535,695**	**-**	**7,849,700**	**2,221,732**	**9,895,516**	**12,117,248**	**(42,773)**	**722,495**	**-**	**-**	**2,069,817**	**2,749,539**	**71,252,182**	**6,889,834**	**78,142,016**

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 6,058,349	9,155,931
Adjustments:		
Adjustments to reconcile profit:		
Expected credit loss	21,014	70,019
Depreciation expense	26,671,354	12,908,942
Amortization expense	443,418	416,158
Net gains on financial assets or liabilities at fair value through profit or loss	(7,774)	(16,571)
Interest expense	5,398,838	2,002,227
Interest income	(839,836)	(705,399)
Dividend income	(146,759)	(147,692)
Share-based payments transactions	-	91,500
Shares of profit of associates accounted for using equity method	(134,791)	(201,574)
Gains on disposal of property, plant and equipment	(1,132,468)	(678,229)
Unrealized foreign exchange losses (gains)	(201,367)	441,832
Others	(285,021)	(221,917)
Total adjustments to reconcile profit	29,786,608	13,959,296
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	3,505,780	(3,850,796)
Notes receivable, net	90,419	(181,146)
Accounts receivable, net	(8,781,214)	(416,915)
Notes and accounts receivable－related parties	6,031,730	(1,681,438)
Inventories	1,486,541	4,295,361
Other current assets	124,417	(17,648)
Total changes in operating assets	2,457,673	(1,852,582)
Changes in operating liabilities:		
Contract liabilities	1,952,938	21,226,604
Notes and accounts payable	(676,124)	1,300,298
Accounts payable－related parties	21,101	(98,427)
Other payables	69,480	920,648
Unearned revenue	-	(16,811,281)
Other current liabilities	25,803	356,334
Net defined benefit liabilities－non-current	(893,861)	(857,435)
Other non-current liabilities	61,285	(2,324,337)
Total changes in operating liabilities	560,622	3,712,404
Total changes in operating assets and liabilities	3,018,295	1,859,822
Total adjustments	32,804,903	15,819,118
Cash inflow generated from operations	38,863,252	24,975,049
Income taxes paid	(1,709,221)	(884,425)
Net cash flows from operating activities	37,154,031	24,090,624

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ (67,890)	(321)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	323,402
Acquisition of financial assets at fair value through profit or loss	(1,630,000)	(4,710,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,442,876	5,792,255
Acquisition of investments accounted for using equity method	(1,997,424)	-
Acquisition of property, plant and equipment	(15,585,412)	(13,197,697)
Proceeds from disposal of property, plant and equipment	3,161,490	2,827,577
Acquisition of intangible assets	(294,746)	(461,254)
Decrease in other non-current assets	48,835	76,788
Increase in prepayments for business facilities	(8,373,543)	(6,565,083)
Interest received	845,088	673,194
Dividends received	358,164	207,862
Net cash flows used in investing activities	(22,092,562)	(15,033,277)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,232,072	380,000
Decrease in short-term borrowings	(1,082,072)	(480,000)
Repayments of bonds payable	-	(4,500,000)
Proceeds from long-term borrowings	27,580,300	26,708,900
Repayments of long-term borrowings	(23,350,643)	(21,183,756)
Decrease in lease obligations payable	-	(1,275,885)
Payments of lease liabilities	(12,508,129)	-
Increase (decrease) in other non-current liabilities	(22,462)	77,154
Cash dividends paid	(2,343,647)	(834,689)
Proceeds from issuing shares	3,719,020	180,980
Interest paid	(4,650,298)	(1,317,351)
Changes in non-controlling interests	(372,195)	(290,430)
Net cash flows used in financing activities	(11,798,054)	(2,535,077)
Effect of exchange rate changes on cash and cash equivalents	(7,770)	70,824
Net increase in cash and cash equivalents	3,255,645	6,593,094
Cash and cash equivalents at beginning of year	48,278,874	41,685,780
Cash and cash equivalents at end of year	**$ 51,534,519**	**48,278,874**

See accompanying notes to consolidated financial statements.

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

(1) Company history

EVA Airways Corp. (the "Company") was incorporated on April 7, 1989, as a corporation limited by shares under special permission of the Republic of China (R.O.C.) Ministry of Transportation and Communications. The address of the Company's registered office is No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan.

The business activities of the Company and its subsidiaries (together referred to as the "Group" and individually as Group "entities") are

(a) civil aviation transportation and general aviation business;

(b) maintenance of aircraft, engine and parts, and manufacture of aircraft parts;

(c) ground service at airports;

(d) catering service;

(e) air cargo entrepot;

(f) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

The details are disclosed in note 14.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Company's Board of Directors as of March 19, 2020.

(3) New standards, amendments and interpretations 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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
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 19 "Plan Amendment, Curtailment or Settlement"	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

(Continued)

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

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 “ Leases” , IFRIC 4 “ Determining whether an Arrangement contains a Lease” , SIC-15 “ Operating Leases – Incentives” and SIC-27 “ Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The Group applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(m).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term or low-value leases of office equipment and leases of vehicles equipment.

For leases that were classified as operating leases under IAS 17, on transition to IFRS 16, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

(Continued)

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liabilities at January 1, 2019 are determined at the carrying amount of the lease assets and lease liabilities under IAS 17 immediately before that date.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. The Group is not required to make any adjustments for leases where the Group is the intermediate lessor in a sub-lease.

4) Sale-and-leaseback

Under IFRS 16, the Group continues to account for the sale-and-leaseback transaction for aircraft as a sale-and-leaseback transaction. The Group recognized a right-of-use asset and a lease liability for the leaseback on January 1, 2019, measured in the same way as other right-of-use assets and lease liabilities at that date.

5) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $122,663,946 of right-of-use assets and $104,857,015 of lease liabilities, recognizing the difference in property, plant and equipment $19,132,091 decreased, other current assets $879,744 decreased and lease obligations payable $2,204,904 decreased. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 3.30%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

(Continued)

		January 1, 2019
Operating lease commitment as disclosed in the Group's consolidated financial statements at December 31, 2018	$	114,117,020
Recognition exemption for:		
short-term leases		(217,924)
leases of low-value assets		(1,365)
Amount included in lease liabilities of IFRS 16	**$**	**113,897,731**
Discounted using the incremental borrowing rate at January 1, 2019	$	98,209,694
Finance lease liabilities recognized as at December 31, 2018		2,204,904
Extension and termination options reasonably certain to be exercised		4,442,417
Lease liabilities recognized at January 1, 2019 (included in financial liabilities for hedging －current, lease liabilities －current, financial liabilities for hedging －non-current and lease liabilities －non-current)	**$**	**104,857,015**

(ii) 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, as well as 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, as well as 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.

Based on the Group's assessment, the application of IFRIC 23 would not result in any material impact.

(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, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

(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 International Accounting Standards Board (IASB), but have yet to be 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 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These consolidated 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”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRSs endorsed by FSC”).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value; and

4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, less, the fair value of plan assets.

(Continued)

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

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

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Principal activity	Shareholding percentage 2019.12.31	Shareholding percentage 2018.12.31	Note
The Company	Evergreen Aviation Technologies Corp.	Maintenance of aircraft, engine and parts, and manufacture of aircraft parts	79.42 %	80.00 %	Note 2
The Company	Evergreen Airline Services Corp.	Ground service at airport	56.33 %	56.33 %	-
The Company	Evergreen Sky Catering Corp.	Catering service	49.80 %	49.80 %	Note 1
The Company	Evergreen Air Cargo Services Corp.	Air cargo entrepot	60.625 %	60.625 %	-
The Company	Evergreen Aviation Precision Corp.	Manufacture of aircraft parts	- %	40.00 %	Note 2
Evergreen Aviation Technologies Corp.	Evergreen Aviation Precision Corp.	Manufacture of aircraft parts	- %	30.00 %	Note 2
The Company	Hsiang Li Investment Corp.	Investing business	100.00 %	100.00 %	-
The Company	Sky Castle Investment Ltd.	Investing business	100.00 %	100.00 %	-
The Company	Evergreen Airways Service (Macau) Ltd.	Investing business	99.00 %	99.00 %	-
The Company	PT Perdana Andalan Air Service	Traveling agency	51.00 %	51.00 %	-
The Company	EVA Flight Training Academy	Flight training	100.00 %	100.00 %	-

(Continued)

Note 1: The Company did not own more than half of the voting rights of the subsidiaries directly or indirectly. However, the Company has the right to appoint more than half of directors of board of directors of the subsidiaries and has control over the board of directors, these subsidiaries are deemed to be a subsidiary of the Company.

Note 2: A resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019. Since the merger date, the Group' s shareholding percentage in EGAT has decreased from 80.00% to 79.42%.

(iii) Subsidiaries excluded the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates of 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 of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

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 of the date 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 transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arise from the retranslation：

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

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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 Group 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 Group disposes of only part of investment in an associate of 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 item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered as a part of investment in the foreign operation and are recognized in other comprehensive income.

(e) 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.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(Continued)

(g) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend income clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘ credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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.

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have any equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest and gain or loss related to the financial liabilities are recognized in profit or loss, and are included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, and included in other gains or losses under non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at FVTPL, which comprise short-term and long-term borrowings, and trade payables and other payables, shall be 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, and is under non-operating income and expenses.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses under non-operating income and expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights 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.

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(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency, interest rate and fuel price exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges. For a hedge of foreign currency risk with a highly probable forecast transaction, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided.

An initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity－gains (losses) on hedging instruments”. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity－gains (losses) on hedging instruments” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability.

The Group prospectively discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

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(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Non-current assets or disposal group classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale , the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Once classified as held for sale, property, plant and equipment and investment property are no longer depreciated.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their 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 consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at initial acquisition cost less any subsequent accumulated depreciation. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, plant and equipment

(i) 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. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Major inspection and overhaul cost

Major inspection and overhaul expenditures of self-owned and leased aircraft are capitalized as costs of aircraft and leased assets by components, and are depreciated using the straight-line method over the estimated useful life of the overhaul. Costs of designated inspections to be performed at the end of the lease term of leased aircraft are estimated and depreciated using the straight-line method over the lease term.

(iii) Subsequent cost

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

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(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual value, and it shall be allocated on a systematic basis over the asset's useful life. 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. The depreciation charge for each period shall be recognized in profit or loss.

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

1) Land has unlimited useful life and therefore is not depreciated.

2) Building and structures:

Main Buildings	10 to 55 years
Others	4 to 35 years

3) Machinery and equipment:

Electro-mechanical equipment	3 to 18 years
Others	1 to 18 years

4) Aircraft:

Airframes	15 to 18 years
Aircraft cabins	12 years
Engines	15 to 18 years

5) Leased assets and improvements are depreciated over the shorter of the lease term or the estimated useful life.

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(m) Leases

Policy applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset:

- The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

— the Group has the right to operate its asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the Group designed the asset in a way that predetermines how, and for what purpose, it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. In addition, the Group has elected not to separate its non-lease components and lease accounts, but instead combine them as a single lease component by classifying their underlying assets.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

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- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

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(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income over the lease term as part of income.

Policy applicable before January 1, 2019

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under an operating lease, excluding insurance and maintenance expenses, are recognized expenses over the term of the lease.

Recognition of income arising from sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease, and the sales price is at or below fair value, any profit or loss shall be recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

(Continued)

(n) Impairment of non-financial assets

The Group measures whether impairment occurred in non-financial assets (except for inventories and deferred tax assets), at each reporting date, and estimates their recoverable amount. If it is not possible to determine the recoverable amount (fair value less costs to sell and value in use) for an individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

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. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at each reporting date 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 entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be 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 previously recognized impairment loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

(o) Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

The estimated recovery costs are incurred through the lease of aircraft. The Group' s restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft.

(p) Intangible assets

The Group entered into contracts with the government to provide public service in infrastructure.The Group is obliged to construct the public sector asset and provide operation service for 30 years since the public sector asset was contracted. At the end of the operating period, the public sector asset should be returned to the governent for no incremental consideration. Based on the IFRIC 12

(Continued)

"Service Concession Arrangements", the Group allocates the consideration received by reference to the relative fair values of the construction and operation services delivered. Subsequently, the Group recognizes and measures revenue in accordance with IFRS 15 "Revenue from Contracts with Customers". The fair value of the services is determined as intangible assets or financial assets, by the nature of the consideration given by the grantor to the operator and by reference to the contract terms.

Intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The amortization amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with indefinite useful lives, from the date that they are available for use. The estimated useful lives were as follows:

(i) Operating concession: 30 years

(ii) Computer software: 2 to 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Aviation transportation revenue

Ticket sales for passengers and cargo are recorded as unearned revenue. They are included in contract liabilities-current, and recognized as revenue when service is provided.

2) Customer loyalty program

The Group has a customer loyalty program, whereby, customers are awarded rights of accumulating mileages during their flights, and the fair value of the consideration received or receivable in respect of initial sale is allocated between the rights of accumulated mileages and the other components of the sale. The amount allocated to rights of accumulated mileages is estimated by the fair value of the redeemable part of the customer loyalty program and by reference to past experience of probability of redemption. Thus, the corresponding fair value is estimated and deferred, and service revenues will not be recognized until the rights have been redeemed and obligations are fulfilled. Also, contract liabilities will be converted into revenues when it is expected that the rights are probable not to be redeemed.

(Continued)

3) Maintenance services

The Group provides maintenance services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the work performed incurred to date as a proportion of the total estimated work of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

4) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the utility of the product, and there is no unfulfilled obligation that could affect the customer’ s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Accounts receivable are recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

5) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) Employee benefits

(i) 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.

(Continued)

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the 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; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Group'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. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved the expense 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 Group recognizes the amounts in retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(Continued)

Grant date of a share-based payment award is the date which the board of directors authorized the Chairman of the Company to set up the exercise price.

(t) 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 shall be 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 rate 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 shall not be recognized for the exceptions below:

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

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

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

(i) The Group has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

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 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 shall also be re-evaluated at each reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(u) Earnings per share (EPS)

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary equity holders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary equity holders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(v) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated 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.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next year.

There is no information about critical judgments in the consoidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year is as follow:

(a) Contract liabilities－mileage redemption revenue

Please refer to note 4(q), for the rights of accumulated mileages that are estimated by using the fair value of the redeemable part of the customer loyalty program and, the reference to past experience of probability of redemption. Changes in fair value per mileage or redemption rate may have a material impact on the contract liabilities－mileage redemption revenue. Also, contract liabilities－mileage redemption revenue will be converted into revenues when the member actually redeems the mileage or it is expected that the rights are probable not to be redeemed.

(Continued)

(b) Restoration obligations

Please refer to note 4(o), for the estimated recovery costs that were incurred through the lease of aircrafts. The Group's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Group is also continuing to monitor its accounting assumption and verify its appropriateness. Changes in judgment or estimations may have a material impact on the amounts of recovery costs.

The accounting policy and disclosure of the Group include measuring the financial assets and financial liabilities at fair value. The accounting department of the Group uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Group regularly revises the evaluation models and the input parameters, makes retrospective review and makes essential adjustments to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes 6(g), 6(m) and 6(ab).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	2019.12.31	2018.12.31
Cash on hand	$ 85,221	84,555
Cash in bank	51,349,298	47,711,054
Short-term notes	100,000	483,265
	$ **51,534,519**	**48,278,874**

Refer to note 6(ab) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

(b) Financial assets and liabilities

(i) Financial assets and liabilities at fair value through profit or loss

		2019.12.31	2018.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
Money market funds	$	**961,356**	**769,039**

		2019.12.31	2018.12.31
Financial liabilities mandatorily measured at fair value through profit or loss:			
Convertible bonds with embedded derivatives	$	**3,274**	**6,234**

The derivative financial instruments arose from the issuance of convertible bonds of the Group stated in note 6(p).

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

		2019.12.31	2018.12.31
Equity investments at fair value through other comprehensive income:			
Publicly traded stocks	$	1,076,109	933,742
Non-publicly traded stocks		1,570,214	1,469,255
	$	**2,646,323**	**2,402,997**

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

For the year ended December 31, 2019, the Group acquired the shares of UNI Airways Corp. from other related parties amounting to $67,890. There was no such transaction for the year ended December 31, 2018.

For the years ended December 31, 2019 and 2018, the Group has sold its equity securities as at fair value through other comprehensive income. The shares sold had a fair value of $50 and $323,402, respectively. And the Group recognized a loss of $11 and $18,332, respectively, which were accounted for as other equity. The loss has been transferred to retained earnings.

(iii) For credit risk and market risk, please refer to note 6(ab).

(iv) The aforementioned financial assets were not pledged.

(Continued)

(c) Financial instruments used for hedging

The details of financial assets and liabilities for hedging were as follows:

Cash flow hedge:

	2019.12.31	2018.12.31
Financial assets for hedging:		
Fuel option agreements	$ 37,428	-
Forward exchange contracts	-	36
Total	**$ 37,428**	**36**
Current	**$ 37,428**	**36**

	2019.12.31	2018.12.31
Financial liabilities for hedging:		
Fuel swap agreements	$ -	136,503
Forward exchange contracts	11,643	228
Foreign currency component of non-derivative lease liabilities	98,291,070	-
Total	**$ 98,302,713**	**136,731**
Current	$ 11,558,692	136,731
Non-current	86,744,021	-
	$ 98,302,713	**136,731**

(i) Fuel swap and option agreements

The Group needs fuel for operating. However, cash flow risk will occur if the future cash flows for fuel fluctuate due to the floating market prices. The Group evaluates the risk as significant, and thus, hedges the risk by signing fuel swap and option agreements. The cash flow hedged items and derivative financial hedging instruments were as follows:

		Fair value of assigned hedging instrument		Period when cash flows are expected to occur	Period when profit or loss is affected
Hedged item	**Hedging instrument**	**2019.12.31**	**2018.12.31**		
Floating price of fuel	Fuel swap agreements	$ -	(136,503)	2019	2019
Floating price of fuel	Option agreements	37,428	-	2020	2020
		$ 37,428	**(136,503)**		

(ii) Forward exchange contracts

The Group's strategy is to use the forward exchange contracts to hedge its estimated foreign currency exposure in respect of forecasted purchases transactions. When actual purchase occurs, the amount accumulated in gains (losses) on the effective portion of cash flow hedge under other equity interest will be reclassified to non-current assets in the same period. The terms of forward foreign exchange contract are coordinated with the hedged item. The unexpired forward exchange contracts held by the Group were as follows:

(Continued)

	2019.12.31			
	Contract Amount (in thousands)	**Currency**	**Maturity dates**	**Average strike price**
Forward exchange purchased	**USD$ 31,000**	TWD to USD	2020/4/1-2020/10/5	USD29.717~30.717

	2018.12.31			
	Contract Amount (in thousands)	**Currency**	**Maturity dates**	**Average strike price**
Forward exchange purchased	**USD$ 24,000**	TWD to USD	2019/05/02	USD30.33~30.45

(iii) The foreign currency component of non-derivative lease liabilities

The Group uses the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from aviation transportation revenue with a highly probable forecast transaction. As of December 31, 2019, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

Hedged item	Hedging instrument	Lease liabilities of assigned hedging instrument	Period when cash flows are expected to occur	Period when profit or loss is affected
Foreign currency of aviation transportation revenue	Foreign currency of lease liabilities	$ 98,291,070	2020~2031	2020~2031

There was no such transaction as of December 31, 2018.

(iv) The details arising from cash flow hedges for the years ended December 31, 2019 and 2018, were as follows:

Account Item	2019	2018
Recognized in other comprehensive income during the period	$ 2,723,966	(320,595)
Reclassification from equity to operating costs (income) for the period	$ (19,066)	(310,986)
Reclassification from equity to other non-current assets for the period	$ (42,721)	(14,026)
Reclassification from equity to exchange losses (gains) for the period	$ 92,735	-

There was no ineffective portion of cash flow hedge recognized in profit or loss.

(d) Notes and accounts receivable

	2019.12.31	2018.12.31
Notes receivable (including related parties)	$ 1,031,714	933,730
Accounts receivable (including related parties)	17,925,514	15,376,217
Less: allowance for impairment	(241,563)	(221,845)
	$ 18,715,665	16,088,102

(Continued)

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

	2019.12.31		
	Notes and accounts receivable (including related parties) carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not overdue	$ 18,657,239	0.08%	14,238
Overdue within 30 days	233,332	69.89%	163,081
Overdue 31~60 days	39,050	97.70%	38,153
Overdue over 60 days but less than one year	9,466	83.99%	7,950
Overdue more than one year	18,141	100%	18,141
	$ 18,957,228		**241,563**

	2018.12.31		
	Notes and accounts receivable (including related parties) carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not overdue	$ 15,518,483	0.27%	42,283
Overdue within 30 days	319,165	6.49%	20,699
Overdue 31~60 days	375,957	17.23%	64,767
Overdue over 60 days but less than one year	94,107	97.73%	91,972
Overdue more than one year	2,235	95.03%	2,124
	$ 16,309,947		**221,845**

The movements in the allowance for notes and accounts receivable were as follow:

	2019	**2018**
Balance on January 1	$ 221,845	161,496
Impairment losses recognized	21,014	70,019
Amounts written off	(1,296)	(9,670)
Balance on December 31	**$ 241,563**	**221,845**

The aforementioned notes and accounts receivable were not pledged. Other credit risk information please refer to note 6(ab).

(Continued)

(e) Other receivables

		2019.12.31	2018.12.31
Other receivables－related parties	$	294,096	295,755
Subsidy receivable		28,127	32,811
Others		111,016	275,561
Less: allowance for impairment		-	-
	$	**433,239**	**604,127**

The aforementioned other receivables were not pledged. Other credit risk information please refer to note 6(ab).

The movement in the allowance for other receivables for the year ended December 31, 2018, was as follow:

		2018
Balance on January 1	$	2
Amounts written off		(2)
Balance on December 31	**$**	**-**

There is no change on the movement in the allowance for other receivables for the year ended December 31, 2019.

(f) Inventories

(i) The components were as follows:

		2019.12.31	2018.12.31
Aircraft spare parts	$	563,428	2,627,838
Consumables for use and merchandise for in-flight sales		1,270,042	1,310,178
Fuel for aircraft and others		1,518,888	996,189
	$	**3,352,358**	**4,934,205**

(ii) Except for cost of goods sold and inventories recognized as expenses, the gains or losses which were recognized as operating costs were as follows:

		2019	2018
Losses on valuation of inventories and obsolescence (reversal of write-downs of inventories)	$	(454,559)	(142,019)
Unallocated fixed manufacturing overhead		266,829	246,732
Losses (gains) on inventory count		45	(76)
Proceeds from disposal of scraps		(7,827)	(3,483)
Total	**$**	**(195,512)**	**101,154**

As of December 31, 2019 and 2018, these inventories were not pledged.

(Continued)

(g) Non-current assets or disposal group classified as held for sale

A part of the office building in Los Angeles was presented as non-current assets or disposal group classified as held for sale following the expectation of the Group's management to sell part of the building. The efforts to sell the disposal group have commenced, and sales are expected in 2020. As of December 31, 2019, the non-current assets or disposal group classified as held for sale comprised the following assets and liabilities amounting to $1,233,824 and $140,810, respectively. The components were as follows:

	2019.12.31
Reclassification from investment property－Land	$ 137,703
Reclassification from investment property－Building and structures	$ 1,096,121
Liabilities related to non-current assets or disposal group classified as held for sale	$ 140,810

The non-recurring fair value measurement for non-current assets or disposal group classified as held for sale of $1,511,710 (before costs to sell of $78,050) has been categorized as a Level 2 fair value based on the observable inputs with settled deals.

There was no such transaction as of December 31, 2018.

(h) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2019.12.31	2018.12.31
Associates	$ 2,055,220	710,002

(i) Associate which is material to the Group consisted of the followings:

Name of the associate	Nature of relationship with the Group	Principal place of business or country of incorporation of the associate	The proportion of shareholding and voting rights 2019.12.31	2018.12.31
GE Evergreen Engine Services Corp.	Maintenance, manufacturing, and sales of aircraft, engine and engine components	Taiwan	49.00 % (Note)	19.90 %

Note: In December 2019, the Group acquired the shares of GE Evergreen Engine Services Corp. in cash amounting to $1,942,363. The Group's shareholding percentage in GE Evergreen Engine Services Corp. has increased from 19.9% to 49%. Therefore, it became an associate which is material to the Group.

The summarized financial information of the abovementioned associate which is material to the Group is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associate have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

(Continued)

The summarized financial information of GE Evergreen Engine Services Corp. was listed as follows:

		2019.12.31	2018.12.31
Current assets	$	2,124,562	7,332,468
Non-current assets		2,867,427	288,926
Current liabilities		598,647	6,710,968
Non-current liabilities		228,388	-
Net assets	$	**4,164,954**	**910,426**
Net assets attributable to the Group	$	**2,040,827**	**181,175**

		2019	2018
Operating revenues	$	**1,146,055**	**32,276,051**
Profit (loss)	$	(50,078)	414,641
Other comprehensive income		(15,987)	38,681
Comprehensive income	$	**(66,065)**	**453,322**
Comprehensive income attributable to the Group	$	**(13,147)**	**90,211**

		2019	2018
Share of net assets of the associate as of January 1	$	181,175	151,134
Comprehensive income attributable to the Group		(13,147)	90,211
Increase		1,942,363	-
Additional capital surplus from disproportionate investment		4,730	-
Dividends received from the associate		(74,294)	(60,170)
Share of net assets of the associate as of December 31		2,040,827	181,175
Less : downstream transaction unrealized gain		(628,967)	(11,433)
Carrying amount of the associate equity as of December 31	$	**1,411,860**	**169,742**

(ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

		2019.12.31	2018.12.31
Carrying amount of individually insignificant associates' equity	$	**643,360**	**540,260**

		2019	2018
Attributable to the Group:			
Profit	$	144,004	117,754
Other comprehensive income		(1,942)	(1,034)
Comprehensive income	$	**142,062**	**116,720**

(Continued)

In 2019, the Group gradually acquired the shares of EverFun Travel Service Corp. (hereinafter referred to as EverFun) in cash. The Group's shareholding percentage in EverFun has been increased from 0.05% to 26.48%. Therefore, the Group has significant influence on EverFun.

(iii) Pledged

As of December 31, 2019 and 2018, the investments accounted for using equity method were not pledged.

(i) Changes in a parent's ownership interest in subsidiaries

On August 13, 2018, a resolution was approved during the two separate board meetings of the Company's subsidiaries, Evergreen Aviation Technologies Corp. (hereinafter referred to as EGAT) and Evergreen Aviation Precision Corp. (hereinafter referred to as EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

In first quarter of 2019, the Company disposed of equity share of EGAP to EGAT with a carrying amount of $415,426. And the Company acquired 9,512 thousand shares of EGAT with a fair value of $506,139. Besides, due to the merger of subsidiaries, the Company recognized capital surplus of difference between acquiring subsidiary's equity and carrying amount amounting to $90,713. Since the aforementioned merger date, the Company's shareholding percentage in EGAT has decreased from 80.00% to 79.42%.

There was no such transaction for the year ended December 31, 2018.

(j) Subsidiaries with material non-controlling interests

The subsidiaries that have non-controlling interests which are material to the Group were listed as follows:

Name of the subsidiary	Principal place of business or country of incorporation of the subsidiary	The proportion of ownership interests and voting rights held by non-controlling interests 2019.12.31	2018.12.31
Evergreen Sky Catering Corp.	Taiwan	50.2 %	50.2 %
Evergreen Aviation Technologies Corp.	Taiwan	20.58 %	(Note)

(Note) For the purpose of reorganization, the shares of Evergreen Aviation Precision Corp., which was previously owned by EVA Airways Corp., was transferred to Evergreen Aviation Technologies Corp. in February 2019. The carrying amount of the non-controlling interests at the end of the period, the profit and comprehensive income attributable to non-controlling interests, were calculated by Evergreen Aviation Technologies Corp. and Evergreen Aviation Precision Corp.

The summarized financial information of the abovementioned subsidiaries is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associate have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies. The amounts in the summarized financial information shall be the amounts before the inter-company eliminations.

(Continued)

(i) The summarized financial information of Evergreen Sky Catering Corp. was listed as follows:

	2019.12.31	2018.12.31
Current assets	$ 1,042,871	1,214,403
Non-current assets	5,830,540	5,228,789
Current liabilities	692,961	640,950
Non-current liabilities	1,480,349	1,572,134
Net assets	**$ 4,700,101**	**4,230,108**
Carrying amounts of non-controlling interests	**$ 2,359,450**	**2,123,514**

	2019	2018
Operating revenues	**$ 3,576,706**	**3,436,795**
Profit	$ 614,861	528,534
Other comprehensive income	(11,768)	(18,242)
Comprehensive income	**$ 603,093**	**510,292**
Profit attributable to non-controlling interests	**$ 308,660**	**265,325**
Comprehensive income attributable to non-controlling interests	**$ 302,753**	**256,167**

	2019	2018
Cash flows from operating activities	$ 854,022	726,892
Cash flows used in investing activities	(420,629)	(1,122,105)
Cash flows from (used in) financing activities	(668,456)	488,781
Net increase (decrease) in cash and cash equivalents	**$ (235,063)**	**93,568**
Dividend paid for non-controlling interests	**$ 66,816**	**60,742**

(ii) The summarized financial information of Evergreen Aviation Technologies Corp. was listed as follows:

	2019.12.31	2018.12.31
Current assets	$ 22,152,488	22,680,256
Non-current assets	13,024,072	10,288,656
Current liabilities	9,037,773	7,659,856
Non-current liabilities	12,325,710	12,472,149
Net assets	**$ 13,813,077**	**12,836,907**
Carrying amounts of non-controlling interests	**$ 2,842,731**	**2,742,869**

(Continued)

	2019	2018
Operating revenues	$ **46,679,694**	**46,035,631**
Profit	$ 1,981,718	1,605,782
Other comprehensive income	(31,068)	(16,883)
Comprehensive income	$ **1,950,650**	**1,588,899**
Profit attributable to non-controlling interests	$ **407,838**	**232,482**
Comprehensive income attributable to non-controlling interests	$ **401,444**	**229,116**

	2019	2018
Cash flows from operating activities	$ 5,622,138	1,648,278
Cash flows used in investing activities	(597,031)	(879,585)
Cash flows from (used in) financing activities	(3,244,568)	992,550
Net increase in cash and cash equivalents	$ **1,780,539**	**1,761,243**
Dividend paid for non-controlling interests	$ **210,522**	**127,232**

(k) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	Land	Building and structures	Machinery and equipment	Leased assets and improvements	Aircraft	Unfinished construction	Total
Cost:							
Beginning balance as of January 1, 2019	$ 5,525,424	21,500,306	30,441,456	30,790,131	122,341,091	2,475,062	213,073,470
Additions	-	322,356	918,461	7,854	13,544,812	695,065	15,488,548
Disposals	-	(1,121,286)	(2,125,659)	(133,761)	(4,291,171)	-	(7,671,877)
Reclassification (Note)	(81,322)	2,379,000	1,391,918	(28,935,213)	9,576,138	(2,245,027)	(17,914,506)
Effect of exchange rate changes	-	(10,199)	(3,394)	-	-	(556)	(14,149)
Balance as of December 31, 2019	$ **5,444,102**	**23,070,177**	**30,622,782**	**1,729,011**	**141,170,870**	**924,544**	**202,961,486**
Beginning balance as of January 1, 2018	$ 5,581,805	15,695,975	27,436,583	29,755,803	122,206,441	5,510,139	206,186,746
Additions	-	368,421	483,898	1,168,303	10,235,749	1,985,730	14,242,101
Disposals	-	-	(1,410,884)	(146,922)	(15,527,908)	-	(17,085,714)
Reclassification (Note)	(56,381)	5,427,857	3,927,720	12,947	5,426,809	(5,021,528)	9,717,424
Effect of exchange rate changes	-	8,053	4,139	-	-	721	12,913
Balance as of December 31, 2018	$ **5,525,424**	**21,500,306**	**30,441,456**	**30,790,131**	**122,341,091**	**2,475,062**	**213,073,470**
Accumulated depreciation:							
Beginning balance as of January 1, 2019	$ -	7,956,414	15,656,673	10,355,237	35,144,634	-	69,112,958
Depreciation expense	-	822,574	2,274,331	266,812	7,711,331	-	11,075,048
Disposals	-	(680,861)	(1,752,149)	(133,690)	(3,688,137)	-	(6,254,837)
Reclassification (Note)	-	-	(114,776)	(9,501,537)	-	-	(9,616,313)
Effect of exchange rate changes	-	(955)	(1,305)	-	-	-	(2,260)
Balance as of December 31, 2019	$ **-**	**8,097,172**	**16,062,774**	**986,822**	**39,167,828**	**-**	**64,314,596**

(Continued)

	Land	Building and structures	Machinery and equipment	Leased assets and improvements	Aircraft	Unfinished construction	Total
Beginning balance as of January 1, 2018	$ -	7,271,248	14,645,408	7,692,686	41,560,025	-	71,169,367
Depreciation expense	-	686,338	2,151,950	2,809,127	7,261,527	-	12,908,942
Disposals	-	-	(1,108,275)	(146,576)	(13,681,515)	-	(14,936,366)
Reclassification (Note)	-	(1,705)	(33,236)	-	4,597	-	(30,344)
Effect of exchange rate changes	-	533	826	-	-	-	1,359
Balance as of December 31, 2018	**$ -**	**7,956,414**	**15,656,673**	**10,355,237**	**35,144,634**	**-**	**69,112,958**
Carrying amounts:							
Balance as of December 31, 2019	**$ 5,444,102**	**14,973,005**	**14,560,008**	**742,189**	**102,003,042**	**924,544**	**138,646,890**
Balance as of December 31, 2018	**$ 5,525,424**	**13,543,892**	**14,784,783**	**20,434,894**	**87,196,457**	**2,475,062**	**143,960,512**
Balance as of January 1, 2018	**$ 5,581,805**	**8,424,727**	**12,791,175**	**22,063,117**	**80,646,416**	**5,510,139**	**135,017,379**

Note: Reclassifications are mainly the transfers of property, plant and equipment to operating costs, operating expenses, right-of-use assets, investment property, and the inventories as well as prepayments for business facilities being reclassified to property, plant and equipment.

(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as leased assets on December 31, 2018. The assets have been reassessed and recognized as right-of-use assets on December 31, 2019, please refer to note 6(l). The related restoration obligations are recognized as other current liabilities and other non-current liabilities and are amortized using interest method. Refer to note 6(r) for the movements of restoration obligations.

The finance leases incurred by asset lease on December 31, 2018 had reassessed and recognized as right-of-use assets on December 31, 2019, please refer to note 6(l).

(ii) In 2015, the consolidated subsidiary, Evergreen Aviation Technologies Corp., (hereinafter refer to as EGAT), purchased a piece of agricultural land on Puxin, Dayuan Dist., Taoyuan City for car park lot amounting to $60,558. The purchase was in the name of EGAT’s director. The Group has implemented adequate safeguard procedures for the agricultural land mentioned above.

(iii) Pledge

As of December 31, 2019 and 2018, the Group’s property, plant and equipment were used as pledge for long-term borrowings and lines of credit, and they are disclosed in note 8.

(iv) For the years ended December 31, 2019 and 2018, the Group capitalized the interest expenses amounted to $143,302 and $176,643, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.10%~0.13% and 0.11%~0.13%, respectively.

(l) Right-of-use assets

The movements in the Group's leases on land, building and structures, as well as aircraft, were as follow:

	Land	Building and structures	Aircraft	Machinery and equipment	Total
Cost:					
Beginning balance as of January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	4,956,476	1,211,524	125,681,063	61,933	131,910,996
Balance as of January 1, 2019 after adjustments	4,956,476	1,211,524	125,681,063	61,933	131,910,996
Additions	21,643	122,856	13,652,892	34,131	13,831,522
Disposals	(5,091)	(24,756)	(365,782)	(3,722)	(399,351)
Reclassification to property, plant and equipment	-	-	(7,248,359)	-	(7,248,359)
Balance as of December 31, 2019	**$ 4,973,028**	**1,309,624**	**131,719,814**	**92,342**	**138,094,808**
Accumulated depreciation:					
Balance as of January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	-	-	9,247,050	-	9,247,050
Balance as of January 1, 2019 after adjustments	-	-	9,247,050	-	9,247,050
Depreciation expense	247,506	451,107	14,867,209	30,484	15,596,306
Disposals	-	(21,151)	(138,850)	(1,136)	(161,137)
Reclassification to property, plant and equipment	-	-	(3,534,284)	-	(3,534,284)
Balance as of December 31, 2019	**$ 247,506**	**429,956**	**20,441,125**	**29,348**	**21,147,935**
Carrying amount:					
Balance as of January 1, 2019	$ -	-	-	-	-
Balance as of December 31, 2019	**$ 4,725,522**	**879,668**	**111,278,689**	**62,994**	**116,946,873**

As of December 31, 2018, the Group leased aircraft classified as property, plant and equipment, please refer to note 6(k). The Group leased aircraft, offices, land, buildings, and parking lots under operating lease, please refer to note 6(s).

(m) Investment property

The movements in cost of investment property were as follows:

	Land	Building and structures	Unfinished construction	Total
Cost:				
Beginning balance as of January 1, 2019	$ 56,381	-	126,673	183,054
Reclassification from property, plant and equipment	81,322	-	969,448	1,050,770
Reclassification to investment property －building and structures	-	1,096,121	(1,096,121)	-
Reclassification to non-current assets classified as held for sale	(137,703)	(1,096,121)	-	(1,233,824)
Balance as of December 31, 2019	**$ -**	**-**	**-**	**-**

(Continued)

		Land	Building and structures	Unfinished construction	Total
Balance as of January 1, 2018	$	-	-	-	-
Reclassification from property, plant and equipment		56,381	-	126,673	183,054
Balance as of December 31, 2018	$	**56,381**	**-**	**126,673**	**183,054**
Carrying amounts:					
Balance as of December 31, 2019	$	**-**	**-**	**-**	**-**
Balance as of December 31, 2018	$	**56,381**	**-**	**126,673**	**183,054**
Balance as of January 1, 2018	$	**-**	**-**	**-**	**-**
Fair value:					
Balance as of December 31, 2019					$ **-**
Balance as of December 31, 2018					$ **592,137**

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The Group' s management also assessed the settled deals by using the valuation method. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

As of December 31, 2019 and 2018, the investment property was not pledged.

(n) Intangible assets

The movements in cost and accumulated amortization of intangible assets were as follows:

		Operating concession	Computer software	Total
Cost:				
Beginning balance as of January 1, 2019	$	3,423,792	1,371,114	4,794,906
Additions		-	294,746	294,746
Reclassification		-	2,180	2,180
Disposals		-	(240,635)	(240,635)
Balance as of December 31, 2019	$	**3,423,792**	**1,427,405**	**4,851,197**
Beginning balance as of January 1, 2018	$	3,423,792	1,248,953	4,672,745
Additions		-	461,254	461,254
Disposals		-	(339,093)	(339,093)
Balance as of December 31, 2018	$	**3,423,792**	**1,371,114**	**4,794,906**

(Continued)

		Operating concession	Computer software	Total
Accumulated amortization:				
Beginning balance as of January 1, 2019	$	2,069,786	601,351	2,671,137
Amortization expense		134,296	309,122	443,418
Disposals		-	(240,635)	(240,635)
Balance as of December 31, 2019	$	**2,204,082**	**669,838**	**2,873,920**
Beginning balance as of January 1, 2018	$	1,935,490	658,582	2,594,072
Amortization expense		134,296	281,862	416,158
Disposals		-	(339,093)	(339,093)
Balance as of December 31, 2018	$	**2,069,786**	**601,351**	**2,671,137**
Carrying amounts:				
Balance as of December 31, 2019	$	**1,219,710**	**757,567**	**1,977,277**
Balance as of December 31, 2018	$	**1,354,006**	**769,763**	**2,123,769**
Balance as of January 1, 2018	$	**1,488,302**	**590,371**	**2,078,673**

(i) Amortization

For the years ended December 31, 2019 and 2018, the amortization of intangible assets is included under operating costs and operating expenses in the consolidated statements of comprehensive income.

(ii) Pledge

The aforementioned intangible assets were not pledged.

(o) Other current assets and other non-current assets

The details of the Group's other current assets were as follows:

		2019.12.31	2018.12.31
Prepaid expense	$	348,765	1,111,794
Other receivables (including related parties)		433,239	604,127
Others		237,606	359,460
Total	$	**1,019,610**	**2,075,381**

The details of the Group's other non-current assets were as follows:

		2019.12.31	2018.12.31
Prepayments for business facilities	$	10,539,207	10,142,035
Refundable deposits		1,451,823	1,466,406
Pledged time deposits		86,467	120,332
Others		4,237	2,279
Total	$	**12,081,734**	**11,731,052**

(Continued)

(p) Short-term borrowings, long-term borrowings, bonds payable and lease obligations payable

The details, conditions and terms of the Group's short-term borrowings, long-term borrowings, bonds payable and lease obligations payable were as follows:

	2019.12.31			
	Currency	**Interest rate**	**Maturity date**	**Amount**
Unsecured short-term loans	TWD	0.98%	2020/06/20	$ 50,000
Secured short-term loans	TWD	1.15%	2020/03/17	100,000
Subtotal				**$ 150,000**
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	6,325,180
Subtotal				14,825,180
Less: Current portion (included in current portion of long-term liabilities)				(10,575,180)
Total				**$ 4,250,000**
Unsecured loans	TWD	1.12%~2.01%	2020/01/21~2024/11/14	$ 25,222,304
Secured loans	TWD	1.15%~1.52%	2020/01/14~2034/10/31	59,687,457
Subtotal				84,909,761
Less: Current portion				(14,292,818)
Total				**$ 70,616,943**

	2018.12.31			
	Currency	**Interest rate**	**Maturity date**	**Amount**
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	6,607,923
Subtotal				15,107,923
Less: Current portion (included in current portion of long-term liabilities)				-
Total				**$ 15,107,923**
Unsecured loans	TWD	1.12%~2.01%	2019/01/19~2023/12/27	$ 26,182,341
Secured loans	TWD	1.11%~1.54%	2019/01/02~2032/02/23	54,490,061
Subtotal				80,672,402
Less: Current portion				(15,637,144)
Total				**$ 65,035,258**
Lease obligations payable	TWD, USD	2.03%~4.12%	2019/01/22~2024/06/21	$ 2,204,904
Less: Current portion (included in other current liabilities)				(925,286)
Total				**$ 1,279,618**

(Continued)

The details of convertible bonds were as follows:

	2019.12.31	2018.12.31
Total convertible bonds issued	$ 7,000,000	7,000,000
Less: Unamortized discounted bonds payable	(223,720)	(318,577)
Cumulative converted amount	(451,100)	(73,500)
Convertible bonds issued balance	**$ 6,325,180**	**6,607,923**
Embedded derivatives－put/call options (included in financial liabilities at fair value through profit or loss)	**$ 3,274**	**6,234**
Equity components－conversion options (included in capital surplus－share options)	**$ 376,948**	**398,682**

The equity instruments and liability instruments were included in the abovementioned convertible bonds. The equity instruments were recognized in capital surplus. The liability instruments were measured at an initial effective rate 1.23%. Please refer to note 6(aa) for the valuation loss/profit of embedded derivatives－ put/call options, which were recognized in net gains/losses on financial liabilities at fair value through profit or loss, and the related interest expenses for the convertible bonds.

On October 27, 2017, the Company issued the third unsecured domestic convertible bonds amounting to $7,000,000. The major terms are as follows:

(i) Total issue amount: TWD 7,000,000

(ii) Issue price: At par value 100.2%.

(iii) Maturity date: Five years, with the maturity date on October 27, 2022.

(iv) Coupon rate: 0%.

(v) Conversion target: Ordinary shares of the Company.

(vi) Conversion price: The price determination day was October 19, 2017; the conversion price shall be the simple arithmetical average closing price of the common shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104.24% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula. As of December 31, 2019 and 2018, the conversion price was $13.7 and $14.8 per share, respectively. In addition, corporate bonds with a face value of $451,100 and $73,500, respectively has been converted to 30,829 and 4,966 thousand shares of ordinary share, respectively.

(Continued)

(vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:

1) The closing period in accordance with the applicable laws;

2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.

(viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100% of the par value within 5 business days following such date.

(ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount. If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

Parts of the Group's long-term borrowings and lease obligations payable will be settled in foreign currency. The details of foreign liabilities were as follows:

	2018.12.31
USD (in thousands)	$ 49,153
Convert to TWD	$ 1,509,738

There were no foreign long-term borrowings on December 31, 2019.

As of December 31, 2019, the details of the future repayment periods and amounts of the Group's long-term borrowings and bonds payable were as follows:

Year due	Amount
2020.1.1~2020.12.31	$ 24,867,998
2021.1.1~2024.12.31	48,558,410
2025.1.1 and thereafter	26,308,533
	$ 99,734,941

Information on the Group's exposure to interest rate risk, currency risk and liquidity risk is disclosed in note 6(ab).

(Continued)

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of December 31, 2019 and 2018, the unused credit lines for short-term and long-term borrowings amounted to $8,304,161 and $12,589,818, respectively.

(iii) Lease obligations payable

The Group's lease obligations payable were as follows:

	2018.12.31		
	Future minimum rental payment	**Interest**	**Present value of minimum rental payment**
Within 1 year	$ 1,005,415	80,129	925,286
1 to 5 years	1,179,456	21,911	1,157,545
More than 5 years	122,860	787	122,073
	$ 2,307,731	**102,827**	**2,204,904**

The recognized interest expenses incurred by lease obligations payable for the year ended December 31, 2018 is disclosed in note 6(aa).

(q) Lease liabilities

The componets of lease liabilities were as follow:

	2019.12.31
Financial liabilities for hedging－current	**$ 11,547,049**
Financial liabilities for hedging－non-current	**$ 86,744,021**
Lease liabilities－current	**$ 387,924**
Lease liabilities－non-current	**$ 4,851,030**

For the maturity analysis, please refer to note 6(ab).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	**$ 3,412,528**
Variable lease payments not included in the measurement of lease liabilities	**$ 14,354**
Revenue of subleasing right-of-use assets	**$ 35**
Expenses relating to short-term leases	**$ 193,475**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 9,680**

(Continued)

The amounts recognized in the statement of cash flows were as follows:

	2019
Total cash outflow for leases	$ **16,093,978**

(i) The leases of the Group

The lease term was as follows:

Land: 1 to 50 years

Building and structures: 1 to 10 years

Aircraft: 4 to 12 years

Machinery and equipment: 1 to 5 years

The Group's lease contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term or extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors, in which the leases are not reasonably certain to be used as an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The Group also leases its offices and vehicles equipment with lease terms ranging from 1 to 5 years. These leases are short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(ii) Sale and leaseback

The Group leased aircraft under sale and leaseback arrangements. The unrealized gain on sale and leaseback is recorded as a reduction of depreciation expenses over the lease term. As of December 31, 2019 and 2018, the unrealized gains from sale and leaseback amounted to $0 and $51,548, respectively, which were recognized as other non-current liabilities.

(iii) The lease liabilities were classified as lease obligations payable on December 31, 2018, please refer to note 6(p).

(r) Restoration obligations

The movements of the restoration obligations were as follows:

	2019	2018
Beginning balance as of January 1	$ 19,576,977	17,411,564
Additions	1,080,789	1,897,487
Decreases	(555,677)	(59,586)
Effect of exchange rate changes	(294,102)	327,512
Balance as of December 31	$ **19,807,987**	**19,576,977**

(Continued)

The estimated recovery costs are incurred through the lease of aircraft. The Group's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Group's restoration obligations are included in other current liabilities and other non-current liabilities.

(s) Operating leases

The Group leased aircraft, offices, land, buildings, and parking lots under operating lease agreements with rentals payable in the future as follows:

	2018.12.31
Within 1 year	$ 14,394,942
1 to 5 years	52,416,870
More than 5 years	47,305,208
	$ 114,117,020

For the year ended December 31, 2018, rental expenses included in operating costs and operating expenses were $13,883,555.

The Group did not assume the residual value of the abovementioned lease items, and determined that the risk and return of those lease items are still assumed by the lessor. Hence, the Group treated the abovementioned lease as operating leases.

(t) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and the fair value of plan assets were as follows:

	2019.12.31	2018.12.31
Total present value of defined benefit obligations	$ 13,006,048	12,473,444
Fair value of plan assets	(8,100,609)	(7,306,609)
Recognized liabilities of net defined benefit obligations	**$ 4,905,439**	**5,166,835**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Act) entitle a retired employee to receive retirement payment calculated by the units based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group 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. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Group’ s labor pension reserve account balance in Bank of Taiwan amounted to $7,954,366 as of December 31, 2019. 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 the defined benefit obligations were as follows:

		2019	2018
Defined benefit obligations as of January 1	$	12,473,444	11,825,281
Benefits paid by the plan		(499,955)	(667,684)
Current service costs and interest		390,034	421,100
Net remeasurements of defined benefit liabilities			
－Experience adjustments		610,351	298,477
－Actuarial losses (gains) arising from changes in demographic assumptions		8,832	49,108
－Actuarial losses (gains) arising from changes in financial assumptions		255,456	545,917
Past service cost and gains and losses on settlement		-	1,735
Effect of movement in exchange rates		502	(490)
Gain on curtailment		(232,616)	-
Defined benefit obligations as of December 31	**$**	**13,006,048**	**12,473,444**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets were as follows:

		2019	2018
Fair value of plan assets as of January 1	$	7,306,609	6,525,187
Contributions from plan participants		917,658	1,137,493
Benefits paid by the plan		(440,913)	(611,303)
Expected return on plan assets		84,146	96,619
Net remeasurements of defined benefit liabilities			
－Return on plan assets (excluding the amounts included in net interest expense)		233,109	158,613
Fair value of plan assets as of December 31	**$**	**8,100,609**	**7,306,609**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	2019	2018
Current services costs	$ 250,644	251,288
Net interest on the net defined benefit liabilities	55,244	73,193
Past service cost and gains and losses on settlement	-	1,735
	$ 305,888	**326,216**
Operating costs	$ 239,518	253,796
Operating expenses	66,370	72,420
	$ 305,888	**326,216**

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income (before tax)

The Group's remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	2019	2018
Accumulated losses as of January 1	$ (5,545,027)	(4,810,138)
Losses recognized during the period	(641,530)	(734,889)
Accumulated losses as of December 31	**$ (6,186,557)**	**(5,545,027)**

6) Actuarial assumptions

The rate applied in calculating the present value of defined benefit obligations at the reporting date was as follows:

	2019.12.31	2018.12.31
Discount rate	0.75%~7.78%	1.125%~9%
Future salary increases	1.53%~8%	1.54%~8%

The Group expects to make contributions of $901,701 to the defined benefit plans in the next year starting from December 31, 2019.

The weighted average of the defined benefit plans is 10.8~19.99 years.

(Continued)

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligations:

	Effects to the defined benefit obligations			
	Favorable		Unfavorable	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Discount rate (0.25%)	318,155	316,787	329,256	333,785
Future salary increases (0.25%)	303,437	302,527	312,165	317,253

There is no change in other assumptions when performing the abovementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net defined benefit liabilities.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The domestic entities of the Group set aside 6% of each employee' s monthly wages to contribute to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The domestic Group entities set aside a fixed amount to contribute to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations.

The Group set aside $780,618 and $647,045 as pension costs under the defined contribution plans for the years ended December 31, 2019 and 2018, respectively.

(u) Income tax

(i) The components of estimated income tax benefit (expenses) were as follows:

	2019	2018
Current tax benefit (expenses)	$ (1,694,588)	(1,629,528)
Deferred tax benefit (expenses)	488,114	(311,890)
Income tax benefit (expenses)	**$ (1,206,474)**	**(1,941,418)**

(Continued)

The amounts of income tax benefit (expenses) recognized in other comprehensive income were as follows:

		2019	2018
Components of other comprehensive income that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	$	127,783	305,459
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income		9	(673)
Gains or losses on hedging instruments		2,290	(56)
	$	**130,082**	**304,730**
Components of other comprehensive income that will be reclassified to profit or loss:			
Gains or losses on hedging instruments	$	**(547,083)**	**58,658**

Reconciliations of income tax expenses and profit before tax were as follows:

		2019	2018
Profit before tax	$	**6,058,349**	**9,155,931**
Income tax using the Company's domestic tax rate	$	(1,211,670)	(1,831,186)
Adjustment in tax rate		-	534,913
Exempt income		462,450	458,969
Changes in unrecognized deductible temporary differences		161,062	(276,811)
Undistributed earnings additional tax		(48,397)	(217,311)
Others		(569,919)	(609,992)
Total	$	**(1,206,474)**	**(1,941,418)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Group's unrecognized deferred tax assets were as follows:

		2019.12.31	2018.12.31
Unrecognized deferred tax assets:			
Tax losses	$	-	342,917
Investment loss of foreign operations accounted for using equity method		38,311	33,862
Restoration obligations		332,516	507,077
Others		46,648	37,047
Total	$	**417,475**	**920,903**

(Continued)

The Group has no unrecognized deferred tax liabilities as of December 31, 2019 and 2018.

2) Recognized deferred tax assets and liabilities

The movements in the balances of deferred tax assets and liabilities were as follows:

		Loss carryforwards	Loss on valuation of inventories	Rental expenses	Defined benefit plans	Restoration obligations	Mileage revenue	Others	Total
Deferred tax assets:									
Beginning balance as of January 1, 2019	$	-	801,961	-	1,043,806	830,763	730,581	678,973	4,086,084
Recognized in profit or loss		-	(294,954)	254,148	(123,966)	635,156	78,251	(37,562)	511,073
Recognized in other comprehensive income		-	-	-	127,783	-	-	(27,339)	100,444
Balance as of December 31, 2019	**$**	**-**	**507,007**	**254,148**	**1,047,623**	**1,465,919**	**808,832**	**614,072**	**4,697,601**
Beginning balance as of January 1, 2018	$	624,396	752,756	-	911,712	750,218	515,175	538,910	4,093,167
Recognized in profit or loss		(624,396)	49,205	-	(173,365)	80,545	215,406	112,724	(339,881)
Recognized in other comprehensive income		-	-	-	305,459	-	-	27,339	332,798
Balance as of December 31, 2018	**$**	**-**	**801,961**	**-**	**1,043,806**	**830,763**	**730,581**	**678,973**	**4,086,084**

		Unrealized foreign exchange gains	Investment gains of foreign operations accounted for using equity method	Others	Total
Deferred tax liabilities:					
Beginning balance as of January 1, 2019	$	2,882	77,300	17,977	98,159
Recognized in profit or loss		32,601	755	(10,397)	22,959
Recognized in other comprehensive income		512,297	-	5,148	517,445
Balance as of December 31, 2019	**$**	**547,780**	**78,055**	**12,728**	**638,563**
Beginning balance as of January 1, 2018	$	42,798	58,784	54,104	155,686
Effects of retrospective application		-	-	1,267	1,267
Recognized in profit or loss		(39,916)	18,516	(6,804)	(28,204)
Recognized in other comprehensive income		-	-	(30,590)	(30,590)
Balance as of December 31, 2018	**$**	**2,882**	**77,300**	**17,977**	**98,159**

(iii) The Company’s income tax returns for the years through 2017 were assessed by the local tax authorities.

(v) Capital and other equity

As of December 31, 2019 and 2018, the numbers of authorized ordinary shares of 7,000,000 and 4,500,000 thousand shares, respectively, had a par value of $10 per share. The total value of the authorized ordinary shares amounted to $70,000,000 and $45,000,000, of which $48,535,695 and $43,821,215, respectively, were issued.

(i) Ordinary shares

The appropriation of 2018 earnings that was approved at the shareholders’ meeting on June 24, 2019, in which the Company issued 140,619 thousand shares, had a par value of $10 per share, with a total value of $1,406,188. The date of capital increase was set on September 13, 2019, and all related registration procedure has been completed.

(Continued)

The appropriation of 2017 earnings that was approved at the shareholders' meeting on June 22, 2018, in which the Company issued 208,672 thousand shares, had a par value of $10 per share, with a total value of $2,086,725. The date of capital increase was set on September 17, 2018, and all related registration procedure has been completed.

A resolution was passed during the Board of Directors' meeting held on August 13, 2018 for the issuance of ordinary shares for cash. Subsequently, a resolution was passed for the issuance of 300,000 thousand ordinary shares, with par value of $10 per share, amounting to $3,000,000. The date of capital increase was set on January 24, 2019, and all related registration procedures have been completed.

For the years ended December 31, 2019 and 2018, convertible bonds issued by the Company amounting to $258,630 and $49,662, respectively, were converted into 25,863 and 4,966 thousand shares of ordinary shares, and all related registration procedure has been completed.

(ii) Capital surplus

The details of capital surplus were as follows:

		2019.12.31	2018.12.31
Cash subscription in excess of par value of shares	$	5,118,825	4,218,825
Stock options granted to employees		697,600	697,600
Additional paid-in capital from bond conversion		1,561,585	1,436,566
Additional paid-in capital from conversion option		376,948	398,682
Changes in equity of associates accounted for using equity method		3,757	-
Difference between actual acquiring subsidiary's equity and carrying amount		90,985	272
	$	**7,849,700**	**6,751,945**

In accordance with R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus included share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, and set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

(Continued)

The dividends shall be distributed in the combination of cash and stocks, provided that cash dividends shall not be less than 10% of the total amount of dividends.

1) Legal reserve

If a company has no accumulated deficit, it may, as per Article 240 and 241 of the Company Act, distribute its legal reserve, in whole or in part, for the portion in excess of 25% of the paid-in capital, by issuing new shares or cash to its original shareholders in proportion to the number of shares being held by each of them. The distribution can be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting for approval.

2) Special reserve

In accordance with Decree No. 1010012865 issued by the FSC on April 6, 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 be equal to the current-period total net reduction of other equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which 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 equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2018 earnings was approved at the shareholders' meeting on June 24, 2019. The cash dividends and stock dividends were amounting to $2,343,647 and $1,406,188, respectively.

The appropriation of 2017 earnings was approved at the shareholders' meeting on June 22, 2018. The cash dividends and stock dividends were amounting to $834,689 and $2,086,725, respectively.

The appropriation of 2019 earnings was approved at the Board meeting on March 19, 2020. The cash dividends were amounting to $1,213,392.

(Continued)

(iv) Other equity interest (net of taxes)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Non-controlling interests	Total
Balance as of January 1, 2019	$	(3,760)	547,201	(109,356)	(4,216)	429,869
Exchange differences on translation of foreign financial statements		(36,486)	-	-	823	(35,663)
Exchange differences on associates accounted for using equity method		(2,527)	-	-	(655)	(3,182)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		-	175,283	-	181	175,464
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning		-	11	-	-	11
Changes in fair value of hedging instrument		-	-	2,154,415	-	2,154,415
Changes in fair value of hedging instrument reclassified to profit or loss/ other non-current assets		-	-	24,758	-	24,758
Balance as of December 31, 2019	**$**	**(42,773)**	**722,495**	**2,069,817**	**(3,867)**	**2,745,672**

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Non-controlling interests	Total
Balance as of January 1, 2018	$	(10,851)	-	819,258	152,637	-	10,846	971,890
Effects of retrospective application		-	371,924	(819,258)	(152,637)	152,637	12	(447,322)
Balance as of January 1, 2018 after adjustments		(10,851)	371,924	-	-	152,637	10,858	524,568
Exchange differences on translation of foreign financial statements		933	-	-	-	-	(15,739)	(14,806)
Exchange differences on associates accounted for using equity method		6,158	-	-	-	-	1,540	7,698
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		-	156,945	-	-	-	(875)	156,070
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning		-	18,332	-	-	-	-	18,332
Changes in fair value of hedging instrument		-	-	-	-	(1,984)	-	(1,984)
Changes in fair value of hedging instrument reclassified to profit or loss/ other non-current assets		-	-	-	-	(260,009)	-	(260,009)
Balance as of December 31, 2018	**$**	**(3,760)**	**547,201**	**-**	**-**	**(109,356)**	**(4,216)**	**429,869**

(Continued)

(w) Share-based payment

(i) As of December 31, 2019, the Group's share-based payment transaction was as follow:

Type	Grant date	Number of shares granted (thousand shares)	Contract term (year)	Vesting Conditions
Cash-settled share-based payment plan (reserved for employees to subscribe)	2018.11.28	30,000	-	Immediately vested

(ii) The information related to the employee stock option plan was as follows:

2018 Cash-settled share-based payment plan (reserved for employees to subscribe)	Number of options (thousand shares) 2019	2018	Exercise price (in dollars)
Outstanding number as of January 1	27,352	-	$ 13
Number of shares granted	-	30,000	13
Number of shares exercised	(15,985)	(2,648)	13
Number of shares abandoned	(11,367)	-	13
Outstanding number as of December 31	-	27,352	
Fair value per share at grant date (in dollars)	$ 3.05	$ 3.05	

(iii) The Group adopted the Black-Sholes model to calculate the fair value of the abovementioned employee shares of stock at the grant date. The assumptions adopted in this valuation model were as follows:

	Cash-settled share-based payment plan (reserved for employees to subscribe)
Fair value per share on grant date	16.05
Exercise price	13
Expected volatility	17.6291 %
Expected life	51 days
Dividend yield	-
Risk-free interest rate	0.97 %

(iv) Employee expense:

For the year ended December 31, 2018, the compensation cost for the employee shares of stock amounted to $91,500, which was recognized as operating expenses. There was no such transaction for the year ended December 31, 2019.

(Continued)

(x) Earnings per share ("EPS")

The calculation of earnings per share is based on the profit attributable to the ordinary equity holders of the Company. The Group's earnings per share were calculated as follows:

	2019	2018
Basic earnings per share:		
Profit attributable to ordinary equity holders	$ 3,982,467	6,552,827
Weighted-average number of shares outstanding during the period (thousand shares)	4,826,530	4,512,869
Basic earnings per share (in dollars)	$ 0.83	1.45
Diluted earnings per share:		
Profit attributable to ordinary equity holders	$ 3,982,467	6,552,827
Interest expense and other gains and losses on convertible bonds, net of tax	60,970	57,033
Profit attributable to ordinary equity holders (diluted)	4,043,437	6,609,860
Weighted-average number of shares outstanding during the period (thousand shares)	4,826,530	4,512,869
Effect of the potentially dilutive ordinary shares		
Effect of employee compensation (thousand shares)	23,939	18,173
Effect of conversion of convertible bonds (thousand shares)	478,022	474,418
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive ordinary shares) (thousand shares)	5,328,491	5,005,460
Diluted earnings per share (in dollars)	$ 0.76	1.32

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	2019				
	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Other segments	Total
Primary geographical markets:					
Taiwan	$ 54,750,653	1,580,436	779,865	1,760,877	58,871,831
Asia	40,469,352	3,870,395	7,137	57	44,346,941
Europe	5,641,840	349,943	-	-	5,991,783
North America	33,959,524	37,335,426	668	-	71,295,618
Others	637,419	131,666	-	-	769,085
	$ 135,458,788	43,267,866	787,670	1,760,934	181,275,258

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2019				
	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Other segments	Total
Major products / services lines					
Aviation transportation revenue	$ 126,002,327	-	-	-	126,002,327
Services revenue	-	40,425,435	-	1,663,205	42,088,640
Others	9,456,461	2,842,431	787,670	97,729	13,184,291
	$ 135,458,788	43,267,866	787,670	1,760,934	181,275,258
Type of contract:					
Fix price contract	$ 135,458,788	13,897,671	787,670	1,754,425	151,898,554
Material contract	-	27,411,369	-	2,161	27,413,530
Time contract	-	1,958,826	-	4,348	1,963,174
	$ 135,458,788	43,267,866	787,670	1,760,934	181,275,258
Timing of revenue recognition:					
Products transferred at a point in time	$ 135,458,788	2,852,589	787,670	1,760,934	140,859,981
Service transferred over time	-	40,415,277	-	-	40,415,277
	$ 135,458,788	43,267,866	787,670	1,760,934	181,275,258

	2018				
	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Other segments	Total
Primary geographical markets:					
Taiwan	$ 55,274,484	32,717,410	715,408	1,689,269	90,396,571
Asia	40,631,947	5,757,896	6,586	102	46,396,531
Europe	5,940,184	78,797	-	-	6,018,981
North America	33,104,989	3,368,080	697	-	36,473,766
Others	488,234	133,249	-	-	621,483
	$ 135,439,838	42,055,432	722,691	1,689,371	179,907,332
Major products / services lines					
Aviation transportation revenue	$ 126,720,587	-	-	-	126,720,587
Services Revenue	-	40,718,597	-	1,597,325	42,315,922
Others	8,719,251	1,336,835	722,691	92,046	10,870,823
	$ 135,439,838	42,055,432	722,691	1,689,371	179,907,332
Type of contract:					
Fix price contract	$ 135,439,838	11,283,175	722,691	1,682,600	149,128,304
Material contract	-	25,488,814	-	2,784	25,491,598
Time contract	-	5,283,443	-	3,987	5,287,430
	$ 135,439,838	42,055,432	722,691	1,689,371	179,907,332
Timing of revenue recognition:					
Products transferred at a point in time	$ 135,439,838	1,362,595	722,691	1,689,371	139,214,495
Service transferred over time	-	40,692,837	-	-	40,692,837
	$ 135,439,838	42,055,432	722,691	1,689,371	179,907,332

(Continued)

(ii) Contract balances

		2019.12.31	2018.12.31	2018.1.1
Notes and accounts receivable (including related parties)	$	18,957,228	16,309,947	14,040,280
Less: allowance for impairment		(241,563)	(221,845)	(161,496)
Total	$	**18,715,665**	**16,088,102**	**13,878,784**
Contract assets-maintenance services	$	**345,016**	**3,850,796**	**4,322,634**
Contract liabilities-tickets services, customer loyalty program and others	$	**23,179,488**	**21,226,604**	**19,032,837**

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period was $15,459,505 and $13,532,019, respectively.

The contract liabilities primarily relate to deferred recognition of revenue relating to ticket services and customer loyalty programs, for which revenue is recognized when the ticket sales for passengers and award points are redeemed or when they expire.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Other significant changes during the period are as follows:

		2019	2018
		Contract liabilities	**Contract liabilities**
Changes in an estimate of the transaction price	$	**(149,905)**	**232,479**

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2019 and 2018, the amounts allocated to the customer loyalty program were $4,044,162 and $3,652,903, respectively. These will be recognized as revenue as the customer loyalty program points are redeemed or when they expire, which are expected to occur over the next three years.

The contract of maintenance services has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

All consideration from contracts with customers is included in the transaction price presented above.

(Continued)

(z) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company has annual earnings, a minimum of 1% will be distributed as employees' remuneration and a maximum of 2% will be allotted for directors' remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

For the years ended December 31, 2019 and 2018, the Company accrued and recognized its employees' remuneration of $284,125 and $237,552, respectively, and the directors' remuneration of $9,500 and $9,500, respectively. These remunerations were included in the operating costs and operating expenses.

The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the aforementioned employees' remuneration and directors' remuneration of 2018. There was a decrease of $113,650 between the actual amounts of remuneration to employees, and directors distributed for the year 2019 determined by the Board of Directors and the estimated amounts mainly due to the adjustment of the Board of Directors' resolution. The differences shall be accounted for as changes in accounting estimates and recognized in profit or loss for the year 2020. The related information can be found on Market Observation Post System website.

(aa) Non-operating income and expenses

(i) Other income

		2019	2018
Dividend income	$	144,234	144,976
Interest income			
Interest income from bank deposits		837,550	697,284
Other interest		2,286	8,115
Total interest income		839,836	705,399
Others		24,079	15,010
	$	**1,008,149**	**865,385**

(Continued)

(ii) Other gains and losses

	2019	2018
Gains (losses) on disposal of property, plant and equipment	$ 1,132,468	678,229
Foreign exchange gains (losses)	(468,824)	283,508
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	7,774	16,571
Subsidy revenue	28,127	32,497
Others gains and losses	171,975	191,266
	$ 871,520	**1,202,071**

(iii) Finance costs

	2019	2018
Interest expense		
Bank borrowings	$ 1,046,011	1,078,769
Bonds Payable	169,745	196,173
Lease liabilities (Lease obligations payable)	3,412,528	67,925
Others	913,856	836,003
Less: capitalized interest	(143,302)	(176,643)
	$ 5,398,838	**2,002,227**

(ab) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets and contract assets.

2) Circumstances of concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer' s financial situation and requires customers to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to notes 6(e) and 6(o).

(Continued)

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
As of December 31, 2019					
Non-derivative financial liabilities					
Short-term and long-term borrowings (including current portion of long-term liabilities)	$ 85,059,761	89,240,025	15,423,170	46,419,583	27,397,272
Bonds payable	14,825,180	15,185,325	10,889,850	4,295,475	-
Lease liabilities and financial liabilities for hedging	103,530,024	118,608,016	15,153,947	55,875,042	47,579,027
Notes and accounts payable (including related parties)	9,726,039	9,726,039	9,726,039	-	-
Other payables (including related parties)	7,703,853	7,703,853	7,703,853	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	140,810	140,810	140,810	-	-
Subtotal	220,985,667	240,604,068	59,037,669	106,590,100	74,976,299
Derivative financial liabilities					
Convertible bonds with embedded derivatives	3,274	-	-	-	-
Forward exchange contracts for hedge purposes:					
Outflow	11,643	938,273	938,273	-	-
Inflow	-	(926,630)	(926,630)	-	-
Subtotal	11,643	11,643	11,643	-	-
Total	**$ 221,000,584**	**240,615,711**	**59,049,312**	**106,590,100**	**74,976,299**
As of December 31, 2018					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	$ 80,672,402	84,580,409	16,653,867	46,112,382	21,814,160
Bonds payable	15,107,923	15,653,875	90,950	15,562,925	-
Lease obligations payable	2,204,904	2,307,731	1,005,415	1,179,456	122,860
Notes and accounts payable (including related parties)	10,393,231	10,393,231	10,393,231	-	-
Other payables (including related parties)	7,844,945	7,844,945	7,844,945	-	-
Subtotal	116,223,405	120,780,191	35,988,408	62,854,763	21,937,020
Derivative financial liabilities					
Convertible bonds with embedded derivatives	6,234	-	-	-	-
Fuel swap agreements for hedge purposes	136,503	136,503	136,503	-	-
Subtotal	142,737	136,503	136,503	-	-
Forward exchange contracts for hedge purposes:					
Outflow	228	182,651	182,651	-	-
Inflow	-	(182,423)	(182,423)	-	-
Subtotal	228	228	228	-	-
Total	**$ 116,366,370**	**120,916,922**	**36,125,139**	**62,854,763**	**21,937,020**

The Group is not expecting that the cash flows including the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	2019.12.31				2018.12.31			
	Foreign Currency	Exchange rate		TWD	Foreign Currency	Exchange rate		TWD
Financial assets								
Monetary items								
USD	$ 1,126,880	USD/TWD=	29.98	33,783,853	$ 1,027,275	USD/TWD=	30.72	31,552,752
EUR	4,215	EUR/TWD=	33.59	141,594	5,116	EUR/TWD=	35.20	180,075
JPY	1,639,705	JPY/TWD=	0.2760	452,559	1,685,370	JPY/TWD=	0.2782	468,870
HKD	166,285	HKD/TWD=	3.8490	640,033	162,318	HKD/TWD=	3.9210	636,447
CNY	143,392	CNY/TWD=	4.3050	617,301	129,738	CNY/TWD=	4.4720	580,186
				$ 35,635,340				$ 33,418,330
Non-monetary items								
USD	$ 41,918	USD/TWD=	29.98	1,256,691	$ 42,383	USD/TWD=	30.72	1,301,787
CNY	67,592	USD/CNY=	6.9640	342,280	62,401	USD/CNY=	6.8683	331,610
IDR	9,103,282	IDR/TWD=	0.0022	20,027	14,309,995	IDR/TWD=	0.0021	30,051
MOP	35,032	USD/MOP=	8.0216	130,927	25,470	USD/MOP=	8.0664	96,985
				$ 1,749,925				$ 1,760,433
Financial liabilities								
Monetary items								
USD	$ 3,932,535	USD/TWD=	29.98	117,897,391	$ 573,798	USD/TWD=	30.72	17,624,216
EUR	10,437	EUR/TWD=	33.59	350,594	8,696	EUR/TWD=	35.20	306,107
JPY	2,142,379	JPY/TWD=	0.2760	591,297	1,727,097	JPY/TWD=	0.2782	480,478
HKD	24,435	HKD/TWD=	3.8490	94,050	28,997	HKD/TWD=	3.9210	113,696
CNY	188,354	CNY/TWD=	4.3050	810,866	169,715	CNY/TWD=	4.4720	758,966
				$ 119,744,198				$ 19,283,463

2) Sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes receivable, accounts receivable (including related parties), financial assets at fair value through other comprehensive income, refundable deposits (included in other non-current assets), long-term borrowings, notes and accounts payable (including related parties), other payables (including related parties), lease liabilities (lease obligations payable) and restoration obligations (included in other current liabilities and other non-current liabilities) that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the USD, EUR, JPY, HKD and CNY as of December 31, 2019 and 2018, would have changed the profit before tax by $140,957 and $141,349 and the equity by $982,046 and $0 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2019 and 2018.

Due to the variety of the Group's functional currency, the Group discloses its exchange gains and losses of monetary items collectively. For the years ended December 31, 2019 and 2018, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to $(468,824) and $283,508, respectively.

(Continued)

(iv) Interest rate risk

The interest rate exposure of the Group's financial liabilities are illustrated in note 6(ab) liquidity risk.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Group's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates by 1% to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases (decreases) by 1% with all other variable factors that remain constant, the profit before tax of the Group would have changed $850,098 and $812,176 for the years ended December 31, 2019 and 2018, respectively due to the Group's floating-interest borrowings.

(v) Other market price risk

If the price of the equity securities changes, and it is on the same basis for both years and assumes that all other variables remain the same, the impact on comprehensive income will be as follows:

	2019		2018	
Price of the equity securities at the reporting date	**Other Comprehensive Income, net of tax**	**Profit (losses)**	**Other Comprehensive Income, net of tax**	**Profit (losses)**
increase 5%	$ 132,070	-	119,903	-
decrease 5%	$ (132,070)	-	(119,903)	-

(vi) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

	2019.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Money market funds	$ 961,356	961,356	-	-	961,356
Financial assets for hedging	37,428	-	37,428	-	37,428
Financial assets at fair value through other comprehensive income					
Publicly traded stock	1,076,109	1,076,109	-	-	1,076,109
Non-publicly traded stock	1,570,214	-	-	1,570,214	1,570,214
Subtotal	2,646,323	1,076,109	-	1,570,214	2,646,323
Financial assets measured at amortized cost					
Cash and cash equivalents	51,534,519	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	19,148,904	-	-	-	-
Other non-current assets	1,538,290	-	-	-	-
Subtotal	72,221,713	-	-	-	-
Total	**$ 75,866,820**	**2,037,465**	**37,428**	**1,570,214**	**3,645,107**
Financial liabilities at fair value through profit or loss	$ 3,274	-	3,274	-	3,274
Financial liabilities for hedging－derivatives	11,643	-	11,643	-	11,643
Financial liabilities for hedging－non-derivatives	98,291,070	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term and long-term borrowings (including current portion of long-term liabilities)	85,059,761	-	85,060,168	-	85,060,168
Bonds payable	14,825,180	-	14,892,652	-	14,892,652
Lease liabilities	5,238,954	-	-	-	-
Notes and accounts payable (including related parties)	9,726,039	-	-	-	-
Other payables (including related parties)	7,703,853	-	-	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	140,810	-	-	-	-
Subtotal	122,694,597	-	99,952,820	-	99,952,820
Total	**$ 221,000,584**	**-**	**99,967,737**	**-**	**99,967,737**

	2018.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Money market funds	$ 769,039	769,039	-	-	769,039
Financial assets for hedging	36	-	36	-	36
Financial assets at fair value through other comprehensive income					
Publicly traded stock	933,742	933,742	-	-	933,742
Non-publicly traded stock	1,469,255	-	-	1,469,255	1,469,255
Subtotal	2,402,997	933,742	-	1,469,255	2,402,997
Financial assets measured at amortized cost					
Cash and cash equivalents	48,278,874	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	16,692,229	-	-	-	-
Other non-current assets	1,586,738	-	-	-	-
Subtotal	66,557,841	-	-	-	-
Total	**$ 69,729,913**	**1,702,781**	**36**	**1,469,255**	**3,172,072**

(Continued)

	2018.12.31				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	$ 6,234	-	6,234	-	6,234
Financial liabilities for hedging	136,731	-	136,731	-	136,731
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	80,672,402	-	80,674,150	-	80,674,150
Bonds payable	15,107,923	-	15,010,158	-	15,010,158
Lease obligations payable	2,204,904	-	2,241,518	-	2,241,518
Notes and accounts payable (including related parties)	10,393,231	-	-	-	-
Other payables (including related parties)	7,844,945	-	-	-	-
Subtotal	116,223,405	-	97,925,826	-	97,925,826
Total	**$ 116,366,370**	**-**	**98,068,791**	**-**	**98,068,791**

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

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.

For financial instruments traded in active markets, their fair values are listed below by types and attributes:

- The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from the fair value of similar financial instruments, the discounted cash flow method, or other valuation technique.

(Continued)

For financial instruments not traded in active markets, their fair values are listed below by types and attributes:

- Equity instruments with no quoted market prices: the Group takes the quote market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow and option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

For the years ended December 31, 2019 and 2018, the fair value hierarchy levels of financial instruments were not transferred.

4) Movements in fair value measurements of financial assets in Level 3

The following table shows the reconciliation from the beginning balance to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2019	$ 1,469,255
Total gains or losses:	
Recognized in profit or loss	-
Recognized in other comprehensive income	33,069
Purchased	67,951
Disposed	(61)
Balance as of December 31, 2019	**$ 1,570,214**
Balance as of January 1, 2018	$ 1,325,317
Effects of retrospective application	8,608
Reclassified	1,020
Total gains or losses:	
Recognized in profit or loss	-
Recognized in other comprehensive income	134,310
Balance as of December 31, 2018	**$ 1,469,255**

(Continued)

The amounts of total gains or losses for the periods were recognized in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. As of December 31, 2019 and 2018, the assets which were still held by the Group were as follows:

		2019	2018
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	$	33,069	134,426

5) Quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3

The Group classified a partial of its financial assets at fair value through other comprehensive income investment in equity securities that do not have a quoted market price in an active market as Level 3 of the fair value hierarchy.

Most of the fair value measurements categorized within Level 3 use the significant unobservable inputs. The significant unobservable inputs are independent to each other.

The significant unobservable inputs were as follows:

Items	Valuation techniques	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income	Market approach—relevant information generated by publicly companies	• Price-book ratio (as of December 31, 2019 and 2018 were 0.80~2.62 and 0.80~2.64 respectively) • Market liquidity discount rate (as of December 31, 2019 and 2018 were 80%)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

6) Sensitivity analysis for fair value measurements categorized within Level 3 of the fair value hierarchy

The fair value measurements of the Group' s financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2019 and 2018, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

		Effects of changes in fair value on other comprehensive income			
		Favorable		Unfavorable	
Inputs	Increase (decrease)	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Price-book ratio	5%	77,308	72,561	(78,850)	(73,605)
Market liquidity discount rate	5%	77,308	72,561	(78,850)	(73,605)

(Continued)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(ac) Management of financial risk

(i) The Group is exposed to the nature and extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Group's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the consolidated financial statements.

(ii) Risk management framework

The Group's Board of Directors has responsibility for the oversight of the risk management framework. The Group's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The inter-department management and committee are reviewed regularly to reflect change in market conditions and the Group's activities. The Group, 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 Group's supervisors and Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group's supervisors and Audit Committee are assisted in its oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the supervisors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in securities.

(Continued)

1) Notes and accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. In accordance with the Group's credit policy, each customer is analyzed individually for creditworthiness, and is required to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals before its credit terms and credit limit are offered. Credit limit is offered to each customer as the limit of transactions and is reviewed regularly.

The transaction amount of the majority of the Group's customers is not significant, leading to an insignificant influence of loss from credit risk arising from single customer on the Group. The Group set up the forward-looking "expected credit loss" model to reflect the estimated impairment loss of notes and accounts receivable.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions are with external parties with good credit standing, highly rated financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

As of December 31, 2019, the Group did not provide endorsements and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk 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 Group's reputation.

The Group's finance department monitors the needs for cash flows, and plans optional return from investments of idle capital. The Group aims to maintain the level of its cash and cash equivalents at an amount to cope with expected cash outflows on operation, including meeting its financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group'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.

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the TWD and USD. The currencies used in these transactions are principally denominated in TWD, CNY, EUR, USD, and JPY.

The Group hedges its cash and cash equivalents, trade receivables from sales, trade payables to purchase and leases payments for aircraft denominated in a foreign currency. When necessary, the Group uses forward exchange contracts to hedge its currency risk. The financial department proactively collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information for securing the currency risk.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. For hedging foreign currency risk on the cash flow of aviation transportation with a highly probable forecast transaction, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided.

In these hedge relationships, the main sources of ineffectiveness are：

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

- changes in the timing of the hedged transactions.

2) Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, reprising dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

(Continued)

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- differences in reprising dates between the swaps and the borrowings.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The management of the Group monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(ad) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business. The Board of Directors monitors the level of dividends to ordinary equity holders as well as future operation of the business.

The capital structure of the Group consists of net debt and equity. The net debt from the balance sheet is derived from the total borrowings less cash and cash equivalents. The total capital includes equity (ordinary share, capital surplus, retained earnings, other equity and non-controlling interests) and net debt.

As of December 31, 2019, there were no changes in the Group's approach to capital management.

(ae) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

				Non-cash changes			
	2019.1.1	**Effects of retrospective application**	**Cash flows**	**Interest expense**	**Foreign exchange movement**	**Other**	**2019.12.31**
Short-term borrowings	$ -	-	150,000	-	-	-	150,000
Bonds payable	15,107,923	-	-	78,795	-	(361,538)	14,825,180
Long-term borrowings	80,672,402	-	4,229,657	7,702	-	-	84,909,761
Lease liabilities (lease obligations payable) and financial liabilities for hedging	2,204,904	104,857,015	(15,876,469)	3,412,528	128,125	8,803,921	103,530,024
Total liabilities from financing activities	**$ 97,985,229**	**104,857,015**	**(11,496,812)**	**3,499,025**	**128,125**	**8,442,383**	**203,414,965**

(Continued)

	2018.1.1	Cash flows	Non-cash changes: Interest expense	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	2018.12.31
Short-term borrowings	$ 100,000	(100,000)	-	-	-	-
Bonds payable	19,596,232	(4,500,000)	81,792	-	(70,101)	15,107,923
Long-term borrowings	75,063,694	5,525,144	20,106	63,458	-	80,672,402
Lease obligations payable	3,427,353	(1,275,885)	2,572	50,864	-	2,204,904
Total liabilities from financing activities	$ 98,187,279	(350,741)	104,470	114,322	(70,101)	97,985,229

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship of related parties

The followings are entities that have transactions with the Group during the periods covered in the consolidated financial statements.

Names of related parties	Relationship with the Group
Evergreen International S.A.	The Company's shareholder's major shareholder
Evergreen International Corp.	The Company's shareholder
Evergreen Marine Corp. (Taiwan) Ltd.	The Company's shareholder
Evergreen International Storage & Transport Corp.	The Company's shareholder
UNI Airways Corp.	The Company's shareholder's equity investment
Ever Accord Construction Corp.	The Company's shareholder's equity investment
Evergreen Steel Corp.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Europe) GMBH SP. Z.O.O.	The Company's shareholder's equity investment
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Japan) Corporation	The Company's shareholder's major shareholder's equity investment
EverFun Travel Services Corp. (Note)	The Company's equity investment
Evergreen Insurance Company Limited	The Company's shareholder's equity investment
Evergreen Security Corp.	The Company's equity investment
GE Evergreen Engine Services Corp.	The consolidated subsidiary's equity investment
SATS Ltd.	The consolidated subsidiary's shareholder
SATS Catering Private Limited	The consolidated subsidiary's shareholder's equity investment

(Continued)

Names of related parties	Relationship with the Group
Chang Yung-Fa Foundation	The Company's shareholder
Chang Yung-Fa Charity Foundation	The Company's shareholder
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	The consolidated subsidiary's equity investment
Airport Air Cargo Service (Xiamen) Co., Ltd.	The consolidated subsidiary's equity investment

Note: The Group subscribed for its new shares contribution in April 2019, and has significant influence over its financial and operating policies. Please refer to note 6(h).

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Group were as follows:

		2019	2018
Associates			
GE Evergreen Engine Services Corp.	$	1,132,179	31,945,372
Other associates		7,272	628
Other related parties		3,443,396	3,417,833
	$	**4,582,847**	**35,363,833**

Related parties leased aircraft from the Group to operate cross-strait flights between Mainland China and Taiwan. The rental is charged by actual flight hours and recorded under operating revenue.

The Group provided maintenance and other services to related parties. The transactions with related parties that were made have no significant differences from those of the non-related parties.

The Group provided aviation transportation services. The transportation services and ticket prices provided to related party, which is travel agency, were the same as those provided to general travel agencies. The Group received collateralized notes for receivables from aforementioned related party. No expected credit loss was required after the assessment by the management.

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions. Besides aforementioned collateralized notes, receivables from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(Continued)

(ii) Operating costs

Significant operating costs from transactions with related parties were as follows:

	2019	2018
Associates	$ 155,500	117,993
Other related parties	703,672	729,256
	$ 859,172	**847,249**

The prices for purchases from related parties transactions are not materially different from those of the third-party vendors. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions.

(iii) Operating expenses

Significant operating expenses from transactions with related parties were as follows:

	2019	2018
Associates	$ 155,841	81,495
Other related parties	282,495	187,804
	$ 438,336	**269,299**

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions.

(iv) Property transaction

1) Purchases of property, plant and equipment

The prices of property, plant and equipment purchased from related parties were summarized as follows:

	2019	2018
Associates	$ 47,119	53,964
Other related parties	138,559	202,819
	$ 185,678	**256,783**

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	2019		
	Disposal price	**Gain from disposal**	**Deferred gains (Note)**
Associates:			
GE Evergreen Engine Services Corp.	**$ 1,922,041**	**636,961**	**611,982**

(Continued)

Note: The deferred gains were included in investments accounted for using the equity method.

In December 2019, the Group sold the buildings, which are located in No. 87 and No. 110, Zhongzheng Section, Dayuan Dist, Taoyuan City, as well as machinery and other equipment to GE Evergreen Engine Services Corp..The total disposal price was $1,922,041, which comprised buildings of 26,284.40 square meters as well as machinery and other equipment, with disposal price of $1,293,722 and $628,319, respectively. As of December 31, 2019, all of the payments have been received. All related registration procedures have been completed as of January 15, 2020. The disposal price of the abovementioned buildings as well as machinery and other equipment was based on the valuation report from a professional institute.

There was no such transaction for the year ended December 31, 2018.

(v) Construction commitment

The consolidated subsidiary, Evergreen Airline Services Corp., (hereinafter refer to as EGAS), entered into a contract with Ever Accord Construction Corp. amounting to $712,381 for the purpose of the construction of its plants and employee dormitories. The amount of contract price was corrected to $728,007 due to changes of construction design in December, 2018. As of December 31, 2019 and 2018, EGAS has partially paid the price of $728,007 and 676,762, respectively.

In February 2017, EGAT, the consolidated subsidiary, entered into a contract with Ever Accord Construction Corp. amounting to $786,058 for the purpose of the construction of its engine factory. As of December 31, 2019 and 2018, EGAT has partially paid the price of $746,755 and $529,017, respectively.

In October 2019, EGAT, the consolidated subsidiary, entered into a contract with Ever Accord Construction Corp. amounting to $370,700 for the purpose of the construction of its component repair shop. As of December 31 , 2019, EGAT has partially paid the price of $31,880.

(vi) Leases

The Group rented its offices from other related enterprise. The Group applied IFRS 16 with a date of initial application on January 1, 2019. These lease transactions recognized an additional amount of $75,860 and $75,860 of right-of-use assets and lease liabilities, respectively. For the year ended December 31, 2019, the Group recognized the amount of $1,763 as interest expense. As of December 31, 2019, the balance of lease liabilities amounted to $52,104.

(vii) Receivables from related parties

Receivables from related parties of the Group were as follows:

Account	Class of related parties	2019.12.31	2018.12.31
	Associates		
Accounts receivable	GE Evergreen Engine Services Corp.	$ 129	6,279,073
Accounts receivable	Other associates	4,312	62
Accounts receivable	Other related parties	484,852	440,779
Notes receivable	Associates	188,403	-
Other receivables	Associates	14,451	8
	Other related parties		
Other receivables	UNI Airways Corp.	278,706	286,403
Other receivables	Other related parties	939	9,344
		$ 971,792	**7,015,669**

(viii) Payables to related parties

Payables to related parties of the Group were as follows:

Account	Class of related parties	2019.12.31	2018.12.31
Accounts payable	Associates	$ 13,870	11,598
Accounts payable	Other related parties	91,360	84,695
Other payables	Associates	16,327	26,047
Other payables	Other related parties	89,330	143,591
		$ 210,887	**265,931**

(d) Key management personnel compensation

Key management personnel compensation comprised the following:

	2019	2018
Short-term employee benefits	$ 172,078	167,915
Post-employment benefits	11,757	27,883
Share-based payments	-	845
	$ 183,835	**196,643**

Please refer to note 6(w) for the disclosure of share-based payment.

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

Pledged assets	Object	2019.12.31	2018.12.31
Property, plant, and equipment	Short-term and long-term borrowings	$ 96,425,138	86,049,564
Time deposits－included in other non-current assets	Letters of credit, customs duty, and contract performance guarantees	86,467	120,332
		$ 96,511,605	**86,169,896**

(Continued)

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant contingent liabilities: None.

(b) Significant commitments:

(i) In November 2015, the Company entered into aircraft purchase contracts amounting to US$6,588,000 with Boeing Company for eighteen Boeing 787-10 aircraft. As of December 31, 2019, fifteen Boeing 787-10 aircraft had not yet been delivered by Boeing Company. The Company has partially paid the price of $9,708,925, which was included in other non-current assets.

(ii) In November 2015, the Company entered into engine purchase contracts amounting to US$118,660 with General Electric Company for five Boeing 787 engines. As of December 31, 2019, three Boeing 787 engines had not yet been delivered by General Electric Company. The Company has partially paid the price of $164,293, which was included in other non-current assets.

(iii) The Company entered into a contract with DPR Construction, A General Partnership, for its Los Angeles land development case, with the approximate amount of US$64,591, which was approved during the Board of Directors' meeting on May 10, 2017. As of December 31, 2019, the Company has partially paid the price of $1,532,829, which was included in non-current assets classified as held for sale and property, plant and equipment.

(iv) Unused letters of credit for the Group were as follows:

	2019.12.31	2018.12.31
Unused letters of credit	$ 2,598,100	2,426,803

(v) The consolidated subsidiary, Evergreen Air Cargo Services Corp. (hereinafter referred to as EGAC), entered into a contract－Contract of Building and Operating Phase II Air Cargo Terminal－ with Civil Aeronautics Administration, Ministry of Transportation and Communications (hereinafter referred to as CAA) in 1999 to obtain the right to build and operate phase II of air cargo terminal at Taoyuan International Airport (hereinafter referred to as terminal) during the concession period and to run the business of warehousing of air cargo. Some details of this contract are as follows:

1) Concession period

a) Building period is less than 3 years starting from the date (i.e. April 1, 2000) when CAA delivered the terminal land to EGAC.

b) Operating period is 30 years starting from the initial date of operation (i.e. February 26, 2002) approved by CAA.

(Continued)

2) Right to build and operate

a) EGAC should complete building terminal and acquire necessary licenses to start operation after obtaining approval from CAA. EGAC has acquired the right to operate since the date of approval of operation and is not allowed to transfer the running of all the business to third-party. However, the running of part of the business can be transferred to third-party if CAA approves.

b) EGAC acquired an air cargo entrepot license issued by CAA on February 26, 2002 to obtain the right to operate terminal and start operations officially.

3) Royalty

EGAC should pay CAA royalties with the amount of a certain percentage (originally set at 6.00% before being adjusted to 6.10% on July 1, 2005 and adjusted subsequently to 6.00% in October 2008 until December 2020) of operating revenue, plus business tax, for each two-month period during the operating period. At the end of each accounting year, the adjustments will be made based on the differences between the amount of royalties EGAC has to pay, which is calculated as the total revenue (inclusive of operating revenue and non-operating income but exclusive of rental income from subletting operating facilities to Fedex) disclosed in the financial statements audited by the certified public accountants and multiplied by the aforementioned percentage, and adjusted by the amount of royalties EGAC has already paid during the same period. EGAC has to make up for the difference if the amount of royalties EGAC has to pay is more than those already paid; the difference will be deducted from the amount EGAC has to pay in the following period if the situation is the opposite.

4) Transfer of assets at the end of concession period

At the end of concession period, the lease agreement of the land is terminated and the land has to be returned to the government. EGAC is allowed to transfer with remuneration to the government the operating assets, in their status quo at the end of concession period, whose addition has been approved by CAA during the 5-year period before the expiration of concession period. The operating assets (in their status quo at the end of concession period, and acquired prior to the 5-year period before the expiration of concession period) have to be transferred without remuneration to the government, unless otherwise agreed. The transferred object consists of all the operating assets as well as other assets necessary to operations which were acquired by building and operating in accordance with the concession contract during the concession period.

5) Taoyuan International Airport of Civil Aeronautics Administration of the Ministry of transportation and Communications had been reorganized into Taoyuan International Airport Corporation (hereinafter refer to as TIAC) on November 1, 2010. The contracts that EGAC signed with CAA had been received by TIAC since the establishment. The royalty, penalty, and the commercial paper of land rent of the counterparty had been changed to TIAC. For the year ended December 31, 2019, the estimated royalty amounted to $90,229, which was recorded as operating costs.

Besides, as of December 31, 2019, the promissory notes for the performance of the concession contract issued by EGAC amounted to $695,563.

(Continued)

(vi) EGAS, the consolidated subsidiary, entered into equipment purchase contracts amounting to $244,055. As of December 31, 2019, EGAS has partially paid the price of $190,137, which was included in property, plant and equipment and other non-current assets.

(vii) The consolidated subsidiary, Evergreen Sky Catering Corp. (hereinafter refer to as EGSC) entered into equipment purchase contracts amounting to $432,699. As of December 31, 2019, EGSC has partially paid the price of $422,808, which was included in property, plant and equipment and other non-current assets.

(10) Losses due to major disasters: None.

(11) Subsequent events:

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment in China and has impacted the Company's operations, including cancellation or restriction of flights. However, the Company could not estimate affected amounts on its operations and financial statements due to the uncertainty of coronavirus outbreak. The Company will continue to follow the abovementioned matter and will evaluate its impacts at once.

(12) Other

(a) A summary of personnel expenses, depreciation and amortization expenses, by function, is as follows:

By function / By item	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	14,409,116	6,111,484	20,520,600	14,253,733	6,295,931	20,549,664
Labor and health insurance	1,022,781	393,219	1,416,000	966,021	365,942	1,331,963
Pension	759,022	327,484	1,086,506	734,250	239,011	973,261
Remuneration of directors	-	55,524	55,524	-	52,931	52,931
Others	4,349,143	612,992	4,962,135	4,280,945	523,073	4,804,018
Depreciation (Note)	25,461,646	1,141,831	26,603,477	11,917,045	899,889	12,816,934
Amortization	148,165	295,253	443,418	149,250	266,908	416,158

Note: For the years ended December 31, 2019 and 2018, the depreciation expenses recognized were $26,671,354 and $12,908,942, respectively, less deferred gains of $67,877 and $92,008, respectively.

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2019:

(i) Financings provided: None.

(ii) Guarantee and Endorsement provided: None.

(Continued)

(iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 1 attached.

(iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 2 attached.

(v) Acquisition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 3 attached.

(vi) Disposition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 4 attached.

(vii) Total purchases from or sales to related parties with the dollar amount at least $100 million or 20% of paid-in capital : Please see Table 5 attached.

(viii) Accounts receivable from related parties for which the dollar amount at least $100 million or 20% of paid-in capital : Please see Table 6 attached.

(ix) Derivative transactions : Please refer to note 6(c) for related information.

(x) Business relationships and significant inter-company transactions : Please see Table 7 attached.

(b) Information on investees (excluding investees in Mainland China):

The followings are the information on investees for the years ended December 31, 2019: Please see Table 8 attached.

(c) Information on investment in Mainland China : Please see Table 9 attached.

(14) Segment information

(a) General information

The differences between the 2019 and 2018 consolidated annual financial statements of the Group were due to the changes in structure of its internal organization in February 2019, which resulted in the composition of its reportable segments to change as well. After the above changes in the composition of its reportable segments, the Group has currently three reportable segments: the aviation transportation segment, the aircraft maintenance and manufacture segment, as well as the catering segment.

The aviation transportation segment is involved in aviation transportation of passengers and cargo. The aircraft maintenance and manufacture segment is involved in maintenance and manufacture of aircraft, engine, and aircraft parts. The catering segment is involved in catering services. Other operating segments are mainly involved in ground handling services, travel agency, distribution of cargo, investment, and flight training. For the years ended December 31, 2019 and 2018, the above segments do not meet the quantitative thresholds to be reportable.

(Continued)

(b) Profit or loss data of the reportable segments, assets and liabilities of the reportable segments, the basis of measurement and the related eliminations

The Group allocates its resources and evaluates performance based on the internal management report, including profit which is reviewed by chief operating decision maker. The reportable amount is the same as that in the report used by the chief operating decision maker.

The accounting policies of operating segments are the same as those described in note 4 “significant accounting policies”.

The Group treats intersegment sales and transfers as third-party transactions, which are measured at market price.

The Group’s operating segment information and reconciliation are as follows:

	2019					
	Aviation transportation segment	**Aircraft maintenance and manufacture segment**	**Catering segment**	**Other segments**	**Reconciliation and elimination**	**Total**
Revenue:						
Revenue from external customers	$ 135,458,788	43,267,866	787,670	1,896,785	(135,851)	181,275,258
Intersegment revenue	162,363	3,411,828	2,789,036	3,177,793	(9,541,020)	-
Interest income	656,137	158,788	4,506	20,405	-	839,836
Total revenue	$ 136,277,288	46,838,482	3,581,212	5,094,983	(9,676,871)	182,115,094
Interest expense	$ (5,101,704)	(207,341)	(24,777)	(65,138)	122	(5,398,838)
Depreciation and amortization	$ 25,174,184	1,014,298	285,226	591,820	(18,633)	27,046,895
Shares of profit (loss) of associates accounted for using equity method	$ 2,243,419	(9,213)	-	-	(2,099,415)	134,791
Reportable segment profit or loss	$ 6,116,866	2,027,347	778,090	637,963	(117,539)	9,442,727
Assets:						
Investments accounted for using equity method	$ 17,048,090	1,411,860	-	473,207	(16,877,937)	2,055,220
Capital expenditures of non-current assets	$ 22,323,430	853,054	425,979	651,239	-	24,253,702
Reportable segment assets	$ 321,863,333	35,176,560	6,873,411	11,174,733	(18,836,343)	356,251,694
Reportable segment liabilities	$ 250,611,151	21,363,483	2,173,310	5,749,084	(1,787,350)	278,109,678

	2018					
	Aviation transportation segment	**Aircraft maintenance and manufacture segment**	**Sky catering segment**	**Other segments**	**Reconciliation and elimination**	**Total**
Revenue:						
Revenue from external customers	$ 135,439,838	42,055,432	722,691	1,791,565	(102,194)	179,907,332
Intersegment revenue	180,812	3,980,199	2,714,104	3,080,812	(9,955,927)	-
Interest income	612,624	72,475	3,606	16,694	-	705,399
Total revenue	$ 136,233,274	46,108,106	3,440,401	4,889,071	(10,058,121)	180,612,731
Interest expense	$ (1,798,071)	(170,684)	(10,629)	(22,843)	-	(2,002,227)
Depreciation and amortization	$ (11,839,640)	(800,657)	(207,988)	(396,603)	11,796	(13,233,092)
Share of profit (loss) of associates accounted for using equity method	$ 1,988,335	83,820	-	-	(1,870,581)	201,574
Reportable segment profit or loss	$ 5,995,142	1,713,013	678,596	568,562	(66,185)	8,889,128
Assets:						
Investment accounted for using equity method	$ 15,879,855	169,742	-	428,595	(15,768,190)	710,002
Capital expenditures of non-current assets	$ 16,753,490	1,344,040	1,122,904	1,003,600	-	20,224,034
Reportable segment assets	$ 210,287,417	32,968,912	6,443,192	9,424,403	(17,930,021)	241,193,903
Reportable segment liabilities	$ 146,705,148	20,132,005	2,213,084	4,003,865	(1,979,934)	171,074,168

(Continued)

(c) Entity-wide information

(i) Information about the products and services

Since the reportable segments of the Group are presented by the products, services and revenue from external customers that are disclosed therefore, information about the products and services will not be disclosed in this paragraph.

(ii) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets that are based on the geographical location of the assets. For the information on revenue from external customers for the years ended December 31, 2019 and 2018, please refer note 6(y).

Non-current assets:

	2019.12.31	2018.12.31
Taiwan	$ 266,002,803	154,932,588
Asia	430,852	234,020
Others	1,676,592	1,245,041
	$ 268,110,247	**156,411,649**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other non-current assets, excluding financial instruments and deferred tax assets.

(iii) Information about revenue from major customers

The Group is involved in international aviation transportation with its major customers being the masses.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
(December 31, 2019)

(in shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2019				Highest Shareholding in the Period or Capital Contribution	Notes
				Shares/Units	Book value	Percentage of Ownership	Fair Value		
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss–current	33,772,569	502,455		502,455	44,547,415	
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss–current	11,964,636	150,648		150,648	15,143,136	
Evergreen Air Cargo Services Corp.	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss–current	9,933,297	166,663		166,663	9,933,297	
Evergreen Air Cargo Services Corp.	Eastspring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss–current	10,368,032	141,590		141,590	10,368,032	
					961,356		961,356		
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income–non-current	231,580	17,755	2.11	17,755	231,580	
The Company	Shares of Trade-Van Information Services Co.	None	Financial assets at fair value through other comprehensive income–non-current	8,502,418	313,739	5.67	313,739	8,502,418	
The Company	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income–non-current	35,203,008	698,780	5.96	698,780	35,203,008	
The Company	Shares of UNI Airways Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income–non-current	36,510,949	454,561	9.98	454,561	36,510,949	
The Company	Shares of Evergreen Steel Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income–non-current	38,201,625	1,057,039	9.56	1,057,039	38,201,625	
The Company	Shares of Chung Hwa Express Corp.	None	Financial assets at fair value through other comprehensive income–non-current	1,000,000	32,770	10.00	32,770	1,000,000	
The Company	Star Alliance Services Gmbh	None	Financial assets at fair value through other comprehensive income–non-current	1	6,861	4.55	6,861	1	
Evergreen Airline Services Corp.	Shares of Evergreen Marine Corp.(Taiwan)Ltd.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income–non-current	557,349	6,911	0.01	6,911	557,349	
Evergreen Airline Services Corp.	Shares of Evergreen International Storage & Transport Corp.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income–non-current	158,800	2,279	0.01	2,279	158,800	
Hsiang Li Investment Corp.	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income–non-current	2,740,542	54,400	0.46	54,400	2,740,542	
Evergreen Airways Service (Macau) Ltd.	Shares of Air Macau Co., Ltd.	None	Financial assets at fair value through other comprehensive income–non-current	500	1,228	0.0207	1,228	500	
					2,646,323		2,646,323		

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 2 Accumulated buying/selling of the same marketable securities for which the dollar amount at least $300 million or 20% of paid-in capital
(December 31, 2019)

(in shares)

Company Name	Marketable Securities Type and Name		Financial Statement Account	Counter - party	Relationship with the Company	Beginning balance		Acquisition		Disposal				Ending balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Book value	Gain/Loss on Disposal	Shares/Units	Amount
The Company	Fund	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss－current －fund	Mega International Investment Trust Co.,Ltd.	None	28,055,711	351,311	-	-	28,055,711	352,394	350,000	2,394	-	-
The Company	Fund	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss－current －fund	JihSun Securities Investment Trust Co.,Ltd.	None	10,169,719	150,446	34,377,696	510,000	10,774,846	160,000	159,653	347	33,772,569	502,455
The Company	Fund	First Securities Investment Trust Company Taiwan Money Market.	Financial assets at fair value through profit or loss－current －fund	First Securities Investment Trust Company Limitd.	None	-	-	22,844,015	350,000	22,844,015	350,320	350,000	320	-	-
Evergreen Aviation Technologies Corp.	Equity	GE Evergreen Engine Services Corp.	Investments accounted for using equity method	GE Evergreen Engine Services Corp.	Equity investment	9,048,165	90,482	194,236,380	1,942,363	-	-	-	-	203,284,545	2,032,845

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Acquisition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Evergreen Aviation Technologies Corp.	Component repair shop	2019.10.24	370,700	31,880	Ever Accord Construction Corp.	Parent company's shareholder's equity investment	-	-	-	-	The construction of the new component repair shop on its own land, which was approved by the Board of Director ' s meeting.	Improve the capability of components repair to satisfy the requirement of business and increase the revenue and profitability.	None

Table 4 Disposition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Types of Property	Transaction Date	Acqusition Date	Book Value	Transaction Amount	Proceed Term	Gains(losses) on Disposal of PPE	Counter-party	Nature of Relationships	Purpose of Disposal	Price Reference	Other Terms
The Company	Office building of Los Angeles	2019.2.13~2019.9.5	2019.12.18	728,912	919,572 (note)	not been applied	not been applied	(1)Headstart International PTY. LTD (2)AMA Consulting Engineers, P.C. (3)Steve Gautreau and Kristen VanCott (4)Mardi Norman (5)El Segundo Investments 2, LLC (6)Lil Nubbins Neighborhood, LLC (7)Hermosa House LLC (8)Welcome El Segundo LLC	Non-related party	The flexible application of Assets	Appraisal report	None
Evergreen Aviation Technologies Corp.	Engine test cell factory	2019.11.8	1998.8.31	251,812	752,742	Received	500,930	GE Evergreen Engine Services Corp.	Related party	With the increase of GE Evergreen Engine Services Corp.'s production capacity and profit rates, the investment income of Evergreen Aviation Technologies Corp. can as well increase.	Appraisal report	None
Evergreen Aviation Technologies Corp.	Engine factory	2019.11.8	2003.4.30	187,877	540,980	Received	353,103	GE Evergreen Engine Services Corp.	Related party	With the increase of GE Evergreen Engine Services Corp.'s production capacity and profit rates, the investment income of Evergreen Aviation Technologies Corp. can as well increase.	Appraisal report	None

Note: The transaction amount is based on its contract price. The related transaction has not finished yet .

Table 5 Total purchases from or sales to related parties with the dollar amount at least $100 million or 20% of paid-in capital:
(December 31, 2019)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable(Payable)		Notes
			Purchases/ Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Accounts/ Notes Receivable(Payable)	
The Company	UNI Airways Corp.	The company's shareholder's equity investment	Sales	2,633,030	1.94	60 days	-		299,600	4.48	
The Company	UNI Airways Corp.	The company's shareholder's equity investment	Purchases	105,902	0.09	60 days	-		(37,177)	0.58	
The Company	Evergreen Aviation Technologies Corp.	The company's subsidiary	Sales	155,819	0.11	60 days	-		7,529	0.11	(Note 1)(Note 2)
The Company	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	3,355,095	2.86	60 days	-		(652,079)	10.17	(Note 1)(Note 2)
The Company	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	2,787,596	2.37	60 days	-		(478,605)	7.47	(Note 1)
The Company	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	2,545,400	2.17	60 days	-		(420,496)	6.56	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	The company's subsidiary	Purchases	355,162	0.30	60 days	-		(63,186)	0.99	(Note 1)
The Company	Evergreen International Corp.	The company's shareholder	Purchases	173,876	0.15	60 days	-		(22,350)	0.35	
The Company	Evergreen International Storage and Transport Corp.	The company's shareholder	Purchases	149,583	0.13	60 days	-		(2,590)	0.04	
The Company	Evergreen Insurance Company Ltd.	The company's shareholder's equity investment	Purchases	113,093	0.10	60 days	-		-	-	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	2,545,400	78.54	60 days	-		434,885	84.45	(Note 1)
Evergreen Airline Services Corp.	UNI Airways Corp.	The company's shareholder's equity investment	Sales	246,212	7.60	60 days	-		40,971	7.96	
Evergreen Airline Services Corp.	Evergreen Aviation Technologies Corp.	Parent company's equity investment	Sales	110,797	3.42	30 days	-		8,312	1.61	(Note 1)(Note 2)
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	3,435,495	7.36	60 days	-		653,963	5.33	(Note 1)(Note 2)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	Equity investment	Sales	1,132,179	2.43	30 days	-		129	0.00	(Note 2)
Evergreen Aviation Technologies Corp.	UNI Airways Corp.	The company's shareholder	Sales	331,730	0.71	60 days	-		109,968	0.90	(Note 2)
Evergreen Aviation Technologies Corp.	Evergreen Airline Services Corp.	Parent company's equity investment	Purchases	110,797	0.25	30 days	-		(8,312)	0.18	(Note 1)(Note 2)
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	2,787,596	77.94	60 days	-		485,135	84.41	(Note 1)
Evergreen Sky Catering Corp.	UNI Airways Corp.	The company's shareholder's equity investment	Sales	136,496	3.82	60 days	-		21,619	3.76	
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	355,162	22.86	60 days	-		66,615	44.83	(Note 1)
EVA Flight Training Academy	The Company	Parent company	Sales	106,926	93.77	30 days	-		-	-	(Note 1)

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 2: For the purpose of reorganization, the shares of Evergreen Aviation Precision Corp., which was previously owned by EVA Airways Corp., was transferred to Evergreen Aviation Technologies Corp. in February 2019.
The income statement accounts of the Evergreen Aviation Precision Corp. were disclosed after the merger.
Evergreen Aviation Precision Corp. was dissolved due to the merger with Evergreen Aviation Technologies Corp. in February 2019. The balance sheet accounts have all been consolidated into Evergreen Aviation Technologies Corp.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Accounts receivable from related parties for which the dollar amount at least $100 million or 20% of paid-in capital:
(December 31, 2019)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate	Past - due Receivables from Related Party		Amounts Received in Subsequent Period	Allowances for Impairment Loss
					Amount	Action taken		
The Company	UNI Airways Corp.	The Company's shareholder's equity investment	577,936	(Note 1)	-		571,612	
The Company	EverFun Travel Services Corp.	The Company's equity investment	192,694	(Note 1)	-		132,154	
Evergreen Airline Services Corp.	The Company	Parent company	455,241	5.62(Note 2)	-		455,241	
Evergreen Sky Catering Corp.	The Company	Parent company	493,373	6.03(Note 2)	-		493,373	
Evergreen Aviation Technologies Corp.	The Company	Parent company	660,922	4.21(Note 2)	-		660,922	
Evergreen Aviation Technologies Corp.	UNI Airways Corp.	The company's shareholder	110,017	2.92	-		110,017	

Note 1: Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 7 Business relationships and significant inter-company transactions：
(December 31, 2019)

Number	Trader	Company Name	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount	Transaction Terms	Percentage of Consolidated Net Revenue or Total Assets
0	The Company	Evergreen Aviation Technologies Corp.	1	Operating revenue	155,819	as general transactions	0.09
0	The Company	Evergreen Aviation Technologies Corp.	1	Operating costs	3,355,095	as general transactions	1.85
0	The Company	Evergreen Sky Catering Corp.	1	Operating costs	2,787,596	as general transactions	1.54
0	The Company	Evergreen Airline Services Corp.	1	Operating costs	2,545,400	as general transactions	1.40
0	The Company	Evergreen Air Cargo Services Corp.	1	Operating costs	355,162	as general transactions	0.20
0	The Company	EVA Flight Training Academy	1	Operating expenses	106,926	as general transactions	0.06
0	The Company	Evergreen Aviation Technologies Corp.	1	Accounts payable－related parties	652,079	as general transactions	0.18
0	The Company	Evergreen Sky Catering Corp.	1	Accounts payable－related parties	478,605	as general transactions	0.13
0	The Company	Evergreen Airline Services Corp.	1	Accounts payable－related parties	420,496	as general transactions	0.12

Note 1:The number is filled in as follows:
1.0 represents the parent company.
2.Subsidiaries are numbered sequentially by the number 1 according to the company.
Note 2:The types of relationships with the company are as follows:
1.Parent company to subsidiary.
2.Subsidiary to parent company.
3.Subsidiary to subsidiary .
Note 3: The section only discloses the information of parent company to subsidiaries transactions. The counter party is not disclosed due to duplicate.

Table 8 Information on Investees (excluding investees in Mainland China)：
For the year ended December 31, 2019, the following is the information on investees

(in shares)

Name of the Investor	Name of Investee	Location	Main Business and Products	Initial Investment Amount		Ending Balance			Highest Shareholding in the Period or Capital Contribution	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				December 31, 2019	December 31, 2018	Shares	Ratio of Shares	Book Value				
The Company	Sky Castle Investment Ltd.	Maystar Chambers, P.O. Box 3269, Apia, Samoa	Investment business	179,173	179,173	5,500,000	100.00%	344,524	5,500,000	14,953	14,953	(Note 1)
The Company	Evergreen Airways Service (Macau) Ltd.	398 Alameda Dr. Carlos D' Assumpcao.Edif CNAC 3 Andar K-M Macau	Investment business	327	327	None.	99.00%	197,798	None.	113,973	112,833	(Note 1)
The Company	PT Perdana Andalan Air Service	10/F, Gedung Mega Plaza Jl. H.R Rasuna Said Kav. C-3 Jakarta 12920 Indonesia.	Traveling agency	5,086	5,086	40,800	51.00%	20,027	40,800	(44)	(22)	(Note 1)
The Company	EVA Flight Training Academy	3745 Whitehead Street Mather, CA, 95655, USA	Flight training school	932,050	932,050	10,000,000	100.00%	714,369	10,000,000	(22,246)	(22,246)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Harng-Jann S.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, engine and parts	3,200,450	2,000,450	518,440,696	79.42%	10,799,290	518,440,696	2,022,479	1,606,284	(Note 1) (Note 4)
The Company	Evergreen Airline Services Corp.	No.608 Harng-Jann N.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Aviation grand service	111,180	111,180	34,459,973	56.33%	865,796	34,459,973	102,652	57,824	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	The provision of in-flight meals in sky catering and the sales of food	498,000	498,000	72,912,180	49.80%	2,340,651	72,912,180	614,861	306,201	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	No.8-1, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	Air cargo entrepot	740,348	740,348	72,750,000	60.625%	1,532,300	72,750,000	297,794	180,537	(Note 1)
The Company	Evergreen Aviation Precision Corp.	No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 32844, Taiwan(R.O.C)	Manufacture of aircraft parts	-	1,200,000	-	-	-	120,000,000	(58,231)	(23,292)	(Note 1) (Note 4)
The Company	Hsiang Li Investment Corp.	1F,No. 117,Sec. 2,Chang An E. Rd., Taipei 104 Taiwan	Investment business	25,000	25,000	2,680,000	100.00%	63,182	2,680,000	2,194	2,194	(Note 1)
The Company	Evergreen Security Corp.	4-5F., No. 111, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	Security services	25,000	25,000	6,336,000	31.25%	114,172	6,336,000	43,185	13,962	(Note 2)
The Company	EverFun Travel Services Corp.	3F., No. 100,Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei City 104, Taiwan(R.O.C)	Traveling agency	55,061	-	5,505,000	26.48%	55,981	5,505,000	(18,875)	(5,809)	(Note 2)
Evergreen Aviation Technologies Corp.	Evergreen Aviation Precision Corp.	No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 32844, Taiwan(R.O.C)	Manufacture of aircraft parts	-	900,000	-	-	-	90,000,000	(58,231)	(17,469)	(Note 1) (Note 4)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	6F., No. 8, Sec. 3, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and engine components	2,032,845	90,482	203,284,545	49.00%	1,411,860	203,284,545	(50,078)	(9,213)	(Note 3)
Evergreen Airways Service (Macau) Ltd.	Menzies Macau Airport Services Ltd.	Airport Logistic Business Center Room 52 Macau International Airport Avenida do Aeroporto, Taipa, Macau	Ground handling	8,032	8,032	None.	20.00%	130,927	None.	563,226	112,646	(Note 3)

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 2: Investments were accounted for using equity method.
Note 3: Investments of subsidiaries of the Company were accounted for using equity method.
Note 4: On August 13, 2018, a resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 9 Information on Investment in Mainland China：

1.Information on Investment in Mainland China：

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (CNY in Thousands)		Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses)of the Investee	Highest Shareholding in the Period or Capital Contribution	Direct/Indirect Shareholding (%)by the Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
						Outflow	Inflow							
Airport Air Cargo Terminal(Xiamen) Co., Ltd.	Forwarding and storage of air cargo	CNY	254,480	2	138,784	-	-	138,784	76,466	14%	14%	10,705	225,867	106,670
Airport Air Cargo Service(Xiamen) Co., Ltd.	Forwarding and storage of air cargo, truck freight transportation, other transportation auxiliary industry	CNY	14,000	2	61,418	-	-	61,418	89,287	14%	14%	12,500	116,413	58,498

(Note 1)Ways to Invest in Mainland China：

1.Investment in Mainland China companies by remittance through a third region.

2.Investment in Mainland China companies through a company invested and established in a third region.

3.Investment in Mainland China companies through an existing company established in a third region.

4.Direct investment in Mainland China.

5.Other methods of investing in Mainland China. EX：Entrusted investment.

(Note 2)The financial statements of the investee company were audited by the global accounting firm in a cooperation with R.O.C accounting firm.
The Company recognized share of profit of associates accounted for using equity method by how many shares the Company holds.

(Note 3)The investment in Shanghai Airlines Cargo Intl.Co.,Ltd was authorized by the Investment Commission. The amount of investment was $748,721(USD23,361thousand dollars).
Shanghai Airlines Cargo Intl.Co.,Ltd has completed liquidation process in July, 2014.

(Note 4)The investment in China Cargo Airlines Co.,Ltd was authorized by the Investment Commission. The amount of investment was $1,453,728(USD50,337thousand dollars).
China Cargo Airlines Co.,Ltd has completed shares transfer in January, 2016.

2.Limitation on investment in Mainland China：

Accumulated Outward Remittance for Investment in Mainland China as of December 31,2019 (USD in Thousands)	Investment Amounts Aurthorized by Investment Commission,MOEA (Note) (USD in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NTD 2,402,651 (USD 79,781)	NTD 2,456,862 (USD 80,562)	42,751,309

Note：Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance;
investment amounts aurthorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the aurthorization.

3. Significant transactions：None.

Appendix 2

Stock Code:2618

EVA AIRWAYS CORP.

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended
December 31, 2019 and 2018

Address: No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan
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Independent Auditors' Report

To the Board of Directors of EVA Airways Corp.:

Opinion

We have audited the parent-company-only financial statements of EVA Airways Corp. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, 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 of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits 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. Contract liabilities－mileage redemption revenue

   Please refer to note 4(q) "Revenue recognition", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the financial statements, and note 6(x) "Revenue from contracts with customers".

   Description of key audit matter:

   The member who joins the "Infinity MileageLands" ("the Program") can earn mileage by flying any of the Company's flights or through other consumption. Contract liabilities will be converted into reveres when the member actually redeems the mileage or it is expected that the right is probable not to be redeemed.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

The Company maintains information technology systems in order to calculate its mileage redemption revenue. And the Company also uses the systems to estimate the unit fair value of the mileage. Therefore, the cut off test of contract liabilities — mileage redemption revenue is one of the key judgment areas for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing the design and implementation of the relevant controls over the mileage redemption revenue systems related to the Program; engaging the internal specialist to assess the quantity of the mileage, fair value of the redemption of the Program and the historical redemption probability of the Program to examine the unit fair value of the mileage for verifying the accuracy of recognition of the contract liabilities — mileage redemption revenue.

2. The restoration obligation of leased aircraft

   Please refer to note 4(o) "Provision", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the financial statements, and note 6(q) "Restoration obligations".

   Description of key audit matter:

   The estimated recovery costs are incurred through the lease of aircraft. The Company's restoration obligations are based on the necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The accuracy of restoration obligation is one of the key judgmental areas for our audit.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the accounting policy of the restoration obligation; examining the methodology and key assumptions of the restoration obligation adopted by the Company's management, including lease terms and discount rates, as well as the assessing the accuracy of recognition of restoration obligation by understanding the using condition of the leased aircraft; comparing past assumptions made by the Company's management with actual recovery costs and analyzing their significant differences.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 auditors' 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 of the Company.

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 Chia-Chien Tang and Yen-Ta Su.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2020

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

EVA AIRWAYS CORP.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 41,856,135	13	39,930,700	19
1110	Financial assets at fair value through profit or loss－current (note 6(b))	502,455	-	501,757	-
1139	Financial assets for hedging－current (note 6(c))	37,428	-	36	-
1150	Notes receivable, net (note 6(d))	842,287	-	933,343	-
1170	Accounts receivable, net (note 6(d))	5,515,785	2	6,178,314	3
1180	Notes and Accounts receivable－related parties (notes 6(d) and 7)	512,325	-	273,750	-
130x	Inventories (note 6(f))	1,427,891	1	1,576,677	1
1460	Non-current assets or disposal group classified as held for sale, net (notes 6(g), 6(l) and 9)	1,233,824	-	-	-
1470	Other current assets (notes 6(e), 6(n) and 7)	772,709	-	1,593,355	1
	Total current assets	52,700,839	16	50,987,932	24
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income －non-current (note 6(b))	2,581,505	1	2,346,285	1
1550	Investments accounted for using equity method (notes 6(h), 6(i) and 7)	17,048,090	5	15,879,855	8
1600	Property, plant and equipment (notes 6(j), 6(k), 6(l), 6(o), 6(q), 7, 8 and 9)	120,612,684	38	125,704,145	60
1755	Right-of-use assets (notes 6(j), 6(k), 6(p), 6(q) and 7)	112,467,687	35	-	-
1760	Investment property, net (notes 6(g), 6(j) and 6(l))	-	-	183,054	-
1780	Intangible assets (note 6(m))	642,155	-	600,856	-
1840	Deferred tax assets (note 6(t))	3,960,637	1	3,305,511	2
1900	Other non-current assets (notes 6(c), 6(n), 6(o), 7, 8 and 9)	11,849,736	4	11,279,779	5
	Total non-current assets	269,162,494	84	159,299,485	76
	Total assets	$ 321,863,333	100	210,287,417	100

	Liabilities and Equity	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss －current (notes 6(b) and 6(o))	$ 3,274	-	-	-
2126	Financial liabilities for hedging－current (notes 6(c), 6(p) and 7)	11,558,692	4	136,731	-
2130	Contract liabilities－current (note 6(x))	19,820,043	6	18,201,266	9
2170	Accounts payable	4,727,977	1	6,735,360	3
2180	Accounts payable－related parties (note 7)	1,681,507	1	1,800,672	1
2200	Other payables (notes 6(g), 6(y) and 7)	7,953,863	2	8,087,355	4
2230	Current tax liabilities	755,149	-	434,201	-
2260	Liabilities related to non-current assets or disposal group classified as held for sale (note 6(g))	140,810	-	-	-
2280	Lease liabilities－current (notes 6(p) and 7)	172,500	-	-	-
2320	Current portion of long-term liabilities (notes 6(o) and 8)	21,431,599	7	12,699,748	6
2399	Other current liabilities (notes 6(o), 6(p) and 6(q))	4,942,707	2	5,498,552	3
	Total current liabilities	73,188,121	23	53,593,885	26
	Non-current liabilities:				
2500	Financial liabilities at fair value through profit or loss －non-current (notes 6(b) and 6(o))	-	-	6,234	-
2511	Financial liabilities for hedging－non-current (notes 6(c), 6(p) and 7)	86,744,021	27	-	-
2527	Contract liabilities－non-current (note 6(x))	3,220,551	1	2,908,958	1
2530	Bonds payable (note 6(o))	4,250,000	1	15,107,923	7
2540	Long-term borrowings (notes 6(o) and 8)	57,511,755	18	49,021,219	23
2570	Deferred tax liabilities (note 6(t))	634,146	-	83,345	-
2580	Lease liabilities－non-current (notes 6(p) and 7)	547,793	-	-	-
2613	Lease obligations payable－non-current (notes 6(o) and 6(p))	-	-	1,279,618	1
2640	Net defined benefit liabilities－non-current (note 6(s))	4,104,856	1	4,184,512	2
2670	Other non-current liabilities (notes 6(p) and 6(q))	20,409,908	7	20,519,454	10
	Total non-current liabilities	177,423,030	55	93,111,263	44
	Total liabilities	250,611,151	78	146,705,148	70
	Equity (notes 6(b), 6(c), 6(i), 6(o), 6(s), 6(t), 6(u) and 6(v)):				
3110	Ordinary share	48,535,695	15	43,821,215	21
3140	Advance receipts for share capital	-	-	230,642	-
3200	Capital surplus	7,849,700	2	6,751,945	3
3300	Retained earnings	12,117,248	4	12,344,382	6
3400	Other equity interest	2,749,539	1	434,085	-
	Total equity	71,252,182	22	63,582,269	30
	Total liabilities and equity	$ 321,863,333	100	210,287,417	100

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(x) and 7)**	$ 135,621,151	100	135,620,650	100
5000	**Operating costs (notes 6(c), 6(f), 6(j), 6(k), 6(m), 6(p), 6(r), 6(s), 6(y) and 7)**	(117,477,282)	(87)	(117,631,167)	(87)
	Gross profit from operations	18,143,869	13	17,989,483	13
6000	**Operating expenses (notes 6(d), 6(j), 6(k), 6(m), 6(p), 6(r), 6(s), 6(v), 6(y) and 7)**	(12,027,003)	(9)	(11,994,341)	(9)
	Net operating income	6,116,866	4	5,995,142	4
	Non-operating income and expenses (notes 6(c), 6(h), 6(p), 6(q), 6(z) and 7):				
7010	Other income	800,315	1	757,444	1
7020	Other gains and losses	469,232	-	724,667	-
7050	Finance costs	(5,101,704)	(4)	(1,798,071)	(1)
7375	Share of profit of subsidiaries and associates accounted for using equity method	2,243,419	2	1,988,335	1
	Total non-operating income and expenses	(1,588,738)	(1)	1,672,375	1
7900	**Profit before tax**	4,528,128	3	7,667,517	5
7950	**Income tax expenses (note 6(t))**	(545,661)	-	(1,114,690)	-
	Profit	3,982,467	3	6,552,827	5
8300	**Other comprehensive income (notes 6(c), 6(h), 6(s), 6(t) and 6(u)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**:				
8311	Remeasurements of defined benefit plans	(461,849)	-	(551,659)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	167,319	-	157,677	-
8317	Gains (losses) on hedging instrument that will not be reclassified to profit or loss	(11,451)	-	366	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(82,321)	-	(58,057)	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	94,669	-	213,318	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(293,633)	-	(238,355)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**:				
8361	Exchange differences on translation of foreign financial statements	(36,486)	-	933	-
8368	Gains (losses) on hedging instrument	2,735,417	1	(320,961)	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(2,527)	-	6,158	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	(547,083)	-	58,658	-
	Total components of other comprehensive income that will be reclassified to profit or loss	2,149,321	1	(255,212)	-
8300	**Other comprehensive income, net of tax**	1,855,688	1	(493,567)	-
8500	**Total comprehensive income**	**$ 5,838,155**	**4**	**6,059,260**	**5**
	Earnings per share (note 6(w))				
9750	**Basic earnings per share (in New Taiwan Dollars)**	**$ 0.83**		**1.45**	
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$ 0.76**		**1.32**	

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other equity interest						
	Ordinary share	Advanced receipt for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total	Total equity
Balance on January 1, 2018	$ 41,734,490	-	6,639,940	991,243	7,681,006	8,672,249	(10,851)	-	819,258	152,637	-	961,044	58,007,723
Effects of retrospective application	-	-	-	-	454,662	454,662	-	371,924	(819,258)	(152,637)	152,637	(447,334)	7,328
Balance on January 1, 2018 after adjustments	41,734,490	-	6,639,940	991,243	8,135,668	9,126,911	(10,851)	371,924	-	-	152,637	513,710	58,015,051
Appropriation of prior year's earnings:													
Legal reserve appropriated	-	-	-	575,207	(575,207)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(834,689)	(834,689)	-	-	-	-	-	-	(834,689)
Stock dividends of ordinary share	2,086,725	-	-	-	(2,086,725)	(2,086,725)	-	-	-	-	-	-	-
Profit	-	-	-	-	6,552,827	6,552,827	-	-	-	-	-	-	6,552,827
Other comprehensive income	-	-	-	-	(395,610)	(395,610)	7,091	156,945	-	-	(261,993)	(97,957)	(493,567)
Total comprehensive income	-	-	-	-	6,157,217	6,157,217	7,091	156,945	-	-	(261,993)	(97,957)	6,059,260
Issue of shares	-	180,980	91,500	-	-	-	-	-	-	-	-	-	272,480
Conversion of convertible bonds	-	49,662	20,505	-	-	-	-	-	-	-	-	-	70,167
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(18,332)	(18,332)	-	18,332	-	-	-	18,332	-
Balance on December 31, 2018	43,821,215	230,642	6,751,945	1,566,450	10,777,932	12,344,382	(3,760)	547,201	-	-	(109,356)	434,085	63,582,269
Appropriation of prior year's earnings:													
Legal reserve appropriated	-	-	-	655,282	(655,282)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,343,647)	(2,343,647)	-	-	-	-	-	-	(2,343,647)
Stock dividends of ordinary share	1,406,188	-	-	-	(1,406,188)	(1,406,188)	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	90,713	-	-	-	-	-	-	-	-	-	90,713
Changes in equity of associates accounted for using equity method	-	-	3,757	-	-	-	-	-	-	-	-	-	3,757
Profit	-	-	-	-	3,982,467	3,982,467	-	-	-	-	-	-	3,982,467
Other comprehensive income	-	-	-	-	(459,755)	(459,755)	(39,013)	175,283	-	-	2,179,173	2,315,443	1,855,688
Total comprehensive income	-	-	-	-	3,522,712	3,522,712	(39,013)	175,283	-	-	2,179,173	2,315,443	5,838,155
Issue of shares	3,000,000	(180,980)	900,000	-	-	-	-	-	-	-	-	-	3,719,020
Conversion of convertible bonds	308,292	(49,662)	103,285	-	-	-	-	-	-	-	-	-	361,915
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(11)	(11)	-	11	-	-	-	11	-
Balance on December 31, 2019	$ 48,535,695	-	7,849,700	2,221,732	9,895,516	12,117,248	(42,773)	722,495	-	-	2,069,817	2,749,539	71,252,182

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 4,528,128	7,667,517
Adjustments:		
Adjustments to reconcile profit:		
Expected credit loss (gain)	(9,000)	70,000
Depreciation expense	25,004,434	11,706,048
Amortization expense	237,627	225,600
Net gains on financial assets or liabilities at fair value through profit or loss	(6,106)	(15,050)
Interest expense	5,101,704	1,798,071
Interest income	(656,137)	(612,624)
Dividend income	(144,178)	(144,820)
Share-based payments transactions	-	91,500
Shares of profit of subsidiaries and associates accounted for using equity method	(2,243,419)	(1,988,335)
Gains on disposal of property, plant and equipment	(494,796)	(548,970)
Gains on disposal of investments	-	(14,612)
Unrealized foreign exchange losses (gains)	(201,367)	441,832
Others	(300,507)	(199,483)
Total adjustments to reconcile profit	26,288,255	10,809,157
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	91,056	(181,809)
Accounts receivable, net	671,529	(455,886)
Notes and accounts receivable－related parties	(238,575)	204,994
Inventories	47,359	(374,741)
Other current assets	(59,519)	(91,721)
Total changes in operating assets	511,850	(899,163)
Changes in operating liabilities:		
Contract liabilities	1,930,370	21,110,224
Accounts payable	(2,007,383)	961,562
Accounts payable－related parties	(119,165)	(102,626)
Other payables	(200,656)	744,576
Unearned revenue	-	(16,316,960)
Other current liabilities	56,124	339,937
Net defined benefit liabilities－non-current	(531,937)	(742,221)
Other non-current liabilities	61,721	(2,305,238)
Total changes in operating liabilities	(810,926)	3,689,254
Total changes in operating assets and liabilities	(299,076)	2,790,091
Total adjustments	25,989,179	13,599,248
Cash inflow generated from operations	30,517,307	21,266,765
Income taxes paid	(681,401)	(282,384)
Net cash flows from operating activities	29,835,906	20,984,381

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Cash Flows (continued)
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ (67,890)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	323,402
Acquisition of financial assets at fair value through profit or loss	(1,000,000)	(3,975,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,002,826	5,003,589
Acquisition of investments accounted for using equity method	(55,061)	(307,201)
Proceeds from disposal of investments accounted for using equity method	-	21,189
Acquisition of property, plant and equipment	(14,222,781)	(10,743,741)
Proceeds from disposal of property, plant and equipment	1,229,149	2,671,559
Acquisition of intangible assets	(278,926)	(333,053)
Decrease (increase) in other non-current assets	17,475	(37,300)
Increase in prepayments for business facilities	(7,821,723)	(5,676,696)
Interest received	656,549	584,352
Dividends received	1,266,300	931,632
Net cash flows used in investing activities	(19,274,082)	(11,537,268)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	462,072	-
Decrease in short-term borrowings	(462,072)	-
Repayments of bonds payable	-	(4,500,000)
Proceeds from long-term borrowings	22,829,700	18,332,000
Repayments of long-term borrowings	(16,190,171)	(15,829,071)
Decrease in lease obligations payable	-	(1,275,885)
Payments of lease liabilities	(12,282,912)	-
Increase (decrease) in other non-current liabilities	(24,823)	73,079
Cash dividends paid	(2,343,647)	(834,689)
Proceeds from issuing shares	3,719,020	180,980
Interest paid	(4,343,556)	(1,095,560)
Net cash flows used in financing activities	(8,636,389)	(4,949,146)
Net increase in cash and cash equivalents	1,925,435	4,497,967
Cash and cash equivalents at beginning of year	39,930,700	35,432,733
Cash and cash equivalents at end of year	**$ 41,856,135**	**39,930,700**

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2019 and 2018

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

(1) Company history

EVA Airways Corp (the "Company") was incorporated on April 7, 1989, as a corporation limited by shares under special permission of the Republic of China (R.O.C.) Ministry of Transportation and Communications. The address of the Company's registered office is No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan.

The Company's business activities are

(a) civil aviation transportation and general aviation business;

(b) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

(2) Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issuance by the Company's Board of Directors as of March 19, 2020.

(3) New standards, amendments and interpretations 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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
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 19 "Plan Amendment, Curtailment or Settlement"	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

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:

(Continued)

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 " Leases" , IFRIC 4 " Determining whether an Arrangement contains a Lease" , SIC-15 " Operating Leases – Incentives" and SIC-27 " Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Company applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(m).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term or low-value leases of office equipment and leases of vehicles equipment.

For leases that were classified as operating leases under IAS 17, on transition to IFRS 16, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

(Continued)

In addition, the Company used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liabilities at January 1, 2019 are determined at the carrying amount of the lease assets and lease liabilities under IAS 17 immediately before that date.

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Company is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. The Company is not required to make any adjustments for leases where the Company is the intermediate lessor in a sub-lease.

4) Sale-and-leaseback

Under IFRS 16, the Company continues to account for the sale-and-leaseback transaction for aircraft as a sale-and-leaseback transaction. The Company recognized a right-of-use asset and a lease liability for the leaseback on January 1, 2019, measured in the same way as other right-of-use assets and lease liabilities at that date.

5) Impacts on financial statements

On transition to IFRS 16, the Company recognized additional $117,942,028 of right-of-use assets and $100,135,097 of lease liabilities, recognizing the difference in property, plant and equipment $19,132,091 decreased, other current assets $879,744 decreased and lease obligations payable $2,204,904 decreased. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 3.30%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

(Continued)

		January 1, 2019
Operating lease commitment as disclosed in the Company's financial statements at December 31, 2018	$	113,053,444
Recognition exemption for:		
short-term leases		(103,908)
leases of low-value assets		(1,159)
Amount included in lease liabilities of IFRS 16	**$**	**112,948,377**
Discounted using the incremental borrowing rate at January 1, 2019	$	97,440,217
Finance lease liabilities recognized as at December 31, 2018		2,204,904
Extension and termination options reasonably certain to be exercised		489,976
Lease liabilities recognized at January 1, 2019 (included in financial liabilities for hedging －current, lease liabilities －current, financial liabilities for hedging －non-current and lease liabilities －non-current)	**$**	**100,135,097**

(ii) 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, as well as 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, as well as 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.

Based on the Company's assessment, the application of IFRIC 23 would not result in any material impact.

(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, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its parent-company-only financial statements.

(Continued)

(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 International Accounting Standards Board (IASB), but have yet to be 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 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

(4) Summary of significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in these financial statements, except when otherwise indicated. The significant accounting policies presented in the parent-company-only financial statements are summarized as follows:

(a) Statement of compliance

These parent-company-only 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

(i) Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value; and

4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, less, the fair value of plan assets.

(Continued)

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates of 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 of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

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 of the date 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 transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arise from the retranslation：

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

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 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.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered as a part of 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.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(Continued)

(f) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend income clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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.

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have any equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest and gain or loss related to the financial liabilities are recognized in profit or loss, and are included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, and included in other gains or losses under non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at FVTPL, which comprise short-term and long-term borrowings, and trade payables and other payables, shall be 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, and is under non-operating income and expenses.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses under 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 rights 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.

(Continued)

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency, interest rate and fuel price exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

The Company designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges. For a hedge of foreign currency risk with a highly probable forecast transaction, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided.

An initial designated hedging relationships, the Company documents the risk management objectives and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity－gains (losses) on hedging instruments”. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity－gains (losses) on hedging instruments” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability.

The Company prospectively discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

(Continued)

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

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

(h) Non-current assets or disposal group classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale , the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Once classified as held for sale, property, plant and equipment and investment property are no longer depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their 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 equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(j) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at initial acquisition cost less any subsequent accumulated depreciation. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, plant and equipment

(i) 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. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Major inspection and overhaul cost

Major inspection and overhaul expenditures of self-owned and leased aircraft are capitalized as costs of aircraft and leased assets by components, and are depreciated using the straight-line method over the estimated useful life of the overhaul. Costs of designated inspections to be performed at the end of the lease term of leased aircraft are estimated and depreciated using the straight-line method over the lease term.

(Continued)

(iii) 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.

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual value, and it shall be allocated on a systematic basis over the asset' s useful life. 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. The depreciation charge for each period shall be recognized in profit or loss.

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

1) Land has unlimited useful life and therefore is not depreciated.

2) Building and structures:

Main Buildings	20 to 55 years
Others	5 to 15 years

3) Machinery and equipment:

Electro-mechanical equipment	3 to 18 years
Others	1 to 18 years

4) Aircraft:

Airframes	15 to 18 years
Aircraft cabins	12 years
Engines	15 to 18 years

5) Leased assets and improvements are depreciated over the shorter of the lease term or the estimated useful life.

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(Continued)

(m) Leases

Policy applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset:

- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:

  — the Company has the right to operate its asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the Company designed the asset in a way that predetermines how, and for what purpose, it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. In addition, the Company has elected not to separate its non-lease components and lease accounts, but instead combine them as a single lease component by classifying their underlying assets.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate;

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;

— there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;

— there is a change in the assessment on lease term as to whether it will be extended or terminated; and

— the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income over the lease term as part of income.

Policy applicable before January 1, 2019

Leases in which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Company’s balance sheets.

(Continued)

Payments made under an operating lease, excluding insurance and maintenance expenses, are recognized expenses over the term of the lease.

Recognition of income arising from sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease, and the sales price is at or below fair value, any profit or loss shall be recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

(n) Impairment of non-financial assets

The Company measures whether impairment occurred in non-financial assets (except for inventories and deferred tax assets), at each reporting date, and estimates their recoverable amount. If it is not possible to determine the recoverable amount (fair value less costs to sell and value in use) for an individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

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. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company should assess at each reporting date 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 entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be 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 previously recognized impairment loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

(o) Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(Continued)

The estimated recovery costs are incurred through the lease of aircraft. The Company's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft.

(p) Intangible assets

Intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The amortization amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of 3~5 years of intangible assets, other than goodwill and intangible assets with indefinite useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Aviation transportation revenue

Ticket sales for passengers and cargo are recorded as unearned revenue. They are included in contract liabilities-current, and recognized as revenue when service is provided.

2) Customer loyalty program

The Company has a customer loyalty program, whereby, customers are awarded rights of accumulating mileages during their flights, and the fair value of the consideration received or receivable in respect of initial sale is allocated between the rights of accumulated mileages and the other components of the sale. The amount allocated to rights of accumulated mileages is estimated by the fair value of the redeemable part of the customer loyalty program and by reference to past experience of probability of redemption. Thus, the corresponding fair value is estimated and deferred, and service revenues will not be recognized until the rights have been redeemed and obligations are fulfilled. Also, contract liabilities will be converted into revenues when it is expected that the rights are probable not to be redeemed.

(Continued)

3) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the utility of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Accounts receivable are recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) 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.

(ii) 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 the 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; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on market yields 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. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate 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.

When the benefits of a plan are improved the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(Continued)

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 recognizes the amounts in retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the Chairman of the Company to set up the exercise price.

(t) 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 shall be 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 rate 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 shall not be recognized for the exceptions below:

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

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

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

(i) The Company has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

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 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 shall also be re-evaluated at each reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(u) Earnings per share (EPS)

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary equity holders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary equity holders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(v) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent-company-only financial statements based on the Regulations 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.

(Continued)

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next year.

There is no information about critical judgments in the parent-company-only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year is as follow:

(a) Contract liabilities－mileage redemption revenue

Please refer to note 4(q), for the rights of accumulated mileages that are estimated by using the fair value of the redeemable part of the customer loyalty program and, the reference to past experience of probability of redemption. Changes in fair value per mileage or redemption rate may have a material impact on the contract liabilities－mileage redemption revenue. Also, contract liabilities －mileage redemption revenue will be converted into revenues when the member actually redeems the mileage or it is expected that the rights are probable not to be redeemed.

(b) Restoration obligations

Please refer to note 4(o), for the estimated recovery costs that were incurred through the lease of aircrafts. The Company' s restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Company is also continuing to monitor its accounting assumption and verify its appropriateness. Changes in judgment or estimations may have a material impact on the amounts of recovery costs.

The accounting policy and disclosure of the Company include measuring the financial assets and financial liabilities at fair value. The accounting department of the Company uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Company regularly revises the evaluation models and the input parameters, makes retrospective review and makes essential adjustments to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Continued)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes 6(g), 6(l) and 6(aa).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	2019.12.31	2018.12.31
Cash on hand	$ 82,178	82,179
Cash in bank	41,773,957	39,848,521
	$ 41,856,135	**39,930,700**

Refer to note 6(aa) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities

(i) Financial assets and liabilities at fair value through profit or loss

	2019.12.31	2018.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Money market funds	**$ 502,455**	**501,757**

	2019.12.31	2018.12.31
Financial liabilities mandatorily measured at fair value through profit or loss:		
Convertible bonds with embedded derivatives	**$ 3,274**	**6,234**

The derivative financial instruments arose from the issuance of convertible bonds of the Company stated in note 6(o).

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

	2019.12.31	2018.12.31
Equity investments at fair value through other comprehensive income:		
Publicly traded stocks	$ 1,012,519	878,240
Non-publicly traded stocks	1,568,986	1,468,045
	$ 2,581,505	**2,346,285**

(Continued)

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

For the year ended December 31, 2019, the Company acquired the shares of UNI Airways Corp. from other related parties amounting to $67,890. There was no such transaction for the year ended December 31, 2018.

For the years ended December 31, 2019 and 2018, the Company has sold its equity securities as at fair value through other comprehensive income. The shares sold had a fair value of $50 and $323,402, respectively. And the Company recognized a loss of $11 and $18,332, respectively, which were accounted for as other equity. The loss has been transferred to retained earnings.

(iii) For credit risk and market risk, please refer to note 6(aa).

(iv) The aforementioned financial assets were not pledged.

(c) Financial instruments used for hedging

The details of financial assets and liabilities for hedging were as follows:

Cash flow hedge:

	2019.12.31	2018.12.31
Financial assets for hedging:		
Fuel option agreements	$ 37,428	-
Forward exchange contracts	-	36
Total	**$ 37,428**	**36**
Current	**$ 37,428**	**36**

	2019.12.31	2018.12.31
Financial liabilities for hedging:		
Fuel swap agreements	$ -	136,503
Forward exchange contracts	11,643	228
Foreign currency component of non-derivative lease liabilities	98,291,070	-
Total	**$ 98,302,713**	**136,731**
Current	$ 11,558,692	136,731
Non-current	86,744,021	-
	$ 98,302,713	**136,731**

(i) Fuel swap and option agreements

The Company needs fuel for operating. However, cash flow risk will occur if the future cash flows for fuel fluctuate due to the floating market prices. The Company evaluates the risk as significant, and thus, hedges the risk by signing fuel swap and option agreements. The cash flow hedged items and derivative financial hedging instruments were as follows:

(Continued)

Hedged item	Hedging instrument	Fair value of assigned hedging instrument 2019.12.31	Fair value of assigned hedging instrument 2018.12.31	Period when cash flows are expected to occur	Period when profit or loss is affected
Floating price of fuel	Fuel swap agreements	$ -	(136,503)	2019	2019
Floating price of fuel	Option agreements	37,428	-	2020	2020
		$ 37,428	(136,503)		

(ii) Forward exchange contracts

The Company's strategy is to use the forward exchange contracts to hedge its estimated foreign currency exposure in respect of forecasted purchases transactions. When actual purchase occurs, the amount accumulated in gains (losses) on the effective portion of cash flow hedge under other equity interest will be reclassified to non-current assets in the same period. The terms of forward foreign exchange contract are coordinated with the hedged item. The unexpired forward exchange contracts held by the Company were as follows:

	2019.12.31			
	Contract Amount (in thousands)	**Currency**	**Maturity dates**	**Average strike price**
Forward exchange purchased	**USD$ 31,000**	TWD to USD	2020/4/1-2020/10/5	USD29.717~30.717

	2018.12.31			
	Contract Amount (in thousands)	**Currency**	**Maturity dates**	**Average strike price**
Forward exchange purchased	**USD$ 24,000**	TWD to USD	2019/05/02	USD30.33~30.45

(iii) The foreign currency component of non-derivative lease liabilities

The Company uses the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from aviation transportation revenue with a highly probable forecast transaction. As of December 31, 2019, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

Hedged item	**Hedging instrument**	**Lease liabilities of assigned hedging instrument**	**Period when cash flows are expected to occur**	**Period when profit or loss is affected**
Foreign currency of aviation transportation revenue	Foreign currency of lease liabilities	**$ 98,291,070**	2020~2031	2020~2031

There was no such transaction as of December 31, 2018.

(Continued)

(iv) The details arising from cash flow hedges for the years ended December 31, 2019 and 2018, were as follows:

Account Item	2019	2018
Recognized in other comprehensive income during the period	$ 2,723,966	(320,595)
Reclassification from equity to operating costs (income) for the period	$ (19,066)	(310,986)
Reclassification from equity to other non-current assets for the period	$ (42,721)	(14,026)
Reclassification from equity to exchange losses (gains) for the period	$ 92,735	-

There was no ineffective portion of cash flow hedge recognized in profit or loss.

(d) Notes and accounts receivable

	2019.12.31	2018.12.31
Notes receivable (including related parties)	$ 1,030,690	933,343
Accounts receivable (including related parties)	5,924,948	6,547,601
Less: allowance for impairment	(85,241)	(95,537)
	$ 6,870,397	7,385,407

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

	2019.12.31		
	Notes and accounts receivable (including related parties) carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 6,884,635	0.21%	14,238
Overdue within 30 days	45,111	100%	45,111
Overdue 31~60 days	1,089	100%	1,089
Overdue over 60 days but less than one year	6,667	100%	6,667
Overdue more than one year	18,136	100%	18,136
	$ 6,955,638		85,241

(Continued)

	2018.12.31		
	Notes and accounts receivable (including related parties) carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not overdue	$ 7,413,119	0.57%	42,283
Overdue within 30 days	35,270	58.69%	20,699
Overdue 31~60 days	25,229	100%	25,229
Overdue over 60 days but less than one year	5,221	100%	5,221
Overdue more than one year	2,105	100%	2,105
	$ 7,480,944		**95,537**

The movements in the allowance for notes and accounts receivable were as follow:

	2019	**2018**
Balance on January 1	$ 95,537	34,145
Impairment losses recognized (reversed)	(9,000)	70,000
Amounts written off	(1,296)	(8,608)
Balance on December 31	**$ 85,241**	**95,537**

The aforementioned notes and accounts receivable were not pledged. Other credit risk information please refer to note 6(aa).

(e) Other receivables

	2019.12.31	**2018.12.31**
Other receivables－related parties	$ 334,404	326,012
Others	99,138	205,809
Less: allowance for impairment	-	-
	$ 433,542	**531,821**

The aforementioned other receivables were not pledged. Other credit risk information please refer to note 6(aa).

There is no change on the movement in the allowance for other receivables for the years ended December 31, 2019 and 2018.

(f) Inventories

(i) The components were as follows:

	2019.12.31	**2018.12.31**
Aircraft spare parts	$ 111,651	217,806
Consumables for use and merchandise for in-flight sales	1,270,042	1,310,178
Fuel for aircraft and others	46,198	48,693
	$ 1,427,891	**1,576,677**

(Continued)

(ii) Except for cost of goods sold and inventories recognized as expenses, the gains or losses which were recognized as operating costs were as follows:

	2019	2018
Losses on valuation of inventories and obsolescence (reversal of write-downs of inventories)	**$ (1,721)**	**(409,831)**

As of December 31, 2019 and 2018, these inventories were not pledged.

(g) Non-current assets or disposal group classified as held for sale

A part of the office building in Los Angeles was presented as non-current assets or disposal group classified as held for sale following the expectation of the Company's management to sell part of the building. The efforts to sell the disposal group have commenced, and sales are expected in 2020. As of December 31, 2019, the non-current assets or disposal group classified as held for sale comprised the following assets and liabilities amounting to $1,233,824 and $140,810, respectively. The components were as follows:

	2019.12.31
Reclassification from investment property－Land	**$ 137,703**
Reclassification from investment property－Building and structures	**$ 1,096,121**
Liabilities related to non-current assets or disposal group classified as held for sale	**$ 140,810**

The non-recurring fair value measurement for non-current assets or disposal group classified as held for sale of $1,511,710 (before costs to sell of $78,050) has been categorized as a Level 2 fair value based on the observable inputs with settled deals.

There was no such transaction as of December 31, 2018.

(h) Investments accounted for using equity method

The components were as follows:

	2019.12.31	2018.12.31
Subsidiaries	$ 16,877,937	15,768,190
Associates	170,153	111,665
	$ 17,048,090	**15,879,855**

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2019.

(ii) Associates

Summary of financial information for the individually insignificant investments in associates accounted for using equity method was as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

(Continued)

		2019	2018
Attributable to the Company:			
Profit	$	8,153	15,560
Other comprehensive income		(1,942)	(1,034)
Comprehensive income	$	**6,211**	**14,526**

In 2019, the Company gradually acquired the shares of EverFun Travel Service Corp. (hereinafter referred to as EverFun) in cash. The Company's shareholding percentage in EverFun has been increased from 0.05% to 26.48%. Therefore, the Company has significant influence on EverFun.

(iii) Pledged

As of December 31, 2019 and 2018, the investments accounted for using equity method were not pledged.

(i) Changes in a parent's ownership interest in subsidiaries

On August 13, 2018, a resolution was approved during the two separate board meetings of the Company's subsidiaries, Evergreen Aviation Technologies Corp. (hereinafter referred to as EGAT) and Evergreen Aviation Precision Corp. (hereinafter referred to as EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

In first quarter of 2019, the Company disposed of equity share of EGAP to EGAT with a carrying amount of $415,426. And the Company acquired 9,512 thousand shares of EGAT with a fair value of $506,139. Besides, due to the merger of subsidiaries, the Company recognized capital surplus of difference between acquiring subsidiary's equity and carrying amount amounting to $90,713. Since the aforementioned merger date, the Company's shareholding percentage in EGAT has decreased from 80.00% to 79.42%.

There was no such transaction for the year ended December 31, 2018.

(j) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

		Land	Building and structures	Machinery and equipment	Leased assets and improvements	Aircraft	Unfinished construction	Total
Cost:								
Beginning balance as of January 1, 2019	$	3,009,859	7,374,353	19,417,246	30,747,228	122,341,091	442,687	183,332,464
Additions		-	-	607,023	6,191	13,544,812	150,265	14,308,291
Disposals		-	-	(711,125)	(112,028)	(4,291,171)	-	(5,114,324)
Reclassification (Note)		(81,322)	(25,068)	645,736	(28,935,213)	9,576,138	222,913	(18,596,816)
Balance as of December 31, 2019	$	**2,928,537**	**7,349,285**	**19,958,880**	**1,706,178**	**141,170,870**	**815,865**	**173,929,615**
Beginning balance as of January 1, 2018	$	3,066,240	5,776,715	17,818,892	29,691,803	122,212,518	1,352,707	179,918,875
Additions		-	208,627	83,775	1,168,303	10,235,749	8,077	11,704,531
Disposals		-	-	(951,324)	(125,825)	(15,527,908)	-	(16,605,057)
Reclassification (Note)		(56,381)	1,389,011	2,465,903	12,947	5,420,732	(918,097)	8,314,115
Balance as of December 31, 2018	$	**3,009,859**	**7,374,353**	**19,417,246**	**30,747,228**	**122,341,091**	**442,687**	**183,332,464**

(Continued)

	Land	Building and structures	Machinery and equipment	Leased assets and improvements	Aircraft	Unfinished construction	Total
Accumulated depreciation:							
Beginning balance as of January 1, 2019	$ -	3,007,688	9,159,494	10,316,504	35,144,633	-	57,628,319
Depreciation expense	-	240,813	1,449,245	264,529	7,711,332	-	9,665,919
Disposals	-	-	(579,806)	(112,028)	(3,688,137)	-	(4,379,971)
Reclassification (Note)	-	-	(95,800)	(9,501,536)	-	-	(9,597,336)
Balance as of December 31, 2019	**$ -**	**3,248,501**	**9,933,133**	**967,469**	**39,167,828**	**-**	**53,316,931**
Beginning balance as of January 1, 2018	$ -	2,791,066	8,445,534	7,635,763	41,564,621	-	60,436,984
Depreciation expense	-	216,622	1,421,577	2,806,322	7,261,527	-	11,706,048
Disposals	-	-	(675,372)	(125,581)	(13,681,515)	-	(14,482,468)
Reclassification (Note)	-	-	(32,245)	-	-	-	(32,245)
Balance as of December 31, 2018	**$ -**	**3,007,688**	**9,159,494**	**10,316,504**	**35,144,633**	**-**	**57,628,319**
Carrying amounts:							
Balance as of December 31, 2019	**$ 2,928,537**	**4,100,784**	**10,025,747**	**738,709**	**102,003,042**	**815,865**	**120,612,684**
Balance as of December 31, 2018	**$ 3,009,859**	**4,366,665**	**10,257,752**	**20,430,724**	**87,196,458**	**442,687**	**125,704,145**
Balance as of January 1, 2018	**$ 3,066,240**	**2,985,649**	**9,373,358**	**22,056,040**	**80,647,897**	**1,352,707**	**119,481,891**

Note: Reclassifications are mainly the transfers of property, plant and equipment to operating costs, operating expenses, right-of-use assets, investment property, and the inventories as well as prepayments for business facilities being reclassified to property, plant and equipment.

(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as leased assets on December 31, 2018. The assets have been reassessed and recognized as right-to-use assets on December 31, 2019, please refer to note 6(k). The related restoration obligations are recognized as other current liabilities and other non-current liabilities and are amortized using interest method. Refer to note 6(q) for the movements of restoration obligations.

The finance leases incurred by asset lease on December 31, 2018 had reassessed and recognized as right-to-use assets on December 31, 2019, please refer to note 6(k).

(ii) Pledge

As of December 31, 2019 and 2018, the Company's property, plant and equipment were used as pledge for long-term borrowings and lines of credit, and they are disclosed in note 8.

(iii) For the years ended December 31, 2019 and 2018, the Company capitalized the interest expenses amounted to $137,157 and $151,149, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.10%～0.11% and 0.11%～0.12%, respectively.

(Continued)

(k) Right-of-use assets

The movements in the Company's leases on land, building and structures, as well as aircraft, were as follow:

	Land	Building and structures	Aircraft	Machinery and equipment	Total
Cost:					
Beginning balance as of January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	372,064	1,088,703	125,681,063	47,248	127,189,078
Balance as of January 1, 2019 after adjustments	372,064	1,088,703	125,681,063	47,248	127,189,078
Additions	10,271	122,856	13,652,892	25,353	13,811,372
Disposals	-	(24,756)	(365,782)	(3,722)	(394,260)
Reclassification to property, plant and equipment	-	-	(7,248,359)	-	(7,248,359)
Balance as of December 31, 2019	**$ 382,335**	**1,186,803**	**131,719,814**	**68,879**	**133,357,831**
Accumulated depreciation:					
Balance as of January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	-	-	9,247,050	-	9,247,050
Balance as of January 1, 2019 after adjustments	-	-	9,247,050	-	9,247,050
Depreciation expense	23,897	422,645	14,867,209	24,764	15,338,515
Disposals	-	(21,151)	(138,850)	(1,136)	(161,137)
Reclassification to property, plant and equipment	-	-	(3,534,284)	-	(3,534,284)
Balance as of December 31, 2019	**$ 23,897**	**401,494**	**20,441,125**	**23,628**	**20,890,144**
Carrying amount:					
Balance as of January 1, 2019	$ -	-	-	-	-
Balance as of December 31, 2019	**$ 358,438**	**785,309**	**111,278,689**	**45,251**	**112,467,687**

As of December 31, 2018, the Company leases aircraft classified as property, plant and equipment, please refer to note 6(j). The Company leases aircraft, offices, land, buildings, and parking lots under operating lease, please refer to note 6(r).

(l) Investment property

The movements in cost of investment property were as follows:

	Land	Building and structures	Unfinished construction	Total
Cost:				
Beginning balance as of January 1, 2019	$ 56,381	-	126,673	183,054
Reclassification from property, plant and equipment	81,322	-	969,448	1,050,770
Reclassification to investment property －building and structures	-	1,096,121	(1,096,121)	-
Reclassification to non-current assets classified as held for sale	(137,703)	(1,096,121)	-	(1,233,824)
Balance as of December 31, 2019	**$ -**	**-**	**-**	**-**

(Continued)

	Land	Building and structures	Unfinished construction	Total
Balance as of January 1, 2018	$ -	-	-	-
Reclassification from property, plant and equipment	56,381	-	126,673	183,054
Balance as of December 31, 2018	$ 56,381	-	126,673	183,054
Carrying amounts:				
Balance as of December 31, 2019	$ -	-	-	-
Balance as of December 31, 2018	$ 56,381	-	126,673	183,054
Balance as of January 1, 2018	$ -	-	-	-
Fair value:				
Balance as of December 31, 2019				$ -
Balance as of December 31, 2018				$ 592,137

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The Company's management also assessed the settled deals by using the valuation method. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

As of December 31, 2019 and 2018, the investment property was not pledged.

(m) Intangible assets

The movements in cost and accumulated amortization of intangible assets were as follows:

	Computer software
Cost:	
Beginning balance as of January 1, 2019	$ 1,037,507
Additions	278,926
Disposals	(222,320)
Balance as of December 31, 2019	$ 1,094,113
Beginning balance as of January 1, 2018	$ 980,627
Additions	333,053
Disposals	(276,173)
Balance as of December 31, 2018	$ 1,037,507
Accumulated amortization:	
Beginning balance as of January 1, 2019	$ 436,651
Amortization expense	237,627
Disposals	(222,320)
Balance as of December 31, 2019	$ 451,958

(Continued)

	Computer software
Beginning balance as of January 1, 2018	$ 487,224
Amortization expense	225,600
Disposals	(276,173)
Balance as of December 31, 2018	**$ 436,651**
Carrying amounts:	
Balance as of December 31, 2019	**$ 642,155**
Balance as of December 31, 2018	**$ 600,856**
Balance as of January 1, 2018	**$ 493,403**

(i) Amortization

For the years ended December 31, 2019 and 2018, the amortization of intangible assets is included under operating costs and operating expenses in the statements of comprehensive income.

(ii) Pledge

The aforementioned intangible assets were not pledged.

(n) Other current assets and other non-current assets

The details of the Company's other current assets were as follows:

	2019.12.31	2018.12.31
Prepaid expense	$ 234,459	781,051
Other receivables (including related parties)	433,542	531,821
Others	104,708	280,483
Total	**$ 772,709**	**1,593,355**

The details of the Company's other non-current assets were as follows:

	2019.12.31	2018.12.31
Prepayments for business facilities	$ 10,327,469	9,740,037
Refundable deposits	1,444,373	1,457,821
Pledged time deposits	77,894	81,921
Total	**$ 11,849,736**	**11,279,779**

(o) Short-term borrowings, long-term borrowings, bonds payable and lease obligations payable

The details, conditions and terms of the Company's short-term borrowings, long-term borrowings, bonds payable and lease obligations payable were as follows:

(Continued)

	2019.12.31			
	Currency	**Interest rate**	**Maturity date**	**Amount**
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	6,325,180
Subtotal				14,825,180
Less: Current portion (included in current portion of long-term liabilities)				(10,575,180)
Total				**$ 4,250,000**
Unsecured loans	TWD	1.12%~2.01%	2020/05/28~2024/07/23	$ 13,953,333
Secured loans	TWD	1.15%~1.52%	2020/05/20~2031/12/27	54,414,841
Subtotal				68,368,174
Less: Current portion				(10,856,419)
Total				**$ 57,511,755**

	2018.12.31			
	Currency	**Interest rate**	**Maturity date**	**Amount**
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	6,607,923
Subtotal				15,107,923
Less: Current portion (included in current portion of long-term liabilities)				-
Total				**$ 15,107,923**
Unsecured loans	TWD	1.16%~2.01%	2019/02/18~2023/11/09	$ 13,723,333
Secured loans	TWD	1.11%~1.54%	2019/02/27~2030/12/11	47,997,634
Subtotal				61,720,967
Less: Current portion				(12,699,748)
Total				**$ 49,021,219**
Lease obligations payable	TWD, USD	2.03%~4.12%	2019/01/22~2024/06/21	$ 2,204,904
Less: Current portion (included in other current liabilities)				(925,286)
Total				**$ 1,279,618**

The details of convertible bonds were as follows:

	2019.12.31	**2018.12.31**
Total convertible bonds issued	$ 7,000,000	7,000,000
Less: Unamortized discounted bonds payable	(223,720)	(318,577)
Cumulative converted amount	(451,100)	(73,500)
Convertible bonds issued balance	**$ 6,325,180**	**6,607,923**
Embedded derivatives－put/call options (included in financial liabilities at fair value through profit or loss)	**$ 3,274**	**6,234**
Equity components－conversion options (included in capital surplus－share options)	**$ 376,948**	**398,682**

(Continued)

The equity instruments and liability instruments were included in the abovementioned convertible bonds. The equity instruments were recognized in capital surplus. The liability instruments were measured at an initial effective rate 1.23%. Please refer to note 6(z) for the valuation loss/profit of embedded derivatives－put/call options, which were recognized in net gains/losses on financial liabilities at fair value through profit or loss, and the related interest expenses for the convertible bonds.

On October 27, 2017, the Company issued the third unsecured domestic convertible bonds amounting to $7,000,000. The major terms are as follows:

(i) Total issue amount: TWD 7,000,000

(ii) Issue price: At par value 100.2%.

(iii) Maturity date: Five years, with the maturity date on October 27, 2022.

(iv) Coupon rate: 0%.

(v) Conversion target: Ordinary shares of the Company.

(vi) Conversion price: The price determination day was October 19, 2017; the conversion price shall be the simple arithmetical average closing price of the common shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104.24% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula. As of December 31, 2019 and 2018, the conversion price was $13.7 and $14.8 per share, respectively. In addition, corporate bonds with a face value of $451,100 and $73,500, respectively has been converted to 30,829 and 4,966 thousand shares of ordinary share, respectively.

(vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:

1) The closing period in accordance with the applicable laws;

2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.

(Continued)

(viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100% of the par value within 5 business days following such date.

(ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount. If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

Parts of the Company's long-term borrowings and lease obligations payable will be settled in foreign currency. The details of foreign liabilities were as follows:

	2018.12.31
USD (in thousands)	$ **49,153**
Convert to TWD	$ **1,509,738**

There were no foreign long-term borrowings as of December 31, 2019.

As of December 31, 2019, the details of the future repayment periods and amounts of the Company's long-term borrowings and bonds payable were as follows:

Year due	**Amount**
2020.1.1~2020.12.31	$ 21,431,599
2021.1.1~2024.12.31	37,608,416
2025.1.1 and thereafter	24,153,339
	$ **83,193,354**

Information on the Company's exposure to interest rate risk, currency risk and liquidity risk is disclosed in note 6(aa).

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of December 31, 2019 and 2018 the unused credit lines for short-term and long-term borrowings amounted to $4,516,397 and $6,250,950, respectively.

(iii) Lease obligations payable

The Company's lease obligations payable were as follows:

	2018.12.31		
	Future minimum rental payment	Interest	Present value of minimum rental payment
Within 1 year	$ 1,005,415	80,129	925,286
1 to 5 years	1,179,456	21,911	1,157,545
More than 5 years	122,860	787	122,073
	$ 2,307,731	**102,827**	**2,204,904**

The recognized interest expenses incurred by lease obligations payable for the year ended December 31, 2018 is disclosed in note 6(z).

(p) Lease liabilities

The components of lease liabilities were as follow:

	2019.12.31
Financial liabilities for hedging－current	**$ 11,547,049**
Financial liabilities for hedging－non-current	**$ 86,744,021**
Lease liabilities－current	**$ 172,500**
Lease liabilities－non-current	**$ 547,793**

For the maturity analysis, please refer to note 6(aa).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	**$ 3,349,752**
Variable lease payments not included in the measurement of lease liabilities	**$ 14,354**
Expenses relating to short-term leases	**$ 104,887**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 857**

The amounts recognized in the statement of cash flows were as follows:

	2019
Total cash outflow for leases	**$ 15,710,384**

(Continued)

(i) The leases of the Company

The lease term was as follows:

Land: 3 to 19 years

Building and structures: 1 to 10 years

Aircraft: 4 to 12 years

Machinery and equipment: 1 to 5 years

The Company's lease contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term or extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors, in which the leases are not reasonably certain to be used as an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The Company also leases its offices and vehicles equipment with lease terms ranging from 1 to 5 years. These leases are short-term leases or leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(ii) Sale and leaseback

The Company leased aircraft under sale and leaseback arrangements. The unrealized gain on sale and leaseback is recorded as a reduction of depreciation expenses over the lease term. As of December 31, 2019 and 2018, the unrealized gains from sale and leaseback amounted to $0 and $51,548, respectively, which were recognized as other non-current liabilities.

(iii) The lease liabilities were classified as lease obligations payable on December 31, 2018, please refer to note 6(o).

(q) Restoration obligations

The movements of the restoration obligations were as follows:

	2019	2018
Beginning balance as of January 1	$ 19,576,977	17,411,564
Additions	1,080,789	1,897,487
Decreases	(555,677)	(59,586)
Effect of exchange rate changes	(294,102)	327,512
Balance as of December 31	**$ 19,807,987**	**19,576,977**

(Continued)

The estimated recovery costs are incurred through the lease of aircraft. The Company's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Company' s restoration obligations are included in other current liabilities and other non-current liabilities.

(r) Operating leases

The Company leased aircraft, offices, land, buildings, and parking lots under operating lease agreements with rentals payable in the future as follows:

	2018.12.31
Within 1 year	$ 14,068,833
1 to 5 years	51,949,273
More than 5 years	47,035,338
	$ 113,053,444

For the year ended December 31, 2018, rental expenses included in operating costs and operating expenses were $13,506,503.

The Company did not assume the residual value of the abovementioned lease items, and determined that the risk and return of those lease items are still assumed by the lessor. Hence, the Company treated the abovementioned lease as operating leases.

(s) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and the fair value of plan assets were as follows:

	2019.12.31	2018.12.31
Total present value of defined benefit obligations	$ 9,150,217	8,584,178
Fair value of plan assets	(5,045,361)	(4,399,666)
Recognized liabilities of net defined benefit obligations	**$ 4,104,856**	**4,184,512**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Act) entitle a retired employee to receive retirement payment calculated by the units 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. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Company's labor pension reserve account balance in Bank of Taiwan amounted to $4,977,472 as of December 31, 2019. 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 the defined benefit obligations were as follows:

		2019	2018
Defined benefit obligations as of January 1	$	8,584,178	8,201,027
Benefits paid by the plan		(315,930)	(563,815)
Current service costs and interest		281,214	304,873
Net remeasurements of defined benefit liabilities			
－Experience adjustments		449,266	196,802
－Actuarial losses (gains) arising from changes in financial assumptions		151,489	445,291
Defined benefit obligations as of December 31	**$**	**9,150,217**	**8,584,178**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets were as follows:

		2019	2018
Fair value of plan assets as of January 1	$	4,399,666	3,815,731
Contributions from plan participants		725,263	944,485
Benefits paid by the plan		(270,031)	(511,349)
Expected return on plan assets		51,557	60,365
Net remeasurements of defined benefit liabilities			
－Return on plan assets (excluding the amounts included in net interest expense)		138,906	90,434
Fair value of plan assets as of December 31	**$**	**5,045,361**	**4,399,666**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

		2019	2018
Current services costs	$	186,373	183,939
Net interest on the net defined benefit liabilities		43,284	60,569
	$	**229,657**	**244,508**
Operating costs	$	173,751	182,675
Operating expenses		55,906	61,833
	$	**229,657**	**244,508**

(Continued)

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income (before tax)

The Company's remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

		2019	2018
Accumulated losses as of January 1	$	(4,008,818)	(3,457,159)
Losses recognized during the period		(461,849)	(551,659)
Accumulated losses as of December 31	$	**(4,470,667)**	**(4,008,818)**

6) Actuarial assumptions

The rate applied in calculating the present value of defined benefit obligations at the reporting date was as follows:

	2019.12.31	2018.12.31
Discount rate	1%	1.125%
Future salary increases	1.53%~5.11%	1.54%~6.92%

The Company expects to make contributions of $716,559 to the defined benefit plans in the next year starting from December 31, 2019.

The weighted average of the defined benefit plans is 13.1 years.

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligations:

	Effects to the defined benefit obligations			
	Favorable		Unfavorable	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Discount rate (0.25%)	210,390	206,767	217,982	214,415
Future salary increases (0.25%)	199,200	195,985	205,207	202,138

There is no change in other assumptions when performing the abovementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net defined benefit liabilities.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(Continued)

(ii) Defined contribution plans

The Company set aside 6% of each employee's monthly wages to contribute to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to contribute to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $502,345 and $390,749 as pension costs under the defined contribution plans in 2019 and 2018, respectively. Payment was made to the Bureau of Labor Insurance.

(t) Income tax

(i) The components of estimated income tax benefit (expenses) were as follows:

	2019	2018
Current tax benefit (expenses)	$ (1,102,400)	(748,511)
Deferred tax benefit (expenses)	556,739	(366,179)
Income tax benefit (expenses)	**$ (545,661)**	**(1,114,690)**

The amounts of income tax benefit (expenses) recognized in other comprehensive income were as follows:

	2019	2018
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	$ 92,370	214,047
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	9	(673)
Gains or losses on hedging instruments	2,290	(56)
	$ 94,669	**213,318**
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	**$ (547,083)**	**58,658**

(Continued)

Reconciliations of income tax expenses and profit before tax were as follows:

	2019	2018
Profit before tax	$ **4,528,128**	**7,667,517**
Income tax using the Company's domestic tax rate	$ (905,626)	(1,533,504)
Adjustment in tax rate	-	487,483
Exempt income	461,636	455,040
Changes in unrecognized deductible temporary differences	170,112	(163,126)
Undistributed earnings additional tax	-	(149,921)
Others	(271,783)	(210,662)
Total	$ **(545,661)**	**(1,114,690)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Company's unrecognized deferred tax assets were as follows:

	2019.12.31	2018.12.31
Unrecognized deferred tax assets:		
Investment loss of foreign operations accounted for using equity method	$ 38,311	33,862
Restoration obligations	332,516	507,077
Total	$ **370,827**	**540,939**

The Company has no unrecognized deferred tax liabilities as of December 31, 2019 and 2018.

2) Recognized deferred tax assets and liabilities

The movements in the balances of deferred tax assets and liabilities were as follows:

	Loss carryforwards	Loss on valuation of inventories	Rental expenses	Defined benefit plans	Restoration obligations	Mileage revenue	Expense payable	Others	Total
Deferred tax assets:									
Beginning balance as of January 1, 2019	$ -	391,632	-	850,457	830,763	730,581	116,453	385,625	3,305,511
Recognized in profit or loss	-	(200,859)	252,153	(106,388)	635,156	78,251	82,165	(150,383)	590,095
Recognized in other comprehensive income	-	-	-	92,370	-	-	-	(27,339)	65,031
Balance as of December 31, 2019	**$ -**	**190,773**	**252,153**	**836,439**	**1,465,919**	**808,832**	**198,618**	**207,903**	**3,960,637**
Beginning balance as of January 1, 2018	$ 624,396	406,304	-	755,284	750,218	515,175	154,212	246,115	3,451,704
Recognized in profit or loss	(624,396)	(14,672)	-	(118,874)	80,545	215,406	(37,759)	112,171	(387,579)
Recognized in other comprehensive income	-	-	-	214,047	-	-	-	27,339	241,386
Balance as of December 31, 2018	**$ -**	**391,632**	**-**	**850,457**	**830,763**	**730,581**	**116,453**	**385,625**	**3,305,511**

(Continued)

	Unrealized foreign exchange gains	Investment gains of foreign operations accounted for using equity method	Others	Total
Deferred tax liabilities:				
Beginning balance as of January 1, 2019	$ 2,882	77,300	3,163	83,345
Recognized in profit or loss	32,601	755	-	33,356
Recognized in other comprehensive income	512,297	-	5,148	517,445
Balance as of December 31, 2019	**$ 547,780**	**78,055**	**8,311**	**634,146**
Beginning balance as of January 1, 2018	$ 42,798	58,784	32,486	134,068
Effects of retrospective application	-	-	1,267	1,267
Recognized in profit or loss	(39,916)	18,516	-	(21,400)
Recognized in other comprehensive income	-	-	(30,590)	(30,590)
Balance as of December 31, 2018	**$ 2,882**	**77,300**	**3,163**	**83,345**

(iii) The Company's income tax returns for the years through 2017 were assessed by the local tax authorities.

(u) Capital and other equity

As of December 31, 2019 and 2018, the numbers of authorized ordinary shares of 7,000,000 and 4,500,000 thousand shares, respectively, had a par value of $10 per share. The total value of the authorized ordinary shares amounted to $70,000,000 and $45,000,000, of which $48,535,695 and $43,821,215, respectively, were issued.

(i) Ordinary shares

The appropriation of 2018 earnings that was approved at the shareholders' meeting on June 24, 2019, in which the Company issued 140,619 thousand shares, had a par value of $10 per share, with a total value of $1,406,188. The date of capital increase was set on September 13, 2019, and all related registration procedure has been completed.

The appropriation of 2017 earnings that was approved at the shareholders' meeting on June 22, 2018, in which the Company issued 208,672 thousand shares, had a par value of $10 per share, with a total value of $2,086,725. The date of capital increase was set on September 17, 2018, and all related registration procedure has been completed.

A resolution was passed during the Board of Directors' meeting held on August 13, 2018 for the issuance of ordinary shares for cash. Subsequently, a resolution was passed for the issuance of 300,000 thousand ordinary shares, with par value of $10 per share, amounting to $3,000,000. The date of capital increase was set on January 24, 2019, and all related registration procedures have been completed.

For the years ended December 31, 2019 and 2018, convertible bonds issued by the Company amounting to $258,630 and $49,662, respectively, were converted into 25,863 and 4,966 thousand shares of ordinary shares, and all related registration procedure has been completed.

(Continued)

(ii) Capital surplus

The details of capital surplus were as follows:

	2019.12.31	2018.12.31
Cash subscription in excess of par value of shares	$ 5,118,825	4,218,825
Stock options granted to employees	697,600	697,600
Additional paid-in capital from bond conversion	1,561,585	1,436,566
Additional paid-in capital from conversion option	376,948	398,682
Changes in equity of associates accounted for using equity method	3,757	-
Difference between actual acquiring subsidiary's equity and carrying amount	90,985	272
	$ 7,849,700	6,751,945

In accordance with R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus included share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, and set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The dividends shall be distributed in the combination of cash and stocks, provided that cash dividends shall not be less than 10% of the total amount of dividends.

1) Legal reserve

If a company has no accumulated deficit, it may, as per Article 240 and 241 of the Company Act, distribute its legal reserve, in whole or in part, for the portion in excess of 25% of the paid-in capital, by issuing new shares or cash to its original shareholders in proportion to the number of shares being held by each of them. The distribution can be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting for approval.

(Continued)

2) Special reserve

In accordance with Decree No. 1010012865 issued by the FSC on April 6, 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 be equal to the current-period total net reduction of other equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which 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 equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2018 earnings was approved at the shareholders' meeting on June 24, 2019. The cash dividends and stock dividends were amounting to $2,343,647 and $1,406,188, respectively.

The appropriation of 2017 earnings was approved at the shareholders' meeting on June 22, 2018. The cash dividends and stock dividends were amounting to $834,689 and $2,086,725, respectively.

The appropriation of 2019 earnings was approved at the Board meeting on March 19, 2020. The cash dividends were amounting to $1,213,392.

(iv) Other equity interest (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2019	$ (3,760)	547,201	(109,356)	434,085
Exchange differences on translation of foreign financial statements	(36,486)	-	-	(36,486)
Exchange differences on associates accounted for using equity method	(2,527)	-	-	(2,527)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	167,328	-	167,328
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning	-	11	-	11
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	7,955	-	7,955
Changes in fair value of hedging instrument	-	-	2,154,415	2,154,415
Changes in fair value of hedging instrument reclassified to profit or loss/ other non-current assets	-	-	24,758	24,758
Balance as of December 31, 2019	**$ (42,773)**	**722,495**	**2,069,817**	**2,749,539**

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2018	$ (10,851)	-	819,258	152,637	-	961,044
Effects of retrospective application	-	371,924	(819,258)	(152,637)	152,637	(447,334)
Balance as of January 1, 2018 after adjustments	(10,851)	371,924	-	-	152,637	513,710
Exchange differences on translation of foreign financial statements	933	-	-	-	-	933
Exchange differences on associates accounted for using equity method	6,158	-	-	-	-	6,158
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	157,004	-	-	-	157,004
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning	-	18,332	-	-	-	18,332
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(59)	-	-	-	(59)
Changes in fair value of hedging instrument	-	-	-	-	(1,984)	(1,984)
Changes in fair value of hedging instrument reclassified to profit or loss/ other non-current assets	-	-	-	-	(260,009)	(260,009)
Balance as of December 31, 2018	**$ (3,760)**	**547,201**	**-**	**-**	**(109,356)**	**434,085**

(v) Share-based payment

(i) As of December 31, 2019, the Company's share-based payment transaction was as follow:

Type	Grant date	Number of shares granted (thousand shares)	Contract term (year)	Vesting Conditions
Cash-settled share-based payment plan (reserved for employees to subscribe)	2018.11.28	30,000	-	Immediately vested

(ii) The information related to the employee stock option plan was as follows:

2018 Cash-settled share-based payment plan (reserved for employees to subscribe)	Number of options (thousand shares) 2019	2018	Exercise price (in dollars)
Outstanding number as of January 1	27,352	-	$ 13
Number of shares granted	-	30,000	13
Number of shares exercised	(15,985)	(2,648)	13
Number of shares abandoned	(11,367)	-	13
Outstanding number as of December 31	**-**	**27,352**	
Fair value per share at grant date (in dollars)	**$ 3.05**	**$ 3.05**	

(Continued)

(iii) The Company adopted the Black-Sholes model to calculate the fair value of the abovementioned employee shares of stock at the grant date. The assumptions adopted in this valuation model were as follows:

	Cash-settled share-based payment plan (reserved for employees to subscribe)
Fair value per share on grant date	16.05
Exercise price	13
Expected volatility	17.6291 %
Expected life	51 days
Dividend yield	-
Risk-free interest rate	0.97 %

(iv) Employee expense:

For the year ended December 31, 2018, the compensation cost for the employee shares of stock amounted to $91,500, which was recognized as operating expenses. There was no such transaction for the year ended December 31, 2019.

(w) Earnings per share ("EPS")

The calculation of earnings per share is based on the profit attributable to the ordinary equity holders of the Company. The Company's earnings per share were calculated as follows:

	2019	2018
Basic earnings per share:		
Profit attributable to ordinary equity holders	$ 3,982,467	6,552,827
Weighted-average number of shares outstanding during the period (thousand shares)	4,826,530	4,512,869
Basic earnings per share (in dollars)	$ 0.83	1.45
Diluted earnings per share:		
Profit attributable to ordinary equity holders	$ 3,982,467	6,552,827
Interest expense and other gains and losses on convertible bonds, net of tax	60,970	57,033
Profit attributable to ordinary equity holders (diluted)	4,043,437	6,609,860
Weighted-average number of shares outstanding during the period (thousand shares)	4,826,530	4,512,869
Effect of the potentially dilutive ordinary shares		
Effect of employee compensation (thousand shares)	23,939	18,173
Effect of conversion of convertible bonds (thousand shares)	478,022	474,418
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive ordinary shares) (thousand shares)	5,328,491	5,005,460
Diluted earnings per share (in dollars)	$ 0.76	1.32

(Continued)

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

		2019	2018
Primary geographical markets:			
Taiwan	$	54,913,004	55,455,284
Asia		40,469,352	40,631,947
Europe		5,641,840	5,940,184
North America		33,959,536	33,105,001
Others		637,419	488,234
	$	**135,621,151**	**135,620,650**
Major products / services lines:			
Aviation transportation revenue	$	126,002,327	126,720,587
Others		9,618,824	8,900,063
	$	**135,621,151**	**135,620,650**
Type of contract:			
Fix price contract	$	**135,621,151**	**135,620,650**
Timing of revenue recognition:			
Products transferred at a point in time	$	**135,621,151**	**135,620,650**

(ii) Contract balances

		2019.12.31	2018.12.31	2018.1.1
Contract liabilities-tickets services, customer loyalty program and others	$	**23,040,594**	**21,110,224**	**18,664,259**

The amount of revenue recognized for the years ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $15,343,125 and $13,163,955, respectively.

The contract liabilities primarily relate to deferred recognition of revenue relating to ticket services and customer loyalty programs, for which revenue is recognized when the ticket sales for passengers and award points are redeemed or when they expire.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Other significant changes during the period are as follows:

		2019 Contract liabilities	2018 Contract liabilities
Changes in an estimate of the transaction price	$	**(149,905)**	**232,479**

(Continued)

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2019 and 2018, the amounts allocated to the customer loyalty program were $4,044,162 and $3,652,903, respectively. These will be recognized as revenue as the customer loyalty program points are redeemed or when they expire, which are expected to occur over the next three years.

All consideration from contracts with customers is included in the transaction price presented above.

(y) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company has annual earnings, a minimum of 1% will be distributed as employees' remuneration and a maximum of 2% will be allotted for directors' remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

For the years ended December 31, 2019 and 2018, the Company accrued and recognized its employees' remuneration of $284,125 and $237,552, respectively, and the directors' remuneration of $9,500 and $9,500, respectively. These remunerations were included in the operating costs and operating expenses.

The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the aforementioned employees' remuneration and directors' remuneration of 2018. There was a decrease of $113,650 between the actual amounts of remuneration to employees, and directors distributed for the year 2019 determined by the Board of Directors and the estimated amounts mainly due to the adjustment of the Board of Directors' resolution. The differences shall be accounted for as changes in accounting estimates and recognized in profit or loss for the year 2020. The related information can be found on Market Observation Post System website.

(z) Non-operating income and expenses

(i) Other income

	2019	2018
Dividend income	$ 144,178	144,820
Interest income		
Interest income from bank deposits	655,499	605,886
Other interest	638	6,738
Total interest income	656,137	612,624
	$ 800,315	**757,444**

(Continued)

(ii) Other gains and losses

		2019	2018
Gains (losses) on disposal of property, plant and equipment	$	494,796	548,970
Gains on disposal of investments		-	14,612
Foreign exchange gains (losses)		(181,235)	(4,861)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss		6,106	15,050
Others gains and losses		149,565	150,896
	$	**469,232**	**724,667**

(iii) Finance costs

		2019	2018
Interest expense			
Bank borrowings	$	805,711	849,309
Bonds Payable		169,745	196,173
Lease liabilities (Lease obligations payable)		3,349,752	67,925
Others		913,653	835,813
Less: capitalized interest		(137,157)	(151,149)
	$	**5,101,704**	**1,798,071**

(aa) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets.

2) Circumstances of concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer’s financial situation and requires customers to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to notes 6(e) and 6(n).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(Continued)

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
As of December 31, 2019					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	$ 68,368,174	71,932,598	11,642,875	35,294,889	24,994,834
Bonds payable	14,825,180	15,185,325	10,889,850	4,295,475	-
Lease liabilities and financial liabilities for hedging	99,011,363	113,189,380	14,877,913	54,837,015	43,474,452
Accounts payable (including related parties)	6,409,484	6,409,484	6,409,484	-	-
Other payables (including related parties)	6,534,057	6,534,057	6,534,057	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	140,810	140,810	140,810	-	-
Subtotal	195,289,068	213,391,654	50,494,989	94,427,379	68,469,286
Derivative financial liabilities					
Convertible bonds with embedded derivatives	3,274	-	-	-	-
Forward exchange contracts for hedge purposes:					
Outflow	11,643	938,273	938,273	-	-
Inflow	-	(926,630)	(926,630)	-	-
Subtotal	11,643	11,643	11,643	-	-
Total	**$ 195,303,985**	**213,403,297**	**50,506,632**	**94,427,379**	**68,469,286**
As of December 31, 2018					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	$ 61,720,967	64,830,538	13,447,544	32,394,665	18,988,329
Bonds payable	15,107,923	15,653,875	90,950	15,562,925	-
Lease obligations payable	2,204,904	2,307,731	1,005,415	1,179,456	122,860
Accounts payable (including related parties)	8,536,032	8,536,032	8,536,032	-	-
Other payables (including related parties)	6,705,509	6,705,509	6,705,509	-	-
Subtotal	94,275,335	98,033,685	29,785,450	49,137,046	19,111,189
Derivative financial liabilities					
Convertible bonds with embedded derivatives	6,234	-	-	-	-
Fuel swap agreements for hedge purposes	136,503	136,503	136,503	-	-
Subtotal	142,737	136,503	136,503	-	-
Forward exchange contracts for hedge purposes:					
Outflow	228	182,651	182,651	-	-
Inflow	-	(182,423)	(182,423)	-	-
Subtotal	228	228	228	-	-
Total	**$ 94,418,300**	**98,170,416**	**29,922,181**	**49,137,046**	**19,111,189**

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

(Continued)

(iii) Currency risk

1) Exposure to currency risk

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

	2019.12.31			2018.12.31		
	Foreign Currency	**Exchange rate**	**TWD**	**Foreign Currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 602,556	29.98	18,064,621	$ 612,157	30.72	18,802,401
EUR	4,121	33.59	138,414	4,993	35.20	175,745
JPY	1,639,535	0.2760	452,512	1,685,200	0.2782	468,823
HKD	166,285	3.8490	640,033	162,318	3.9210	636,447
CNY	143,392	4.3050	617,301	129,715	4.4720	580,085
			$ 19,912,881			$ 20,663,501
Non-monetary items						
USD	$ 41,918	29.98	1,256,691	$ 42,383	30.72	1,301,787
IDR	9,103,282	0.0022	20,027	14,309,995	0.0021	30,051
			$ 1,276,718			$ 1,331,838
Financial liabilities						
Monetary items						
USD	$ 3,798,042	29.98	113,865,297	$ 534,225	30.72	16,408,733
EUR	10,405	33.59	349,505	8,696	35.20	306,095
JPY	2,141,775	0.2760	591,130	1,727,097	0.2782	480,478
HKD	24,435	3.8490	94,050	28,997	3.9210	113,696
CNY	188,354	4.3050	810,866	169,715	4.4720	758,966
			$115,710,848			$ 18,067,968

2) Sensitivity analysis

The Company' s monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes receivable, accounts receivable (including related parties), financial assets at fair value through other comprehensive income, refundable deposits (included in other non-current assets), long-term borrowings, accounts payable (including related parties), other payables (including related parties), lease liabilities (lease obligations payable) and restoration obligations (included in other current liabilities and other non-current liabilities) that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the USD, EUR, JPY, HKD and CNY as of December 31, 2019 and 2018, would have changed the profit before tax by $24,067 and $25,955, and the equity by $982,046 and $0 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2019 and 2018.

Due to the variety of the Company' s functional currency, the Company discloses its exchange gains and losses of monetary items collectively. For the years ended December 31, 2019 and 2018, the Company's foreign exchange losses, net (including realized and unrealized of monetary items) amounted to $181,235 and $4,861, respectively.

(Continued)

(iv) Interest rate risk

The interest rate exposure of the Company's financial liabilities are illustrated in note 6(aa) liquidity risk.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Company's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates by 1% to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases (decreases) by 1% with all other variable factors that remain constant, the profit before tax of the Company would have changed $683,182 and $622,661 for the years ended December 31, 2019 and 2018, respectively due to the Company's floating-interest borrowings.

(v) Other market price risk

If the price of the equity securities changes, and it is on the same basis for both years and assumes that all other variables remain the same, the impact on comprehensive income will be as follows:

	2019		2018	
Price of the equity securities at the reporting date	**Other Comprehensive Income, net of tax**	**Profit (losses)**	**Other Comprehensive Income, net of tax**	**Profit (losses)**
increase 5%	$ 128,829	-	117,068	-
decrease 5%	$ (128,829)	-	(117,068)	-

(vi) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

	2019.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Money market funds	$ 502,455	502,455	-	-	502,455
Financial assets for hedging	37,428	-	37,428	-	37,428
Financial assets at fair value through other comprehensive income					
Publicly traded stock	1,012,519	1,012,519	-	-	1,012,519
Non-publicly traded stock	1,568,986	-	-	1,568,986	1,568,986
Subtotal	2,581,505	1,012,519	-	1,568,986	2,581,505
Financial assets measured at amortized cost					
Cash and cash equivalents	41,856,135	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	7,303,939	-	-	-	-
Other non-current assets	1,522,267	-	-	-	-
Subtotal	50,682,341	-	-	-	-
Total	**$ 53,803,729**	**1,514,974**	**37,428**	**1,568,986**	**3,121,388**
Financial liabilities at fair value through profit or loss	$ 3,274	-	3,274	-	3,274
Financial liabilities for hedging－derivatives	11,643	-	11,643	-	11,643
Financial liabilities for hedging－non-derivatives	98,291,070	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	68,368,174	-	68,368,582	-	68,368,582
Bonds payable	14,825,180	-	14,892,652	-	14,892,652
Lease liabilities	720,293	-	-	-	-
Accounts payable (including related parties)	6,409,484	-	-	-	-
Other payables (including related parties)	6,534,057	-	-	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	140,810	-	-	-	-
Subtotal	96,997,998	-	83,261,234	-	83,261,234
Total	**$ 195,303,985**	**-**	**83,276,151**	**-**	**83,276,151**

	2018.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Money market funds	$ 501,757	501,757	-	-	501,757
Financial assets for hedging	36	-	36	-	36
Financial assets at fair value through other comprehensive income					
Publicly traded stock	878,240	878,240	-	-	878,240
Non-publicly traded stock	1,468,045	-	-	1,468,045	1,468,045
Subtotal	2,346,285	878,240	-	1,468,045	2,346,285
Financial assets measured at amortized cost					
Cash and cash equivalents	39,930,700	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	7,917,228	-	-	-	-
Other non-current assets	1,539,742	-	-	-	-
Subtotal	49,387,670	-	-	-	-
Total	**$ 52,235,748**	**1,379,997**	**36**	**1,468,045**	**2,848,078**

(Continued)

	2018.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	$ 6,234	-	6,234	-	6,234
Financial liabilities for hedging	136,731	-	136,731	-	136,731
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	61,720,967	-	61,722,715	-	61,722,715
Bonds payable	15,107,923	-	15,010,158	-	15,010,158
Lease obligations payable	2,204,904	-	2,241,518	-	2,241,518
Accounts payable (including related parties)	8,536,032	-	-	-	-
Other payables (including related parties)	6,705,509	-	-	-	-
Subtotal	94,275,335	-	78,974,391	-	78,974,391
Total	**$ 94,418,300**	**-**	**79,117,356**	**-**	**79,117,356**

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

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.

For financial instruments traded in active markets, their fair values are listed below by types and attributes:

- The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from the fair value of similar financial instruments, the discounted cash flow method, or other valuation technique.

For financial instruments not traded in active markets, their fair values are listed below by types and attributes:

(Continued)

- Equity instruments with no quoted market prices: the Company takes the quote market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow and option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

For the years ended December 31, 2019 and 2018, the fair value hierarchy levels of financial instruments were not transferred.

4) Movements in fair value measurements of financial assets in Level 3

The following table shows the reconciliation from the beginning balance to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2019	$ 1,468,045
Total gains or losses:	
Recognized in other comprehensive income	33,051
Purchased	67,951
Disposed	(61)
Balance as of December 31, 2019	**$ 1,568,986**
Balance as of January 1, 2018	$ 1,325,317
Effects of retrospective application	7,454
Reclassified	1,020
Total gains or losses:	
Recognized in profit and loss	-
Recognized in other comprehensive income	134,254
Balance as of December 31, 2018	**$ 1,468,045**

The amounts of total gains or losses for the periods were recognized in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. As of December 31, 2019 and 2018, the assets which were still held by the Company were as follows:

(Continued)

		2019	2018
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	$	33,051	134,370

5) Quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3

The Company classified a partial of its financial assets at fair value through other comprehensive income investment in equity securities that do not have a quoted market price in an active market as Level 3 of the fair value hierarchy.

Most of the fair value measurements categorized within Level 3 use the significant unobservable inputs. The significant unobservable inputs are independent to each other.

The significant unobservable inputs were as follows:

Items	Valuation techniques	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income	Market approach—relevant information generated by publicly companies	• Price-book ratio (as of December 31, 2019 and 2018 were 0.80~2.62 and 0.80~2.64, respectively) • Market liquidity discount rate (as of December 31, 2019 and 2018 were 80%)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

6) Sensitivity analysis for fair value measurements categorized within Level 3 of the fair value hierarchy

The fair value measurements of the Company' s financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2019 and 2018, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

		Effects of changes in fair value on other comprehensive income			
	Increase	Favorable		Unfavorable	
Inputs	(decrease)	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Price-book ratio	5%	77,308	72,561	(78,850)	(73,605)
Market liquidity discount rate	5%	77,308	72,561	(78,850)	(73,605)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(Continued)

(ab) Management of financial risk

(i) The Company is exposed to the nature and extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Company's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the financial statements.

(ii) Risk management framework

The Company's Board of Directors has responsibility for the oversight of the risk management framework. The Company's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

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. The inter-department management and committee are reviewed regularly to reflect change 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 Company's Audit Committee 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 risk faced by the Company. The Company's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in securities.

1) Notes and accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. In accordance with the Company's credit policy, each customer is analyzed individually for creditworthiness, and is required to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals before its credit terms and credit limit are offered. Credit limit is offered to each customer as the limit of transactions and is reviewed regularly.

(Continued)

The transaction amount of the majority of the Company's customers is not significant, leading to an insignificant influence of loss from credit risk arising from single customer on the Company. The Company set up the forward-looking "expected credit loss" model to reflect the estimated impairment loss of notes and accounts receivable.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions are with external parties with good credit standing, highly rated financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

As of December 31, 2019, the Company did not provide endorsements and guarantees.

(iv) Liquidity risk

Liquidity risk is a 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 approach to managing liquidity risk 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's finance department monitors the needs for cash flows, and plans optional return from investments of idle capital. The Company aims to maintain the level of its cash and cash equivalents at an amount to cope with expected cash outflows on operation, including meeting its financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that 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, primarily the TWD. The currencies used in these transactions are principally denominated in TWD, CNY, EUR, USD, and JPY.

(Continued)

The Company hedges its cash and cash equivalents, trade receivables from sales, trade payables to purchase and leases payments for aircraft denominated in a foreign currency. When necessary, the Company uses forward exchange contracts to hedge its currency risk. The financial department proactively collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information for securing the currency risk.

The Company determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. For hedging foreign currency risk on the cash flow of aviation transportation with a highly probable forecast transaction, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided.

In these hedge relationships, the main sources of ineffectiveness are：

- the effect of the counterparty and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

- changes in the timing of the hedged transactions.

2) Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, reprising dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are：

- the effect of the counterparty and the Company's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- differences in reprising dates between the swaps and the borrowings.

(Continued)

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The management of the Company monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(ac) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business. The Board of Directors monitors the level of dividends to ordinary equity holders as well as future operation of the business.

The capital structure of the Company consists of net debt and equity. The net debt from the balance sheet is derived from the total borrowings less cash and cash equivalents. The total capital includes equity (ordinary share, capital surplus, retained earnings and other equity) and net debt.

As of December 31, 2019, there were no changes in the Company's approach to capital management.

(ad) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

				Non-cash changes			
	2019.1.1	**Effects of retrospective application**	**Cash flows**	**Interest expense**	**Foreign exchange movement**	**Other**	**2019.12.31**
Bonds payable	$ 15,107,923	-	-	78,795	-	(361,538)	14,825,180
Long-term borrowings	61,720,967	-	6,639,529	7,678	-	-	68,368,174
Lease liabilities (lease obligations payable) and financial liabilities for hedging	2,204,904	100,135,097	(15,590,286)	3,349,752	128,125	8,783,771	99,011,363
Total liabilities from financing activities	**$ 79,033,794**	**100,135,097**	**(8,950,757)**	**3,436,225**	**128,125**	**8,422,233**	**182,204,717**

			Non-cash changes			
	2018.1.1	**Cash flows**	**Interest expense**	**Foreign exchange movement**	**Other**	**2018.12.31**
Bonds payable	$ 19,596,232	(4,500,000)	81,792	-	(70,101)	15,107,923
Long-term borrowings	59,134,480	2,502,929	20,100	63,458	-	61,720,967
Lease obligations payable	3,427,353	(1,275,885)	2,572	50,864	-	2,204,904
Total liabilities from financing activities	**$ 82,158,065**	**(3,272,956)**	**104,464**	**114,322**	**(70,101)**	**79,033,794**

(Continued)

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship of related parties

The followings are the Company's subsidiaries and entities that have transactions with the Company during the periods covered in the financial statements.

Names of related parties	Relationship with the Company
Evergreen Aviation Technologies Corp. (Note 1)	The Company's subsidiary
Evergreen Airline Services Corp.	The Company's subsidiary
Evergreen Sky Catering Corp.	The Company's subsidiary
Evergreen Air Cargo Services Corp.	The Company's subsidiary
Evergreen Aviation Precision Corp. (Note 1)	The Company's subsidiary
Hsiang Li Investment Corp.	The Company's subsidiary
Sky Castle Investment Ltd.	The Company's subsidiary
Evergreen Airways Service (Macau) Ltd.	The Company's subsidiary
RTW Air Services (S) Pte. Ltd. (Note 2)	The Company's subsidiary
PT Perdana Andalan Air Service	The Company's subsidiary
EVA Flight Training Academy	The Company's subsidiary
Evergreen International S.A.	The Company's shareholder's major shareholder
Evergreen International Corp.	The Company's shareholder
Evergreen Marine Corp. (Taiwan) Ltd.	The Company's shareholder
Evergreen International Storage & Transport Corp.	The Company's shareholder
UNI Airways Corp.	The Company's shareholder's equity investment
Ever Accord Construction Corp.	The Company's shareholder's equity investment
Evergreen Steel Corp.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Europe) GMBH SP. Z.O.O.	The Company's shareholder's equity investment
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Japan) Corporation	The Company's shareholder's major shareholder's equity investment

(Continued)

Names of related parties	Relationship with the Company
Evergreen Insurance Co. Ltd.	The Company's shareholder's equity investment
Evergreen Security Corp.	The Company's equity investment
EverFun Travel Services Corp. (Note 3)	The Company's equity investment
Chang Yung-Fa Foundation	The Company's shareholder
Chang Yung-Fa Charity Foundation	The Company's shareholder

Note 1: On August 13, 2018, a resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28 , 2019. Please refer to note 6(i).

Note 2: RTW Air Services (S) Pte. Ltd. has completed liquidation process in August, 2018.

Note 3: The Company subscribed for its new shares contribution in April 2019, and has significant influence over its financial and operating policies. Please refer to note 6(h).

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Company were as follows:

	2019	2018
Subsidiaries	$ 162,363	180,812
Associates	6,626	1
Other related parties	2,665,734	2,666,566
	$ 2,834,723	**2,847,379**

Related parties leased aircraft from the Company to operate cross-strait flights between Mainland China and Taiwan. The rental is charged by actual flight hours and recorded under operating revenue.

The Company provided aviation transportation services. The transportation services and ticket prices provided to related party, which is travel agency, were the same as those provided to general travel agencies. The Company received collateralized notes for receivables from aforementioned related party. No expected credit loss was required after the assessment by the management.

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions. Besides aforementioned collateralized notes, receivables from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(Continued)

(ii) Operating costs

Significant operating costs from transactions with related parties were as follows:

		2019	2018
Subsidiaries	$	9,002,598	9,133,004
Associates		41,366	20,378
Other related parties		546,579	528,195
	$	**9,590,543**	**9,681,577**

The prices for purchases from related parties transactions are not materially different from those of the third-party vendors. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions.

(iii) Operating expenses

Significant operating expenses from transactions with related parties were as follows:

		2019	2018
Subsidiaries	$	190,955	180,562
Associates		134,681	62,051
Other related parties		269,034	170,603
	$	**594,670**	**413,216**

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions.

(iv) Property transaction

For the years ended December 31, 2019 and 2018, the Company purchased equipment from its related parties amounting to $59,943 and $85,812, respectively.

For the years ended December 31, 2019 and 2018, the disposals of equipment to related parties were summarized as follows:

	2019		2018	
	Disposal price	**Gain (loss) from disposal**	**Disposal price**	**Gain (loss) from disposal**
Subsidiaries	**$ 740**	**712**	**570**	**567**

(v) Leases

The Company rented its offices from other related enterprise. The Company applied IFRS 16 with a date of initial application on January 1, 2019. These lease transactions recognized an additional amount of $80,898 and $80,898 of right-of-use assets and lease liabilities, respectively. For the year ended December 31, 2019, the Company recognized the amount of $1,802 as interest expense. As of December 31, 2019, the balance of lease liabilities amounted to $53,651.

(Continued)

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

Account	Class of related parties	2019.12.31	2018.12.31
Accounts receivable	Subsidiaries	$ 16,329	17,679
Accounts receivable	Associates	4,243	-
Accounts receivable	Other related parties	303,350	256,071
Notes receivables	Associates	188,403	-
Other receivables	Subsidiaries	55,228	30,739
Other receivables	Associates	102	1
	Other related parties		
Other receivables	UNI Airways Corp.	278,336	285,960
Other receivables	Other related parties	738	9,312
		$ 846,729	**599,762**

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

Account	Class of related parties	2019.12.31	2018.12.31
	Subsidiaries		
Accounts payable	Evergreen Aviation Technologies Corp.	$ 652,079	840,128
Accounts payable	Other Subsidiaries	962,503	888,318
Accounts payable	Associates	4,444	3,809
Accounts payable	Other related parties	62,481	68,417
Other payables	Subsidiaries	73,956	176,228
Other payables	Associates	13,053	11,845
Other payables	Other related parties	85,490	66,644
		$ 1,854,006	**2,055,389**

(d) Key management personnel compensation

Key management personnel compensation comprised the following:

	2019	2018
Short-term employee benefits	$ 81,786	78,698
Post-employment benefits	2,787	23,749
Share-based payments	-	845
	$ 84,573	**103,292**

Please refer to note 6(v) for the disclosure of share-based payment.

(Continued)

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

Pledged assets	Object	2019.12.31	2018.12.31
Property, plant, and equipment	Long-term borrowings	$ 85,367,003	74,841,178
Time deposit－included in other non-current assets	Letters of credit, customs duty, and contract performance guarantees	77,894	81,921
		$ 85,444,897	74,923,099

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant contingent liabilities: None.

(b) Significant commitments:

(i) In November 2015, the Company entered into aircraft purchase contracts amounting to US$6,588,000 with Boeing Company for eighteen Boeing 787-10 aircraft. As of December 31, 2019, fifteen Boeing 787-10 aircraft had not yet been delivered by Boeing Company. The Company has partially paid the price of $9,708,925, which was included in other non-current assets.

(ii) In November 2015, the Company entered into engine purchase contracts amounting to US$118,660 with General Electric Company for five Boeing 787 engines. As of December 31, 2019, three Boeing 787 engines had not yet been delivered by General Electric Company. The Company has partially paid the price of $164,293, which was included in other non-current assets.

(iii) The Company entered into a contract with DPR Construction, A General Partnership, for its Los Angeles land development case, with the approximate amount of US$64,591, which was approved during the Board of Directors' meeting on May 10, 2017. As of December 31, 2019, the Company has partially paid the price of $1,532,829, which was included in non-current asset classified as held for sale and property, plant and equipment.

(iv) Unused letters of credit for the Company were as follows:

	2019.12.31	2018.12.31
Unused letters of credit	$ 2,375,736	2,320,404

(10) Losses due to major disasters: None.

(11) Subsequent events:

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment in China and has impacted the Company's operations, including cancellation or restriction of flights. However, the Company could not estimate affected amounts on its operations and financial statements due to the uncertainty of coronavirus outbreak. The Company will continue to follow the abovementioned matter and will evaluate its impacts at once.

(Continued)

(12) Other

A summary of personnel expenses, depreciation and amortization expenses, by function, is as follows:

By function / By item	2019 Operating costs	2019 Operating expenses	2019 Total	2018 Operating costs	2018 Operating expenses	2018 Total
Personnel expenses						
Salaries	8,469,141	5,577,838	14,046,979	8,291,503	5,759,385	14,050,888
Labor and health insurance	472,991	340,154	813,145	450,764	320,014	770,778
Pension	435,891	296,111	732,002	424,687	210,570	635,257
Remuneration of directors	-	19,463	19,463	-	19,983	19,983
Others	3,734,874	559,770	4,294,644	3,664,010	449,428	4,113,438
Depreciation (Note)	24,046,844	889,713	24,936,557	10,893,896	720,144	11,614,040
Amortization	-	237,627	237,627	207	225,393	225,600

Note: For the years ended December 31, 2019 and 2018, the depreciation expenses recognized were $25,004,434 and $11,706,048, respectively, less deferred gains of $67,877 and $92,008, respectively.

As of December 31, 2019 and 2018, the additional information for employee numbers and employee benefits were as follows:

	2019	2018
Employee numbers	11,335	11,321
Directors numbers without serving concurrently as employee	8	8
Average employee benefits	$ 1,756	1,730
Average employee salaries	$ 1,240	1,242
Average adjustment rate of employee salaries	(0.16)%	

(13) Other disclosures

(a) Information on significant transactions

The followings were 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, 2019:

(i) Financings provided: None.

(ii) Guarantee and Endorsement provided: None.

(iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 1 attached.

(Continued)

(iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 2 attached.

(v) Acquisition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 3 attached.

(vi) Disposition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital : Please see Table 4 attached.

(vii) Total purchases from or sales to related parties with the dollar amount at least $100 million or 20% of paid-in capital : Please see Table 5 attached.

(viii) Accounts receivable from related parties for which the dollar amount at least $100 million or 20% of paid-in capital : Please see Table 6 attached.

(ix) Derivative transactions : Please refer to note 6(c) for related information.

(b) Information on investees (excluding investees in Mainland China):

The followings are the information on investees for the year ended December 31, 2019: Please see Table 7 attached.

(c) Information on investment in Mainland China : Please see Table 8 attached.

(14) Segment information

Please refer to the consolidated financial statement for the year ended December 31, 2019.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
(December 31, 2019)

(in shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2019				Notes
				Shares/Units	Book value	Percentage of Ownership	Fair Value	
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss－current	33,772,569	502,455		502,455	
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss－current	11,964,636	150,648		150,648	
Evergreen Air Cargo Services Corp.	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss－current	9,933,297	166,663		166,663	
Evergreen Air Cargo Services Corp.	Eastspring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss－current	10,368,032	141,590		141,590	
					961,356		961,356	
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income－non-current	231,580	17,755	2.11	17,755	
The Company	Shares of Trade-Van Information Services Co.	None	Financial assets at fair value through other comprehensive income－non-current	8,502,418	313,739	5.67	313,739	
The Company	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income－non-current	35,203,008	698,780	5.96	698,780	
The Company	Shares of UNI Airways Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income－non-current	36,510,949	454,561	9.98	454,561	
The Company	Shares of Evergreen Steel Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income－non-current	38,201,625	1,057,039	9.56	1,057,039	
The Company	Shares of Chung Hwa Express Corp.	None	Financial assets at fair value through other comprehensive income－non-current	1,000,000	32,770	10.00	32,770	
The Company	Star Alliance Services Gmbh	None	Financial assets at fair value through other comprehensive income－non-current	1	6,861	4.55	6,861	
Evergreen Airline Services Corp.	Shares of Evergreen Marine Corp.(Taiwan)Ltd.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income－non-current	557,349	6,911	0.01	6,911	
Evergreen Airline Services Corp.	Shares of Evergreen International Storage & Transport Corp.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income－non-current	158,800	2,279	0.01	2,279	
Hsiang Li Investment Corp.	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income－non-current	2,740,542	54,400	0.46	54,400	
Evergreen Airways Service (Macau) Ltd.	Shares of Air Macau Co., Ltd.	None	Financial assets at fair value through other comprehensive income－non-current	500	1,228	0.0207	1,228	
					2,646,323		2,646,323	

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 2 Accumulated buying/selling of the same marketable securities for which the dollar amount at least $300 million or 20% of paid-in capital
(December 31, 2019)

(in shares)

Company Name	Marketable Securities Type and Name		Financial Statement Account	Counter - party	Relationship with the Company	Beginning balance		Acquisition		Disposal				Ending balance	
						Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Book value	Gain/Loss on Disposal	Shares/Units	Amount
The Company	Fund	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss－current －fund	Mega International Investment Trust Co.,Ltd.	None	28,055,711	351,311	-	-	28,055,711	352,394	350,000	2,394	-	-
The Company	Fund	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss－current －fund	JihSun Securities Investment Trust Co.,Ltd.	None	10,169,719	150,446	34,377,696	510,000	10,774,846	160,000	159,653	347	33,772,569	502,455
The Company	Fund	First Securities Investment Trust Company Taiwan Money Market.	Financial assets at fair value through profit or loss－current －fund	First Securities Investment Trust Company Limitd.	None	-	-	22,844,015	350,000	22,844,015	350,320	350,000	320	-	-
Evergreen Aviation Technologies Corp.	Equity	GE Evergreen Engine Services Corp.	Investments accounted for using equity method	GE Evergreen Engine Services Corp.	Equity investment	9,048,165	90,482	194,236,380	1,942,363	-	-	-	-	203,284,545	2,032,845

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 3 Acquisition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of payment	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Evergreen Aviation Technologies Corp.	Component repair shop	2019.10.24	370,700	31,880	Ever Accord Construction Corp.	Parent company's shareholder's equity investment	-	-	-	-	The construction of the new component repair shop on its own land, which was approved by the Board of Director ' s meeting.	Improve the capability of components repair to satisfy the requirement of business and increase the revenue and profitability.	None

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 4 Disposition of real estate for which the dollar amount at least $300 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Types of Property	Transaction Date	Acqusition Date	Book Value	Transaction Amount	Proceed Term	Gains(losses) on Disposal of PPE	Counter-party	Nature of Relationships	Purpose of Disposal	Price Reference	Other Terms
The Company	Office building of Los Angeles	2019.2.13~2019.9.5	2019.12.18	728,912	919,572 (note)	not been applied	not been applied	(1)Headstart International PTY. LTD (2)AMA Consulting Engineers, P.C. (3)Steve Gautreau and Kristen VanCott (4)Mardi Norman (5)El Segundo Investments 2, LLC (6)Lil Nubbins Neighborhood, LLC (7)Hermosa House LLC (8)Welcome El Segundo LLC	Non-related party	The flexible application of Assets	Appraisal report	None
Evergreen Aviation Technologies Corp.	Engine test cell factory	2019.11.8	1998.8.31	251,812	752,742	Received	500,930	GE Evergreen Engine Services Corp.	Related party	With the increase of GE Evergreen Engine Services Corp.'s production capacity and profit rates, the investment income of Evergreen Aviation Technologies Corp. can as well increase.	Appraisal report	None
Evergreen Aviation Technologies Corp.	Engine factory	2019.11.8	2003.4.30	187,877	540,980	Received	353,103	GE Evergreen Engine Services Corp.	Related party	With the increase of GE Evergreen Engine Services Corp.'s production capacity and profit rates, the investment income of Evergreen Aviation Technologies Corp. can as well increase.	Appraisal report	None

Note: The transaction amount is based on its contract price. The related transaction has not finished yet.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 5 Total purchases from or sales to related parties with the dollar amount at least $100 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable(Payable)		Notes
			Purchases/ Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Accounts/ Notes Receivable(Payable)	
The Company	UNI Airways Corp.	The company's shareholder's equity investment	Sales	2,633,030	1.94	60 days	-		299,600	4.48	
The Company	UNI Airways Corp.	The company's shareholder's equity investment	Purchases	105,902	0.09	60 days	-		(37,177)	0.58	
The Company	Evergreen Aviation Technologies Corp.	The company's subsidiary	Sales	155,819	0.11	60 days	-		7,529	0.11	(Note)
The Company	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	3,355,095	2.86	60 days	-		(652,079)	10.17	(Note)
The Company	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	2,787,596	2.37	60 days	-		(478,605)	7.47	
The Company	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	2,545,400	2.17	60 days	-		(420,496)	6.56	
The Company	Evergreen Air Cargo Services Corp.	The company's subsidiary	Purchases	355,162	0.30	60 days	-		(63,186)	0.99	
The Company	Evergreen International Corp.	The company's shareholder	Purchases	173,876	0.15	60 days	-		(22,350)	0.35	
The Company	Evergreen International Storage and Transport Corp.	The company's shareholder	Purchases	149,583	0.13	60 days	-		(2,590)	0.04	
The Company	Evergreen Insurance Company Ltd.	The company's shareholder's equity investment	Purchases	113,093	0.10	60 days	-		-	-	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	2,545,400	78.54	60 days	-		434,885	84.45	
Evergreen Airline Services Corp.	UNI Airways Corp.	The company's shareholder's equity investment	Sales	246,212	7.60	60 days	-		40,971	7.96	
Evergreen Airline Services Corp.	Evergreen Aviation Technologies Corp.	Parent company's equity investment	Sales	110,797	3.42	30 days	-		8,312	1.61	(Note)
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	3,435,495	7.36	60 days	-		653,963	5.33	(Note)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	Equity investment	Sales	1,132,179	2.43	30 days	-		129	0.00	(Note)
Evergreen Aviation Technologies Corp.	UNI Airways Corp.	The company's shareholder	Sales	331,730	0.71	60 days	-		109,968	0.90	(Note)
Evergreen Aviation Technologies Corp.	Evergreen Airline Services Corp.	Parent company's equity investment	Purchases	110,797	0.25	30 days	-		(8,312)	0.18	(Note)
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	2,787,596	77.94	60 days	-		485,135	84.41	
Evergreen Sky Catering Corp.	UNI Airways Corp.	The company's shareholder's equity investment	Sales	136,496	3.82	60 days	-		21,619	3.76	
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	355,162	22.86	60 days	-		66,615	44.83	
EVA Flight Training Academy	The Company	Parent company	Sales	106,926	93.77	30 days	-		-	-	

Note : For the purpose of reorganization, the shares of Evergreen Aviation Precision Corp., which was previously owned by EVA Airways Corp., was transferred to Evergreen Aviation Technologies Corp. in February 2019.
The income statement accounts of the Evergreen Aviation Precision Corp. were disclosed after the merger.
Evergreen Aviation Precision Corp. was dissolved due to the merger with Evergreen Aviation Technologies Corp. in February 2019. The balance sheet accounts have all been consolidated into Evergreen Aviation Technologies Corp.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 6 Accounts receivable from related parties for which the dollar amount at least $100 million or 20% of paid-in capital：
(December 31, 2019)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate	Past - due Receivables from Related Party		Amounts Received in Subsequent Period	Allowances for Impairment Loss
					Amount	Action taken		
The Company	UNI Airways Corp.	The Company's shareholder's equity investment	577,936	(Note)	-		571,612	
The Company	EverFun Travel Services Corp.	The Company's equity investment	192,694	(Note)	-		132,154	
Evergreen Airline Services Corp.	The Company	Parent company	455,241	5.62	-		455,241	
Evergreen Sky Catering Corp.	The Company	Parent company	493,373	6.03	-		493,373	
Evergreen Aviation Technologies Corp.	The Company	Parent company	660,922	4.21	-		660,922	
Evergreen Aviation Technologies Corp.	UNI Airways Corp.	The company's shareholder	110,017	2.92	-		110,017	

Note : Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 7 Information on Investees (excluding investees in Mainland China)：
For the year ended December 31, 2019, the following is the information on investees

(in shares)

Name of the Investor	Name of Investee	Location	Main Business and Products	Initial Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				December 31, 2019	December 31, 2018	Shares	Ratio of Shares	Book Value			
The Company	Sky Castle Investment Ltd.	Maystar Chambers, P.O. Box 3269, Apia, Samoa	Investment business	179,173	179,173	5,500,000	100.00%	344,524	14,953	14,953	(Note 1)
The Company	Evergreen Airways Service (Macau) Ltd.	398 Alameda Dr. Carlos D' Assumpcao.Edif CNAC 3 Andar K-M Macau	Investment business	327	327	None.	99.00%	197,798	113,973	112,833	(Note 1)
The Company	PT Perdana Andalan Air Service	10/F, Gedung Mega Plaza Jl. H.R Rasuna Said Kav. C-3 Jakarta 12920 Indonesia.	Traveling agency	5,086	5,086	40,800	51.00%	20,027	(44)	(22)	(Note 1)
The Company	EVA Flight Training Academy	3745 Whitehead Street Mather, CA, 95655, USA	Flight training school	932,050	932,050	10,000,000	100.00%	714,369	(22,246)	(22,246)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Harng-Jann S.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, engine and parts	3,200,450	2,000,450	518,440,696	79.42%	10,799,290	2,022,479	1,606,284	(Note 1) (Note 4)
The Company	Evergreen Airline Services Corp.	No.608 Harng-Jann N.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Aviation grand service	111,180	111,180	34,459,973	56.33%	865,796	102,652	57,824	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	The provision of in-flight meals in sky catering and the sales of food	498,000	498,000	72,912,180	49.80%	2,340,651	614,861	306,201	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	No.8-1, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	Air cargo entrepot	740,348	740,348	72,750,000	60.625%	1,532,300	297,794	180,537	(Note 1)
The Company	Evergreen Aviation Precision Corp.	No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 32844, Taiwan(R.O.C)	Manufacture of aircraft parts	-	1,200,000	-	-	-	(58,231)	(23,292)	(Note 1) (Note 4)
The Company	Hsiang Li Investment Corp.	1F,No. 117,Sec. 2,Chang An E. Rd., Taipei 104 Taiwan	Investment business	25,000	25,000	2,680,000	100.00%	63,182	2,194	2,194	(Note 1)
The Company	Evergreen Security Corp.	4-5F., No. 111, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	Security services	25,000	25,000	6,336,000	31.25%	114,172	43,185	13,962	(Note 2)
The Company	EverFun Travel Services Corp.	3F., No. 100,Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei City 104, Taiwan(R.O.C)	Traveling agency	55,061	-	5,505,000	26.48%	55,981	(18,875)	(5,809)	(Note 2)
Evergreen Aviation Technologies Corp.	Evergreen Aviation Precision Corp.	No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 32844, Taiwan(R.O.C)	Manufacture of aircraft parts	-	900,000	-	-	-	(58,231)	(17,469)	(Note 1) (Note 4)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	6F., No. 8, Sec. 3, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and engine components	2,032,845	90,482	203,284,545	49.00%	1,411,860	(50,078)	(9,213)	(Note 3)
Evergreen Airways Service (Macau) Ltd.	Menzies Macau Airport Services Ltd.	Airport Logistic Business Center Room 52 Macau International Airport Avenida do Aeroporto, Taipa, Macau	Ground handling	8,032	8,032	None.	20.00%	130,927	563,226	112,646	(Note 3)

Note 1: List of subsidiaries of the Company.
Note 2: Investments were accounted for using equity method.
Note 3: Investments of subsidiaries of the Company were accounted for using equity method.
Note 4: On August 13, 2018, a resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company, and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 8 Information on Investment in Mainland China：

1.Information on Investment in Mainland China：

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (CNY in Thousands)		Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses)of the Investee	Direct/Indirect Shareholding (%)by the Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
						Outflow	Inflow						
Airport Air Cargo Terminal(Xiamen) Co., Ltd.	Forwarding and storage of air cargo	CNY	254,480	2	138,784	-	-	138,784	76,466	14%	10,705	225,867	106,670
Airport Air Cargo Service(Xiamen) Co., Ltd.	Forwarding and storage of air cargo, truck freight transportation, other transportation auxiliary industry	CNY	14,000	2	61,418	-	-	61,418	89,287	14%	12,500	116,413	58,498

(Note 1)Ways to Invest in Mainland China：

1.Investment in Mainland China companies by remittance through a third region.

2.Investment in Mainland China companies through a company invested and established in a third region.

3.Investment in Mainland China companies through an existing com No.3, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan

4.Direct investment in Mainland China.

5.Other methods of investing in Mainland China. EX：Entrusted investment.

(Note 2)The financial statements of the investee company were audited by the global accounting firm in a cooperation with R.O.C accounting firm.
The Company recognized share of profit of associates accounted for using equity method by how many shares the Company holds.

(Note 3)The investment in Shanghai Airlines Cargo Intl.Co.,Ltd was authorized by the Investment Commission. The amount of investment was $748,721(USD23,361thousand dollars).
Shanghai Airlines Cargo Intl.Co.,Ltd has completed liquidation process in July, 2014.

(Note 4)The investment in China Cargo Airlines Co.,Ltd was authorized by the Investment Commission. The amount of investment was $1,453,728(USD50,337thousand dollars).
China Cargo Airlines Co.,Ltd has completed shares transfer in January, 2016.

2.Limitation on investment in Mainland China：

Accumulated Outward Remittance for Investment in Mainland China as of December 31,2019 (USD in Thousands)	Investment Amounts Aurthorized by Investment Commission,MOEA (Note) (USD in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NTD 2,402,651 (USD 79,781)	NTD 2,456,862 (USD 80,562)	42,751,309

Note：Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance;
investment amounts aurthorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the aurthorization.

3. Significant transactions：None.

EVA AIRWAYS CORP.

Statement of cash and cash equivalents

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Cash on hand	$ 10
Petty cash	82,168
Demand deposit	2,159,016
Check deposit	114,202
Time deposit (Note)	39,500,739
Total	**$ 41,856,135**

Note: the period of time deposit was 1~3 months; the range of interest rate was 0.46%~3.25%.

Statement of financial assets at fair value through profit or loss - current

(Expressed in Thousands of New Taiwan Dollars/Units)

Name of financial instrument	Description	Book Value					Fair value	
		Units	Unit price (dollar)	Acquisition cost	Gains on valuation	Total amount	Unit price (dollar)	Total amount
Jih Sun Money Market Fund	Monetary Market Fund／Issued by Jih Sun Securities Investment Trust Co.,Ltd.	33,773	14.82	$ **500,417**	2,038	**502,455**	14.88	**502,455**

EVA AIRWAYS CORP.

Statement of notes receivable

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
A Company	$ 410,568
B Company	177,583
C Company	135,908
Others (Note 1)	118,228
Total	**$ 842,287**

Note 1: The amount of individual client included in others did not exceed 5% of the account balance.

Statement of accounts receivable

Item	Amount
D Company	$ 995,082
Others (Note 1)	4,605,944
Subtotal	5,601,026
Less: allowance for impairment	(85,241)
Total	**$ 5,515,785**

Note 1: The amount of individual client included in others did not exceed 5% of the account balance.

EVA AIRWAYS CORP.

Statement of inventories

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Cost	Net realizable value
Aircraft spare parts	$ 111,651	268,138
Consumables for use and merchandise for in-flight sales	1,270,042	1,270,042
Fuel for aircraft and others	46,198	46,198
	$ 1,427,891	

Statement of other current assets

Items	Amount
Prepaid expenses:	
Tax overpaid retained for offsetting the future tax payable	$ 88,770
Prepaid tax	40,420
Others	105,269
Subtotal	234,459
Other current assets－others:	
Receivables for payment on behalf of others	$ 32,081
Others	72,627
Subtotal	104,708
Other receivables:	
Other receivable－related parties	$ 334,404
Others	99,138
Subtotal	433,542
Total	**$ 772,709**

EVA AIRWAYS CORP.

Statement of changes in financial assets at fair value through other comprehensive income－non-current

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars/ Shares)

Name of financial instrument	Description	Beginning balance		Addition		Decrease		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Ending balance		Collateral
		Share	Fair value	Share	Amount	Share	Amount		Share	Fair value	
Share	Everest Investment Holdings Ltd.	Note 1	$ 16,492	-	-	-	-	1,263	Note 1	17,755	None
Share	Trade-Van Information Services Co.	8,502	278,029	-	-	-	-	35,710	8,502	313,739	None
Share	Central Reinsurance Corporation	35,203	600,211	-	-	-	-	98,569	35,203	698,780	None
Share	UNI Airways Corp	30,344	378,690	6,167	67,890	-	-	7,981	36,511	454,561	None
Share	Evergreen Steel Corp	38,202	1,034,882	-	-	-	-	22,157	38,202	1,057,039	None
Share	Chung Hwa Express Corp	1,000	29,810	-	-	-	-	2,960	1,000	32,770	None
Share	Star Alliance Services Gmbh	-	8,171	-	-	-	-	(1,310)	-	6,861	None
Share	EverFun Travel Service Corp. (Note 2)	-	-	5	61	(5)	(61)	-	-	-	None
			$ 2,346,285		67,951		(61)	167,330		2,581,505	

Note 1: Including 211 thousand shares of common stock and 21 thousand shares of preferred stock.

Note 2: In 2019, the Company gradually acquired the shares of EverFun in cash. The Company's shareholding percentage in EverFun has been increased from 0.05% to 26.48%. Therefore, the Company has significant influence on EverFun.

EVA AIRWAYS CORP.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars/ Shares)

Name	Beginning balance		Addition		Decrease		Exchange differences on translation of investee's financial	Unrealized gains (losses) on financial	Capital	Remeasurements of the net defined	Ending balance			Market price or net assets value		
	Shares	Amount	Shares	Amount	Shares	Amount	statement	instrument	surplus	benefit plans	Amount	Share holdings (%)	Shares	Unit price	Amount	Collateral
Sky Castle Investment. Ltd.	5,500	$ 385,110	-	14,953	-	(41,641)	(13,898)	-	-	-	344,524	100	5,500	-	344,524	None
Evergreen Airways Service (Macau) Ltd.	No issue	162,689	-	112,833	-	(71,636)	(6,136)	48	-	-	197,798	99	No issue	-	197,798	None
PT Perdana Andalan Air Service	41	30,051	-	-	-	(10,733)	921	-	-	(212)	20,027	51	41	-	20,027	None
EVA Flight Training Academy	10,000	753,988	-	-	-	(22,246)	(17,373)	-	-	-	714,369	100	10,000	-	714,369	None
Evergreen Aviation Technologies Corp. (Note 1)	508,929	9,473,422	9,512	2,124,446	-	(777,661)	(2,527)	-	3,757	(22,147)	10,799,290	79.42	518,441	-	10,970,346	None
Evergreen Airline Services Corp.	31,327	857,207	3,133	57,824	-	(9,398)	-	233	-	(40,070)	865,796	56.33	34,460	-	865,796	None
Evergreen Sky Catering Corp.	66,284	2,106,594	6,628	306,201	-	(66,284)	-	-	-	(5,860)	2,340,651	49.8	72,912	-	2,340,651	None
Evergreen Air Cargo Services Corp.	72,750	1,502,758	-	180,537	-	(130,950)	-	-	-	(20,045)	1,532,300	60.625	72,750	-	1,532,300	None
Evergreen Aviation Precision Corp. (Note 1)	120,000	438,718	-	-	(120,000)	(438,718)	-	-	-	-	-	-	-	-	-	None
Hsiang Li Investment Corp.	2,680	57,653	-	2,194	-	(4,339)	-	7,674	-	-	63,182	100	2,680	-	63,182	None
Evergreen Security Corp.	6,336	111,665	-	13,963	-	(9,504)	-	-	-	(1,952)	114,172	31.25	6,336	-	114,172	None
EverFun Travel Service Corp. (Note 2)	-	-	5,505	61,780	-	(5,809)	-	-	-	10	55,981	26.48	5,505	-	55,981	None
Total		$ 15,879,855		2,874,731		(1,588,919)	(39,013)	7,955	3,757	(90,276)	17,048,090					

Note 1: On August 13, 2018, a resolution was approved during the two separate board meetings of Evergreen Aviation Technologies Corp. (EGAT) and Evergreen Aviation Precision Corp. (EGAP) to merge EGAT and EGAP, with EGAT being the surviving company,and EGAP, the dissolved entity. The merger date was set on February 28, 2019.

Note 2: In 2019, the Company gradually acquired the shares of EverFun in cash. The Company's shareholding percentage in EverFun has increased from 0.05% to 26.48%. Therefore, the Company has significant influence on EverFun.

EVA AIRWAYS CORP.

Statement of accounts payable

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
E Company	$ 478,765
F Company	252,197
Others (Note 1)	3,997,015
Total	**$ 4,727,977**

Note 1: The amount of individual vendor included in others did not exceed 5% of the account balance.

Statement of other payables

Item	Amount
Accrued expenses:	
Airport fee payable	$ 1,202,415
Salary and wage payable	1,020,665
Other maintenance payable	767,056
Commission payable	725,871
Ground service fee payable	470,736
Others (Note 1)	3,514,902
Subtotal	7,701,645
Other payables:	
Payables on property, plant and equipment purchased	$ 74,084
Others (Note 1)	178,134
Subtotal	252,218
Total	**$ 7,953,863**

Note 1: The amount of each item in others did not exceed 5% of the account balance.

EVA AIRWAYS CORP.

Statement of contract liablities－current and other current liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Contract liablities－current:	
Deferred ticket services, customer loyalty program and others	**$ 19,820,043**
Other current liabilities:	
Payables for receipts on behalf of others	$ 4,535,848
Restoration obligations	313,317
Others	93,542
Total	**$ 4,942,707**

EVA AIRWAYS CORP.

Statement of bonds payable

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

	Description					Balance
	Guarantee bank	Annual interest rate	Issue Date	Repayment method	Total issue	2019.12.31
The 19th unsecured bond	The Shanghai Commercial & Savings Bank, Ltd.	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	$ 1,000,000
	Bank of Taiwan	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	2,500,000	2,500,000
	Mega International Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	1,000,000
	Taiwan Cooperative Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	1,000,000
	Hua Nan Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	2,000,000	2,000,000
	Chang Hwa Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	1,000,000
The third convertible bond			2017/10	Loan principal repay on the 5th year at expiry date.	7,000,000	6,325,180
Subtotal					15,500,000	14,825,180
Less: Current portion						(10,575,180)
						$ 4,250,000

EVA AIRWAYS CORP.

Statement of long-term borrowings (1)

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Bank	Interest	Period	Amount
Mortgage loan:				
Land construction mortgage loan	KGI Bank	1.26%~1.36%	2015/12/23~2022/12/23	$ 660,000
Land construction mortgage loan	Bank of Taiwan	1.24%~1.35%	2016/01/18~2023/01/18	2,450,000
Subtotal				3,110,000
Aircraft mortgage loan	Hua Nan Commercial Bank	1.37%~1.50%	2014/05/21~2026/05/21	2,245,750
Aircraft mortgage loan	Hua Nan Commercial Bank	1.37%~1.47%	2015/10/27~2027/10/27	2,639,333
Aircraft mortgage loan	Bank of Taiwan	1.19%~1.20%	2008/05/20~2020/05/20	232,975
Aircraft mortgage loan	Bank of Taiwan	1.31%~1.41%	2016/08/30~2028/08/30	3,683,250
Aircraft mortgage loan	Bank of Taiwan	1.31%~1.41%	2014/06/25~2026/06/25	2,159,083
Aircraft mortgage loan	Taiwan Cooperative Bank	1.46%~1.47%	2014/09/01~2026/09/01	1,159,500
Aircraft mortgage loan	Mega International Commercial Bank	1.37%~1.52%	2015/03/27~2027/03/27	1,867,647
Aircraft mortgage loan	Mega International Commercial Bank	1.21%~1.22%	2017/12/28~2029/12/28	2,645,833
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.37%~1.46%	2015/09/30~2027/09/30	2,609,333
Aircraft mortgage loan	Cathay United Bank	1.20%~1.21%	2017/09/22~2029/09/22	2,652,250
Aircraft mortgage loan	First Commercial Bank and other bank group (Note 1)	1.16%~1.17%	2008/06/12~2020/06/12	232,499
Aircraft mortgage loan	Taiwan Cooperative Bank and other bank group (Note 2)	1.16%~1.17%	2009/02/03~2021/02/03	697,967
Aircraft mortgage loan	Bank of Taiwan	1.28%~1.29%	2018/06/29~2030/06/29	3,271,625
Aircraft mortgage loan	E.SUN Bank	1.15%~1.16%	2018/02/23~2030/02/23	3,500,000
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.26%~1.27%	2018/12/11~2030/12/11	3,770,250
Aircraft mortgage loan	Hua Nan Commercial Bank	1.19%~1.19%	2019/12/27~2031/12/27	3,496,000
Aircraft mortgage loan	Taiwan Business Bank	1.22%~1.23%	2019/01/30~2031/01/30	3,833,333
Aircraft mortgage loan	Bank of Taiwan	1.19%~1.19%	2019/06/25~2031/06/25	3,806,213
Aircraft mortgage loan	Bank of Taiwan	1.19%~1.19%	2019/08/15~2031/08/15	3,257,000
Aircraft mortgage loan	Yuanta Commercial Bank	1.19%~1.19%	2019/09/25~2031/09/25	3,545,000
Subtotal				51,304,841

Note 1: Syndicated Loan by First Commercial Bank and other 11 banks.
Note 2: Syndicated Loan by Taiwan Cooperative Bank and other 11 banks.

EVA AIRWAYS CORP.

Statement of long-term borrowings (2)

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Bank	Interest	Period	Amount
Medium and long-term credit loan	Cathay United Bank	1.16%~1.26%	2017/09/19~2022/09/19	$ 375,000
	Bank of Taiwan	2.01%~2.01%	2015/05/28~2020/05/28	50,000
	Bank of Taiwan	1.21%~1.22%	2018/08/14~2023/08/14	800,000
	Chang Hwa Commercial Bank	1.26%~1.27%	2017/05/26~2022/05/26	1,250,000
	O-Bank	1.16%~1.20%	2016/11/25~2021/11/10	240,000
	First Commercial Bank	1.19%~1.19%	2017/06/19~2020/06/19	83,333
	Bank SinoPac	1.16%~1.17%	2017/06/29~2022/06/29	312,500
	Taiwan Business Bank	1.21%~1.22%	2017/06/07~2022/06/07	500,000
	Mega International Commercial Bank	1.21%~1.22%	2017/08/25~2022/08/25	600,000
	E.SUN Bank	1.21%~1.22%	2017/07/12~2020/07/12	375,000
	Land Bank of Taiwan	1.24%~1.25%	2018/01/12~2022/01/12	281,250
	Far Eastern Int'l Bank	1.21%~1.22%	2018/03/30~2023/03/30	437,500
	Bank SinoPac	1.16%~1.17%	2018/09/28~2023/09/28	468,750
	Yuanta Commercial Bank	1.23%~1.24%	2018/11/05~2021/11/05	1,000,000
	Bank of Kaohsiung	1.26%~1.27%	2018/11/09~2023/11/09	440,000
	CTBC Bank	1.16%~1.17%	2018/11/28~2021/11/28	480,000
	KGI Bank	1.16%~1.17%	2018/12/12~2021/09/12	700,000
	Taishin International Bank	1.16%~1.26%	2018/01/26~2021/01/26	1,000,000
	The Export-Import Bank of Republic of China	1.16%~1.16%	2019/03/21~2022/03/21	500,000
	Sunny Bank	1.16%~1.16%	2019/03/28~2022/03/28	800,000
	Taipei Fubon Bank	1.13%~1.13%	2019/07/04~2022/07/04	460,000
	Agricultural Bank of Taiwan	1.15%~1.15%	2019/07/23~2024/07/23	500,000
	DBS Bank (Taiwan) Ltd.	1.12%~1.12%	2019/11/18~2022/11/18	500,000
	Bank of China	1.17%~1.17%	2019/12/05~2022/12/05	600,000
	Bank of Communications	1.13%~1.13%	2019/11/22~2022/11/22	1,200,000
Subtotal				13,953,333
Total				68,368,174
Less: Current portion				(10,856,419)
Total				**$ 57,511,755**

EVA AIRWAYS CORP.

Statement of contract liabilities－non-current and other non-current liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Contract liabilities－non-current:	
Customer loyalty program	**$ 3,220,551**
Restoration obligations	$ 19,494,670
Unrealized gains	171,620
Others	743,618
Total	**$ 20,409,908**

Statement of lease liabilities

Item	Lease term	Discount rate	Ending balance
Land	3 to 19 years	1.15%~1.21%	$ 360,488
Building and structures	1 to 10 years	1.15%~3.30%	767,794
Aircraft	4 to 12 years	2.03%~3.32%	97,838,190
Machinery and equipment	1 to 5 years	1.15%~3.32%	44,891
			$ 99,011,363

Note: The financial statement accounts and amounts of lease liabilities were disclosed in note 6(p).

EVA AIRWAYS CORP.

Statement of operating revenue

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Operating revenue:	
Revenue from passenger services	$ 100,623,028
Revenue from cargo services	25,379,299
Others	9,618,824
Total	**$ 135,621,151**

Statement of operating costs

Item	Amount
Cost of air freight services	$ 69,408,305
Airport operating cost	15,793,571
Traveler service cost	17,343,850
Maintenance cost	10,574,026
Others	4,357,530
Total	**$ 117,477,282**

EVA AIRWAYS CORP.

Statement of operating expenses

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item		Amount
Salary expense	$	5,577,838
Commission expense		1,371,244
Advertising expense		904,732
Depreciation expense		889,713
Others (Note 1)		3,283,476
Total	**$**	**12,027,003**

Note 1: The amount of each item in others does not exceed 5% of the account balance.

Financial assets and liabilities at fair value through profit or loss were disclosed in note 6(b).

Financial assets and liabilities for hedging were disclosed in note 6(c).

Notes and accounts receivable－related parties, other receivables－related parties, accounts payable－related parties and other payables－related parties were disclosed in notes 6(d), 6(e) ,7 and 13.

Non-current assets or disposal group classified as held for sale, net and liabilities related to non-current assets or disposal group classified as held for sale were disclosed in note 6(g).

Statement of changes in property, plant and equipment was disclosed in note 6(j).

Statement of changes in right-of-use assets was disclosed in note 6(k).

Statement of changes in investment property was disclosed in note 6(l).

Statement of changes in intangible assets was disclosed in note 6(m).

Other current assets and other non-current assets were disclosed in note 6(n).

Statement of changes in restoration obligations was disclosed in note 6(q).

Statement of deferred tax assets and liabilities was disclosed in note 6(t).

Statement of net defined benefit liabilities－non-current was disclosed in note 6(s).

Statement of other income was disclosed in note 6(z).

Statement of other gains and losses was disclosed in note 6(z).

Statement of finance costs was disclosed in note 6(z).

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