



A STAR ALLIANCE MEMBER 

# 2020

## 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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Year Ended December 31, 2020

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## I. Letter to Shareholders

Dear Shareholders,

In 2020, the operation of the global aviation industry has encountered severe challenges due to the impact of the COVID-19 pandemic. Travel restrictions, border controls and quarantine regulations are implemented around the world, resulting in drastic decline in passenger demand. Cargo was affected by the suspension of a large number of passenger flights, leading to imbalanced supply and demand for cargo capacity and boost in cargo volume and rate. Nevertheless, the increase in cargo revenue still unable to make up for the loss in passenger revenue, making the overall revenue to drop substantially. In 2020, the annual revenue of EVA Airways was NT\$79.6 billion, with passenger revenue of NT\$24.5 billion, and a record-high cargo revenue of NT\$50 billion.

### **2020 Results**

- **Passenger revenue was NT\$24.5 billion, a decrease of NT\$76.1 billion compared with 2019 or an annual drop of 76%**

The number of passengers in 2020 was 2.33 million people or a decline of 81.8%, giving a passenger load factor of 51.4% and the yield increased by 10.7%. Before the outbreak of the COVID-19 pandemic, passenger revenue performed well. In January, passenger revenue increased by 15% YoY. However, as the epidemic spread, countries around the world implemented strict quarantine and border control measures, causing passenger demand to fall sharply and a drastic decline in passenger revenue. During the epidemic prevention period, EVA Airways fully cooperated with the government's epidemic prevention policies, maintaining only the essential routes to fulfill the traveling needs of people returning to/departing from Taiwan. Moreover, EVA Airways also adjusted the in-flight services, implemented safe traveling plan, and promoted automatic flight check-in service to increase the confidence of passengers in taking the flight.

- **Cargo revenue was NT\$50 billion, an increase of NT\$24.6 billion compared with 2019 or an annual increase of 97%**

The cargo we carried was 700 thousand tons in 2020 an annual increase of 15.3%, the cargo load factor was 87.7% and the yield increased by 74.6%. In response to the imbalance of market supply and demand, in addition to maximize the utilization of air

freighters, measures such as fully utilize the belly capacity of passenger aircraft, deploying passenger aircraft on freighter destinations, loading cargo on passenger cabin seats, carrying cargo in the passenger cabin by removing the seats, etc. were implemented to reduce the impact of the epidemic on the overall revenue.

**■ Optimize fleet composition, with a total of 87 aircraft**

EVA Airways operated 87 aircraft by the end of 2020, including 82 passenger aircraft and 5 freighters. Two new Boeing 787-10s were delivered throughout the year. In response to COVID-19 impact and market changes, we continued to optimize fleet and flight network, EVA Airways has reached agreement with Boeing to reshuffle seven of the 787-10s yet to be delivered to four 787-9s and three 777 freighters.

Aircraft Type	Quantity
777-300ER	34
A330-300	9
A330-200	3
A321-200	24
ATR72-600	2
777F (Freighter)	5
787-9	4
787-10	6
Total	87

**■ Create diversified income and strive for cost-effectiveness**

Rolling out flights-to-nowhere, experiencing camps for crews and chefs, customized services such as blocked extra seats, blocked zones, blocked cabins and charters, and the promotion of EVA SKY SHOP to increase revenue. Furthermore, to reduce the operation cost, EVA Airways has negotiated with airports around the world to lower the operating expenses, applied for relevant salary relief subsidies, negotiated with suppliers to reduce contract prices and adjust preferential payment terms, suspended non-essential system development, equipment procurement and repairing projects, and suspended non-essential commercial campaign and sponsorship activities.

**■ Affiliated companies**

EVA Airways 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\$0.8 billion in 2020.

### **Results vs. Projections**

EVA Airways and subsidiaries estimated total consolidated operating revenue of NT\$163.06 billion for 2020 and actually achieved NT\$89.05 billion, surpassing our goal with 54.61%. Expected net profit before taxes was NT\$9.64 billion and actual loss before taxes amounted to NT\$4.32 billion.

### **Analysis of Financial Results and Profitability**

EVA Airways and subsidiaries reported consolidated operating revenue of NT\$89.05 billion for 2020, a 50.9% decrease over the previous year. Consolidated operating expense was NT\$89.88 billion, a 47.7% decrease over the previous year.

#### **Profitability analysis (consolidated):**

Return on assets: 0.2%

Return on equity: -4.2%

Profit margin: -3.7%

Loss per share: NT\$0.69

### **Research and Development**

1. In response to the trend of mobile technologies and to meet the diverse needs of passengers, EVA Airways has completed the renovation of our official website. We created an optimal cross-device visual interface for our passengers to enjoy their traveling experience at every moment of their journey with these delicate and well-designed digital services.
2. To comply with the New Distribution Capability (NDC) standard promoted by the International Air Transport Association (IATA) in recent years, EVA Airways has established the NDC function that integrates with the passenger reservation system to provide customers with instant and diversified high-quality products and services.
3. Since the cross-industry cooperation partners of the Infinity MileageLands of EVA Airways continue to increase, including hotel/car rental, banking and insurance businesses, to speed up the preparation time for the cooperation between the parties involved and shorten the development time for adjusting the program of each new cooperation project, a cross-industry cooperation platform module was constructed in 2020 to set business rules based on the Rule Engine approach. Once the platform module is online, cooperation between the two parties can be carried out.
4. EVA Airways has improved its capability of information security governance and cyber defense conducted in 2020. Focused on reinforce security control mechanism and the protection of payment card transaction-related applications and the

cardholder data. Meanwhile, the company has enhanced the resilient information security practice, to aim precisely prevent and predict, immediately detect, and quickly respond to a security incident before, during, and after the incident.

5. In response to the growth of e-commerce and mail order demand and to get a hold on the real-time air freight rates as well as the changes in mail volume, EVA Airways has completed the development of the freight and mailbag rate management system, which can flexibly and efficiently adjust the flight cabin and airmail rates, improving management efficiency to maximize the profit.
6. In response to the development trend of mobile technologies and to meet the diverse needs of air freight forwarders, EVA Airways has completed the revision of its website for freight services, which is designed based on user experience. The website incorporated traffic data analysis and utilized customer experience to create an optimized cross-device visual interface, providing air freight forwarders instant, convenient and comprehensive digital services.
7. To effectively predict the in-flight fuel, formulate fuel strategy, monitor changes in aircraft performance, analyze the best route, improve crew training, and gain insight into flight safety factors, the QAR datalake and the QAR big data analysis platform were completed in this project. Under the optimization of system performance and maintenance costs, the voyage history can be completely retained, and the QAR big data storage capacity was expanded. The big data analysis technology is effectively used to successfully promote the development of aircraft-related business.
8. To improve the overall network service, quality and management, EVA Airways completed the implementation of a new generation core network. The new network is design with the goal of achieving centralized network management, optimized cable management, enhanced network redundancy and stability and also network security, while proving high-speed network service.
9. EVA Airways designed and implemented the next generation intelligent wireless management platform, built with multiple wireless network redundancy, as well as integrating multiple wireless software and hardware management solutions, in order to improve the internal and guest wireless network needs of the company, while achieving the goal of improving centralized management, and wireless network stability and security.



## **2021 Preview**

### **Operating Objectives**

1. Implement the core values of “safety, service, and sustainability”: Based on the existing safety structure, EVA Airways will continue to strengthen flight security, ground security, food safety and information security and improve service quality. By adhering to the UN Sustainable Development Goals (SDGs), EVA Airways is committed to promoting sustainable economic, environmental and social activities, fulfilling corporate social responsibilities, and developing towards sustainable goals.
2. Strengthen the capacity of regional routes and maintain the connection of the flight network: With the release of vaccines, the border control policies for countries around the world are expected to be eased, to accelerate the recovery of business activities. To grasp the returning business opportunities after the pandemic, the global flight network will be strengthened. In addition, by combining with the resources of Star Alliance partners, the benefits of flight network connection can be unleashed, bringing convenient services to the customers and becoming the airline favored by passengers.
3. Use smart technology to improve the flight experience: To comply with the trend of green travel and zero contact in the post-pandemic period, smart technology will be adopted to simplify the boarding process, reduce personnel contact and maintain flight safety, providing passengers with safe and convenient traveling experience.
4. Fleet renewal: Three 787-10s and three 777 freighters are scheduled to be delivered in 2021. The total fleet will reach 93 aircraft by the end of 2021.

### **Operational Adjustments In Response To The COVID-19 Pandemic**

According to the forecast issued by the International Air Transport Association (IATA) in April 2021, owing to the increase of vaccination in developed countries and the popularization of virus test, economic recovery in scale is expected in the second half of 2021 to boost the demand back to the level in 2019, 34%. However, since the trend of demand in 2021 is exactly the opposite of that in 2020, the demand in the beginning of 2020 was strong, followed by a weak demand, whereas the demand in the beginning of 2021 was weak and will start to rise in the second half of the year. It is projected that the international air travel demand in 2021 will maintain at the same level as in 2020.

#### **Passenger Business:**

1. In the first half of 2021, the fleet will be flexibly dispatched and essential flights will be maintained based on the border regulations of various countries and route characteristics. In the second half of 2021, depending on the recovery of business

activities, essential routes will be gradually strengthened, and tourism routes will be gradually restored.

2. Based on the market demand and the source structure passengers, flights will be flexibly adjusted to maintain the structure of flight network, gathering passengers for transportation. During the epidemic, the rates of flight tickets will be flexibly adjusted depending on different sources of direct flight and transfer passengers. Moreover, services will be provided to special passengers such as foreign workers and crews, offering products with rates depending on the market demand.
3. Continue to observe the development and demand of tourism after the pandemic and organize diversified products such as special chartered flights, blocked extra seats and blocked cabins. Adjust the type of aircraft flexibly according to market trends to expand and meet the needs of different sources of passengers.

### **Cargo Business:**

1. Maximizing the cargo capacity of passenger aircraft and freighters: Due to the epidemic, passenger flights have been canceled substantially. The freighter fleet and available capacity on passenger aircraft will be fully utilized for cargo delivery.
2. Optimizing the freighter network to further enhance their efficiency: Adjusting the proportion of long-haul and short-haul freighter routes to optimize the flight network, improving the efficiency of freighters.
3. The major air freight market will maintain operating by wide-body aircraft: Major air freight market in Southeast Asia, Northeast Asia, Hong Kong, and China will maintain operating wide-body aircraft to increase efficiency.
4. Seize the business opportunities for charters and blocked capacity: In response to the manufacturers' project and urgent cargo needs, chartered flights and blocked capacity will be provided.

### **Future Development Strategies and Important Marketing Policies**

1. Fleet planning: To enhance the service of medium and long-haul flights, we will bring in twenty-one 787s by the end of 2023 after successfully introducing the new generation 787s in 2018. As for the freighters, all five 777 freighters have come into service. To further enhance the competitiveness in cargo service, EVA Airways has reached an agreement with Boeing to reshuffle seven of the 787-10s yet to be delivered to three 777 freighters and four 787-9s. In addition, in response to the development of the epidemic, EVA Airways also re-examined the network and the changes in passenger and cargo demand to optimize the fleet composition. Part of the A321 and A330 fleet will be phased out from 2022. EVA Airways will consider

the follow up plan by studying on the occasion to the market demand for sustainability and business strategy at the time.

2. Maintain regional transportation capacity and bring out the benefits of the hub:
  - (1) With Taiwan as the hub, adjust the flight network deployment based on the global business activities and the degree of border control. Restore first the flight routes demanded for business activities and family visits to increase the economic benefits of the flight network, providing passengers with convenient and economical flights.
  - (2) With the recovery of economic activities, the frequency of flights for essential routes will be increased and the capacity of tourist routes will be restored based on the demand to boost regional capacity, and facilitate the transfer of passengers with connected flights. In addition, new flight routes will be opened for markets with potential passenger and cargo development in Southern Europe and Southeast Asia, such as Milan, Penang and the Clark route to increase the competitiveness of the hub.
3. Adjust the fleet flexibly and optimize the flight route revenue:
  - (1) With the releasing of vaccines, the market is gradually returning to the right track. To enhance the competitiveness of the flight routes, the 787 fleet will be adjusted to strengthen operation revenue based on the degree of border control in various countries and the delivery schedule of new aircraft. By the end of 2021, two 787 aircraft will be assigned for operation at Songshan Airport to replace the existing two A333 aircraft.
  - (2) Both the passenger and cargo demand for the European routes are equally important. The 777 or 787 aircraft with better benefits will be dispatched flexibly to enhance the efficiency of the flight routes.
4. Design products with additional services to enhance the ticket-purchase experience:

Design products with diversified services to meet various traveling needs of passengers. Provide accurate services to customers by using the intelligent networking system, improving the ticket-purchase experience, strengthening passenger adhesion, and achieving the goal of one-stop service.
5. Utilize artificial intelligence and biometric technology to improve automated services:
  - (1) The use of technological systems to optimize the processes of various services is the future trend. EVA Airways is currently participating in the U.S. Biometric Exit Program, taking the lead in providing facial recognition for boarding services at San Francisco Airport, which in turn reduces personnel contact,

simplifies boarding operations, and ensures the health and safety of passengers.

(2) With the help of biometric technology from alliance partners, “touchless” customs clearance and boarding operations were developed. With the establishment of various airport facilities, the development of automated services is accelerated. Biometric technology can be applied to seat reservation, luggage check-in, customs clearance and lounge access, etc., providing passengers with a safe and convenient flight experience.

6. Strengthen the cooperation with alliance partners: Through Star Alliance network, mileage reward program, ticket products and global corporate account sales mechanism, more premium customers will be attracted to EVA Airways. Moreover, through joint procurement, practice exchange system co-development and resource sharing with member airlines, operating costs can be reduced, and efficiency can be improved.

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. 13 of these airlines are members of Star Alliance, and one is the connecting partner of Star Alliance.

7. Expand cold storage facility and actively participate in the vaccine-related delivery. In response to the launch of vaccines, EVA Airways collaborated with professional temperature-controlled manufacturers to provide shippers the required delivery, with a temperature-controlled range to reach as low as  $-80^{\circ}\text{C}$ . Vaccine-related manufacturers can utilize the cold storage facility and the flights of EVA Airways to transport their products to places around the world.

8. Actively gathered cargos from diversified sources: Besides focusing on major air cargos such as mobile devices and e-commerce products, EVA Airways will strengthen the development of cold chain goods such as food ingredients and precision electronic components, as well as mobile networks, automation, AI (artificial intelligence), epidemic prevention materials, and electronic network & communication products, etc.

9. Continue to promote electronic cargo services: To comply with IATA’s initiative in the use of electronic air waybill (e-AWB), as of the end of 2020, the penetration of e-AWB for EVA Airways has reached 75.6%. In the future, EVA Airways will continue to expand the scope of the electronic cargo services.

## **Impact of External Competition, Legal Issues and Overall Operating Environment**

### **External Competition**

Due to the COVID-19 pandemic in 2020, the global economy, aviation industry and tourism industry were severely hit. According to the latest data from IATA, the aviation industry lost approximately US\$126.4 billion in 2020, and the overall demand declined by 66% compared with that in 2019. In just a few months during the epidemic, 21 years of growth in the aviation industry have been wiped out, slamming directly the passenger volume down to the level of 1999. More than 40 airlines have completely stopped or suspended their operations. After the pandemic, the global aviation market will be reshuffled.

### **Legal Environment**

1. The political and economic situation as well as the policy stability will directly affect the rise and fall of the passenger and cargo market for the aviation industry.
2. The revision of relevant regulations for flight crews and the harmony of the employer-employee relations will have a direct impact on the operation and the operating costs of the aviation industry. For example, since January 1, 2021, the Centers for Disease Control (CDC) requires crew members after long-haul flights or from other countries to complete a 7-day home quarantine when entering Taiwan and have negative result for the COVID-19 PCR test before they can enter the community, and from the 8th to the 14th day, they shall follow the enhanced version of the self-health management practice. Such regulation seriously affected the scheduling of airline crews and flight planning, making the aviation market even worse.

### **Overall Operating Environment**

1. In 2020, the global economy was affected by strict control measures, such as city lockdown, border control and restriction of personal activities, implemented by various countries to prevent the spread of the epidemic. With the releasing of vaccines and the resume of economic activities in various countries, most international institutions predict that the global economy will gradually recover in 2021, and economic growth will be better than that in 2020. Domestic institutions estimate that Taiwan's economic growth in 2021 will outperform that before the epidemic, expecting to bring positive effect for the aviation industry in terms of import and export.

2. With the dual effects of extended travel restrictions and economic shrinkage in certain countries, the impact of the epidemic on the world continues to grow. If the border controls for some countries are eased in 2021, IATA predicts that the total number of passengers will increase compared with 2020, rising from 0.6 billion to 2.4 billion people, while the passenger revenue is expected to reach about US\$231 billion. Although improvement compared with 2020 can be expected, the road to recovery is long and difficult. It is projected that the number of passengers will reach the level of 2019 in 2024 at the earliest. Due to the slow recovery of the belly compartment capacity of passenger planes, the transportation capacity continues to be limited. With the increasing demand of vaccine delivery, cargo market will continue to show strong performance. It is expected that the cargo volume will increase to 63.1 million tons, which will boost the cargo revenue in 2021 to a record high of US\$152 billion.

Facing with such difficult operation challenges, all employees of EVA Airways have not only implemented the required epidemic-prevention policies, but also adopted various contingency measures based on changes in the passenger and cargo markets to reduce the substantial impact bring about by the epidemic. In the future, EVA Airways will continue to pay close attention to market changes, strengthen operational management, strive for cost-effectiveness, and stabilize financial conditions to prepare for the recovery of the market in the post-pandemic era.

Chairman

Lin, Bou-Shiu

## **II. Company Profile**

Date of Incorporation: April, 07, 1989

Location: No. 376, Sec. 1, Hsin-Nan Rd., Luchu 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 60<sup>th</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> “Best White” and 5<sup>th</sup> “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 6<sup>th</sup> 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 1<sup>st</sup> 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 8<sup>th</sup> of “World Best Airline”, “Best Transpacific Airline”, “Best Business Class Comfort Amenities” as well as the 3<sup>rd</sup> “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 fifteen 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 6<sup>th</sup> among “The World’s Top Ten Best Airlines”.
- EVA was listed 10<sup>th</sup> of 2017 “The World’s Best International Airlines” on the Travel + Leisure Magazine.
- 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 5<sup>th</sup> 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 5<sup>th</sup> 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 3<sup>rd</sup> 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 6<sup>th</sup> 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 8<sup>th</sup> 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 3<sup>rd</sup> of “World’s Top-20 Safest Airlines” for seven consecutive years.
- EVA was recognized the 9<sup>th</sup> of “World’s Safest Airlines” by AERO International, a magazine in Germany.
- EVA was listed 4<sup>th</sup> of 2020 “The World’s Best International Airlines” on the Travel + Leisure Magazine.
- TripAdvisor recognized EVA “World’s Top-10 Best Airlines”, “World’s Best Business Class”, “Best Airline in Asia”, “Best Business Class in Asia” and “Best Premium Economy Class in Asia”.
- EVA was awarded “Corporate Sustainability Report – Transportation Platinum Award” and “Corporate Comprehensive Performance – Taiwan TOP50 Corporate Sustainability Award”.
- EVA was recognized ESG A class for two consecutive years by MSCI.
- EVA took part in U.S. Biometric Exit Program and took the lead in launching the facial recognition system at San Francisco International Airport to speed up boarding process.

## **2021**

- EVA Air ranked 9<sup>th</sup> among “The World’s Top-20 Safest Airlines” by AERO International, a magazine in Germany.
- AirlineRatings.com recognized EVA the 6<sup>th</sup> of “World’s Top-20 Safest Airlines”, “World’s Top Twenty COVID-19 Compliant Airlines” with “Seven Star Certification for COVID-19 Epidemic Prevention”.
- EVA Air is actively participating in the development of various health digital verification platforms and joining Singapore Changi Airport in a pilot program that uses a digital platform to verify passengers’ Polymerase Chain Reaction (PCR). EVA Air is evaluating introduction of digital systems on other routes based on trial outcomes to accelerate the confirmation of passenger health information.

### **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 adopts electronic voting for Annual General Shareholders Meeting. Shareholders could participate in voting by electronic way. The shareholders rights are 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.

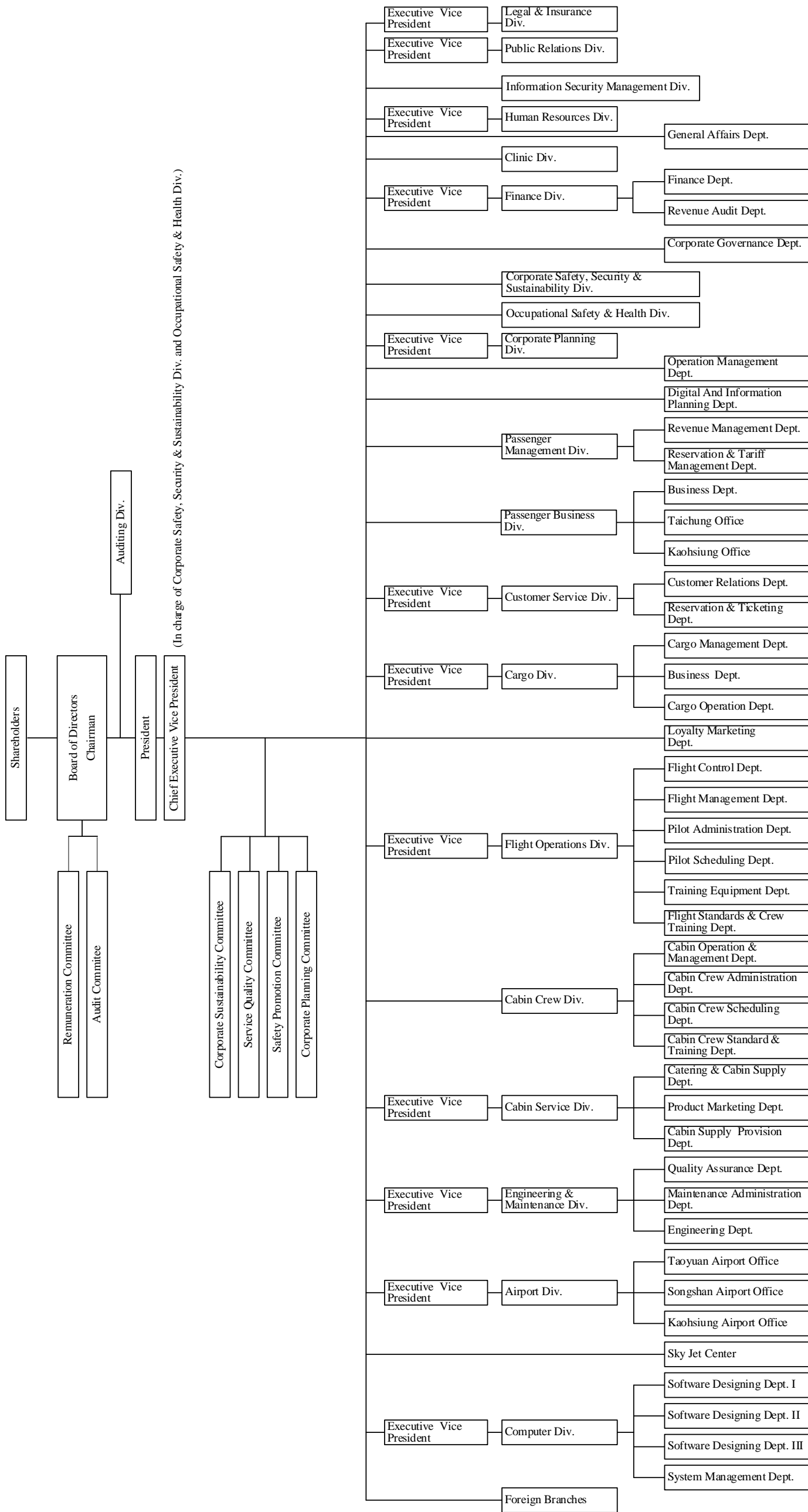
Based on the principle of integrity in management, the Company continues to promote corporate governance. Its outstanding performance has been recognized in the 7<sup>th</sup> Corporate Governance Evaluation Award for TWSE-listed and TPEX-listed Companies of year 2020, ranking in the top five percent of all listed companies. In 2020, the Company was also awarded "Corporate Sustainability Report--Transportation Platinum Award" and "Corporate Comprehensive Performance--Taiwan TOP50 Corporate Sustainability Award", thus evidencing the Company's excellent performance in corporate governance and corporate social responsibility.

The Company's Board of Directors is composed of nine directors, including three independent directors (one of them shall be an Independent Director Undertaking Public Welfare). 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. 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**





### 3.1.2 Major 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.

Department	Functions
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.
Corporate Governance Dept.	Responsible for handling corporate governance affairs such as board meetings, shareholders' meetings affairs.
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.

Department	Functions
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.
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

April 30, 2021

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Chairman	R.O.C.	Evergreen Marine Corp. (Taiwan) Ltd.	-	2020.05.27	3 Years	1989.03.31 (Note 5)	776,541,111	16.00	776,541,111	15.44	-	-	0	0.00	-	-	-	-	-
	R.O.C.	Representative: Lin, Bou-Shiu	Male	2020.05.27	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	<b>Chairman:</b> Hsiang-Li Investment Corp. <b>Director:</b> 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 Marine Corp. (Taiwan) Ltd.	-	2020.05.27	3 Years	1989.03.31 (Note 5)	776,541,111	16.00	776,541,111	15.44	-	-	0	0.00	-	-	-	-	-
	R.O.C.	Representative: Chen, Hsien-Hung	Male	2021.02.01	2.4 Years	2017.06.26 (Note 7)	0	0.00	439	0.00	0	0.00	0	0.00	Chairman, Uni Airways Corporation Director & President, EVA Airways Corp. Bachelor of Diplomacy, National Chengchi University	<b>Chairman:</b> EverFun Travel Services Corp.	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Director	R.O.C.	Evergreen International Corp.	-	2020.05.27	3 Years	1993.04.30 (Note 8)	549,262,304	11.32	549,262,304	10.92	-	-	0	0.00	-	-	-	-	-
	R.O.C.	Representative: Ko, Lee-Ching	Female	2020.05.27	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	<b>Chairman:</b> Evergreen International Corp. Evergreen (Shanghai) Hotel Limited <b>Director:</b> 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., Chang Yang Development Corp., Evergreen Marine (Singapore) Pte. Ltd., Greencompass Marine S.A., Gaining Enterprise S.A., Evergreen Insurance Co., Ltd. <b>Supervisor:</b> Ever Reward Logistics Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Hsin Yung Enterprise Corp., Ever Ecove Corp. <b>Director and Manager:</b> Evergreen International S.A.	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Director	R.O.C.	Representative: Tai, Jjin-Chyuan	Male	2020.05.27	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	<b>Director and President:</b> Evergreen International Corp. <b>Director:</b> Evergreen Marine Corp. (Taiwan) Ltd., 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 Cove Corp., Super Max Engineering Enterprise Corp., Evergreen (Shanghai) Hotel Limited, Colon Container Terminal S.A., Evergreen Container Terminal (Thailand) Ltd., Evergreen Insurance Co. Ltd., Evergreen International Hotel Property (Bangkok) Co., Ltd.	-	-	-
Director	R.O.C.	Evergreen Logistics Corp.	-	2020.05.27	3 Years	2020.05.27	100,000	0.00	100,000	0.00	-	-	0	0.00	-	-	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
	R.O.C.	Representative: Sun, Chia-Ming	Male	2020.05.27	3 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	<b>President:</b> EVA Airways Corp. <b>Director:</b> Evergreen Sky Catering Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Evergreen Aviation Technologies Corp., Hsiang-Li Investment Corp.	-	-	-
	R.O.C.	Representative: Liao, Chi-Wei	Male	2020.05.27	3 Years	2020.05.27	0	0.00	95,560	0.00	6,725	0.00	0	0.00	Senior Vice President, Corporate Planning Division of EVA Airways Corp. Master of Marine Biology, National Sun Yat-Sen University	<b>Executive Vice President:</b> Corporate Planning Div., EVA Airways Corp.	-	-	-



Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Independent Director Undertaking Public Welfare	R.O.C.	Chien, You-Hsin	Male	2020.05.27	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	<b>Independent Director:</b> Far Eastern Department Stores, Ltd. (FEEDS) <b>Director:</b> KD Holding Corp.	-	-	-

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Tenure	Date of Initial Election, Appointment (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		
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation
Independent Director	R.O.C.	Hsu, Shun-Hsiung	Male	2020.05.27	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 <b>Director:</b> YMH International Co., Ltd., YMH Risk Management Consultant Ltd.	-	-	-
Independent Director	R.O.C.	Wu, Chung-Pao	Male	2020.05.27	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	<b>Chairman:</b> Protech Systems Co., Ltd. <b>Independent Director:</b> Marketch International Corp. <b>Director:</b> 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 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 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. Chen, Hsien-Hung has served as a director of the Company from 2017.06.26 to 2017.12.31 and from 2021.02.01 till present.

Note 8: 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 9: Ms. Ko, Lee-Ching has served as a supervisor of the Company from 1992.05.02 to 2012.03.18 and serves as a director of the Company from 2012.03.19 till present.

Note 10: The Company had issued 4,853,569,490 shares when current Board of Directors was elected on 2020.05.27. As of 2021.04.30, the Company has issued 5,030,220,875 shares.

Note 11: 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	Ko, Lee-Ching	Female	✓	✓	✓					
Director	Tai, Jjin-Chyuan	Male	✓	✓		✓				
Director	Chen, Hsien-Hung	Male	✓	✓						
Director	Sun, Chia-Ming	Male	✓	✓					✓	
Director	Liao, Chi-Wei	Male	✓	✓					✓	
Independent Director Undertaking Public Welfare	Chien, You-Hsin	Male	✓	✓			✓	✓		✓
Independent Director	Hsu, Shun-Hsiung	Male	✓	✓	✓				✓	
Independent Director	Wu, Chung-Pao	Male	✓	✓			✓			

## **Chart 1: Major Shareholders of the Institutional Shareholders**

April 30, 2021

<b>Name of Institutional Shareholder (Note 1)</b>	<b>Major Shareholders of Institutional Shareholder (Note 2)</b>
Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Sheng Shi Corporation (18.00%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%) Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Chang Yung-Fa Charity Foundation (5.00%) Chang, Yung-Fa (5.00%) Yang, Mei-Chen (4.60%) Scept Corporation (0.50%)
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama) (7.43%) Chang, Kuo-Hua (6.06%) Evergreen International Corp. (4.98%) Chang, Yung-Fa (3.43%) Chang, Kuo-Ming (2.22%) New Labor Pension Fund (1.22%) Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account (0.98%) J.P. Morgan Securities PLC (0.93%) Yang, Mei-Chen (0.90%) Chang, Kuo-Cheng (0.89%)
Evergreen Logistics Corp.	Round The World S.A. (81.00%) Evergreen International Corp. (19.00%)

Note 1: If the directors and supervisors are institutional shareholders, please disclose the name of institute.

Note 2: 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.

Note 3: If the institutional shareholder is not company organization. The major shareholders of institutional shareholder that should be disclosed are the donors and its donation ratio.

Note 4: Information is provided by institutional shareholders, Department of Commerce MOEA or Market Observation Post System (MOPS).

## Chart 2: Major Shareholders of the Company's Major Institutional Shareholders

April 30, 2021

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Evergreen International Corp.	Chang Yung-Fa Foundation (Note 6)	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. Eversafy Container Terminal Corp. Evermaster Industrial Corp. Evergenius Computer Information Corp. Everlaural Trading Corp. Ltd. Uniglory Marine Corp.
	Sheng Shi Corporation	Chang, Kuo-Cheng (92.44%) Tseng, Chiung-Hui (7.56%)
	Chang Yung-Fa Charity Foundation (Note 7)	Chang, Yung-Fa (33.33%) Chang, Kuo-Hua (33.33%) Cheng, Shen-Chih (33.33%)
	Scept Corporation	Yang, Mei-Chen (97.31%) Chang, Sheng-En (2.69%)
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%) Sheng Shi Corporation (18.00%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%)

<b>Legal Entity (Note 1)</b>	<b>Name of Institutional Shareholders (Note 2)</b>	<b>Major Shareholders of Institutional Shareholders (Note 3)</b>
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International Corp.	Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Chang Yung-Fa Charity Foundation (5.00%) Chang, Yung-Fa (5.00%) Yang, Mei-Chen (4.60%) Scept Corporation (0.50%)
	New Pension Labor Fund	N/A
	Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	N/A
	J.P. Morgan Securities PLC	N/A
Evergreen Logistics Corp.	Round The World S.A.	Evergreen International S.A. (Panama) (100.00%)
	Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Sheng Shi Corporation (18.00%) Chang, Kuo-Hua (12.90%) Chang, Kuo-Ming (12.17%) Lee, Yu-Mei (7.14%) Chen, Hui-Chu (5.81%) Chang Yung-Fa Charity Foundation (5.00%) Chang, Yung-Fa (5.00%) Yang, Mei-Chen (4.60%) Scept Corporation (0.50%)

Note 1: Name of the institutional shareholders of chart 1.

Note 2: Name of the major shareholder of institutional shareholders of chart 1.

Note 3: The major shareholders of the institutional shareholder (for those holding more than 10% shares) and its shareholdings percentage should be disclosed.

Note 4: If an institutional shareholder is not organized as a company, the major shareholders of institutional shareholder that should be disclosed are the donors and its donation ratio.

Note 5: Information is provided by institutional shareholders, Department of Commerce MOEA or Market Observation Post System (MOPS).

Note 6: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Foundation.

Note 7: 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

April 30, 2021

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
Ko, Lee-Ching			✓	✓		✓	✓		✓	✓		✓	✓		✓	0
Tai, Jiin-Chyuan			✓	✓		✓	✓		✓	✓		✓	✓		✓	0
Chen, Hsien-Hung			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Sun, Chia-Ming			✓			✓	✓	✓	✓		✓	✓	✓	✓		0
Liao, Chi-wei			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chien, You-Hsin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Hsu, Shun-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wu, Chung-Pao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

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 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 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 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 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 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

APR 30, 2021

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			Rem -atk
					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	0.007	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	12,271	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.	-	-	-	-
Executive Vice President, Corporate Planning Div.	R.O.C.	Liao, Chi-Wei	Male	2016.03.22	95,560	0.002	6,725	0	0	0	Master of Marine Biology, National Sun Yat-Sen University President (Junior Vice President), EZFLY.COM 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			Rem -atk
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
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	24,421	0.000	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	40,554	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.	Huang, Shih-Ming	Male	2013.04.01	38,941	0.001	3,195	0	0	0	Bachelor of Naval Architecture and Marine Engineering, National Cheng Kung 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-Shiannng	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	30,588	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.	-	-	-	-	-
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	-	-	-	-	-

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			Rem -atk
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President, Finance Div. Finance Dept. (Accounting Officer)	R.O.C.	Chiang, Chin-Lan	Female	2015.01.01	22,088	0.000	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, Corporate Governance 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, Corporate Governance 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	3,843	0.000	0	0	0	0	Bachelor of Mechanical Engineering, Feng Chia University	-	-	-	-	
Senior Vice President, Passenger Management Div.	R.O.C.	Pan, Hsin-Hsiu	Male	2018.01.01	0	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	4,996	0.000	0	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	58,000	0.001	17,000	0	0	0	Bachelor of Mechanical Engineering, Tamkang University	-	-	-	-	
Senior Vice President, Cabin Crew Div. Cabin Crew Administration 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 Scheduling 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	-	-	-	-	

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			Rem -atrk
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President, Cabin Crew Div. Cabin Crew Standard & Training Dept.	R.O.C.	Hsu, Ping	Male	2020.01.01	37,739	0.001	0	0	0	0	Bachelor of Psychology, National Taiwan University	-	-	-	-	
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, 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, Evergreen Aviation Manager, Evergreen Aviation Technologies Corp.	-	-	-	-	
Senior Vice President, Airport Div. Taoyuan Airport Office	R.O.C.	Yu, Chia-Chieh	Male	2017.01.01	40,878	0.001	0	0	0	0	Bachelor of International Business, Soochow University	-	-	-	-	
Senior Vice President, Airport Div. Songshan 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	16,236	0.000	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	0	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	1,000	0	0	0	Bachelor of English Language and Literature, Soochow University	-	-	-	-	
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	71,815	0.001	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	-	-	-	-	

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			Rem -atk
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Deputy Senior Vice President, Passenger Management Div. Revenue Management Dept.	R.O.C.	Tseng, Wen-Chiang	Male	2015.09.01	20,587	0.000	0	0	0	0	Bachelor of Journalism, Chinese Cultural 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, Cargo Div. Business Dept.	R.O.C.	Chang, Ming-Hung	Male	2014.01.01	38,000	0.001	0	0	0	0	Bachelor of International Trade, Tunghai University	-	-	-	-	
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	74,773	0.001	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, Cabin Service Div. Cabin Supply Provision 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, Engineering & Maintenance Div. Quality Assurance Dept.	R.O.C.	Lin, Wen-Ji	Male	2019.01.01	27,720	0.001	4,422	0	0	0	Bachelor of Aeronautical Engineering, Feng Chia University Junior Vice President, Evergreen Aviation Technologies Corp.	-	-	-	-	
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.	Huang, Chun-Hsiung	Male	2018.01.01	281	0.000	0	0	0	0	Bachelor of Electrical Engineering, Tamkang University	-	-	-	-	
Deputy Senior Vice President, Airport Div. Kaohsiung 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	-	-	-	-	

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			Rem -ark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
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	10,735	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), 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.	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	-	-	-	-	
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 Transportation Engineering and Management, Institute of Civil Engineering, National Yang Ming 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, 2020  
Unit: NT\$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)			Relevant Remuneration Received by Directors Who are Also Employees				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)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Remuneration to Directors (C) (Note 3)		Allowances (D) (Note 4)		Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Salary, Bonuses, Allowances (E) (Note 5)		Severance Pay (F)		Employees' Compensation (G) (Note 6)		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)	Cash	Stock	EVA			Consolidated Subsidiaries of EVA (Note 7)
Chairman	Evergreen Marine Corp. (Taiwan) Ltd. Representative : Lin, Bou-Shiu	5,698	5,698	-	-	1,500	48	48	(0.17%)	(0.22%)	-	-	-	-	-	(0.17%)	(0.22%)	570	
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative : Chang, Kuo-Hua	-	-	-	-	-	24	24	0.00%	0.00%	-	-	-	-	-	0.00%	0.00%	1,587	
Director	Evergreen International Corp. Representative : Ko, Lee-Ching	-	-	-	-	500	48	48	0.00%	(0.02%)	-	-	-	-	-	0.00%	(0.02%)	1,130	
Director	Evergreen International Corp. Representative : Tai, Jim-Chyuan	-	-	-	-	1,000	48	48	0.00%	(0.03%)	-	-	-	-	-	0.00%	(0.03%)	1,020	
Director	Evergreen Logistics Corp. Representative : Sun, Chia-Ming	-	-	-	-	1,500	48	48	0.00%	(0.05%)	4,146	4,146	-	-	-	(0.12%)	(0.17%)	-	
Director	Evergreen Logistics Corp. Representative : Liao, Chi-Wei	-	-	-	-	-	24	24	0.00%	0.00%	3,172	3,172	274	274	-	(0.10%)	(0.10%)	-	
Former Director	Evergreen International Corp. Representative : Chang, Kuo-Cheng	-	660	660	-	-	-	-	(0.02%)	(0.02%)	-	-	-	-	-	(0.02%)	(0.02%)	4,707	
Former Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative : Wu, Kuang-Hui	-	-	-	-	24	24	24	0.00%	0.00%	-	-	-	-	-	0.00%	0.00%	100	
Independent Director undertaking Public Welfare	Chien, You-Hsin	960	960	-	-	-	60	60	(0.03%)	(0.03%)	-	-	-	-	-	(0.03%)	(0.03%)	-	
Independent Director	Hsu, Shun-Hsiung	960	960	-	-	-	60	60	(0.03%)	(0.03%)	-	-	-	-	-	(0.03%)	(0.03%)	-	
Independent Director	Wu, Chung-Pao	960	960	-	-	-	60	60	(0.03%)	(0.03%)	-	-	-	-	-	(0.03%)	(0.03%)	180	

Note 1: 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.

Note 2: Except for the disclosed information above, the directors received remuneration due to providing service (e.g. 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, 2020  
Unit: NT\$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C)		Employees' Compensation (D) (Note 4)			Ratio of total compensation (A+B+C+D) to net income(%) (Note 8)		Compensation from an Invested Company Other than the Company's Subsidiaries (Note 9)	
		EVA	Consolidated Subsidiaries of EVA (Note 5)	EVA	Consolidated Subsidiaries of EVA (Note 5)	EVA	Consolidated Subsidiaries of EVA (Note 5)	EVA	Consolidated Subsidiaries of EVA (Note 5)	Cash	Stock	EVA		Consolidated Subsidiaries of EVA (Note 5)
President	Sun, Chia-Ming	3,504	3,504	-	-	690	2,190	-	-	-	-	(0.12%)	(0.17%)	-
Chief Executive Vice President	Ho, Ching-Sheng	3,055	3,055	131	131	590	590	-	-	-	-	(0.11%)	(0.11%)	-
	Chen, Chi-Hung	3,557	3,557	157	157	301	301	-	-	-	-	(0.12%)	(0.12%)	-
	Tsai, Ta-Wei	2,756	2,756	247	247	430	930	-	-	-	-	(0.10%)	(0.12%)	-
	Liao, Chi-Wei	2,730	2,730	274	274	466	466	-	-	-	-	(0.10%)	(0.10%)	-
	Hsu, Hui-Sen													
	Chen, Yao-Min													
	Hsiao, Chin-Lung													
	Li, Shyh-Liang													
	Lu, Yu-Chuan													
Executive Vice President	Chuang, Shih-Hsiung	28,903	28,903	1,679	1,679	5,233	5,233	-	-	-	-	(1.07%)	(1.07%)	-
	Chen, Yeou-Yuh													
	Chang, Jang-Tsang													
	Huang, Sheh-Ming													
	Yeh, Shih-Chung													
	Fang, Gwo-Shiang													
	Kuo, Chun-Yi													

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	Huang, Sheh-Ming Kuo, Chun-Yi	Huang, Sheh-Ming Kuo, Chun-Yi
NT\$2,000,000 ~ NT\$3,499,999	Hsu, Hui-Sen Chen, Yao-Min Hsiao, Chin-Lung Li, Shyh-Liang Lu, Yu-Chuan Chuang, Shih-Hsiung Chen, Yeou-Yuh Chang, Jang-Tsang Yeh, Shih-Chung Fang, Gwo-Shiannng	Hsu, Hui-Sen Chen, Yao-Min Hsiao, Chin-Lung Li, Shyh-Liang Lu, Yu-Chuan Chuang, Shih-Hsiung Chen, Yeou-Yuh Chang, Jang-Tsang Yeh, Shih-Chung Fang, Gwo-Shiannng
NT\$3,500,000 ~ NT\$4,999,999	-	-
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	-	-
<b>Total</b>	<b>12</b>	<b>12</b>

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, 2020 /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				
	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	Huang, Sheh-Ming				
	Executive Vice President	Yeh, Shih-Chung				
	Executive Vice President	Fang, Gwo-Shiannng				
	Executive Vice President	Kuo, Chun-Yi				
	Executive Vice President	Chen, Chi-Hung	0	0	0	0
	Senior Vice President	Chou, Yu-Chuan				
	Senior Vice President	Lee, Yi-Chung				
	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	Chiu, Chung-Yu				
	Senior Vice President	Pan, Hsin-Hsiu				
	Senior Vice President	Wang, Chen-Hsing				
	Senior Vice President	Wu, Su-Shin				
Senior Vice President	Lee, Cheng-Chieh					
Senior Vice President	Hsu, Ping					
Senior Vice President	Hsiu, Shu-Ching					

	Title	Name	Employees' Compensation - in Stock	Employees' Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Senior Vice President	Yang, Hsiu-Huey	0	0	0	0
	Senior Vice President	Liu, Ying				
	Senior Vice President	Tao, Shin-Chien				
	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	Lin, Shu-Fen				
	Deputy Senior Vice President	Chen, Shih-Ming				
	Deputy Senior Vice President	Fung, Mei-Lie				
	Deputy Senior Vice President	Chang, Yu-Heng				
	Deputy Senior Vice President	Tseng, Wen-Chiang				
	Deputy Senior Vice President	Liu, Hsin-Cheng				
	Deputy Senior Vice President	Lee, Chia-Fang				
	Deputy Senior Vice President	Chang, Ming-Hung				
	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	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	Wang, Yuan-Shyang				
	Deputy Senior Vice President	Liang, Wen-Long				
	Deputy Senior Vice President	Chen, Shui-Feng				
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 be resolved by Board of Directors. If the compensation amount cannot 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	
	2019	2020	2019	2020
Directors	0.61%	(0.51%)	0.79%	(0.64%)
Presidents and Executive Vice Presidents	1.67%	(1.63%)	1.78%	(1.69%)

2. Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to business performance and future risks:

According to the "Articles of Incorporation" and the "Payment Regulation of Directors" of the Company, if the Company makes profit in a fiscal year, the Company shall set aside no more than 2% of the profit for directors' remuneration; and shall distribute the remuneration based on the individual director's level of participation in and the value of contribution to the Company's operations. In addition, the Company may pay reasonable compensation to the director based on the level of the individual director's participation in and contribution value to the Company's operations as well as taking into account of normal

standard in the same industry.

The individual director's level of participation in and the value of contribution to the Company's operation mentioned above shall be determined based on his/her personal performance and the evaluation results of the performance of the Director (including Board attendance and training status, the level of participation in the operations of the Company, the interaction status with the management team, etc.).

Article 26 of the "Articles of Incorporation" of the Company stipulates that if the Company makes profit in a fiscal year, the Company shall set aside no less than 1% of the profit for employees' compensation. Managerial remuneration is handled in accordance with the "Payment Regulation of Managers" of the Company. Managerial remuneration includes fixed remuneration and variable remuneration. Fixed remuneration includes salary and allowances. The job title is determined according to the Company's organizational structure, business activity and nature of work, and the fixed remuneration standard for each position is formulated taking internal and external factors into account as well; Variable remuneration includes year-end bonus and employees' compensation. The manager's year-end bonus is determined based on the performance. The evaluation items include the work performance, leadership and control, adaptability, creativity, knowledge and experience, planning skills and cost concepts, etc. The bonus amount is determined after being reviewed by the Remuneration Committee of the Company and submitted to the Board of Directors for approval.

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Board of Directors

From January 1, 2020 to May 27, 2020 before the re-election of all directors at the shareholders' meeting, a total 4 times (A) were held. From May 27, 2020 to December 31, 2020, a total 4 times (A) were held. The attendance of directors was as follows.

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Newly elected directors at the Annual General Shareholders' Meeting on May 27, 2020					
Chairman	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Lin, Bou-Shiu	4	0	100%	Re-elected Election Date: 2020/05/27
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Chang, Kuo-Hua	4	0	100%	Newly elected Election Date: 2020/05/27

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Director	Evergreen International Corp. Representative: Ko, Lee-Ching	4	0	100%	Re-elected Election Date: 2020/05/27
Director	Evergreen International Corp. Representative: Tai, Jiin-Chyuan	4	0	100%	
Director	Evergreen Logistics Corp. Representative: Sun, Chia-Ming	4	0	100%	
Director	Evergreen Logistics Corp. Representative: Liao, Chi-Wei	4	0	100%	Newly elected Election Date: 2020/05/27
Independent Director Undertaking Public Welfare	Chien, You-Hsin	4	0	100%	Re-elected Election Date: 2020/05/27
Independent Director	Hsu, Shun-Hsiung	4	0	100%	
Independent Director	Wu, Chung-Pao	4	0	100%	
Former directors (Before the election at the Annual General Shareholders' Meeting on May 27, 2020)					
Chairman	Evergreen International Corp. Representative: Lin, Bou-Shiu	4	0	100%	Required Numbers of Attendance: 4
Director	Evergreen International Corp. Representative: Chang, Kuo-Cheng	0	0	0%	Dismissal Date: 2020/05/27 Required Numbers of Attendance: 4

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Ko, Lee-Ching	4	0	100%	Required Numbers of Attendance: 4
Director	Chang Yung-Fa Charity Foundation Representative: Tai, Jiin-Chyuan	4	0	100%	
Director	Chang Yung-Fa Charity Foundation Representative: Sun, Chia-Ming	4	0	100%	
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Wu, Kuang-Hui	4	0	100%	Dismissal Date: 2020/05/27 Required Numbers of Attendance: 4
Independent Director	Chien, You-Hsin	4	0	100%	Required Numbers of Attendance: 4
Independent Director	Hsu, Shun-Hsiung	4	0	100%	
Independent Director	Wu, Chung-Pao	4	0	100%	

Other mentionable items:

- 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:
  - The items listed in Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established the Audit Committee. Please refer to page 96 to 103 for the items listed in Article 14-5 of Securities and Exchange Act (Resolutions of the Board of Directors, the Audit Committee and the Remuneration Committee).
  - 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 96 to 103 for more information.

3. The 2020 Self-evaluation of the performance of the Board of Directors:

Evaluation Cycle	Once a year
Evaluation Period	From Jan 1, 2020 to Dec 31, 2020
Evaluation Scope	The Board, the Board members and the functional committees.
Evaluation Method	Internal self-evaluation of the Board, the Board members, and the functional committees were conducted by the way of filling out questionnaire from Directors.
Evaluation Indexes	<p>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.</p> <p>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.</p> <p>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.</p>
Evaluation Results (Full score 3)	<p>1. Self-evaluation of performance of the Board: Good, the average score is 2.97.</p> <p>2. Self-evaluation of performance of Board members (for themselves): Good, the average score is 2.97.</p> <p>3. Self-evaluation of performance of the functional committees: Excellent, the average score is 3.</p>

4. The evaluation to strengthen the functionality of Board of Directors in recent years(e.g. 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 2020 and 2021.
- (3) The Company was ranked in top 5% among all listed companies of the 7th Corporate Governance

Evaluation, which illustrated the Company had excellent 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) In order to implement corporate governance, the Company formulated the "Shareholding Measures for Managers Serving as Directors" on March 19, 2020. The Measures ensure that the interests of managers serving as directors are in line with the Company's long-term operating performance and the interests of the overall shareholders.
- (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 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 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 2020:

(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 at least 4 closed-door communication meetings every year to enable the Committee to understand the financial status, operational effectiveness, risk management, information security, the compliance with regulations, and to 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 2020 was reviewed by Audit Committee on the 2<sup>nd</sup> meeting of 2020 and approved by Board Meeting. Besides, CPAs have at least 4 closed-door communication meetings with the Audit Committee every year to communicate matters related to financial reports.

C. A total of 7 (A) meetings of the Audit Committee were held in 2020. The attendance of the members was as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Chien, You-Hsin	7	0	100%	Re-elected Election Date: 2020/05/27
Committee Member	Hsu, Shun-Hsiung	7	0	100%	
Committee Member	Wu, Chung-Pao	7	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 96 to 103.
  - (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 96 to 103.
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 have at least four closed-door communication meetings every year. The independent directors and the chief internal auditor had seven closed-door communication meetings in 2020, to report the results of execution of internal audit and operation of internal control.

B. The summaries of communication in 2020:

NO.	Date	Communication Content	The Company's Response
1	Feb. 7	Reviewing the internal auditor's reports completed during Nov. to Dec. 2019.	Submitted to Board of Directors meeting.
2	Mar. 18	1. Reviewing the internal auditor's reports completed during Jan. to Feb. 2020. 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.
3	Apr. 14	Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits".	After being approved, the proposal was submitted to Board of Directors meeting for a resolution.
4	May 12	Reviewing the internal auditor's reports completed during Mar. to Apr. 2020.	Submitted to Board meeting.
5	Aug. 10	Reviewing the internal auditor's reports completed during Apr. to Jun. 2020.	Submitted to Board meeting.
6	Nov. 9	Reviewing the internal auditor's reports completed during Jul. to Sep. 2020.	Submitted to Board meeting.
7	Dec. 25	1. Reviewing the internal auditor's reports completed during Sep. to Nov. 2020. 2. 2021 Risk and Auditing.	Submitted to Board meeting.

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

A. Communication method

The independent directors and CPAs have at least four closed-door communication meetings every year. In the case of emergency, the meeting may be convened at any time. The independent directors and CPAs had four closed-door communication meetings in 2020, 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.

B. The independent directors and CPAs had fully communicated, the summaries of communication in 2020:

NO.	Date	Communication Content	The Company's Response
1	Mar. 18	1. CPAs review 2019 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
2	May 12	1. CPAs review 2020 Q1 Financial Statement and explain the important legislation amendment. 2. CPAs begin the discussion based on the problems that raised by the attendee.	None
3	Aug. 10	1. CPAs review 2020 Q2 Financial Statement and explain the important legislation amendment. 2. CPAs begin the discussion based on the problems that raised by the attendee.	None
4	Nov. 9	3. CPAs review 2020 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: <a href="https://www.evaaair.com/en-global/corporate-governance/">https://www.evaaair.com/en-global/corporate-governance/</a> ) 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		Shareholders’ Affairs Section 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. To enable the directors and managers	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>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&amp;A on insider trading prohibition monthly, and also forwards the information of insider trading prevention from time to time. In addition, the in-service course for directors held on October 7, 2020 also covered “Insider Trading Prevention” related content, such as the reasons behind insider trading, case examples and criminal liability. The Company promotes the code of ethics and corporate ethics when new employees arrive, and posts relevant provisions on the employee website portal. In addition, on October 26, 2020, the Company conducted an online training course on “Ethical Behavior, Management Integrity &amp; Insider Trading Prevention” for all employees. The Company expects its employees to uphold the spirit of ethics and integrity in their daily duties and decision-making, and work together to actively prevent dishonest behaviors.</p>	
<p>3. Composition and Responsibilities of the Board of Directors: (1) Does the Board develop and implement a diversified</p>	V		<p>1. According to the Company’s “Corporate Governance Best-</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
policy for the composition of its members?			Practice Principles” paragraph 3 of Article 20, the composition of the Board of Directors shall be determined by taking diversity into consideration. As per Paragraph 4 of Article 20, the Board members shall have professional knowledge, skill and ability. Please refer to Table 1 for the information of diversity of the Company’s Board of Directors.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	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. 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’	V		1. The Company established the “Regulations Governing the Board Performance Evaluation”, which is disclosed on the Company’s official website and the Market Observation Post System (MOPS). 2. The Company shall conduct an internal board performance	None



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
remuneration and nomination?			<p>evaluation at least once a year. In 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.</p> <p>3. The 2020 evaluation results of the performance of the Board of Directors (please refer to Table 2) was reported to the board meeting dated Mar 22, 2021.</p> <p>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.</p>	
(4) Does the Company regularly evaluate the independence of CPAs?	V		<p>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 3 for the CPAs independence evaluation.)</p> <p>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 2021 financial and tax certification have been approved by Board of Directors on Feb. 19, 2021.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the TWSE/TPEX 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) ?	V		<p>1. The most senior officer of Corporate Governance Department, Hsieh, Shu-Hui, who was appointed as 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.</p> <p>2. The main duties of the chief corporate governance officer of the Company are as follows:</p> <p>(1) To handle matters relating to board meetings and shareholders meetings according to laws.</p> <p>(2) To produce minutes of board meetings and shareholders meetings.</p> <p>(3) To assist in onboarding and continuous development of directors.</p> <p>(4) To furnish information required for business execution by directors.</p> <p>(5) To assist Directors with legal compliance.</p> <p>3. The business development in 2020 are as follows:</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(1)To furnish Directors with relevant information and regulations to perform their duty and hold the Directors training courses:</p> <ul style="list-style-type: none"> <li>a. To furnish Directors with the latest regulations of corporate governance irregularly.</li> <li>b. To furnish Directors with the information to perform their duties and maintain smooth communication between Directors and departments.</li> <li>c. To arrange at least four closed-door communication meetings to enable independent directors to communicate face-to-face with the chief internal auditor and CPAs, and to deeply understand the Company’s audit and financial status.</li> <li>d. To hold two Directors training courses.(3 hours each time)</li> </ul> <p>(2)To handle matters relating to board meetings and shareholders meetings according to laws:</p> <ul style="list-style-type: none"> <li>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/she is an interested party with it, and distribute the minutes to each director within 20 days after the meeting.</li> <li>b. To assist to announce the material information after board meeting, ensure the</li> </ul>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>legality and correctness of material information to protect information equivalence of investor transaction.</p> <p>c. To register the date of the shareholders’ meeting in accordance with laws, and produce meeting notices, handbooks and minutes within the legal period.</p> <p>(3)Chief corporate governance officer training records in 2020 please refer to Table 4.</p>	
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: <a href="https://www.evaair.com/zh-tw/stakeholder-interest/">https://www.evaair.com/zh-tw/stakeholder-interest/</a> ) 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 Shareholders’ Affairs is managed by the Company itself, the matters related to convening of the shareholders’ meeting are handled in accordance with regulations and Articles of Incorporation to ensure its lawfulness, effectiveness and safeness.
7. Information Disclosure: (1) Does the Company have a corporate website to disclose	V		1. The Company has set up a corporate website(URL: <a href="https://www.evaair.co">https://www.evaair.co</a>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>both financial standings and the status of corporate governance?</p> <p>(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)?</p> <p>(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?</p>	V		<p>m) and designated appropriate people to monitor and keep it up-to-date with current information.</p> <p>2. Corporate governance status: The Company has disclosed “Articles of Incorporation”, important operating procedures and the resolutions adopted during Board Meetings on website. (URL: <a href="https://www.evaair.com/en-global/corporate-governance">https://www.evaair.com/en-global/corporate-governance</a>)</p> <p>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.</p> <p>The Company follows relevant laws and regulations to announce and report the annual financial statements on time 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. Please see <a href="https://emops.twse.com.tw/server-java/t58query">https://emops.twse.com.tw/server-java/t58query</a>.</p>	<p>None</p> <p>Though the Company didn’t announce and report the annual financial statement within two months after the end of the fiscal year, the quarterly financial statements and the monthly operating situation are announced and reported within the prescribed time limit in accordance with the law.</p>
8. Is there any other important information to facilitate a better understanding of the Company’s corporate				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
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: <a href="https://www.evaair.com/en-global/investor-relations/legal-notice/">https://www.evaair.com/en-global/investor-relations/legal-notice/</a> ) which provides investors reference about operation and financial information.	None
(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 2020, the aviation industry was severely impacted by the COVID-19 epidemic, plummeting the number of passengers taking flights. Epidemic prevention continued to be the top priority for passenger and flight services. The “EVA Air Online Customer Satisfaction Survey” was suspended in the period from March 27, 2020 to December 31, 2020. Nevertheless, 85,502 questionnaires were sent out to member passengers who are willing to receive the survey from January 1, 2020 to March 26,	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(7) Purchasing insurance for directors	V		2020, and 11,532 responses were collected, with a response rate of 13.49%. The overall passenger service satisfaction level for the survey was 4.44 (5-point Likert Scale), which has reached the target value of 4.36. The Company has purchased liability insurance for its directors since 2015.	None
<p>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:</p> <p>(1) The 2020 annual general shareholders’ meeting of Company was held on May 27.</p> <p>(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 2020, and the Company will encourage directors to continue education.</p>				

**Table 1: 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	Ko, Lee-Ching	Female	✓	✓	✓					
Director	Tai, Jiin-Chyuan	Male	✓	✓		✓				
Director	Chen, Hsien-Hung	Male	✓	✓						
Director	Sun, Chia-Ming	Male	✓	✓					✓	
Director	Liao, Chi-Wei	Male	✓	✓					✓	
Independent Director Undertaking Public Welfare	Chien, You-Hsin	Male	✓	✓			✓	✓		✓
Independent Director	Hsu, Shun-Hsiung	Male	✓	✓	✓				✓	
Independent Director	Wu, Chung-Pao	Male	✓	✓			✓			

**Table 2: The Evaluation Results of Board of Directors of 2020**

	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)	2.97	2.97	3
Evaluation Results	Good	Good	Excellent

**Table 3: 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
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 2 <sup>nd</sup> 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 4: Chief corporate governance officer training records in 2020**

Date	Professional Organization	Training sessions	Training hours
Jun. 23, 2020	Taiwan Corporate Governance Association	Issues that Directors and Supervisors Need to Consider in Risk Management, Corporate Sustainability and ESG after the Impact of the Epidemic	1 Hour
Jul. 31, 2020	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan- Opportunities and Challenges of Industrial Transformation	3 Hours
Oct. 7, 2020	Taiwan Corporate Governance Association	Corporate Governance Blueprint 3.0 and Responsibilities of Board of Directors	3 Hours
Oct. 23, 2020	Taiwan Corporate Governance Association	Fubon Property & Casualty, Directors and Supervisors Responsibility and Risk Management Seminar	3 Hours
Oct. 23, 2020	Taiwan Stock Exchange Corporation	2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference	3 Hours
Dec. 31, 2020	Taiwan Corporate Governance Association	Under the current environment, the strategy of enterprises to make good use of the capital market	1 Hour
Total Training hours in 2020			14 Hours

### 3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

#### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note1)	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note	
		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	1	2	3	4	5	6	7	8	9	10			
Independent Director	Chien, You-Hsin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Hsu, Shun-Hsiung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Wu, Chung-Pao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Please fill in the blank with director, independent director or others.

Note 2: 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.

- Not an employee of the Company or any of its affiliates.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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. Concerning the re-election of all directors at the shareholders' meeting of 2020, the Company appointed the forth remuneration Committee on May 27, 2020. The term of office of current Remuneration Committee is from May 27, 2020 to May 26, 2023.
3. A total of 3 (A) meetings were held in 2020. Please refer to page 96 to page 103 for resolutions made by the Remuneration Committee (Resolutions of the Board of Directors, the Audit Committee and 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	3	0	100%	Re-elected Election Date: 2020/05/27
Committee Member	Hsu, Shun-Hsiung	3	0	100%	
Committee Member	Wu, Chung-Pao	3	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 Remuneration 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 Remuneration 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 1)	V		<p>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 2019 (page 110-116).</p> <p>In addition, the operation of risk management was reported in the Board of Directors meeting on December 25, 2020, and the “Risk Management Policy and Procedures” were approved. The Board of Directors is the highest supervisory unit for risk management. The “Corporate Sustainability Committee” is responsible for implementing risk management related businesses, integrating and supervising the implementation and improvement of risk management policies as well as controls carried out by various</p>	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	
			responsible departments, and reporting regularly the operational status to the Board of Directors every year. There are five major categories of risks: strategic risk, operational risk, financial risk, environmental risk, and other risks. Each responsible unit shall identify the potential risk factors and assessment methods for risk management, propose the mitigation and response plans, and report regularly the risks as well as response plans to the Corporate Sustainability Committee.	
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		In 2014, the Company established the “Corporate Social Responsibility Committee” as a specialized unit responsible for executing corporate social responsibility. In 2020, it was renamed as “Corporate Sustainability Committee”, the CSC, to strengthen the implementation of corporate sustainable operations. The President serves as the Chairman of the Committee. Each sub-committees have general discussions in the aspects of economics, environment and society and are responsible for formulating and implementing CSR policies, regulations, plans and management. The CSC report relevant business implementations to the Board of Directors every year in accordance with the Corporate Social Responsibility Best Practice Principles. Reported the implementation of 2020 CSR operations	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	
			and the focus of the 2021 operation plans to the Board of Directors on December 25, 2020. The CSC is divided in to six sub-committees: “Operation Management”, “Supply Chain”, “Environment Management”, “Community Engagement”, “Employment Welfare” and “Service Quality”. For the organizational chart of the Corporate Sustainability Committee, please refer to notes table 2.	
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		The Company's environmental management organization and system: 1. The Company established the “Environment Promotion Sub-Committee” in 2015. It is the highest decision-making and supervision unit for environmental management policies. It controls and plans environmental and energy management guidelines and policies in four key dimensions: fuel conservation, environment, energy and carbon management. It promotes various action plans and aircraft fuel-conservation and carbon-reduction measures to reduce greenhouse gas emissions and noise pollution from apron operations. The Committee convenes regularly every quarter to discuss the implementation status of the various responsibility units and their performance achievement to	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	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>ensure the effectiveness of the Company's operating guidelines and policies in environmental and energy management.</p> <p>2. 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 Dec. 2, 2015 and ISO 14001 Environmental Management System on Jan. 4, 2016; and has obtained the recertification every three years in accordance with the specifications. The validity of the certificate is Dec. 1, 2021 and Jan. 3, 2022 respectively. The Company has completed a third party verification of GHG emission data with ISO 14064-1 principles every year since 2016.</p> <p>Please refer to “Environmental Protection Expenditure” page 144 of this Annual Report for details.</p> <p>The Company’s enhancement of all resources more efficiently and use of renewable materials are described as follows:</p> <p>1. Fuel conservation measures and plans:  (1)The various fuel conservation measures at EVA Air are planned and executed by the "Environment Promotion Sub-Committee" to</p>	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	
			<p>analyze the fuel efficiency of various aircraft models.</p> <p>Meanwhile, the fuel conservation plans involve topics such as weight reduction of aircraft, flight operations and aircraft maintenance (please refer to note 3). The fuel conservation measures and plans implement the carbon reduction strategy of the International Air Transport Association (IATA) and respond to the government's demand for energy conservation and carbon reduction to reduce greenhouse gas emissions.</p> <p>(2)The Company continually modernize the fleets through introducing latest environment friendly aircraft — Boeing 787 Dreamliner. 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.</p> <p>2. The enhancement of the environment and energy efficiency:</p> <p>(1) In order to improve the efficiency of energy resource use, the</p>	



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Company introduced e-Formula Optimization Management (e-FOM) in June 2019 to effectively monitor, analyze and control the energy consumption of air-conditioning systems through the use of the smart system. 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. The e-FOM was launched in January 2020. Taking the largest energy-consuming equipment in Nankan Park, the air conditioning system, as the calculation basis, with the intelligent control of the e-FOM system, the average monthly air-conditioning energy saving was 18% in 2020, which is equivalent to an average monthly energy saving of 4.5% in Nankan Park. The cumulative energy saving was 746,249 degrees.</p> <p>(2)The Company continually conduct paperless operation. Each fleet is equipped with an electronic flight bag (EFB). All documents of flight operations are digitalized, which helps discard the inconvenience</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>and waste from traditional administrative operations. Meanwhile, electronic tickets are fully adopted. The Company encourages passenger using e-boarding passes for check-in operation to reduce paper consumption. Freight operations are conducted in accordance with the paperless operation standard for import/export freight transport of the International Air Transportation Association (IATA). 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.</p> <p>(3)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. Besides, 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</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>water resources. The Company also installed a power recovery system on freight elevators to reduce electricity expenditure.</p> <p>3. 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. As of 2020, fabric recycling bags used on aircraft have been replaced with environmentally friendly materials that are fully biodegradable. 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.</p>	
(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 2019 (page 81-83).	None
(4) Does the Company calculate the greenhouse gas emission, water consumption and total	V		<p>1. GHG emission inventory check and reduce: (1)The Company has launched various plans for conducting inventory</p>	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	
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?			<p>check of GHG emissions since 2011, and has completed a third party verification of GHG emission data in accordance with ISO 14064-1 every year since 2016. The quantified data mainly include aviation fuel, automobile gasoline and diesel fuels, and each office’s total power consumption. As of 2020, the ISO14064 : 2018 version has been adopted to expand the inventory of other indirect GHG emission sources (please refer to note 4).</p> <p>(2)The Company’s Environment Promotion Sub-Committee not only continues to monitor domestic regulation standards and the development of reduction target, but also actively takes part in various international GHG emission reduction plans, and fully supports the aviation industry's common goal of carbon reduction. Moreover, the Company has established carbon reduction management measures based on the IATA's four-pillar strategy: technology, operation, basic infrastructure and economic measures.</p> <p>2. Water Consumption Management: The Company continuously supervise the consumption of water (please refer to note 5). In additional to the original rainwater recycling system in Nankan Park, a new condensate recycling</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>system was added to increase water resource reuse efficiency. The procurement of kitchen and restroom equipment for each office building primarily favors products with water efficiency labels; most restrooms have IR automatic sensor water faucets installed, and the faucets’ outgoing water settings are adjusted; the company carries out periodical promotional activities to raise the awareness of water conservation among employees, so as to achieve optimal utilization of water resources.</p> <p>3. Waste Management:  Since the implementation of ISO 14001, the long-term collection and tracking of the quantity of the waste, hazardous industrial waste, and recycled resources (please refer to note 6) has helped our self-management and eliminated the abnormal production of waste. In regards to waste management and reduction, the waste produced at operating locations in Taiwan and other work areas are sorted and stored at the storage sites installed according to legal requirements. Categories such as recycle, reuse, and industrial waste, etc., are recycled and disposed by commissioned treatment and disposal companies through legal and professional means, and have never been involved in international waste transport and treatment incidents. The Company has always upheld the 3R</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			principle: "Reduce, Reuse, Recycle" in its waste management practice. The Company tracks the GHG emissions, water and waste consumption every year. Please refer to the Company’s Corporate Social Responsibility Report of 2019 (page 78-80 and page 84) for more details.	
<p>4. Social Issues</p> <p>(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>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 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</p>	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	
			<p>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 2020, 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 “Employee sexual harassment complaint form” and “Sexual harassment complaint form” or file the complaint 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 EVA Airways” to promptly report the incident to the head of the HR division.</p> <p>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 complaint through the 134 complaint hotline or email to promptly report the incident.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(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 2019 (page 59-62).	None
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company offers the occupational safety and health education and training for all newly arrived employees, and provides retraining for all employees every year. 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 (ISO 45001) verification. It was the first company to achieve TOSHMS and ISO 45001 verification in Taiwan airline industry. Recently, the Company immensely improved the work environment of employees, guaranteeing	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 provide its employees with career development and training sessions?	V		employees’ safety and health. The Company provides employees with well-packaged career development training. Details can be found on the Company’s Corporate Social Responsibility Report of 2019 (page 66-68).	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 consumer rights policies and complaint procedure?	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 of Homeland Security (DHS), European Union (EU) and General Data Protection Regulation (GDPR). Relevant consumer rights policies and complaint procedure can refer to the “Corporate Social Responsibility Best Practice Principles”, “Information Security Policy” and “Privacy Policy”. In addition, the Company attaches great importance to customer experience and provides consumers with multiple feedback channels; these include branch/office counters and service telephones around the world, Company website (including customer comment mailbox, Stakeholder Interest area), and postal mail for opinions. Cases are handled with systematic management, and the	None

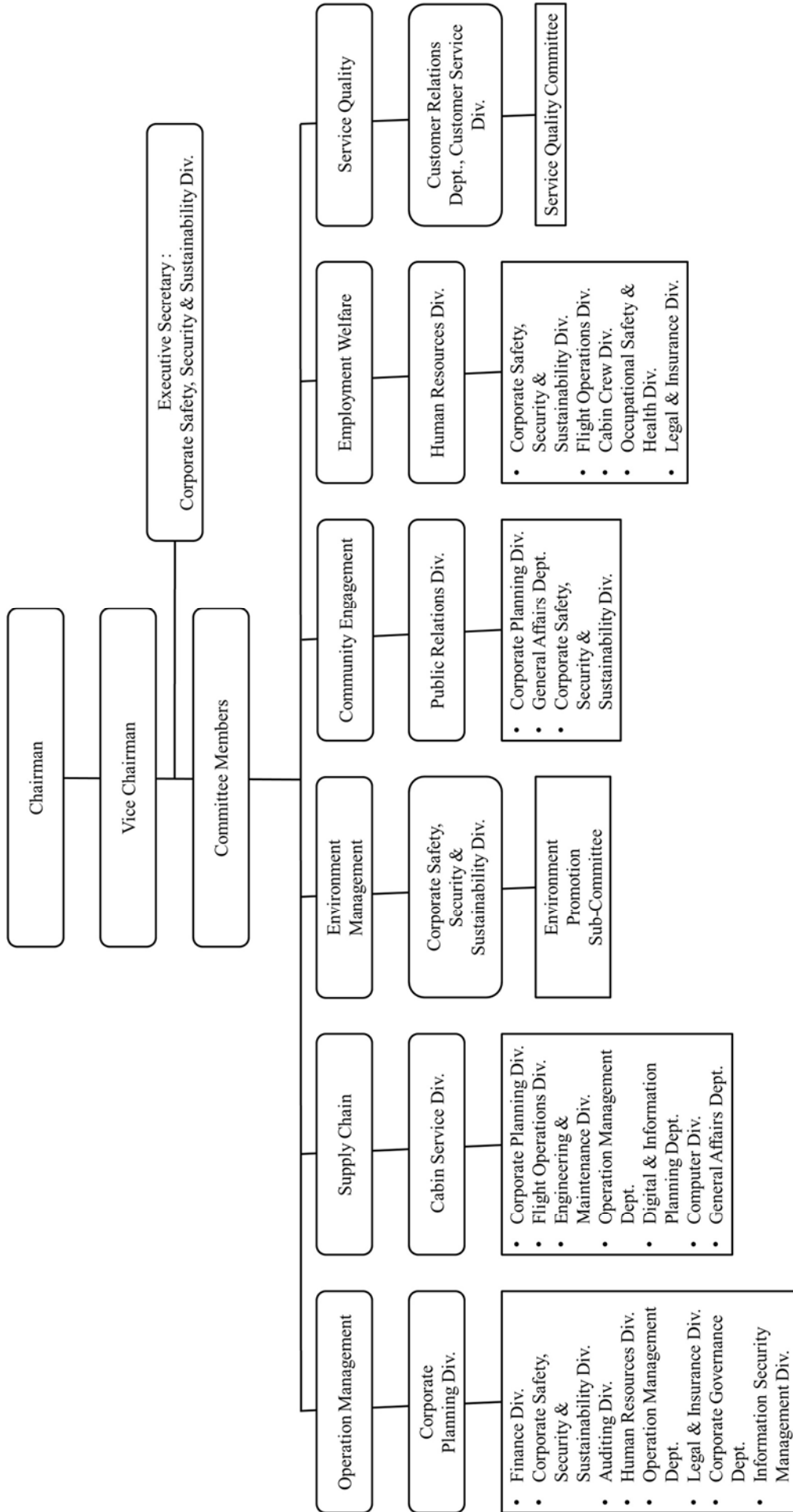
Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(6) Does the Company formulate the supplier management policy that requires the supplier to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	V		responses to customers will be given after investigation and follow-up. 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 “Sustainability Assessment Questionnaire” to understand supplier’s situation on related issues. In addition, new supplier selection and evaluation are also included as part of the ESG scores.	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 2019 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: In order to fulfill its corporate social responsibilities and implement its sustainable business philosophy, the Company has formulated the “Corporate Social Responsibility Best Practice Principles” and the “Corporate Sustainability Policy” in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, thus declaring the Company’s expectations of and commitment to economic (including corporate governance), social and environmental (ESG) issues. Moreover, the Company 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. Please refer to the Company’s Corporate Social Responsibility Website for more details.				
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 six consecutive years. In 2020, the Company was awarded “Corporate Sustainability Report - Transportation Platinum Award” and for the first time “Corporate Comprehensive Performance - Taiwan TOP50 Corporate Sustainability Award”.				

Note 1: 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.

EVA Air Corporate Sustainability Committee Organizational Chart

Note Table 2



Note 3:

Topic	Fuel-saving measures and action plans
Aircraft weight reduction	<ol style="list-style-type: none"> <li>1. Electronic flight bag (EFB) is used by the entire fleet to greatly reduce the amount of paper manuals and documents on board.</li> <li>2. Use light-weight unit load device (ULD).</li> <li>3. Without affecting the quality of service, unnecessary cabin equipment or service supplies will be removed. The amount of water and service supplies on board will be adjusted flexibly according to the estimated number of passengers.</li> <li>4. When purchasing a new aircraft or repainting an existing aircraft, a layer of mica paint is eliminated to reduce the weight of the aircraft.</li> </ol>
Improvement of operation efficiency	<ol style="list-style-type: none"> <li>1. Next generation of flight planning system is introduced, which can calculate the optimal flight route, cruise altitude, and fuel required based on the flight rules and restrictions of each flight information region (FIR) to improve flight efficiency.</li> <li>2. Optimize the alternate selection at planning.</li> <li>3. The cargo loading is carefully planned to optimize the aircraft's center of gravity and improve fuel efficiency.</li> <li>4. Continue to refine the fuel policy and the flight plan fuel calculation based on the flight big data analysis results.</li> <li>5. Promote the use of tow truck (or tug) power and ground supporting equipment power as well as pre-conditioned air equipment to replace the use of APU (auxiliary power unit) when performing ground operations at each stations.</li> <li>6. Under safe conditions and the permission of air traffic control (ATC), encourage flight crews to perform continuous descent operation in which is a practice to let aircraft continuously descent without intermediate level off and then descent. Flight crew can delay extending landing configuration in a good time or use low drag approach configuration. After the aircraft has landed, use only single engine to taxi the aircraft to the aircraft stand.</li> </ol>
Aircraft maintenance	<ol style="list-style-type: none"> <li>1. The aircraft fuselage and engine are washed periodically. The washing operation not only removes contamination on the surface of the aircraft to reduce the drag, but also lowers the engine exhaust gas temperature to improve the engine performance.</li> <li>2. Contract with engine manufacturer for engine overhaul service and periodically check the smoothness of the flight control surface to improve the overall fuel efficiency of the aircraft.</li> </ol>

Note 4:

GHG Emissions (Unit: ton CO <sub>2</sub> e)		2019	2020
Aircraft	Direct emission	6,115,529	4,309,738
Ground Operation	Direct emission	873	1,245
	Indirect emission	14,178	12,755
	Other indirect emission	-	6,180
Total		6,130,580	4,329,918

Note 5:

Total Water Consumption (Unit: m <sup>3</sup> )	2019	2020
Tap Water	159,498	157,270
Recycled Water	3,532	4,207

Note 6:

Waste Production and Recycled Quantity at Nankan Park (Unit: kg)	2019	2020
General Waste	207,020	195,350
Hazardous Industrial Waste (Note)	77	85
Recycled	57,303	46,452

Note: All the hazardous commercial waste is medical waste.

**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 Companies?	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	
(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 regularly (at least once a year) report the development and implementation, under supervision, of ethical	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	
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 2020, 7 new ground staffs in Taiwan (total 7 man hours) participated in the education and training courses 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.	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	
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
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 of the Company's principles for ethical management:

Details can be found on <https://mops.twse.com.tw>, <https://www.evaair.com> and <https://stock.evergreen.com.tw>.

### 3.4.8 Important information in understanding corporate governance management:

1. The Company was ranked in top 5% among all listed companies of the 7th 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	Artificial Intelligence in Taiwan- Opportunities and Challenges of Industrial Transformation (3 Hours)
	Taiwan Corporate Governance Association	Corporate Governance Blueprint 3.0 and Responsibilities of Board of Directors (3 Hours)
Executive Vice President (Financial Officer) Tsai, Ta-Wei	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan- Opportunities and Challenges of Industrial Transformation (3 Hours)
	Taiwan Corporate Governance Association	Corporate Governance Blueprint 3.0 and Responsibilities of Board of Directors (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. Audit of subsidiaries in practice (6 hours) 2. How auditors respond accordingly to legal risk of enterprise operation and management (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 Supervisor Continuing Education Course (Financial Accounting Standards, Corporate Governance, Ethics and Legal Responsibility) (12 hours)
	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan-Opportunities and Challenges of Industrial Transformation (3 Hours)
	Taiwan Corporate Governance Association	Corporate Governance Blueprint 3.0 and Responsibilities of Board of Directors (3 Hours)

### 3.4.9 Internal Control System Execution Status:

## **EVA Airways Corporation Internal Control System Statement**

Date: March 22, 2021

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 2020:

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, 2020, 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 22, 2021, with none of the nine 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:**

**Penalty content:** The Ministry of Transportation and Communications imposed a statutory fine of NTD1 Million on the Company based on Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens.

**Principal Deficiencies:** The Company’s former New Zealand pilot didn’t wear a mask in the cockpit and refused to follow reminders from other crew, which caused cluster infection of two other crew members. Meanwhile, the former pilot did not comply with the epidemic prevention regulations and did not cooperate with the epidemic investigation.

**Improvement Status:** In addition to issuing announcements to remind and require crew members to comply with relevant epidemic prevention regulations, the Company requires all captains and pursers to fill in the inspection forms for the epidemic prevention operation of the flight. After that the management department will check and archive the forms for CAA inspection.

### 3.4.11 Major Resolutions of Shareholders’ Meeting and Board Meetings

#### 1. Major Shareholders’ Meeting Resolutions

Date of Meeting	Summary of Important Proposals	Execution
May 27, 2020	1. To approve 2019 earnings distribution: Cash dividends to common shareholders: NTD 0.25 per share, with total NTD 1,213,392,373.	The cash dividend was distributed on Oct 6, 2020.
	2. To amend “Articles of Incorporation”.	The amended “Articles of Incorporation” was approved by Commerce Department, Ministry of Economic Affairs (No.10901101830) and the related actions on behalf of the Company have been conducted in accordance with revised Articles of Incorporation.
	3. To amend “Procedures for Directors Election”.	The related actions on behalf of the Company were conducted in accordance with revised “Procedures for Directors Election ”.

Date of Meeting	Summary of Important Proposals	Execution
	4. To elect nine directors (including 3 independent directors, one of them is the independent director undertaking public welfare) according to Articles of Incorporation.	The election has been approved by Commerce Department, Ministry of Economic Affairs (No.10901101830) and the new directors have been performing business in accordance with Articles of Incorporation and related laws.
	5. To release the restrictions of competitive activities of newly elected directors in 2020 shareholders' meeting	The related actions were executed according to this resolution.

## 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
Feb. 7, 2020 (The 1 <sup>st</sup> meeting of 2020)	<ol style="list-style-type: none"> <li>To make proposal on 2020 Annual General Shareholders' Meeting to elect new directors.</li> <li>To make proposal on 2020 Annual General Shareholders' Meeting to release the restriction of competitive activities of newly elected directors.</li> <li>To convene 2020 Annual General Shareholders' Meeting.</li> </ol>	None	None
Mar. 19, 2020 (The 2 <sup>nd</sup> meeting of 2020)	<ol style="list-style-type: none"> <li>To approve 2019 Business Report.</li> <li>To approve 2019 Parent-Company-Only Financial Statement and Consolidated Financial Statement.</li> <li>To approve the earnings distribution of 2019.</li> <li>To approve the "2019 Internal Control System Statement".</li> <li>To amend "Internal Control System" and "Internal Audit Implementation Rules".</li> <li>To appoint the Company's certified public accountants and determine their remuneration.</li> <li>To amend the "Audit Committee Charter".</li> </ol>	Approved unanimously by Audit Committee members on the 2 <sup>nd</sup> meeting of 2020 dated Mar. 18, 2020	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
	<ul style="list-style-type: none"> <li>8. To approve 2019 employees' compensation.</li> <li>9. To approve 2019 directors' remuneration.</li> <li>10. To amend the "Remuneration Committee Charter".</li> <li>11. To establish the "Stock Ownership Guidelines for Senior Managers who hold Director Positions".</li> </ul>	Approved unanimously by Remuneration Committee members on the 1 <sup>st</sup> meeting of 2020 dated Mar. 18, 2020	None
	<ul style="list-style-type: none"> <li>12. To amend "2020 Internal Audit Plan".</li> <li>13. To approve 2020 Operation Plan.</li> <li>14. To change bank account authorized person of the Company's Philippine Branch.</li> <li>15. To amend the "Articles of Incorporation".</li> <li>16. To amend the "Regulations for Electing Directors".</li> <li>17. To amend the "Rules of Procedure for Board of Directors Meetings".</li> <li>18. To amend the "Corporate Governance Best Practice Principles".</li> <li>19. To amend the "Corporate Social Responsibility Best Practice Principles".</li> <li>20. To amend the "Organizational Principle of Corporate Social Responsibility Committee".</li> <li>21. To approve 2019 Modern Slavery Act Statement.</li> <li>22. To amend the agenda of 2020 Annual General Shareholders' Meeting.</li> </ul>	-	-
Apr 14, 2020 (The 3 <sup>rd</sup> meeting of 2020)	<ul style="list-style-type: none"> <li>1. To amend "Internal Control System" and "Internal Audit Implementation Rules".</li> </ul>	Approved unanimously by Audit Committee members on the 3 <sup>rd</sup> meeting of 2020 dated Apr 14, 2020	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
	<ol style="list-style-type: none"> <li>2. To amend “Code of Integrity Management” and “Integrity Management Operating Procedures and Behavior Guide”.</li> <li>3. To change the address of Italy Branch.</li> <li>4. To nominate 9 directors (including 3 independent directors, one of them is the independent director undertaking public welfare) as candidates.</li> </ol>	-	-
<p>May 13, 2020 (The 4<sup>th</sup> meeting of 2020)</p>	<p>To resolve the issuance of the 4<sup>th</sup> domestic unsecured convertible bond.</p>	<p>Approved unanimously by Audit Committee members on the 4<sup>th</sup> meeting of 2020 dated May 12, 2020</p>	None
<p>May 27, 2020 (The 5<sup>th</sup> meeting of 2020)</p>	<ol style="list-style-type: none"> <li>1. To re-elect the chairman.</li> <li>2. To appoint the members of the 4<sup>th</sup> Remuneration Committee.</li> </ol>	-	-
<p>Aug. 10, 2020 (The 6<sup>th</sup> meeting of 2020)</p>	<ol style="list-style-type: none"> <li>1. Continue to lease two ATR72-600 aircraft to UNI Airways Corp. <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>● Chairman Lin, Bou-Shiu and Director Tai, Jiin-Chyuan also sit on the Board of “UNI Airways Corp.”</li> <li>● Except for directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.</li> </ul> </li> <li>2. To adjust the schedule of delivering 15 new aircraft and change the model of the seven 787-10 among these aircraft.</li> <li>3. To amend the “Table of Authority Limit of Acquiring and Disposing of Assets &amp; Other Financial Matters”.</li> </ol>	<p>Approved unanimously by Audit Committee members on the 5<sup>th</sup> meeting of 2020 dated Aug. 10, 2020</p>	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
	<p>4. To amend the "Payment Regulation of Managers Compensation".</p> <p>5. To amend the "Payment Regulation of Directors Compensation".</p> <p>6. To resolve the transportation fee of directors other than independent directors for attending the board meeting.</p> <p>7. To resolve the transportation fee of independent directors for attending functional committee meetings.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>● Independent director Chien, You-Hsin, Independent director Hsu, Shun-Hsiung, Independent director Wu, Chung-Pao have direct personal interest conflict to the proposal.</li> <li>● Except for the directors who recused themselves from the discussion and resolution, all 6 attendance directors agreed and approved the proposal.</li> </ul> <p>8. To approve 2020 Chairman's compensation.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.</li> <li>● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal.</li> </ul>	<p>Approved unanimously by Remuneration Committee members on the 2<sup>nd</sup> meeting of 2020 dated Aug. 10, 2020</p>	<p>None</p>
	<p>9. To change bank account authorized person of the Company's Philippine Branch.</p>	<p>-</p>	<p>-</p>

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
Nov. 9, 2020 (The 7 <sup>th</sup> meeting of 2020)	1. To Ratify the purchase of a GE90 backup engine and signed a GENx backup engine supplement contract.	Approved unanimously by Audit Committee members on the 6 <sup>th</sup> meeting of 2020 dated Nov. 9, 2020	None
	2. To change the representative of the Company's Korea Branch.	-	-
Dec. 25, 2020 (The 8 <sup>th</sup> meeting of 2020)	1. To formulate "The Policy and Procedure of Risk Management.	Approved unanimously by Audit Committee members on the 7 <sup>th</sup> meeting of 2020 dated Dec. 25, 2020	None
	2. To approve the 2020 bonus for management. <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>● Director Sun, Chia-Ming and director Liao, Chi-Wei have direct personal interest conflicts to the proposal.</li> <li>● Except for the directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.</li> </ul> 3. To approve 2021 compensation for management. <u>Recusal of Directors and voting situation of Board of Directors</u> <ul style="list-style-type: none"> <li>● Director Sun, Chia-Ming and director Liao, Chi-Wei have direct personal interest conflicts to the proposal.</li> <li>● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal.</li> </ul> 4. To approve the 2020 Chairman's bonus.	Approved unanimously by Remuneration Committee members on the 3 <sup>rd</sup> meeting of 2020 dated Dec. 25, 2020	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
	<p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.</li> <li>● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal.</li> </ul> <p>5. To approve 2021 Chairman's compensation.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> <li>● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.</li> <li>● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal.</li> </ul> <p>6. To Amend "The regulation of evaluation of directors".</p>		
	<p>7. To amend "2021 Internal Audit Plan".</p> <p>8. To amend the "Corporate Governance Best Practice Principles".</p> <p>9. To approve 2021 Operation Plan and budget.</p>		
<p>Feb. 19, 2021 (The 1<sup>st</sup> meeting of 2021)</p>	<p>1. To appoint the Company's certified public accountants and determine their remuneration.</p> <p>2. To amend the "Audit Committee Charter".</p>	<p>Approved unanimously by Audit Committee members on the 1<sup>st</sup> meeting of 2021 dated Feb. 19, 2021</p>	<p>None</p>
	<p>3. To Amend "The regulation of evaluation of directors".</p>	<p>Approved unanimously by Remuneration</p>	<p>None</p>

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
		Committee members on the 1 <sup>st</sup> meeting of 2021 dated Feb. 19, 2021	
	4. To amend the “Rules of Procedure for Board of Directors Meetings”, the “Corporate Governance Best Practice Principles” and “The Standard Operating Procedures for Handling Directors Requests”.	-	-
Mar. 22, 2021 (The 2 <sup>nd</sup> meeting of 2021)	<ol style="list-style-type: none"> <li>1. To approve 2020 Business Report.</li> <li>2. To approve 2020 Parent-Company-Only Financial Statement and Consolidated Financial Statement.</li> <li>3. To approve the earnings distribution of 2020.</li> <li>4. To approve the “2020 Internal Control System Statement”.</li> <li>5. To amend “Internal Control System” and “Internal Audit Implementation Rules”.</li> <li>6. To make proposal on 2021 Annual General Shareholders’ Meeting to release the Evergreen Aviation Technologies Corporation stock.</li> </ol>	Approved unanimously by Audit Committee members on the 2 <sup>nd</sup> meeting of 2021 dated Mar. 19, 2021	None
	7. To approve not setting aside the 2020 Employees’ Compensation and Directors’ Remuneration.	Approved unanimously by Remuneration Committee members on the 2 <sup>nd</sup> meeting of 2021 dated Mar. 19, 2021	None
	8. To approve the capital increase record date of common stocks transferred from the 3 <sup>rd</sup> Domestic Unsecured Convertible Bond.	-	-
	9. To change the representative of the Company’s Macau Branch.		

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
	10. To amend "Rules and Procedures of Shareholders' Meeting". 11. To approve 2020 Modern Slavery Act Statement. 12. To convene 2021 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: None**

Note: The Company's key individuals refer to the chairman, president, heads of accounting, finance, internal audit, governance and R&D.

**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	7,960	0	0	0	2,054	2,054	01 Jan~ 31 Dec, 2020	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
	Su, Yen-Ta								

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 2020.

### 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, Managers and Major Shareholders

Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
	Representative: Lin, Bou-Shiu	0	0	0	0
Director	Evergreen International Corp.	0	0	0	0
	Representative: Ko, Lee-Ching	0	0	0	0
	Representative: Tai, Jiin-Chyuan	0	0	0	0
Director	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
	Representative: Chen, Hsien-Hung	0	0	0	0
Director	Evergreen Logistics Corp.	0	0	0	0
	Representative: Sun, Chia-Ming	0	0	0	0
	Representative: Liao, Chi-Wei	26,000	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.	0	0	0	0
Major Shareholder	Evergreen International Corp.	0	0	0	0
President	Sun, Chia-Ming	0	0	0	0
Chief Executive Vice President	Ho, Ching-Sheng	0	0	0	0

Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive Vice President	Hsu, Hui-Sen	0	0	0	0
Executive Vice President	Chen, Yao-Min	0	0	0	0
Executive Vice President	Hsiao, Chin-Lung	(2,000)	0	(8,000)	0
Executive Vice President (Finance Officer)	Tsai, Ta-Wei	0	0	0	0
Executive Vice President	Liao, Chi-Wei	26,000	0	0	0
Executive Vice President	Lu, Yu-Chuan	0	0	0	0
Executive Vice President	Chuang, Shih-Hsiung	0	0	(27,000)	0
Executive Vice President	Chen, Yeou-Yuh	0	0	(13,000)	0
Executive Vice President	Chang, Jang-Tsang	0	0	0	0
Executive Vice President	Huang, Sheh-Ming	0	0	0	0
Executive Vice President	Yeh, Shih-Chung	0	0	0	0
Executive Vice President	Fang, Gwo-Shiannng	0	0	0	0
Executive Vice President	Chen, Chi-Hung	0	0	0	0
Senior Vice President	Chou, Yu-Chuan	0	0	(27,000)	0
Senior Vice President	Lee, Yi-Chung	0	0	0	0
Senior Vice President	Soong, Allen	0	0	0	0
Senior Vice President (Accounting Officer)	Chiang, Chin-Lan	0	0	(48,000)	0
Senior Vice President	Ho, Li-Cheng	0	0	0	0
Senior Vice President (Corporate Governance Officer)	Hsieh, Shu-Hui	0	0	0	0
Senior Vice President	Chiang, Wei-Du	0	0	0	0
Senior Vice President	Su, Wei-Jen	0	0	0	0
Senior Vice President	Chiu, Chung-Yu	0	0	(54,000)	0
Senior Vice President	Pan, Hsin-Hsiu	0	0	(14,997)	0
Senior Vice President	Wang, Chen-Hsing	0	0	(36,000)	0



Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Vice President	Wu, Su-Shin	0	0	0	0
Senior Vice President	Lee, Cheng-Chieh	18	0	0	0
Senior Vice President	Hsu, Shu-Ching	0	0	0	0
Senior Vice President	Yang, Hsiu-Huey	0	0	0	0
Senior Vice President	Hsu, Ping	0	0	(20,000)	0
Senior Vice President	Liu, Ying	0	0	0	0
Senior Vice President	Liu, Wen-Jang	0	0	0	0
Senior Vice President	Yu, Chia-Chieh	(9,000)	0	(8,000)	0
Senior Vice President	Chen, Shen-Chi	0	0	0	0
Senior Vice President	Chen, Chia-Chuan	0	0	(20,000)	0
Senior Vice President	Hou, Hsien-Yu	(15,972)	0	0	0
Senior Vice President	Chung, Kai-Cheng	0	0	0	0
Deputy Senior Vice President	Lin, Shu-Fen	0	0	0	0
Deputy Senior Vice President	Chen, Shih-Ming	0	0	0	0
Deputy Senior Vice President	Fung, Mei-Lie	0	0	(10,000)	0
Deputy Senior Vice President	Chang, Yu-Heng	0	0	0	0
Deputy Senior Vice President	Tseng, Wen-Chiang	0	0	0	0
Deputy Senior Vice President	Liu, Hsin-Cheng	0	0	0	0
Deputy Senior Vice President	Chang, Ming-Hung	106,210	0	(130,000)	0
Deputy Senior Vice President	Liu, Ying-Chun	0	0	0	0
Deputy Senior Vice President	Yen, Wu-Han	0	0	0	0
Deputy Senior Vice President	Kuo, Ming-Cheng	(20,000)	0	0	0
Deputy Senior Vice President	Wang, Pei-Chi	0	0	0	0

Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Deputy Senior Vice President	Lee, Chia-Fang	0	0	0	0
Deputy Senior Vice President	Lin, Wen-Ji	1,000	0	0	0
Deputy Senior Vice President	Wu, Shu-Ping	0	0	0	0
Deputy Senior Vice President	Huang, Chun-Hsiung	0	0	0	0
Deputy Senior Vice President	Wang, Hwa-Tsai	0	0	0	0
Deputy Senior Vice President	Lee, Kang	0	0	0	0
Deputy Senior Vice President	Liang, Wen-Long	0	0	0	0
Deputy Senior Vice President	Wang, Yuan-Shyang	0	0	0	0
Deputy Senior Vice President	Chen, Shui-Feng	0	0	0	0
Deputy Senior Vice President	Chen, Yu-Hou	0	0	0	0
Deputy Senior Vice President	Yeh, Vanessa	0	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)		No - te
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	15.44	-		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.	-
							Ko, Lee-Ching	Director of Evergreen Marine Corp. (Taiwan) Ltd.	-
Representative: Chang, Yen-I	0	0.00	0	0.00	0	0	Evergreen International Storage & Transport Corp.	Director	-
Evergreen International Corp.	549,262,304	10.92	-		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.	-
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	-
Falcon Investment Services Ltd.	482,801,482	9.60	-		0	0	-	-	-
Evergreen Steel Corp.	221,496,763	4.40	-		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.	-

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)		No-te
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Representative: Lin, Keng-Li	166,519	0.00	0	0.00	0	0	-	-	-
Chang, Yung-Fa	131,970,122	2.62	0	0.00	0	0	Chang, Kuo-Ming Chang, Kuo-Cheng	Within two degrees kinship	-
Chang, Kuo-Cheng	92,460,183	1.84	0	0.00	0	0	Chang, Yung-Fa Chang, Kuo-Ming	Within two degrees kinship	-
New Labor Pension Fund	63,252,887	1.26	-		0	0	-	-	-
Cathay Life Insurance Co., Ltd.	61,438,000	1.22	-		0	0	-	-	-
Representative: Huang, Tiao-Kuei	0	0.00	0	0.00	0	0	-	-	-
Chang, Kuo-Ming	55,968,382	1.11	25,375,098	0.50	0	0	Evergreen International Corp.	Major shareholder	-
							Chang, Yung-Fa Chang, Kuo-Cheng	Within two degrees kinship	-
Evergreen International Storage & Transport Corp.	48,957,013	0.97	-		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.	-
							Ko, Lee-Ching	Director of Evergreen International Storage & Transport Corp.	-
Representative: Chen, Yih-Jong	0	0.00	0	0.00	0	0	-	-	-

Note 1: 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.

Note 2: Shareholding percentage is calculated by the shares owned by the shareholders himself/ herself, spouse and dependents or by third parties separately.

Note 3: 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, 2020

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.	280,189,241	79.42	0	0	280,189,241	79.42
Evergreen Airline Services Corp.	36,183,106	56.33	12,999,827	20.24	49,182,933	76.57
Evergreen Sky Catering Corp.	76,557,790	49.80	38,432,625	25.00	114,990,415	74.80
Evergreen Air Cargo Services Corp.	72,750,000	60.625	16,049,392	13.37	88,799,392	74.00
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
Mar, 2021	10	7,000,000	70,000,000	4,923,498	49,234,980	Corporate Bond Conversion 699,285	-	Apr 16, 2021 Jing-Shou-Shang Zi No. 11001062140

## B. Type of Stock

Unit: thousand shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	4,923,498	2,076,502	7,000,000	Shares of TWSE Listed Companies

Note: Shares approved by Ministry of Economic Affairs.

### 4.1.2 Status of Shareholders

As of APR 20, 2021

(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	28	279	225,350	1,024	226,686
Shareholding (shares)	92,136,172	115,032,054	1,775,204,375	2,032,539,250	1,015,309,024	5,030,220,875
Percentage (%)	1.83	2.29	35.29	40.41	20.18	100

### 4.1.3 Shareholding Distribution Status

#### Common Shares

As of APR 20, 2021

(Shareholders' meeting book closure date)

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	51,253	13,895,753	0.28
1,000 ~ 5,000	121,024	267,880,147	5.33
5,001 ~ 10,000	25,860	206,461,615	4.10
10,001 ~ 15,000	8,885	111,691,327	2.22
15,001 ~ 20,000	5,879	108,915,462	2.17
20,001 ~ 30,000	4,950	126,505,631	2.51
30,001 ~ 50,000	3,962	160,140,497	3.19
50,001 ~ 100,000	2,761	201,219,046	4.00
100,001 ~ 200,000	1,143	162,393,204	3.23
200,001 ~ 400,000	478	135,862,265	2.70
400,001 ~ 600,000	162	79,774,126	1.59
600,001 ~ 800,000	69	48,307,557	0.96
800,001 ~ 1,000,000	63	57,554,347	1.14
1,000,001 or over	197	3,349,619,898	66.58
Total	226,686	5,030,220,875	100.00

#### 4.1.4 List of Major Shareholders

As of APR 20, 2021  
(Shareholders' meeting book closure date)

Shareholding	Number of Shares	Percentage (%)
Shareholder's name		
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	15.44
Evergreen International Corp.	549,262,304	10.92
Falcon Investment Services Ltd.	482,801,482	9.60
Evergreen Steel Corp.	221,496,763	4.40
Chang, Yung-Fa	131,970,122	2.62
Chang, Kuo-Cheng	92,460,183	1.84
New Labor Pension Fund	63,252,887	1.26
Cathay Life Insurance Co., Ltd.	61,438,000	1.22
Chang, Kuo-Ming	55,968,382	1.11
Evergreen International Storage & Transport Corp.	48,957,013	0.97

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

Unit: NT\$

Items	2019 (Distributed in 2020)	2020 (Distributed in 2021)	2021 (As of APR 30) (Note 8)
<b>Market Price per Share (Note 1)</b>			
Highest Market Price	15.95	14.60	20.95
Lowest Market Price	13.50	7.56	11.90
Average Market Price	14.72	11.82	16.43
<b>Net Worth per Share</b>			
Before Distribution	14.68	14.59	(Note 10)
After Distribution	(Note 2) 14.43	14.59	-
<b>Earnings per Share</b>			
Weighted Average Shares (thousands)	4,826,530	4,853,569	4,911,761
Earnings per Share	0.83	(0.69)	(Note 10)
Adjusted Earnings per Share (Note 3)	0.83	(Note 9) (0.69)	-
<b>Dividends per Share</b>			
Cash Dividends	0.25	-	-
<b>Stock Dividends</b>			
Dividends from Retained Earnings	-	(Note 9) -	-
Dividends from Capital Surplus	-	(Note 9) -	-
Accumulated Undistributed Dividends(Note 4)	-	(Note 9) -	-



<b>Return on Investment</b>			
Price / Earnings Ratio	17.63	(16.64)	-
Adjusted Price / Earnings Ratio (Note 5)	17.63	(Note 9) (16.64)	-
Price / Dividend Ratio (Note 6)	58.52	-	-
Cash Dividend Yield Rate (Note 7)	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: If the Company distributes stock dividends, the earnings per shares should be adjusted and disclosed as well.

Note 4: 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 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

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

Note 8: 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 9: The 2020 earnings distribution is pending for shareholders' approval.

Note 10: The Company's financial statements as of March 31, 2021 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**

It has been decided by the meeting of the Board of Directors on March 22, 2021, that the Company will not distribute dividends for 2020 and a report of such distribution will be submitted to the Annual General Shareholders' Meeting in 2021.

#### **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 employees' 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 does not estimate employees' compensation and directors' remuneration for the current period.

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 not to distribute 2020 employees' compensation and directors' remuneration on March 22, 2021 and the amount does not vary from the amount recognized.

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\$170,475,000 of year 2019. 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 has made adjustment accounting entry in profit or loss in 2020 as changes in accounting estimates.

**4.1.9 Buyback of Treasury Stock: None**

## 4.2 Corporate Bond

### 4.2.1 Outstanding Corporate Bond

Corporate bond type	19 <sup>th</sup> Domestic Secured Corporate Bond	3 <sup>rd</sup> 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 Maturity: Dec. 29, 2021	5 years Maturity: Oct. 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 3 <sup>rd</sup> Domestic Unsecured Convertible Bond Article 10, 18 and 19.
Outstanding principal	NT\$4,250,000,000	NT\$214,000,000
Terms of redemption or advance repayment	None	Please refer to the Procedures for Issuance and Conversion of 3 <sup>rd</sup> 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)	Not applicable
		NT\$470,000,000

	ordinary shares, GDRs or other securities		
	Issuance and conversion (exchange or subscription) method	Not applicable	Please refer to the Procedures for Issuance and Conversion of 3 <sup>rd</sup> Domestic Unsecured Convertible Bond.
	Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	No dilution and impact on existing shareholders' equity	Impact on existing shareholders' equity is limited if all bonds are converted into common shares at NT\$13.4 per share, with a maximum equity dilution of 0.32%.
	Transfer agent	Not applicable	Not applicable

Corporate bond type	4 <sup>th</sup> Domestic Unsecured Convertible Bond		
Issue date	October 21, 2020		
Denomination	NT\$100,000		
Issuing and transaction location	Republic of China		
Issue price	Issue by 100% of par value		
Total price	NT\$3,000,000,000		
Coupon rate	0% p.a.		
Tenor	5 years Maturity: Oct. 21, 2025		
Guarantee agency	None		
Consignee	Cathay United Bank		
Underwriting institution	KGI Securities Co., Ltd.		
Certified lawyer	Peng, Yi-Chen (Handsome Attorneys-at-Law)		
CPA	Tang Chia-Chien Su, Yen- Ta (KPMG)		
Repayment method	According to the offering of EVA 4 <sup>th</sup> Domestic Unsecured Convertible Bond Article 10, 18 and 19.		
Outstanding principal	NT\$1,037,300,000		
Terms of redemption or advance repayment	Please refer to the Procedures for Issuance and Conversion of 4 <sup>th</sup> Domestic Unsecured Convertible Bond.		
Restrictive clause	None		
Name of credit rating agency, rating date, rating of corporate bonds	None		
Other rights	As of the printing date of this annual	NT\$1,962,700,000	

attached	report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	
	Issuance and conversion (exchange or subscription) method	Please refer to the Procedures for Issuance and Conversion of 4 <sup>th</sup> Domestic Unsecured Convertible Bond.
	Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	Impact on existing shareholders' equity is limited if all bonds are converted into common shares at NT\$11.2 per share, with a maximum equity dilution of 1.81%.
	Transfer agent	Not applicable

#### 4.2.2 Corporate Bond Under Processing: None

#### 4.2.3 Convertible Bond

Corporate bond type		3 <sup>rd</sup> Domestic Unsecured Convertible Bond		4 <sup>th</sup> Domestic Unsecured Convertible Bond	
Item	Year	2020	As of Apr. 30, 2021	2020	As of Apr. 30, 2021
	Market price of the convertible bond	Highest	110.6	150	127
Lowest		93.35	102.25	101.05	111
Average		100.67	121.05	107.52	137.03
Convertible price		13.4		11.2	
Issue date and conversion price at issuance		Issue Date: 2017/10/27 Conversion price at issuance: NT\$ 15.5/ per share		Issue Date: 2020/10/21 Conversion price at issuance: NT\$ 11.2/ per share	
Conversion methods		Issuing of new stocks		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 April 30, 2021, 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

Year \ Item	Passenger		Cargo		Other		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
2020	24,505,345	28%	50,018,381	56%	14,525,050	16%	89,048,776	100%
2019	100,623,028	56%	25,379,299	14%	55,272,931	30%	181,275,258	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) Improved ticket cancellation/change functions on official website.

(A) The Amadeus Digital API (ATC refund) for ticket cancellation online can automatically calculate the refund value and display it on the refund page. This allows passengers to decide whether to continue with their ticket cancellation, reduces the labor cost of having ticketing agents manually calculate the refund value, and increases customer satisfaction.

(B) The Dynamic Waiver function introduced on the official website for ticket changes allows passengers to change their flight number/date according to the situation (such as typhoon) without charges before their flight departs. This eliminates the labor cost of front-line staff manually making changes to the tickets, and increases customer satisfaction.

(2) EVA Mobile App personalized itinerary management optimization improves user satisfaction.

The homepage automatically displays the itinerary or boarding pass within 2 days, which reduces the inconvenience of repeated login to check reservation record (PNR).

(3) Official website/mobile APP “New Check-in Reservation Function”

At present, online check-in and mobile check-in are available 48 hours before flight departure. Passengers who have already purchased their tickets will be able to make advance reservation to check-in, which gives passengers more flexibility in their check-in time. The system will then automatically send the passengers their boarding pass.

(4) Baggage Reporting System

Passengers who have left the airport can report online if their checked luggage is damaged or lost, and airport operators will contact the passengers. This will save passengers time spent on trying to locate the airport phone number or contacting the airline.

(5) Star Alliance develops “Digital Service Platform” and launches “Travel Information Hub”

The information sharing on the Star Alliance “Digital Service Platform” allows passengers to enjoy seamless services when taking cross-airline flights. The Company has launched services such as baggage tracking, free inter-airline seat selection and membership card number verification. Other functions such as digital assistance for flight transfer, flight abnormality notification, paid inter-airline seat selection, additional services and dynamic use of mileage are also being assessed.

In response to the pandemic, Star Alliance has launched the “Travel Information Hub” to allow travelers to easily enquire the health and hygiene safety measures of member

airlines and information about epidemic prevention at major airports in the Star Alliance flight network.

(6) Additional services expected to be launched

In order to increase the Company's additional revenue, strengthen the richness of the global information website, and provide passengers with the convenient experience of one-stop shopping, the Company is planning to follow the practices of other airlines in the industry to provide additional travel insurance services during the ticket purchase process.

(7) New meal selection service on official website/mobile APP

(A) In order to enhance the meal service of Premium Economy Class, the "Premium Economy Class Online Meal Selection Service" has been added to the official website/mobile APP.

(B) In order to provide passengers with diversified options and increase the Company's ancillary revenue, it is planning to launch the "Prepaid Premium Meal" service in the itinerary management function on its official website and mobile APP.

(8) Expanding air cargo business opportunities in the cold chain market

The Company's cold chain freight services (EVA Pharmacare) covers the major import and export regions of temperature control products in Europe, Asia and the Americas. It specializes in the delivery of seasonal influenza vaccines, biotech medical drugs, high-end ingredient and related products that require special and precise temperature control. In 2020, the demand for cold chain products continued to grow, and the cargo volume increased by 15% compared with 2019. In the future, global cold chain products will continue to be a potential market for air cargo, and the scope of product sales will continue to expand. The Company has earned certification from the Center of Excellence for Independent Validators (CEIV) Pharma certification of the International Air Transport Association (IATA) in March 2021, and will further provide instant and reliable temperature-controlled freight services that are committed to customer safety. In order to meet the needs of vaccine delivery, EVA Air has cooperated with professional temperature-controlled cabinet manufacturers to provide customers with various low-temperature cargo delivery solutions that meet the service requirements of safe delivery.

### **5.1.2 Industry Overview**

#### **A. Current status and development of the industry**

The severe COVID-19 pandemic crisis has deeply impacted the aviation industry. The International Air Transport Association (IATA) estimates that with the reopening of borders and related testing requirement, and the raise in vaccination rates, aviation industry performance in 2021 will improve compared with the performance in 2020.



Although loss will continue, the financial structure of airlines will improve significantly. When some borders reopen in 2021, total revenue will increase by 23%, from US\$372 billion to US\$458 billion. Compared with the previous year, revenue passenger kilometers (RPK) will grow by 26%, increasing from 1.8 billion persons in 2020 to 2.4 billion persons in 2021.

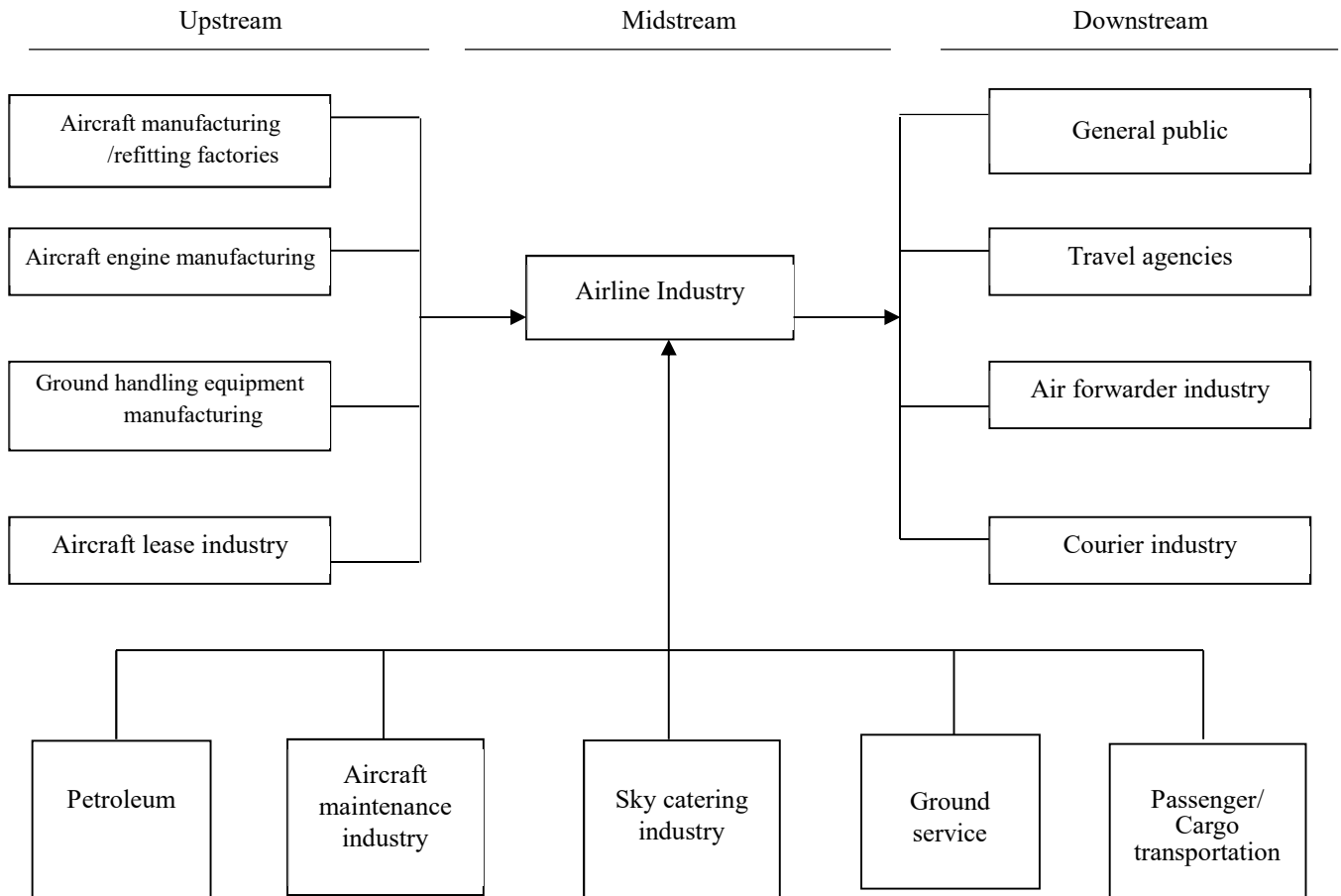
Compared with the economic downturn as a result of the pandemic in 2020, the outlook for 2021 is slightly optimistic. GDP is expected to grow by 4.9%, which is a reversal of the -4.2% in 2020. Global trade growth is estimated to rebound from -9.2% in 2020 to 7.2%. Although aviation industry performance in 2021 will be better than in 2020, the path to recovery will be slow and weak. It is estimated that passenger traffic will not return to the level of 2019 until 2024 at the earliest. The global aviation industry is expected to lose about US\$47.7 billion in 2021, which is a significant decrease of US\$78.7 billion compared with the hit bottom loss of US\$126.4 billion in 2020. In the long run, IATA believes that the progress made as a result of the vaccines is encouraging. The public has not lost their willingness to travel. Even small-scale de-quarantine measures will bring about a rapid and strong market response.

In 2020, the global air cargo capacity was significantly reduced due to the sharp reduction in passenger flights. However, after airlines began using passenger planes for cargo transportation to maintain their operations, cargo capacity has rebounded. According to IATA data, the largest single-month reduction in capacity in 2020 was 40.9% in April. By December, reduction has decreased to 20.6%, and as of December, the cumulative annual reduction in capacity was 24.1%. In terms of cargo volume, it decreased significantly in the second quarter of the early stage of the pandemic, but the degree of impact declined with each month. As of December, the cumulative annual volume decrease was 11.8%. On the whole, freight market supply and demand changed significantly in 2020. The decline in supply was greater than the decline in demand, which pushed up freight rates.

Regarding the outlook for cargo market supply and demand in 2021, IATA estimates that the transportation volume in 2021 will return to the level of 2019. In terms of cargo capacity, before passenger market recovers significantly and passenger aircraft belly hold increases substantially, hold supply from Asia to Europe and the United States will remain inadequate for meeting demand, and freight rates are expected to remain on the relatively high end.

## 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 meal 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	American Airlines	Aeroflot
Air Canada	British Airways	Aerolíneas Argentinas
Air China	Cathay Pacific	Aeromexico
Air India	Finnair	Air Europa
Air New Zealand	Iberia	Air France
ANA	Japan Airlines	Alitalia
Asiana Airlines	LATAM	China Airlines
Austrian Airlines	Malaysia Airlines	China Eastern
Avianca	Qantas	Czech Airlines
Brussels Airlines	Qatar Airways	Delta Air Lines
Copa Airlines	Royal Jordanian	Garuda Indonesia
Croatia Airlines	S7 Airlines	Kenya Airways
EGYPTAIR	SriLankan Airlines	KLM Royal Dutch Airlines
Ethiopian Airlines		Korean Air

Star Alliance	One World	Sky Team
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		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) Automated non-contact services to reduce contact during air travel.

With the spread of the severe COVID-19 pandemic, border controls in various countries have stagnated travel demand. The International Air Transport Association (IATA), the Airports Council International (ACI) and three major aviation alliances have called for rapid screening to replace quarantine, reconstructing airport quarantine procedures, allowing exemptions from existing quarantine control, and relaxing border control measures to restore passenger confidence in air travel. Contactless air travel needs improvement, including the application of digital services while check-in, border control, boarding and inspection. IATA has also released the key design elements of the IATA Travel Pass to provide information on the virus testing regulations of different governments and vaccine-related information. In the future, it can be integrated with contactless travel applications to improve convenience and biosecurity.

#### (4) Diversified air cargo structure

The composition of air cargo sources is diversified. In addition to consumer electronics, machinery, equipment, apparels, footwear and raw materials, the prosperity of e-commerce has also driven the growth of cargo volume. In addition, biotech products that are small in size but high in value, and time-sensitive goods with high yield are also important cargo sources for air freight.

#### 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	2020					
	Passenger Operation				Cargo Operation	
	Number of Flights	Seat Capacity	Passenger Capacity	PLF (%)	Tons of Cargo	Percentage (%)
China Airlines	14,411	4,060,655	2,187,962	53.9	1,023,097	71.2
EVA Air	15,486	4,467,523	2,301,003	51.5	634,026	87.7
Tigerair Taiwan	3,236	583,610	344,602	59.0	322	64.0
Mandarin Airlines	1,354	227,122	125,795	55.4	6,279	23.0
UNI Air	737	174,867	95,866	54.8	5,097	24.8
STARLUX Airlines	834	156,792	34,985	22.3	1,637	69.2
Other Foreign Carriers	28,658	6,799,373	3,657,005	53.8	716,612	N/A
Total	64,716	16,469,942	8,747,218	53.1	2,387,070	N/A

Data source: Monthly Digest of Statistics, December 2020, 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\$135 million on the development of following research product.

Research Product	Explanation
Renovation of EVA official website	In response to the trend of mobile technologies and to meet the diverse needs of passengers, EVA Airways has completed the renovation of our official website. We created an optimal cross-device visual interface for our passengers to enjoy their traveling experience at every moment of their journey with these delicate and well-designed digital services.
Establishing the system with new distribution capability (NDC)	To comply with the New Distribution Capability (NDC) standard promoted by the International Air Transport Association (IATA) in recent years, EVA Airways has established the NDC function that integrates with the passenger reservation system to provide customers with instant and diversified high-quality products and services.
Constructing the module for the cross-industry cooperation membership platform	Since the cross-industry cooperation partners of the Infinity MileageLands of EVA Airways continue to increase, including hotel/car rental, banking and insurance businesses, to speed up the preparation time for the cooperation between the parties involved and shorten the development time for adjusting the program of each new cooperation project, a cross-industry cooperation platform module was constructed in 2020 to set business rules based on the Rule Engine approach. Once the platform module is online, cooperation between the two parties can be carried out.
Enhancing Information Security Governance	EVA Airways has improved its capability of information security governance and cyber defense conducted in 2020. Focused on reinforce security control mechanism and the protection of payment card transaction-related applications and the cardholder data. Meanwhile, the company has enhanced the resilient information security practice, to aim precisely prevent and predict, immediately detect, and quickly respond to a security incident before, during, and after the incident.
Development of the freight and mailbag rate management system	In response to the growth of e-commerce and mail order demand and to get a hold on the real-time air freight rates as well as the changes in mail volume, EVA Airways has completed the development of the freight and mailbag rate management system, which can flexibly and efficiently adjust the flight cabin and airmail rates, improving management efficiency to maximize the profit.

Research Product	Explanation
Revising the website for freight services	In response to the development trend of mobile technologies and to meet the diverse needs of air freight forwarders, EVA Airways has completed the revision of its website for freight services, which is designed based on user experience. The website incorporated traffic data analysis and utilized customer experience to create an optimized cross-device visual interface, providing air freight forwarders instant, convenient and comprehensive digital services.
Flight record big data analysis and development project	To effectively predict the in-flight fuel, formulate fuel strategy, monitor changes in aircraft performance, analyze the best route, improve crew training, and gain insight into flight safety factors, the QAR datalake and the QAR big data analysis platform were completed in this project. Under the optimization of system performance and maintenance costs, the voyage history can be completely retained, and the QAR big data storage capacity was expanded. The big data analysis technology is effectively used to successfully promote the development of aircraft-related business.
Implementation of a new generation core network	To improve the overall network service, quality and management, EVA Airways completed the implementation of a new generation core network. The new network is design with the goal of achieving centralized network management, optimized cable management, enhanced network redundancy and stability and also network security, while proving high-speed network service.
Implementation of a new generation global wireless network platform	EVA Airways designed and implemented the next generation intelligent wireless management platform, built with multiple wireless network redundancy, as well as integrating multiple wireless software and hardware management solutions, in order to improve the internal and guest wireless network needs of the company, while achieving the goal of improving centralized management, and wireless network stability and security.



## B. Future Research Plan

(1) In 2021, the Company is estimated to invest NT\$ 151 million on following research item.

Research Product	Explanation	Estimated Completion Time
Revision of duty-free pre-order website and APP	Due to the fierce competition among e-commerce platforms, a revision project will be implemented to develop a new shopping website that has responsive web pages for duty-free pre-orders in order to optimize the cross-device shopping experience. At the same time, more diversified and flexible promotion plans will be added and coordinated with marketing strategies to enhance competitiveness and increase revenue.	MAR, 2022 20% Completion
Revision of travel industry management system	The Company plans to revise travel agency management system. By optimizing the business process and improving system automation, the efficiency of travel agency related management operations can be enhanced. In addition, user experience-oriented designs will be adopted to construct the best and intuitive visual experience and operation methods to provide travel agency industry players with real-time and convenient digital services.	SEP, 2021 35% Completion
Collaboration projects with online shopping malls	In order to provide Infinity MileageLands members with more flexibility in accruing and redeeming miles, the Company will be collaborating with online shopping malls. Member travelers can accrue membership miles when they shop products from the malls. They can also purchase EVA Air membership miles and extend the validity period of their miles in the malls. At the same time, member miles can be exchanged for accommodation and accommodation mileage accrual. Through such collaboration, member travelers can more conveniently use their accrued miles, thereby increasing member stickiness.	NOV, 2021 20% Completion
Enhancing Cyber Defense Capabilities	In 2021, based on the IT Roadmap for Cybersecurity, EVA Airways will continue to enhance its cyber defense capabilities in depth and enforcement, includes increase penetration testing and vulnerability assessment depth of important systems like passenger and cargo official websites, strengthen security by enhance endpoint local privilege access management and audit process, enhance file	DEC, 2021 15% Completion

Research Product	Explanation	Estimated Completion Time
	access control scope, and integrating the authorization management mechanisms of applications, etc. In order to keep improving robust protection and resilience cyber security framework to ensure adequate business continuity.	
Strengthening of freight rate management system	Continue to strengthen the new generation of freight management system, add air-consolidated freight management functions, and complete systemized services for freight. The revision will strengthen the bank margin control function, integrate the unified control of air mail freight information and improve the overall efficiency of freight management, thereby creating maximum revenue benefit.	DEC, 2021 30% Completion
Development of cold chain cost control system	In response to the increasing demand for cold-chain goods (such as high-value medicines, vaccines, biotech products, high-end food materials and semiconductor wafers), the Company plans to develop a system for managing the cost of leasing cabinets in order to improve operating efficiency and ensure revenue effectiveness.	DEC, 2021 10% Completion
Revision of cargo handling fee system	The revision will strengthen the cargo handling fee management system, improve operational convenience, integrate and simplify the operation process, strengthen the articulation and management review mechanism, strengthen abnormality control, improve the quality and efficiency of cargo handling fee control, and effectively control costs.	JUL, 2022 5% Completion
Development of a new generation of passenger/cargo operation revenue accounting system	In order to provide a faster and more convenient service for passenger/freight fee audit operation, the Company is developing a new generation of revenue accounting system. In addition to replacing the mainframe system, it will adopt an open platform technology architecture to provide a friendly operation interface. At the same time, it will optimize business processes to improve the efficiency of passenger/cargo revenue auditing.	DEC, 2021 84% Completion

Research Product	Explanation	Estimated Completion Time
Flight maintenance record integration and mobile development	In order to improve the quality of aircraft maintenance, the Company plans to build a flight maintenance record management platform. The platform will allow the maintenance flight/cabin logs to be recorded by mobile devices, thereby providing real-time reports of aircraft status and speeding up the processing of maintenance issues.	JUN, 2022 10% Completion
Implementation of a new generation Hyper-Converged Infrastructure server platform for information systems	EVA Airways designed and implemented the next generation server platform for information systems using Hyper-Converged Infrastructure servers, which provides multiple highly available and redundant virtual machine resource pools. This new platform provides high performance and stability servers to all information systems within the company, furthermore the platform integrates overall resource and network security management, which achieves the goal of centralized resource and security management.	DEC, 2022 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 Strategies**

A. Short-term strategies

- (1) Optimize fleet scheduling and increase airline revenue.

Affected by the severe COVID-19, air freight demand has increased significantly. In addition to cargo in cabin (CIC) flights, the cabin seats of thirteen 777-300ER passenger aircraft will be completely removed to expand cargo floor space and improve overall benefits in cargo operations.

- (2) Maintain skeleton flight services and strengthen hub and spoke network.

Specialize in business routes and concentrate flight days to facilitate itinerary connections

for passengers when connecting flights are open. Priority will be given to resuming additional flights for business and family visit routes. Along with market recovery, gradually increase tourist routes to grasp business opportunities from retaliatory rebound after the pandemic.

(3) Expand passenger transport capacity

In the future, as the pandemic eases, plan to gradually add new routes that hold potential, such as the Taoyuan- Penang, the Taoyuan- Clark routes. In addition, the Taoyuan- Milan route, which has been delayed due to the pandemic, will also be scheduled to be open based on the pandemic control situation.

(4) Increase the utilization of the 787 fleet

In coordination with the use of the 777 fleet for cargo operation, the 787 fleet will be used for long haul flights. In addition, the new 787 will be deployed in the Songshan Airport to increase the capacity of high-efficiency routes.

(5) Flexibly adjust fare products and optimize fare structure

Flexibly adjust direct flight fares according to market demand and passenger source structure, and market them as up fare products. For transits through Taipei, flexibly adjust up fare products and Standard fare products according to market demand. If undertaking special customer sources such as foreign workers and sea man, provide fare products according to actual needs.

(6) Enhancing customer loyalty by protecting the benefits of FFP members

Appropriately extend the validity period of card status, mileage and reward tickets according to the pandemic situation. Launch mileage redemption discount for the domestic routes of UNI Air and full mileage redemption for EVA Sky Shop home delivery to diversify channels for redeeming miles.

(7) Rolling out flights-to-nowhere, blocked extra seats, blocked zones, blocked cabins and charters programs launched by the Civil Aeronautics Administration.

In response to the Civil Aeronautics Administration's special international flight policies for same airport arrival and departure and airports on Taiwan's main island during the pandemic, a total of 38 flights were flown. EVA Air will continue to promote and actively contact tourism bureaus of various countries to collaborate on launching this special flight program between August 2020 and January 2021. In addition, in response to changes in the air travel needs of passengers due to the pandemic, blocked extra seats, blocked zones, blocked cabins and charters services are provided to give business owners

and travelers independent and private spaces during their flight and safer options for flying.

(8) Simplify the service process, reduce contact and use disposable inflight service items

Simplify meal service throughout the cabin, reduce the supply of special meals, do not actively provide hot and cold drinks, pillows or blankets, and cancel the provision of towelettes, tablecloths, newspapers and magazines, wine list, rice crackers and pre-landing sweets in order to reduce contact. Use disposable products for earphones, head cushions, napkins and other in-flight items.

(9) Flexibly adjust cargo operation routes

Flexibly adjust cargo operation destination, flight frequency and aircraft types according to changes in the pandemic situation and market demand. In addition, increase and decrease shifts to fully utilize fleet capacity and improve overall operational efficiency.

(10) Improve freight capacity and focus on Company revenue

Use passenger aircraft resources to implement various freight transportation capacity improvement plans, strive for freight revenue, and focus on the Company's revenue.

(11) 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.

B. Long-term plan

(1) Adjust fleet size properly

In response to the severe COVID-19 pandemic, the global air passenger and cargo market demand has undergone drastic changes. In 2020, an agreement was reached with Boeing to postpone the delivery of an entire fleet of new 787-10 aircraft. In addition, of the undelivered 787-10 aircraft, adjustments were made to deliver four 787-9 passenger planes and three 777F cargo planes instead.

(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 (CORSA) 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:

Region \ Item	2019			2020		
	No. of Passenger	RPK (Million)	Revenue (NT\$ Million)	No. of Passenger	RPK (Million)	Revenue (NT\$ Million)
America	2,239,229	24,623	39,386	562,229	6,168	12,009
Europe	886,722	7,040	11,516	194,168	1,542	2,849
Asia	9,589,358	16,264	48,628	1,544,263	2,803	9,318
Oceania	111,996	756	1,093	29,365	198	329
Total	12,827,305	48,683	100,623	2,330,025	10,711	24,505

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

Cargo Operations:

Region \ Item	2019			2020		
	Cargo Carried (Tons)	FTK (Million)	Revenue (NT\$ Million)	Cargo Carried (Tons)	FTK (Million)	Revenue (NT\$ Million)
America	207,081	2,373	16,079	242,290	2,763	31,462
Europe	43,233	442	2,660	37,060	363	4,336
Asia	356,766	606	6,548	414,680	697	13,593
Oceania	3,331	23	92	9,674	65	627
Total	610,411	3,444	25,379	703,704	3,888	50,018

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	
		2019	2020
Number of Flights	EVA Air	57,419	15,486
	Taiwan	306,264	64,716
	Market Share (%)	18.75	23.93
Number of Passengers	EVA Air	12,861,068	2,301,003
	Taiwan	59,277,753	8,747,218
	Market Share (%)	21.70	26.31
Tons of Cargo	EVA Air	546,608	634,026
	Taiwan	2,266,521	2,387,070
	Market Share (%)	24.12	26.56

Data Source: Monthly Digest of Statistics, December 2019 and December 2020, CAA.

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

Unit: %

Airline	2019		2020	
	Passenger	Cargo	Passenger	Cargo
China Airlines	23.45	37.37	25.01	42.86
EVA Airways	21.70	24.12	26.31	26.56
Mandarin Airlines	2.17	0.64	1.44	0.26
Tigerair Taiwan	4.70	0.04	3.94	0.01
UNI Airways	1.43	0.56	1.10	0.21
STARLUX Airlines	-	-	0.40	0.07

Data Source: Monthly Digest of Statistics, December 2019 and December 2020, CAA.

## C. Market supply & demand and growth in the future

Since the outbreak of the severe COVID-19, various countries have resorted to exit control measures, leading to a cliff-like decline in demand for passenger transport. Fortunately, the advent of vaccines is the light at the end of the pandemic tunnel. As vaccination is being successfully implemented in various countries, the air passenger transport market is expected to gradually recover. The expected flight resumption for the Company's main operating routes are explained as follows:

## (1) Passenger Routes

Due to the impact of the pandemic, passenger flights in the first and second quarters were mainly planned according to cargo demand in order to retain basic services in regional skeleton flight and maintain the hub of air network structures. It is estimated that as vaccines in various countries are being successively put into use, resumption in the third and fourth quarters will be flexibly adjusted according to the quarantine regulations of each country and market demand. Flight capacity will be carefully planned and gradually restored to grasp business opportunities from post pandemic rebound.

## (2) Air cargo Routes

The North American Routes are the Company's main source of cargo revenues, accounting for 63%. Freighter revenue accounted for 75%. Freighters offer 16 flights per week to 4 destinations in Los Angeles, Chicago, Dallas and Atlanta in the United States while wide-bodied passenger aircraft provide cargo services with belly hold to 8 destinations in Los Angeles, San Francisco, Seattle, New York, Houston, Chicago, Vancouver and Toronto. Although impact by the pandemic, the AFTK between Asia and North America increases by 8.8% due to the maximized utilization of freighter and the increase of the capacity of passenger aircraft carrying cargo. The Company plans to introduce three 777 freighter from the fourth quarter of 2021 to densify existing routes and meet market needs.

## 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 8 consecutive years and was awarded the third place. At the same time, EVA Air has also earned the 6th position among the World top-20 airlines 2021.

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) Balanced development of passenger and cargo in response to market changes

Due to the impact of the pandemic, passenger flights in the first and second quarters were mainly planned according to cargo demand in order to retain basic services in regional backbone routes and maintain the hub of air network structures. It is estimated that as vaccines in various countries are being successively put into use, resumption in the third and fourth quarters will be flexibly adjusted according to the quarantine regulations of each country and market demand. Flight capacity will be carefully planned and gradually restored to grasp business opportunities from post pandemic rebound.

#### (3) The layout of the original aviation network is complete, which will help the market recover in the post-epidemic era

The Company’s original flight destinations cover more than 60 cities across the four continents of Europe, the United States, Asia and Australia to form a complete passenger and cargo flight network. As a result of the pandemic, flights have been significantly reduced to only skeleton flights. However, relying on the resources of the original destinations, by gradually resuming flights after the pandemic, the Company will provide dense air network services to quickly restore market competitiveness and meet consumer needs.

#### (4) 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 and has delivered 10 by the end of 2020. 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.

The main aircraft type in the Company's freighter fleet is the Boeing 777F freighter. It has a maximum cargo load of 102 metric tons and is equipped with GE90-115B engines from the GE Aviation Group, which are the same engines as the Company's 777-300ER passenger aircraft. In addition to reducing maintenance costs, the 777F freighter also has excellent environmental protection and energy saving performance. Compared with the previous generation Boeing 747-400 freighter, it can reduce fuel consumption and greenhouse gas emissions by about 25%. The Company will introduce 3 more 777F freighter in 2021 to increase the size of the fleet to 8 aircraft, thereby effectively increasing cargo capacity.

#### E. Favorable & Unfavorable Factors in Prospects and Countermeasures

##### ■ Favorable Factors

- (1) Infrastructures such as global airport terminal equipment, runway capacity, departure time slots and airspace usage for various countries are unable to meet the development speed of the aviation industry. However, the impact of the pandemic has alleviated this saturation problem, making it a conducive time to re-plan post pandemic air network.
- (2) The International Air Transport Association (IATA) estimates that in 2021, cargo volume will return to the level of 2019. Before the passenger transportation market recovers significantly and the belly hold of passenger aircraft increases significantly, the hold supply from Asia to Europe and the United States is still inadequate for coping with demand, and freight rates are expected to remain on the high end.
- (3) With the impact of global industrial chain migration, some product production lines have moved back to Taiwan, which helps activate Taiwan's air export.
- (4) Due to the impact of the pandemic, stay-at-home economy has become more vigorous, leading to the continuous growth of cross-border e-commerce. In addition to changing the pattern of traditional air cargo market, it has also added to the growth momentum of air freight demand.
- (5) Air cargo is playing a more active logistics role in global economy and trade. Improvement in cold chain freight efficiency will support the normal delivery of vaccines and medical products.

## ■ Unfavorable Factors

- (1) In April 2021, the International Air Transport Association (IATA) pointed out that although the overall aviation industry has reduced operating costs in 2020 as a result of decline in oil prices, its revenue has fallen by 56% and it has incurred a net loss of approximately US\$126.4 billion. It is estimated that in 2021, the net loss can be reduced by 62% to US\$47.7 billion. However, passenger traffic is not expected to return to the pre-pandemic level of 2019 until 2024.
- (2) In April 2021, the International Monetary Fund (IMF) pointed out that global economic growth rate for 2021 is expected to be 6%. However, this forecast remains greatly uncertain and will depend on unpredictable public health and economic factors. These factors include the pandemic path, sluggish demand, and the impact of financial market fluctuations on global capital flows. In addition, the ongoing impact of the pandemic, the scale and effectiveness of policies, as well as the allocation of resources and advance in vaccines and drugs are also influencing factors.
- (3) National restrictions on travel bans and quarantine days for immigration will continue to delay the recovery of the tourism industry.
- (4) The price of aviation fuel has rebounded after hitting bottom. Coupled with the intensifying impact of abnormal climate, flight operation costs have increased.
- (5) The pandemic is continuing to impact the global tourism industry. Vaccination takes time, and freight transport is expected to continue to support aviation industry operations for the next 1 to 2 years.

## ■ Countermeasures

- (1) Based on pandemic development and passenger and cargo demand, readjust fleet planning and the layout of the aviation network, and re-examine the post pandemic market to grasp business opportunities from rebound after the pandemic.
- (2) In response to changes in the air travel needs of passengers due to the pandemic, introduce fare for blocked extra seats, blocked zones, blocked cabins and charters services. Provide diversified pricing to give business owners and travelers independent and private spaces during their flight and safer options for flying.
- (3) Lead industries to spearhead programs such as flights to nowhere, and subsequently launch a series of festival and corporate charter flights to satisfy travelers' desire to go abroad.

- (4) From time to time, organize captain, flight attendant and in-flight gourmet meal production experience camps to further the Group's brand image and expand non-industry revenue through these interactive experience with passengers.
- (5) Improve airport automation services to reduce contact opportunities and restore passenger confidence in flying.
- (6) Make preliminary preparations to fulfill the delivery conditions and equipment requirements for cold chain goods such as vaccines and fresh food in order to meet the ever-increasing market demand.
- (7) Maximize the utilization rate of the 5 freighters and make full use of the resources of passenger flights to carry cargo.
- (8) Introduce three 777 freighters to further improve cargo capacity.
- (9) Carefully evaluate the feasibility of changing passenger aircraft to freighters in response to potential market demand.

## 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.

## 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	2019				2020			
	Company Name	Amount	(%)	Relationship with EVA AIR	Company Name	Amount	(%)	Relationship with EVA AIR
1	GE Engine Services Distribution	11,218,427	13.65	None	Formosa Petrochemical Corp.	4,409,312	15.95	None
2	Formosa Petrochemical Corp.	10,653,915	12.96	None	CPC Corp.	4,050,313	14.65	None
3.	-	-	-	-	GE Engine Services Inc.	3,996,115	14.45	None
	Others	60,337,991	73.39		Others	15,195,476	54.95	
	Net Total	82,210,333	100.00		Net Total	27,651,216	100.00	

Note: The table above listed the names of suppliers with more than 10% of the total purchases in the recent two years and their purchase amounts and proportions. However, if the name of the suppliers or the transaction object must not be disclosed due to the contractual agreement, and the transaction object is an individual and non-related person, the Company is allowed to use a code name.

#### Analysis of deviation:

1. Fuel is the Company's primary operating costs. Among our fuel suppliers, Formosa Petrochemical Corp. and CPC Corp. are main domestic suppliers. Affected by the severe epidemic in 2020, the number of passenger flights decreased, and the international fuel price fell in 2020, resulting in a reduction in fuel costs.
2. In the fourth quarter of 2019, Evergreen Aviation Technologies Corp., a consolidated subsidiary, transferred its engine business to GE Evergreen Engine Services Corp., resulting in a reduction in maintenance costs.

### 5.2.5 Production in the Last Two Years

Capacity and Traffic \ Year	2019	2020	Change rate
Available Seat Kilometers (ASK)	59,672,883	20,826,436	-65.10%
Revenue Passenger Kilometers (RPK)	48,682,624	10,710,890	-78.00%
Passenger Load Factor (%)	81.58%	51.43%	-30.15pp
Available Freight Tonne Kilometers (AFTK)	4,402,373	4,432,436	0.68%
Freight Tonne Kilometers (FTK)	3,443,624	3,888,174	12.91%
Cargo Load Factor (%)	78.22%	87.72%	9.50pp
Available Tonne Kilometers (ATK)	9,772,932	6,306,815	-35.47%
Revenue Tonne Kilometers (RTK)	7,825,060	4,852,155	-37.99%
Overall Load Factor (%)	80.07%	76.94%	-3.13pp

### 5.2.6 Sales in the Last Two Years

Unit: NT\$ thousands

Sales \ Year	2019		2020	
	Quantity	Amount	Quantity	Amount
Passenger	12,827,305	100,623,028	2,330,205	24,505,345
Cargo(Tons)	610,411	25,379,299	703,704	50,018,381
Others	-	55,272,931	-	14,525,050
Total	-	181,275,258	-	89,048,776

### 5.3 Human Resources

Year		2019	2020	As of APR 30, 2021
Number of Employees	Pilot	1,512	1,530	1,533
	Crew	4,528	4,533	4,007
	Others	13,640	12,090	11,778
	Total	19,680	18,153	17,318
Average Age		35.4	36.9	37.4
Average Years of Service		8.5	9.7	9.9
Education %	Ph.D.	0.1	0.1	0.1
	Masters	4.9	5.2	5.3
	Bachelor's Degree	79.5	79.9	80.1
	Senior High School	13.2	12.9	12.6
	Below Senior High School	2.3	1.9	1.9

## **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:**

On August 1, 2018, the Environmental Protection Administration of the Executive Yuan dispatched personnel to conduct an environmental impact assessment and supervision of the aircraft maintenance plant expansion plan of the consolidated subsidiary, Evergreen Aviation Technologies Corp (EGAT). The inspection found that environmental monitoring was not implemented during a part of the period, which is a violation of Article 17 of the Environment Impact Assessment Act. The penalty for the violation is NT\$1.35 million and 8 hours of environmental seminars. The content of the violation, the date of the sanction, the sanction number and the corresponding measures are as follows:

The content of the violation: The development unit shall implement the contents in accordance with the environmental impact statement and the content and the review conclusions contained in the assessment report.

The date of sanction: August 25, 2020

The sanction number: Executive Yuan Environmental Protection Administration Execution of the Sanction of Environment Impact Assessment Act Violation Case Number 1090062897.

The corresponding measures: EGAT will conduct environmental monitoring in accordance with regulations during the expansion of its plant.

### **5.4.2 Countermeasures and Improvements**

1. Strengthen the energy management, restrain the load of electricity and use of fuel to reduce CO<sub>2</sub> 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 consolidated subsidiary 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.

(3) The consolidated subsidiary Evergreen Airline Services Corp. (EGAS)

- EGAS has equipped with sewage disposal facilities in Changxing Park and Factory Office Building in order to comply with the sewage emission standards regulated by EPA and spare no effort to protect the environment.
- In response to the government's green energy policy, the Changxing Park and Factory Office Building are equipped with Solar Power Generation System to achieve the effect of saving and reducing carbon emissions.

(4) 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 2020 was 305,336 degrees. The "Solar Power Generation System" of the Unit II facility has been completed in the first half 2020 and the total power generation in the year of 2020 was 369,552 degrees.

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. 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 stricter 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. Introduction of ISO 14001 Environment 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, the



Company has obtained certification of 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 every three years. The validity period of the certificate is 1 December, 2021 and 3 January, 2022 respectively. EVA Air continuously promotes environmental protection plans and identifies risks and opportunities based on systematic administration and organized operation; and continuously achieves toward becoming a sustainable and green corporation.

5. Introduction of e-Formula Optimization Management, e-FOM

In order to strengthen the Company's environmental protection efforts and improve the efficiency of energy resource use, the e-FOM was introduced in June 2019 to effectively monitor, analyze and control the energy consumption of air-conditioning systems. The e-FOM technology increases the accuracy of information digitization, introduces big data statistical analysis functions and uses genetic algorithms to enhance smart management, thereby reducing human error and the need for management human resources. Through system performance monitoring data, the system learns and adjusts various parameters to allow it to run in optimum performance areas, thus greatly reducing energy consumption. The e-FOM was officially launched in January 2020. Conservation calculations are based on the air-conditioning system in Nankan Park, which is the highest energy-consuming facility. To reduce the energy consumption of air-conditioning, the smart overall control optimized the ice water air-conditioning and cooling water systems, both of which have the highest energy consumption. Results show that the average monthly air-conditioning energy saving in 2020 was 18%, which is equivalent to an average monthly energy saving of 4.5% in Nankan Park, and the cumulative energy saving was 746,249 kWh.

6. GHG Emission Inventory Check and Reduce

(1) GHG emission inventory check according to ISO 14064-1 principles

In order to control the emission of GHG, the Company has been conducting voluntary inventory check of GHG emissions since 2011, and has completed a third party verification of GHG emission data with ISO 14064-1 principles every year since 2016. The quantified data mainly include aviation fuel, automobile gasoline and diesel fuels, and each office's total power consumption. As of 2020, the ISO14064: 2018 version has been adopted, adding indirect GHG emission check, to expand the inventory of other indirect GHG emission sources. In regard to the GHG emission of 2019 and 2020, please refer to "Corporate Governance Operation" page 87 of this Annual Report for details.

(2) The Operation of CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation)

In 2018, EVA Air has formulated and submitted EMP to Civil Aeronautics Administration (CAA) to comply with Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), proposing by International Civil Aviation Organization (ICAO). From 2019, the Airline is required to monitor fuel consumption based on the EMP and submit the carbon emission report (ER) to the Civil Aviation Administration after verification by a third party for international carbon offsetting and mitigation in the future.

(3) The Operation of EU ETS (EU Emission Trading Scheme)

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. After UK left EU, the Company will be under the jurisdiction of the Netherlands and declare to the country from 2021.

(4) Fuel conservation measures

With the expansion of routes and the increase of business scale, EVA Air has made various fuel conservation measures. These measures are executed by the "Environment Promotion Sub-Committee" to analyze the fuel efficiency of various aircraft types. Meanwhile, the fuel conservation plans involve topics such as weight reduction of aircraft, flight operations and aircraft maintenance in order to implement the carbon reduction strategy of the International Air Transport Association (IATA) and respond to the government's demand for energy conservation and carbon reduction to reduce greenhouse gas emissions.

Besides, the Company continually modernize the fleets through introducing latest environment friendly aircraft — Boeing 787 Dreamliner. 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.

7. The "Environment Promotion Sub-Committee" of EVA Air

In 2015, EVA Air formed the "Environment Promotion Sub-Committee", which is the highest decision-making supervisory unit for environment management policy. The committee control and plan relevant guidelines and policies from the four major aspects of fuel conservation, environment, energy and carbon rights, and promote various plans and aircraft fuel-conservation measures to reduce greenhouse gas emissions and noise of the apron operation. It convenes at quarterly meetings to discuss the status and achievement performance of all responsible duties, ensures the effectiveness of the Company's environment and energy management guidelines and policies, effectively reduces the adverse global impact of GHG emissions, and

establishes EVA Air's positive image in the international community as a sustainable and green corporation.

#### 8. Risks and Opportunities of Climate Change

EVA implements the four main core elements of TCFD (Task Force on Climate-Related Financial Disclosures), which identify and control high risk factors caused by climate change and extreme climates, and expand risk monitoring to all environmental aspects. EVA Air adopts active and advance projection safety management methods to prevent potential hazards from environmental risks, and regularly reviews operation procedures to list adverse weather operations in the flight crew manual. Moreover, we fully grasp various hazard information through educational trainings, comprehensive information and adopting risk manage procedures. In addition to the elimination or reduction of the impact brought by climate change, EVA Air identifies opportunities for the company's operations resulting from climate change. We actively establish strategies and management measures to properly and timely pursue any development opportunities with potential short, mid-, or long-term benefits to the Company's business.

#### 5.4.3 Restriction of Hazardous Substances (RoHS) information

The Company is air transportation industry, which is not applicable to RoHS regulations.

#### 5.4.4 The Expenditure on Environmental Protection of Year 2020 and 2021

Unit: NT\$ thousands

Item / Year	2020	2021 (Estimated)
Cleaning fee of litter	37,881	38,157
Aircraft noise prevention charge	98,507	128,190
EU carbon emissions fee	136	171
Expenses for development the environmental and energy management system program	21,119	3,492
Disposal fee of polluted water	7,334	8,405
Pollution prevention facility	0	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 2020

Number of Trainees	Total Training Hours	Total Training Expenditure (NT\$ thousands)
45,875	103,410	2,758

(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 2020 training performance statistics are as follows:

Courses	Completed Counts	Training Hours (per person)
Initial Ground Subject Training	267	464
Recurrent Training	3,760	24
A330 Transition Training	34	22
A330 Transition Training (from narrow to broad)	90	28.5
A321 Transition Training	73	16
787 Transition Training	1,316	24
777 Transition Training (from narrow to broad)	49	32
CA Enhanced Training	38	48
CA Advanced Training	354	16

### (3) Flight Crew Training

For the flight crew, EVA provides the following trainings, and the 2020 training performance statistics are as follows:

Types of Training	Completed Counts	Training Hours(Per Person)
Initial New Hire	31	234
Transition Training-simulator phase	117	136
On-type Upgrade (SFO to PIC)	7	31
Upgrade (FO to SFO)	84	8
Requalification Training	60	26
Recurrent Simulator training	2,353	6
Annual Ground School	1,284	29
CRM-Joint Emergency Training	924	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\$ 18.8 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 \$ 0.9 million. The details are as follows:

Disposition Date	Disposition Number	Violated Article	Violated Article Content
Feb. 27, 2020	Taoyuan Labor Inspection No.1090038461	Labor Standards Act Article 38 Paragraph 2	<p>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:</p> <ol style="list-style-type: none"> <li>1. Three days for service of six months or more but less than one year.</li> <li>2. Seven days for service of one year or more but less than two years.</li> <li>3. Ten days for service of two years or more but less than three years.</li> <li>4. Fourteen days for service of three years or more but less than five years.</li> <li>5. Fifteen days for service of five years or more but less than ten years.</li> <li>6. One additional day for each year of service over ten years up to a maximum of thirty days.</li> </ol> <p>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.</p>



Disposition Date	Disposition Number	Violated Article	Violated Article Content
Apr. 27, 2020	Kaohsiung Labor Mediation No.10933354700	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 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.
Mar. 24, 2021	Taoyuan Labor Inspection No.1100061476	Labor Standards Act Article 51	A female worker may apply to be transferred to less strenuous work during her pregnancy. The employer shall neither reject her application nor reduce her wage.

3. 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 APR 30, 2021

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contract	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)	-
	Blackbird Capital II Leasing Ltd.	2021.03~2023.10	A321-200 (B-16206)	-
	Jin Shan Ireland Co. Ltd.	2014.10~2023.11	A321-200 (B-16207)	-
	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)	-	

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contract	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)	-
	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) LIMITED	2018.11~2027.12	A330-300 (B-16336)	-
	OAS Aviation (UK) Limited	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	2015.11~2028.06	777-300ER (B-16725)	-
	ALC B773 44552, LLC	2016.01~2028.02	777-300ER (B-16726)	-
	Pegasus Jet Leasing 2 Ltd.	2019.11~2028.07	777-300ER (B-16728)	-
	ALC B773 61601, LLC	2016.09~2028.09	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	2017.01~2029.02	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)	-
	ALC B879 72018,LLC	2018.09~2030.10	787-9 (B-17881)	-
	ALC B879 102018,LLC	2018.10~2030.11	787-9 (B-17882)	-
	ALC B879 22019, LLC	2019.02~2031.03	787-9 (B-17883)	-
ALC B879 42019,LLC	2019.05~2031.06	787-9 (B-17885)	-	
ALC B8710 62019,LLC	2019.07~2031.08	787-10 (B-17802)	-	

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contract	ALC B8710 12020,LLC	2020.02~2032.03	787-10 (B-17806)	-
	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.	2018.01~2022.09	A330-300 (B-16340)	-
	UNI Airways Corp.	2018.01~2022.09	777-300ER (B-16707)	-
	UNI Airways Corp.	2016.08~2021.08	ATR72-600 (B-17016)	-
	UNI Airways Corp.	2016.09~2021.08	ATR72-600 (B-17017)	-
	UNI Airways Corp.	2019.01~2030.09	787-9 (B-17881)	-
	Taoyuan Airport Corp.	2020.01~2022.12	Land and House Lease	-
	Taoyuan Airport Corp.	2015.07~2025.07	Land and House Lease	-
	CAA Taipei Station	2020.01~2022.12	Land and House Lease	-
	CAA Taipei Station	2012.03~2022.02	Land and House Lease	-
Evergreen Aviation Technologies Corp.	2014.10~written notice of termination	Bonded Warehouse and Open Platform	-	
Purchasing Contract	THE BOEING COMPANY	Contract Signing Date 2015.11	787-10、787-9、777F	-

## B. Loan Contract

As of APR 30, 2021

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
EVA Airways Corp.	Loan Contracts	Hua Nan Commercial Bank	2014.05~2026.05	Secured Loans (Aircraft Type : 777-300ER)	-
		Bank of Taiwan	2014.06~2026.06		-
		Mega International Commercial Bank	2015.03~2027.03		-
		Chang Hwa Commercial Bank	2015.09~2027.09		-
		Hua Nan Commercial Bank	2015.10~2027.10		-
		Bank of Taiwan	2016.08~2028.08		-
		Cathay United Bank	2017.09~2029.09		-
		Mega International Commercial Bank	2017.12~2029.12		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
EVA Airways Corp.	Loan Contracts	Sunny Bank	2020.07~2024.07		-
		Bank of Taiwan	2020.12~2025.12		-
		Mega International Commercial Bank	2021.02~2026.02		-
		Land Bank of Taiwan	2021.03~2026.03		-
		E.SUN Bank	2018.02~2030.02	Secured Loans (Aircraft Type : 777F)	-
		Bank of Taiwan	2018.06~2030.06		-
		Chang Hwa Commercial Bank	2018.12~2030.12		-
		Taiwan Business Bank	2019.01~2031.01		-
		Bank of Taiwan	2019.06~2031.06		-
		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		-
		Chang Hwa Commercial Bank	2020.11~2032.11		-
		Bank of Taiwan	2020.09~2027.09	Secured Loans Land & Buildings	-
		KGI Bank	2020.12~2027.12		-
		Chang Hwa Commercial Bank	2017.05~2022.05	Unsecured Loans	-
		Bank SinoPac	2017.06~2022.06		-
		Taiwan Business Bank	2017.06~2022.06		-
		Mega International Commercial Bank	2017.08~2022.08		-
		Cathay United Bank	2017.09~2022.09		-
		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		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
EVA Airways Corp.	Loan Contracts	Taipei Fubon Bank	2019.07~2022.07	Unsecured Loans	-
		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		-
		First Commercial Bank	2020.03~2023.03		-
		O-Bank	2020.03~2025.03		-
		Bank of Taiwan, etc. Syndicated Loan	2020.06~2022.06		-
		Bank of Taiwan, etc. Syndicated Loan	2020.09~2022.06		-
		The Export-Import Bank of the Republic of China	2020.09~2023.09		-
		Hua Nan Commercial Bank	2020.09~2025.09		-
		Bank of Taiwan, etc. Syndicated Loan	2020.10~2022.06		-
		Entie Commercial Bank	2020.12~2023.12		-
		Bank of Taiwan	2020.12~2025.12		-
		Land Bank of Taiwan	2021.03~2026.03		-
Mega International Commercial Bank	2021.03~2026.03	-			
Evergreen Aviation Technologies Corp.	Loan Contracts	Bank of Taiwan	2015.07~2030.07	Secured Loans Plant & Facilities	-
		Taiwan Cooperative Bank	2016.01~2031.01		-
		KGI Bank	2018.12~2023.12		-
		Hua Nan Commercial Bank	2019.10~2034.10		-
		Chang Hwa Commercial Bank	2017.09~2022.09	Unsecured Loans	-
		Chang Hwa Commercial Bank	2019.06~2024.06		-
		Shanghai Bank	2018.12~2022.06		-
		Yuanta Commercial Bank	2019.01~2021.10		-
		Bank SinoPac	2018.07~2023.07		-
		The Export-Import Bank of the Republic of China	2020.09~2025.09		-
		Sunny Bank	2020.09~2023.09		-
		Cathay United Bank	2017.12~2022.12		-
		O-Bank	2019.12~2022.12		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
Evergreen Aviation Technologies Corp.	Loan Contracts	E.SUN Bank	2019.09~2022.09	Unsecured Loans	-
		Hua Nan Commercial Bank	2017.07~2022.07		-
		Mega International Commercial Bank	2018.01~2023.01		-
		Far Eastern International Bank	2020.04~2023.04		-
		Bank of Taiwan	2018.09~2023.04		-
		Bank of Taiwan	2020.02~2025.02		-
		Bank of Kaohsiung	2018.12~2023.09		-
		Taiwan Cooperative Bank	2018.03~2023.03		-
		Agricultural Bank of Taiwan	2019.06~2024.06		-
		Cathay United Bank	2021.02~2024.02		-
		KGI Bank	2021.02~2024.02		-
		Yuanta Commercial Bank	2021.04~2024.04		-



## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheets – Based on IFRS (Consolidated)

Unit: NT\$ thousands

Item		2016	2017	2018	2019	2020	2021.03.31
Current Assets		69,375,363	69,002,340	75,996,433	77,199,776	55,932,512	56,978,568
Property, Plant and Equipment		125,481,847	135,017,379	143,960,512	138,646,890	133,221,419	130,446,881
Intangible Assets		2,170,781	2,078,673	2,123,769	1,977,277	1,700,564	1,637,940
Other Assets		20,635,413	22,108,836	19,113,189	138,427,751	138,712,760	136,765,729
Total Assets		217,663,404	228,207,228	241,193,903	356,251,694	329,567,255	325,829,118
Current Liabilities	Before Distribution	62,284,933	60,428,208	60,922,876	82,441,715	45,433,155	46,469,783
	After Distribution	63,095,312	61,262,897	63,266,523	83,655,107	(Note1)45,433,155	-
Non-current Liabilities		96,042,190	103,569,512	110,151,292	195,667,963	207,474,571	203,902,456
Total Liabilities	Before Distribution	158,327,123	163,997,720	171,074,168	278,109,678	252,907,726	250,372,239
	After Distribution	159,137,502	164,832,409	173,417,815	279,323,070	(Note1)252,907,726	-
Equity Attributable to Owners of Parent		53,328,195	58,007,723	63,582,269	71,252,182	70,797,388	69,594,577
Common Stock		40,518,923	41,734,490	43,821,215	48,535,695	48,535,695	49,234,980
Capital Collected In Advance		-	-	230,642	-	-	373,482
Capital Surplus		6,237,027	6,639,940	6,751,945	7,849,700	7,985,673	8,055,150
Retained Earnings	Before Distribution	5,702,366	8,672,249	12,344,382	12,117,248	7,827,138	5,629,712
	After Distribution	3,676,420	5,750,835	8,594,547	10,903,856	(Note1)7,827,138	-
Other Equity		869,879	961,044	434,085	2,749,539	6,448,882	6,301,253
Treasury Stock		-	-	-	-	-	-
Non-controlling Interests		6,008,086	6,201,785	6,537,466	6,889,834	5,862,141	5,862,302
Total Equity	Before Distribution	59,336,281	64,209,508	70,119,735	78,142,016	76,659,529	75,456,879
	After Distribution	58,525,902	63,374,819	67,776,088	76,928,624	(Note1)76,659,529	-

Note 1: As of the publication date of this annual report, the Board of Directors dated March 22, 2021 resolved not to distribute cash dividends of 2020 while the 2020 earnings distribution is pending for shareholder's approval.

Note 2: Above annual information was based on the audited consolidated financial statements. Until the printing date of annual report, the consolidated financial statements as of March 31, 2021 haven't been reviewed by independent auditors.

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

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

Item	2016	2017	2018	2019	2020	2021.03.31
Operating Revenue	144,679,665	163,561,731	179,907,332	181,275,258	89,048,776	19,678,810
Gross Profit	19,076,651	21,193,928	22,117,690	22,827,135	8,557,105	499,014
Operating Income (Loss)	7,129,934	8,694,914	8,889,128	9,442,727	(827,124)	(1,761,598)
Non-operating Income and Expenses	(1,833,011)	(718,794)	266,803	(3,384,378)	(3,491,812)	(648,473)
Profit (Loss) Before Tax	5,296,923	7,976,120	9,155,931	6,058,349	(4,318,936)	(2,410,071)
Profit (Loss)	3,953,667	6,310,934	7,214,513	4,851,875	(3,276,719)	(2,199,185)
Other Comprehensive Income (Loss), Net of Tax	2,084,356	(769,683)	(543,495)	1,800,103	4,020,120	(145,709)
Comprehensive Income (Loss)	6,038,023	5,541,251	6,671,018	6,651,978	743,401	(2,344,894)
Profit or Loss Attributable to :						
Owners of Parent	3,476,004	5,752,067	6,552,827	3,982,467	(3,361,639)	(2,197,426)
Non-controlling Interests	477,663	558,867	661,686	869,408	84,920	(1,759)
Comprehensive Income or Loss Attributable to:						
Owners of Parent	5,627,064	5,086,994	6,059,260	5,838,155	622,625	(2,345,055)
Non-controlling Interests	410,959	454,257	611,758	813,823	120,776	161
Basic Earnings (Loss) per Share (Note 2)	0.77	1.27	1.45	0.83	(0.69)	(0.45)

Note 1: Above annual information was based on the audited consolidated financial statements. Until the printing date of annual report, the consolidated financial statements as of March 31, 2021 haven't been reviewed by independent auditors.

Note 2: 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		2016	2017	2018	2019	2020
Current Assets		49,522,632	47,038,484	50,987,932	52,700,839	41,203,094
Property, Plant and Equipment		112,986,912	119,481,891	125,704,145	120,612,684	115,493,154
Intangible Assets		493,089	493,403	600,856	642,155	547,836
Other Assets		32,747,101	34,132,290	32,994,484	147,907,655	144,992,825
Total Assets		195,749,734	201,146,068	210,287,417	321,863,333	302,236,909
Current Liabilities	Before Distribution	56,772,787	53,213,768	53,593,885	73,188,121	41,251,262
	After Distribution	57,583,166	54,048,457	55,937,532	74,401,513	(Note 1)41,251,262
Non-current Liabilities		85,648,752	89,924,577	93,111,263	177,423,030	190,188,259
Total Liabilities	Before Distribution	142,421,539	143,138,345	146,705,148	250,611,151	231,439,521
	After Distribution	143,231,918	143,973,034	149,048,795	251,824,543	(Note 1)231,439,521
Common Stock		40,518,923	41,734,490	43,821,215	48,535,695	48,535,695
Capital Collected In Advance		-	-	230,642	-	-
Capital Surplus		6,237,027	6,639,940	6,751,945	7,849,700	7,985,673
Retained Earnings	Before Distribution	5,702,366	8,672,249	12,344,382	12,117,248	7,827,138
	After Distribution	3,676,420	5,750,835	8,594,547	10,903,856	(Note1)7,827,138
Other Equity		869,879	961,044	434,085	2,749,539	6,448,882
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	53,328,195	58,007,723	63,582,269	71,252,182	70,797,388
	After Distribution	52,517,816	57,173,034	61,238,622	70,038,790	(Note1)70,797,388

Note 1: As of the publication date of this annual report, the Board of Directors dated March 22, 2021 resolved not to distribute cash dividends of 2020 while the 2020 earnings distribution is pending for shareholders' approval.

Note 2: 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	2016	2017	2018	2019	2020
Operating Revenue	115,495,819	125,314,160	135,620,650	135,621,151	79,602,529
Gross Profit	15,883,488	17,451,228	17,989,483	18,143,869	6,513,825
Operating Income (Loss)	4,961,439	5,942,518	5,995,142	6,116,866	(1,854,164)
Non-operating Income and Expenses	(593,405)	943,415	1,672,375	(1,588,738)	(2,562,120)
Profit (Loss) before Tax	4,368,034	6,885,933	7,667,517	4,528,128	(4,416,284)
Profit (Loss)	3,476,004	5,752,067	6,552,827	3,982,467	(3,361,639)
Other Comprehensive Income (Loss), Net of Tax	2,151,060	(665,073)	(493,567)	1,855,688	3,984,264
Comprehensive Income (Loss)	5,627,064	5,086,994	6,059,260	5,838,155	622,625
Basic Earnings (Loss) per Share (Note 2)	0.77	1.27	1.45	0.83	(0.69)

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 2016 to 2020

Year	CPA	Audit Opinion
2016	Chen, Ya-Ling ; Wang, Chin-Sun	An Unqualified Opinion
2017	Chen, Ya-Ling ; Wang, Chin-Sun	
2018	Chen, Ya-Ling ; Su, Yen-Ta	
2019	Tang, Chia-Chien ; Su, Yen-Ta	
2020	Tang, Chia-Chien ; Su, Yen-Ta	

## 6.2 Five-Year Financial Analysis

### A. Financial Analysis – Based on IFRS (Consolidated)

Item		2016	2017	2018	2019	2020	2021.03.31
Financial Structure (%)	Debt-Asset Ratio	72.74	71.86	70.93	78.07	76.74	76.84
	Ratio of Long-Term Capital To Property, Plant And Equipment	123.83	124.26	125.22	197.49	213.28	214.16
Solvency (%)	Current Ratio	111.38	114.19	124.74	93.64	123.11	122.61
	Quick Ratio	94.07	95.81	114.23	87.34	112.67	112.78
	Interest Coverage Ratio	450.50	682.78	847.01	246.38	16.69	(168.11)
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)	1.21	1.26	1.29	1.28	0.66	0.15
	Total Assets Turnover Rate (Times)	0.70	0.73	0.77	0.61	0.26	0.06
Profitability	Return on Assets (%)	2.64	3.58	3.76	3.07	0.22	(0.42)
	Return on Equity (%)	6.93	10.22	10.74	6.55	(4.23)	(2.89)
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	13.07	19.11	20.89	12.48	(8.90)	(4.90)
	Profit Margin before Tax (%)	2.73	3.86	4.01	2.68	(3.68)	(11.18)
	Earnings (Loss) Per Share (NT\$) (Note 3)	0.77	1.27	1.45	0.83	(0.69)	(0.45)
Cash Flow (%)	Cash Flows Ratio	33.97	29.21	39.54	45.07	11.82	9.20
	Cash Flow Adequacy Ratio	113.29	95.77	91.52	105.76	100.62	100.94
	Cash Flow Reinvestment Ratio	8.61	7.09	9.39	15.87	1.69	1.73
Leveraging	Operating Leverage	7.38	6.66	6.59	6.02	(53.32)	(5.82)
	Financial Leverage	1.34	1.30	1.29	2.34	0.14	0.63

Analysis of variation of 2020 vs. 2019 over 20%:

1. Current ratio, quick ratio: The amount of current liabilities in 2020 decreased that result in the increase of current ratio and quick ratio.
2. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue decreased in 2020 that result in decrease of the turnover rate.
3. Interest coverage ratio and profitability: The profit loss in 2020 result in the large variation of the ratio.
4. Cash flows ratio and cash flow reinvestment ratio: The cash flows from operating activities decreased in 2020 that result in the variation of the ratio.
5. Leveraging: The operating loss in 2020 that result in the large variation of leverage.

Note 1: Above annual information was based on the audited consolidated financial statements. Until the printing date of annual report, the consolidated financial statements as of March 31, 2021 haven't been reviewed by independent auditors.

Note 2: The earnings (losses) per share have been trace-back adjusted by stock dividends.

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

Item		2016	2017	2018	2019	2020
Financial Structure (%)	Debt-Asset Ratio	72.76	71.16	69.76	77.86	76.58
	Ratio of Long-Term Capital To Property, Plant And Equipment	123.00	123.81	124.65	206.18	225.97
Solvency (%)	Current Ratio	87.23	88.40	95.14	72.01	99.88
	Quick Ratio	81.83	83.38	90.21	67.86	93.64
	Interest Coverage Ratio	427.73	675.11	864.00	221.70	9.31
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)	1.06	1.08	1.11	1.10	0.67
	Total Assets Turnover Rate (Times)	0.62	0.63	0.66	0.51	0.26
Profitability	Return on Assets (%)	2.60	3.67	3.88	3.03	0.15
	Return on Equity (%)	6.80	10.33	10.78	5.91	(4.73)
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	10.78	16.50	17.50	9.33	(9.10)
	Profit Margin before Tax (%)	3.01	4.59	4.83	2.94	(4.22)
	Earnings (Loss) Per Share (NT\$) (Note 2)	0.77	1.27	1.45	0.83	(0.69)
Cash Flow (%)	Cash Flow Ratio	31.21	29.96	39.15	40.77	(7.69)
	Cash Flow Adequacy Ratio	114.52	98.00	95.17	106.06	90.63
	Cash Flow Reinvestment Ratio	8.09	7.37	9.54	14.78	(2.06)
Leveraging	Operating Leverage	8.69	7.99	7.94	7.88	(19.79)
	Financial Leverage	1.49	1.45	1.43	6.03	0.28

Analysis of variation of 2020 vs. 2019 over 20%:

1. Current ratio, quick ratio: The amount of current liabilities in 2020 decreased that result in the increase of current ratio and quick ratio.
2. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue decreased in 2020 that result in decrease of the turnover rate.
3. Interest coverage ratio and profitability: The profit loss in 2020 result in the large variation of the ratio.
4. Cash flows ratio and cash flow reinvestment ratio: The net cash outflow used in operating activities in 2020 caused the large variation of the ratio.
5. Leveraging: The operating loss in 2020 that result in the large variation of leverage.

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.

Note 1: Not applicable due to industry characteristics.

Note 2: 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.

Note 3: 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: 2021 Annual General Shareholders' Meeting**

**EVA Airways Corporation (EVA)**

The Board of Directors has prepared the Company's 2020 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 22, 2021

### **6.4 Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report**

Please refer to page 189 to 289 Appendix 1.

### **6.5 The Parent-Company-Only Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report**

Please refer to page 290 to 390 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		Difference	
	2020	2019	Amount	%
Current Assets	55,932,512	77,199,776	(21,267,264)	(27.55)
Property, Plant and Equipment	133,221,419	138,646,890	(5,425,471)	(3.91)
Intangible Assets	1,700,564	1,977,277	(276,713)	(13.99)
Other Assets	138,712,760	138,427,751	285,009	0.21
<b>Total Assets</b>	<b>329,567,255</b>	<b>356,251,694</b>	<b>(26,684,439)</b>	<b>(7.49)</b>
Current Liabilities	45,433,155	82,441,715	(37,008,560)	(44.89)
Non-current Liabilities	207,474,571	195,667,963	11,806,608	6.03
<b>Total Liabilities</b>	<b>252,907,726</b>	<b>278,109,678</b>	<b>(25,201,952)</b>	<b>(9.06)</b>
Equity Attributable to Owners of Parent	70,797,388	71,252,182	(454,794)	(0.64)
Capital Stock	48,535,695	48,535,695	-	-
Capital Surplus	7,985,673	7,849,700	135,973	1.73
Retained Earnings	7,827,138	12,117,248	(4,290,110)	(35.40)
Other Equity	6,448,882	2,749,539	3,699,343	134.54
Non-controlling Interests	5,862,141	6,889,834	(1,027,693)	(14.92)
<b>Total Equity</b>	<b>76,659,529</b>	<b>78,142,016</b>	<b>(1,482,487)</b>	<b>(1.90)</b>

#### Analysis of deviation:

(1) Current assets and current liabilities:

Due to COVID-19, the passenger demand fall sharply and a drastic decline in passenger revenue. Cargo was affected by the suspension of a large number of passenger flights, leading to imbalanced supply and demand for cargo capacity and boost in cargo volume and rate. Nevertheless, the increase in cargo revenue still unable to make up for the loss in passenger revenue, making the overall revenue to drop substantially. Cash, account receivable and liabilities decrease as well.

(2) Retained earnings: Mainly due to the profit losses in 2020 affected by COVID-19.

(3) Other equity: Mainly due to the unrealized profits 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	2020	2019	Increase (Decrease) Amount	Change (%)
Operating Revenue	89,048,776	181,275,258	(92,226,482)	(50.88)
Operating Cost	(80,491,671)	158,448,123	(238,939,794)	(150.80)
Gross Profit	8,557,105	22,827,135	(14,270,030)	(62.51)
Operating Expenses	(9,384,229)	13,384,408	(22,768,637)	(170.11)
Operating Income(Loss)	(827,124)	9,442,727	(10,269,851)	(108.76)
Non-operating Income and Expenses	(3,491,812)	(3,384,378)	(107,434)	(3.17)
Profit(Loss) before Tax	(4,318,936)	6,058,349	(10,377,285)	(171.29)
Income Tax Benefit (Expenses)	1,042,217	(1,206,474)	2,248,691	186.39
Profit(Loss)	(3,276,719)	4,851,875	(8,128,594)	(167.54)

### Analysis of deviation:

- (1) The decrease of operating revenue, operating cost and operating expenses: Mainly due to the impact of the COVID-19 pandemic in 2020.
- (2) The decrease of gross profit, profit before tax, income tax expenses and profit: Mainly due to the profit decreased in 2020.

## 7.3 Analysis of Cash Flow (Consolidated)

### 7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item \ Year	2020	2019	Increase (Decrease) Amount	Change (%)
Cash and cash equivalents at the beginning of year	51,534,519	48,278,874	3,255,645	6.74
Net cash flows from (used in) operating activities	5,370,613	37,154,031	(31,783,418)	(85.55)
Net cash flows from (used in) investing activities	(12,263,897)	(22,092,562)	9,828,665	44.49
Net cash flows from (used in) financing activities	(3,759,438)	(11,798,054)	8,038,616	68.14
Exchange rate adjustments	(12,607)	(7,770)	(4,837)	(62.25)
Cash and cash equivalents at the end of year	40,869,190	51,534,519	(10,665,329)	(20.70)

**Analysis of deviation:**

- A. Operating activities: Mainly due to the impact of the COVID-19 pandemic in 2020, unearned revenue from flight tickets dramatically decreased.
- B. Investing activities: Mainly due to the acquisition of aircraft and prepayments for equipment decreased.
- C. Financing activities: Mainly due to the long-term borrowings increased in 2020.
- 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
40,869,190	9,702,998	11,312,085	39,260,103	-	-

**Analysis of cash flow deviation of year 2021:**

- 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.

**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 with Boeing Company for eighteen Boeing 787-10 aircraft. In August 2020, the Company made amendments to the contracts and changed seven Boeing 787-10 aircraft (not yet delivered) into four Boeing 787-9 aircraft and three Boeing 777 freighters at a price of US\$6.44 billion. As of December 31, 2020, fourteen Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$13.92 billion.
- B. In November 2015, the Company entered into engine purchase contracts with General Electric Company for five Boeing 787 engines. In September 2020, the Company made amendments to the contracts and changed one Boeing 787 engine (not yet delivered) into one Boeing 777 engine at a price of US\$139.11 million. As of December 31, 2020, two Boeing engines had not yet been delivered by General Electric Company. The Company has partially prepaid the price of \$353.48 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 reinvestment mainly focus on the development of aviation-related industries to make sure the service quality of airline industry and seek the best interests of the company and shareholders. The Company reported investment income of NT\$796.31 million in 2020.

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 2020, the Company and its subsidiaries reported investment income of NT\$172.66 million.

## **7.6 The evaluation of risks by the Company in recent year and by the printed date of annual report.**

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 2020 will change NT\$1.07 billion.

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, 2020 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\$53.35 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) Revision of duty-free pre-order website and APP

(2) Revision of travel industry management system

(3) Collaboration projects with online shopping malls

(4) Enhancing Cyber Defense Capabilities

(5) Strengthening of freight rate management system

(6) Development of cold chain cost control system

(7) Revision of cargo handling fee system

(8) Development of a new generation of passenger/ cargo operation revenue accounting system

(9) Flight maintenance record integration and mobile development

(10) Implementation of a new generation Hyper-Converged Infrastructure server platform for information systems

It is budgeted to spend NT\$151 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: None

G. Expected benefits from, risks relating to and response to merger and acquisition plans: None

H. Expected benefits from, risks relating to and response to factory expansion plans: None

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 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:

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 credit risks and responses:

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The Company manages the credit risk by evaluating each customer's financial situation and requiring them to provide collaterals. Moreover, the Company only trades with financial institutions and entities with well credit quality to ensure the low credit risk of accounts receivable or investments.

(3) 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 applies for financing from financial institutions. Meanwhile, depending on market conditions, the Company evaluates 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.

(4) 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.

(5) Assessment on and response strategies for emerging risks:

With the increasing regulatory requirements of global aviation authorities, climate change, information security, political influence, the rapid development of emerging technologies, etc., the risks faced by enterprises are accompanied by uncertainties. Furthermore, “emerging risks” are undoubtedly one of the important issues that require airlines to be cautious with the assessment, which needs further identification, analysis, and formulation of response measures in order to respond to new forms of potential risks as soon as possible as well as to reduce the impact on operations. With reference to the “The Global Risks Report” published by the World Economic Forum (WEF) at the beginning of each year, the Corporate Sustainability Committee (CSC) incorporates identified emerging risks into risk management, conducts investigations on risk factors aimed at each department in the first quarter of each year, integrates risk mitigating actions formulated by related departments, and regularly reports the results to the Board of Directors.

a. Emerging risk identification process

Step 1	Step 2	Step 3	Step 4
Initiate emerging risk assessment procedures	Identify emerging risks by each sub-committee	Identify and screen emerging risks by the CSC	Report to the Board of Directors and formulate mitigating actions

b. Emerging risk identification results

Name	Pandemic	Cyber Attack
Category	Societal	Technological
Description	The COVID-19 pandemic has made countries around the world to implement strict border control measures, severely impacting the tourism industry.	With the advancement of technology, the operation of business relies heavily on Internet and network systems to perform their work. If they are attacked by hackers, huge losses will be resulted.
Impact on Our Operations	The closure of borders by various countries has led to restrictions on business and tourism activities, and reduced willingness to fly by the general public. Airlines need to modify service procedures and evaluate the introduction of new	The Company holds a large number of passenger data, and the procedures and operations require network connections to perform. Failure to properly protect them will cause substantial losses and even the interruption of operations.



Name	Pandemic	Cyber Attack
	<p>types of aircraft using antibacterial materials in the future that will increase costs accordingly. Long-term grounding of aircraft as well as the decreased workload of personnel resulting in decreased familiarity will affect the overall operational risk.</p>	
<p style="text-align: center;">Our Mitigating Actions</p>	<ol style="list-style-type: none"> <li>1. During the pandemic, the Company has implemented pandemic prevention and disinfection operations for every flight. In addition, in order to prevent, control and reduce the risk of bacteria spreading on the aircraft, aircraft manufacturers have begun to conduct research and development as well as the testing of antibacterial materials. The Company will continue to pay attention to the relevant research and development results aimed at antibacterial materials for cabins and introduce them timely so as to provide passengers with a more secure flight environment.</li> <li>2. Depending on the development of the pandemic, the Company has flexibly implemented various work methods, such as work from home or remote office, streamlined work processes, systematized the businesses to ensure the effective operation of the key business, and adjusted the organization and manpower to mobilize support and transfer manpower in front-line units to other departments for learning cross-field functions.</li> <li>3. It is to enhance functional training</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has passed ISO 27001 Information Security Management System Certification. To ensure the confidentiality, integrity, availability and legality of information assets, avoid internal and external deliberate or accidental threats, and take into account the Company’s development needs, EVA Air has formulated the “Information Security Policy” to cover areas such as organization and personnel management, information asset classification and personal data management procedures, audit supervision and risk assessment, regulatory compliance and other information security requirements, entity and environmental security, access control and system development/maintenance, technical vulnerability and operational record management, awareness advocacy and education &amp; training, information security incident response and continuous operation management.</li> <li>2. The new-generation aircraft uses IP technology in avionics systems to upload or download data to the aircraft wirelessly. The operation of EVA Air’s fleet is conducted in accordance with the regulations and</li> </ol>

Name	Pandemic	Cyber Attack
	<p>for the air and ground handling departments, make good use of diversified online learning channels, and hold cross-departmental seminars to strengthen the basic functions and professional skills of all employees so as to benefit the career planning of employees and to cultivate all-round talents as well.</p> <p>4. With regard to the low utilization rate of the Company's A321 fleet due to the pandemic and according to the aircraft maintenance requirements of the Airbus manufacturing plant, for aircraft that has been suspended from flying for a long time, in addition to carrying out daily aircraft maintenance management and inspections, the additional Special Work Order checks and operations shall be performed every 7 days to optimize the aircraft system and maintain the airworthiness of the aircraft so as to ensure that when the pandemic subsides, the fleet capacity can be swiftly restored.</p>	<p>authorizations of the Civil Aeronautics Administration (CAA), MOTC. EVA Air formulates policies, standard operating procedures, training requirements and guidelines, and conducts SMS (Safety Management System) assessments for possible aircraft cybersecurity threats. It established a comprehensive aircraft cybersecurity plan to reduce cybersecurity risks to a controllable level, ensuring the continued airworthiness of the aircraft.</p>

(6)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.

N. Risk Management Teams and Units-In-Charge

In order to improve and implement the risk management mechanism, the Company has established the "Risk Management Policy and Procedures" to carry out risk management aimed at uncertain factors that may threaten the Company's operations, improve the efficiency in division of labor in risk management, and ensure the achievement of the Company's operational goals.

The Board of Directors is the highest supervisory unit for risk management, and continues to supervise the effective operation of the risk management mechanism in accordance with the overall operational strategy and operational environment. The Company understands the mutual influence of risk factors, and the

“Corporate Sustainability Committee” is to be responsible for implementing risk management related matters, integrating and supervising the implementation of risk management policies as well as the implementation and improvement progress of risk control by various competent departments, and reporting the operational status to the Board of Directors on a regular basis every year. In addition, it is to implement the confirmation, evaluation, management and disclosure of risk categories for economic (including corporate governance), environmental, social risks, and other dimensions of risk that may be faced in the operational process in accordance with the principle of materiality. For the sub-committee of “Operation Management”, “Supply Chain”, “Environment Management”, “Community Engagement”, “Employment Welfare” and “Service Quality” subordinate to the Committee, each of the competent units is to identify its possible risk factor and assessment methods to implement risk management, propose the mitigation and response plan, and report the risk and response plan to the Corporate Sustainability Committee on a regular basis. The risk categories faced by the Company include the five major categories as follows:

Risk Categories	Description
Strategic Risk	Include the risks that may affect the Company due to changes of dimensions in the international political and economic situation, trends in industrial development, competition among the same trade or different industries, brand image, intellectual capital, etc.
Operational Risk	Include possible impact on operations, such as market changes, flight safety, information security, labor relations, legal compliance, supply chain management, and other risks that may cause company losses.
Financial Risk	Foreign exchange risk, investment risk, capital risk, liquidity risk, credit risk, hedging operations, etc., that may cause possible losses.
Environmental Risk	Include risks related to issues of greenhouse gas emission management, carbon rights management, energy management and others derived from the theme of coping with climate change and natural disasters, as well as risks of the need to conform to international and local environmental protection laws and regulations or environmental assessment requirements, etc.
Other Risks	Refer to various risks that are not included in the items mentioned above, but risks, such as long-term emerging risks; major external, uncontrollable or non-man-made hazards, will cause the Company to incur significant losses. In addition, appropriate risk control and handling procedures for other risks shall be established based on the characteristics of the risks and the level of impact.

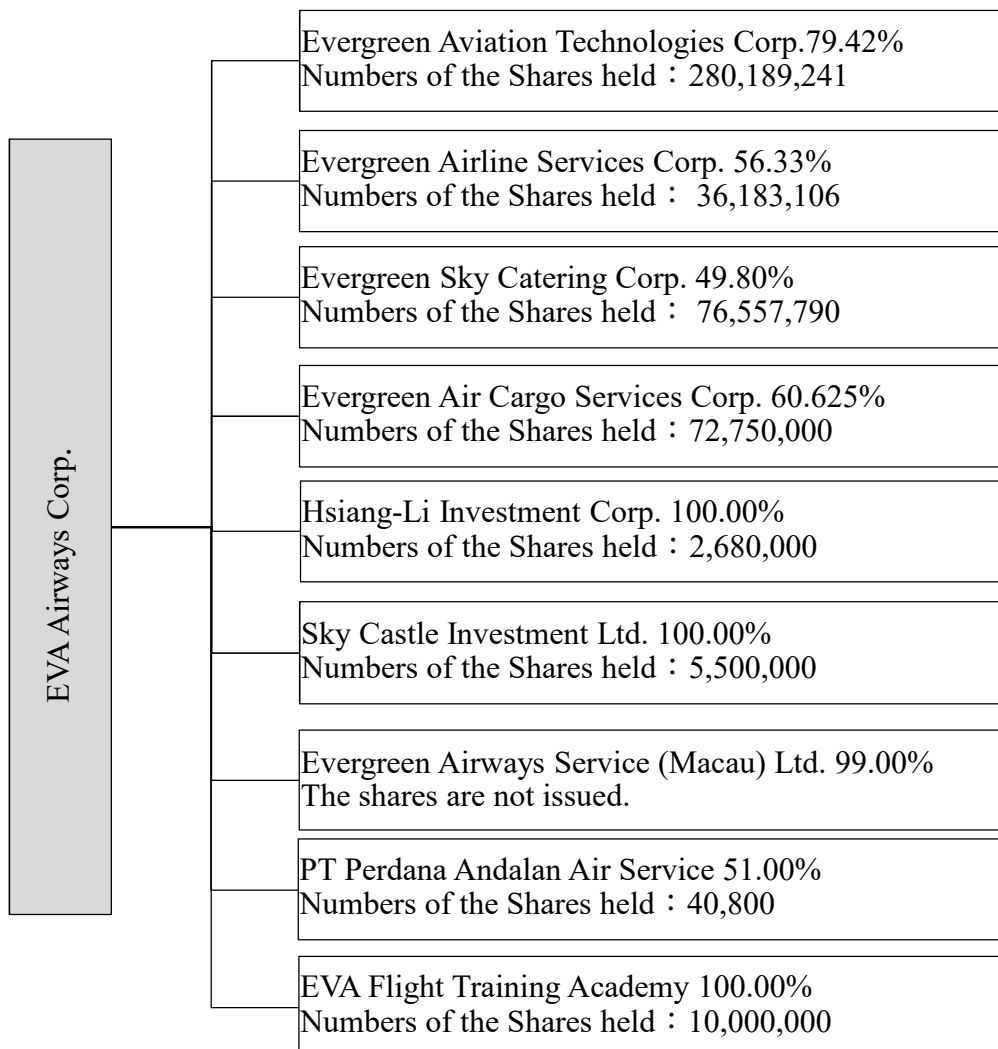
#### 7.7 Other Important Items: None

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Basic Information of Affiliated Companies

##### A. Affiliated Companies Chart (As of Dec 31, 2020)



## B. Basic Information of Affiliated Companies

As of DEC 31, 2020

Company	Date Founded	Location	Capital	Principal Activities
Evergreen Aviation Technologies Corp.	Nov.10.1997	Taiwan	NT\$3.5 billion	Maintenance, manufacturing, procession and sale of aircraft engine and parts
Evergreen Airline Services Corp.	Oct.17.1990	Taiwan	NT\$642.3 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, 2020

Unit: Shares, %

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Evergreen Aviation Technologies Corp.	Chairman	EVA Airways Corp.	280,189,241	79.42%
		Representative : Huang, Nan-Horang	--	--
	Director	EVA Airways Corp.	280,189,241	79.42%
		Representative : Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	280,189,241	79.42%
		Representative : Tai, Jiin-Chyuan	--	--
	Director	EVA Airways Corp.	280,189,241	79.42%
		Representative : Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	280,189,241	79.42%
		Representative : Kuo, Sheng-Yih	--	--
	Director	EVA Airways Corp.	280,189,241	79.42%
		Representative : Lee, Wei-Chang	--	--
	Supervisor	UNI Airways Corp.	72,617,721	20.58%
		Representative : Tsai, Ta-Wei	--	--
President	Kuo, Sheng-Yih	--	--	
President	Lee, Wei-Chang	--	--	
Evergreen Airline Services Corp.	Chairman	EVA Airways Corp.	36,183,106	56.33%
		Representative : Chang, Ming-Yuh	--	--
	Director	EVA Airways Corp.	36,183,106	56.33%
		Representative : Lin, Bou-Shiu	153,598	0.24%
	Director	EVA Airways Corp.	36,183,106	56.33%
		Representative : Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	36,183,106	56.33%
		Representative : Lin, Ta-Yuan	--	--
	Director	SATS Ltd.	12,846,229	20.00%
		Representative : Kuah Boon Kiam	--	--
	Supervisor	Evergreen International Corp.	12,846,229	20.00%
Representative : Ko, Lee-Ching		--	--	
President	Lin, Ta-Yuan	--	--	

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Evergreen Sky Catering Corp.	Chairman	EVA Airways Corp.	76,557,790	49.80%
		Representative : Kou, Jin-Cheng	--	--
	Director	EVA Airways Corp.	76,557,790	49.80%
		Representative : Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	76,557,790	49.80%
		Representative : Sun, Chia-Ming	--	--
	Director	EVA Airways Corp.	76,557,790	49.80%
		Representative : Tai, Jiin-Chyuan	--	--
	Director	EVA Airways Corp.	76,557,790	49.80%
		Representative : Tsai, Ming-Fang	--	--
	Director	SATS Ltd.	38,432,625	25.00%
		Representative : Tan Chuan Lye	--	--
	Director	SATS Ltd.	38,432,625	25.00%
		Representative : Cheah Chi Choy	--	--
Supervisor	Evergreen International Corp.	38,432,625	25.00%	
	Representative : Ku Lai, Mei-Hsueh	--	--	
Supervisor	Evergreen International Corp.	38,432,625	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 : Li, Shyh-Liang	--	--
	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%	
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	--	--

## E. The Operating Overviews of Affiliated Companies

As of DEC 31, 2020  
Unit: NT\$ thousands

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Profit (Loss)	EPS (Dollars)
Evergreen Aviation Technologies Corp.	3,528,069	23,836,846	13,884,752	9,952,094	10,687,878	1,484,231	1,173,028	1.85
Evergreen Airline Services Corp.	642,312	6,246,633	4,701,362	1,545,271	1,817,500	(167,238)	(66,898)	(1.04)
Evergreen Sky Catering Corp.	1,537,305	6,858,436	2,644,482	4,213,954	881,524	(563,188)	(424,530)	(2.76)
Evergreen Air Cargo Services Corp.	1,200,000	3,663,961	1,103,966	2,559,995	1,430,435	285,612	225,453	1.88
Hsiang-Li Investment Corp.	26,800	71,801	579	71,222	2,466	2,141	2,204	0.82
Sky Castle Investment Ltd.	179,173	369,549	502	369,047	22,378	21,796	21,807	3.96
Evergreen Airways Service (Macau) Ltd.	327	101,149	623	100,526	(22,332)	(22,983)	(22,100)	-
PT Perdana Andalan Air Service	5,280	63,402	33,256	30,146	10,987	(8,895)	(5,830)	(72.88)
EVA Flight Training Academy	932,050	668,358	7,194	661,164	99,946	(21,236)	(18,119)	(1.81)

### 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:**

COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment at each destination around the globe and has impacted the Company's operations, including cancellation or restriction of flights. Facing the impact of the pandemic, the Company continuously reviews its flight status, implements flight suspensions and raises the daily utilization rates of its freighters, in order to maximize its operating revenue. Meanwhile, the Company simplified its service and selling process, reduced personnel cost, postponed unnecessary capital expenditures, as well as performed other cost-controlling activities. The Company has applied for operating and interest subsidies from the government. As of the end of April 2021, the Company and its affiliates have received a government bailout loan amounting to \$ 22.47 billion. In addition, the Company has also acquired additional loans from banks, and will promptly raise fund from capital market, in order to meet the future demand of working capital.

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended  
December 31, 2020 and 2019**

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, 2020 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 22, 2021



安侯建業聯合會計師事務所

KPMG

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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, 2020 and 2019, 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, 2020 and 2019, 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”, and note 6(x) “Revenue from contracts with customers” of the consolidated financial statements.

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 revenues 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 judgmental 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. Impairment of long-term non-financial assets

Please refer to note 4(n) “Impairment of non-financial assets”, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and note 6(k) “Property, plant and equipment” of the consolidated financial statements.

Description of key audit matter:

The Group periodically assesses for any indication of impairment on its long-term non-financial assets. If any indication thereof exists with long-term non-financial assets, the Group should estimate the recoverable amount for the assets’ cash-generating unit. The calculation for the assets’ cash-generating unit involved several assumptions and estimations made by the management. Therefore, the impairment test of long-term non-financial assets is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Assessing the method used in measuring the recoverable amount, which is provided by the management of the Group, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing with the historical accuracy of judgments, including inspecting the amount of forecast of cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, as well as performing the sensitivity analysis on major assumption.

## Other Matter

EVA Airways Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, 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.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive font.

KPMG

Taipei, Taiwan (Republic of China)  
March 22, 2021

#### 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, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2020.12.31		2019.12.31		2020.12.31		2019.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	\$ 40,869,190	13	51,534,519	15	2100			
1110 Financial assets at fair value through profit or loss – current (note 6(b))	1,978,251	1	961,356	-	2120			
1136 Financial assets at amortized cost – current (note 6(b))	807,013	-	-	-				
1139 Financial assets for hedging – current (note 6(c))	-	-	37,428	-	2126			
1140 Contract assets – current (note 6(x))	446,438	-	345,016	-	2130			
1150 Notes receivable, net (note 6(d))	8,624	-	843,311	-	2170			
1160 Notes receivable – related parties (notes 6(d) and 7)	840	-	188,403	-	2180			
1170 Accounts receivable, net (note 6(d))	6,262,730	2	17,194,658	5	2200			
1180 Accounts receivable – related parties (notes 6(d) and 7)	407,075	-	489,293	-	2230			
130x Inventories (note 6(f))	3,255,164	1	3,352,358	1	2260			
1460 Non-current assets or disposal group classified as held for sale, net (notes 6(g) and 6(m))	852,175	-	1,233,824	1	2280			
1470 Other current assets (notes 6(e), 6(o) and 7)	1,045,012	-	1,019,610	-	2320			
<b>Total current assets</b>	<u>55,932,512</u>	<u>17</u>	<u>77,199,776</u>	<u>22</u>	<u>2399</u>			
<b>Non-current assets:</b>								
1510 Financial assets at fair value through profit or loss – non-current (notes 6(b) and 6(p))	2,793	-	-	-	2511			
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(b))	3,044,794	1	2,646,323	1	2527			
1550 Investments accounted for using equity method (notes 6(b), 6(i) and 7)	2,145,944	1	2,055,220	1	2530			
1600 Property, plant and equipment (notes 6(k), 6(m), 7, 8, and 9)	133,221,419	40	138,646,890	39	2540			
1755 Right-of-use assets (notes 6(k), 6(o), 6(r), and 7)	110,740,847	34	116,946,873	33	2570			
1780 Intangible assets (note 6(n))	1,700,564	-	1,977,277	-	2580			
1840 Deferred tax assets (note 6(t))	5,776,712	2	4,697,601	1	2640			
1900 Other non-current assets (notes 6(e), 6(o), 7, 8 and 9)	17,001,670	5	12,081,734	3	2670			
<b>Total non-current assets</b>	<u>273,634,743</u>	<u>83</u>	<u>279,051,918</u>	<u>78</u>				
<b>Equity (notes 6(b), 6(c), 6(i), 6(p), 6(s), 6(o), 6(u) and 6(v)):</b>								
Ordinary share					3110			
Capital surplus					3200			
Retained earnings					3300			
Other equity interest					3400			
<b>Total equity attributable to owners of parent</b>					36XX			
<b>Non-controlling interests (notes 6(j) and 6(u))</b>								
<b>Total equity</b>								
<b>Total liabilities and equity</b>	<u>\$ 329,567,255</u>	<u>100</u>	<u>\$ 356,251,694</u>	<u>100</u>				
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Short-term borrowings (notes 6(p) and 8)	\$ 80,000	-	-	-				
Financial liabilities at fair value through profit or loss – current (notes 6(b) and 6(p))	-	-	-	-				
Financial liabilities for hedging – current (notes 6(c), 6(q) and 7)	11,564,988	4	11,558,692	3				
Contract liabilities – current (note 6(x))	4,649,328	1	19,958,937	6				
Notes and accounts payable	2,916,119	1	9,620,809	3				
Accounts payable – related parties (note 7)	97,393	-	105,230	-				
Other payables (notes 6(y), 7 and 9)	5,332,122	2	9,666,770	3				
Current tax liabilities	709,799	-	910,148	-				
Liabilities related to non-current assets or disposal group classified as held for sale (note 6(g))	1,142	-	140,810	-				
Lease liabilities – current (notes 6(q) and 7)	362,101	-	387,924	-				
Current portion of long-term liabilities (notes 6(p) and 8)	19,148,239	6	24,867,998	7				
Other current liabilities (note 6(r))	571,924	-	5,071,123	1				
<b>Total current liabilities</b>	<u>45,433,155</u>	<u>14</u>	<u>82,441,715</u>	<u>23</u>				
<b>Non-current liabilities:</b>								
Financial liabilities for hedging – non-current (notes 6(c), 6(q) and 7)	77,067,827	23	86,744,021	24				
Contract liabilities – non-current (note 6(x))	2,517,482	1	3,220,551	1				
Bonds payable (note 6(p))	3,082,941	1	4,250,000	1				
Long-term borrowings (notes 6(p) and 8)	92,696,123	28	70,616,943	20				
Deferred tax liabilities (note 6(t))	1,624,345	1	638,563	-				
Lease liabilities – non-current (notes 6(q) and 7)	4,458,004	1	4,851,030	1				
Net defined benefit liabilities – non-current (note 6(s))	3,580,418	1	4,905,439	2				
Other non-current liabilities (note 6(r))	22,447,431	7	20,441,416	6				
<b>Total non-current liabilities</b>	<u>207,474,571</u>	<u>63</u>	<u>195,667,963</u>	<u>55</u>				
<b>Total liabilities</b>	<u>252,907,726</u>	<u>77</u>	<u>278,109,678</u>	<u>78</u>				
<b>Equity (notes 6(b), 6(c), 6(i), 6(p), 6(s), 6(o), 6(u) and 6(v)):</b>								
Ordinary share	48,535,695	15	48,535,695	14				
Capital surplus	7,985,673	2	7,849,700	2				
Retained earnings	7,827,138	2	12,117,248	3				
Other equity interest	6,448,882	2	2,749,539	1				
<b>Total equity attributable to owners of parent</b>	<u>70,797,388</u>	<u>21</u>	<u>71,252,182</u>	<u>20</u>				
<b>Non-controlling interests (notes 6(j) and 6(u))</b>	<u>5,862,141</u>	<u>2</u>	<u>6,889,834</u>	<u>2</u>				
<b>Total equity</b>	<u>76,659,529</u>	<u>23</u>	<u>78,142,016</u>	<u>22</u>				
<b>Total liabilities and equity</b>	<u>\$ 329,567,255</u>	<u>100</u>	<u>\$ 356,251,694</u>	<u>100</u>				

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(x) and 7)</b>	\$ 89,048,776	100	181,275,258	100
5000	<b>Operating costs (notes 6(c), 6(e), 6(f), 6(k), 6(l), 6(n), 6(q), 6(s), 6(y), 7 and 9)</b>	<u>(80,491,671)</u>	<u>(90)</u>	<u>(158,448,123)</u>	<u>(88)</u>
5900	<b>Gross profit from operations</b>	8,557,105	10	22,827,135	12
6000	<b>Operating expenses (notes 6(d), 6(e), 6(k), 6(l), 6(n), 6(q), 6(s), 6(y) and 7)</b>	<u>(9,384,229)</u>	<u>(11)</u>	<u>(13,384,408)</u>	<u>(7)</u>
6900	<b>Net operating income (loss)</b>	<u>(827,124)</u>	<u>(1)</u>	<u>9,442,727</u>	<u>5</u>
<b>Non-operating income and expenses (notes 6(c), 6(e), 6(h), 6(q), 6(r), 6(z) and 7):</b>					
7010	Other income	446,772	1	1,008,149	1
7020	Other gains and losses	916,564	1	871,520	-
7050	Finance costs	(5,027,804)	(6)	(5,398,838)	(3)
7060	Shares of profit of associates accounted for using equity method	<u>172,656</u>	<u>-</u>	<u>134,791</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(3,491,812)</u>	<u>(4)</u>	<u>(3,384,378)</u>	<u>(2)</u>
7900	<b>Profit (loss) before tax</b>	(4,318,936)	(5)	6,058,349	3
7950	<b>Income tax benefit (expenses) (note 6(t))</b>	<u>1,042,217</u>	<u>1</u>	<u>(1,206,474)</u>	<u>-</u>
	<b>Profit (loss)</b>	<u>(3,276,719)</u>	<u>(4)</u>	<u>4,851,875</u>	<u>3</u>
8300	<b>Other comprehensive income (notes 6(c), 6(h), 6(s), 6(t) and 6(u)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	405,516	1	(641,530)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	398,533	-	175,455	-
8317	Gains (losses) on hedging instruments that will not be reclassified to profit or loss	11,643	-	(11,451)	-
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	(1,977)	-	(1,942)	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(82,422)</u>	<u>-</u>	<u>130,082</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>731,293</u>	<u>1</u>	<u>(349,386)</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	(38,997)	-	(35,663)	-
8368	Gains (losses) on hedging instruments	4,212,122	5	2,735,417	1
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	(41,874)	-	(3,182)	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	<u>(842,424)</u>	<u>(1)</u>	<u>(547,083)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>3,288,827</u>	<u>4</u>	<u>2,149,489</u>	<u>1</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>4,020,120</u>	<u>5</u>	<u>1,800,103</u>	<u>1</u>
8500	<b>Total comprehensive income</b>	<u>\$ 743,401</u>	<u>1</u>	<u>6,651,978</u>	<u>4</u>
	<b>Profit (loss), attributable to:</b>				
8610	Owners of parent	\$ (3,361,639)	(4)	3,982,467	3
8620	Non-controlling interests	<u>84,920</u>	<u>-</u>	<u>869,408</u>	<u>-</u>
		<u>\$ (3,276,719)</u>	<u>(4)</u>	<u>4,851,875</u>	<u>3</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 622,625	1	5,838,155	4
8720	Non-controlling interests	<u>120,776</u>	<u>-</u>	<u>813,823</u>	<u>-</u>
		<u>\$ 743,401</u>	<u>1</u>	<u>6,651,978</u>	<u>4</u>
	<b>Earnings per share (note 6(w))</b>				
9750	<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.69)</u>		<u>0.83</u>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.69)</u>		<u>0.76</u>	

See accompanying notes to consolidated financial statements.

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to owners of parent										Total equity		
	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	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	
<b>Balance on January 1, 2019</b>	\$ 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	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	90,713	-	-	-	-	-	-	-	90,713	-	90,713
Profit	-	-	3,757	-	-	-	-	-	-	-	3,757	-	3,757
Other comprehensive income	-	-	-	-	3,982,467	3,982,467	-	-	-	-	3,982,467	869,408	4,851,875
Total comprehensive income	-	-	-	-	(459,755)	(459,755)	(39,013)	175,283	2,179,173	2,315,443	1,855,688	(655,585)	1,800,103
Issue of shares	3,000,000	(180,980)	900,000	-	3,522,712	3,522,712	(39,013)	175,283	2,179,173	2,315,443	5,838,155	813,823	6,651,978
Conversion of convertible bonds	308,292	(49,662)	103,285	-	-	-	-	-	-	-	3,719,020	-	3,719,020
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	361,915	-	361,915
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(11)	11	-	-	-	-	(461,455)
<b>Balance on December 31, 2019</b>	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
Appropriation of prior year's earnings:													
Legal reserve appropriated	-	-	-	352,270	(352,270)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,213,392)	(1,213,392)	-	-	-	-	(1,213,392)	-	(1,213,392)
Due to recognition of equity component of convertible bonds issued	-	-	-	-	(3,361,639)	(3,361,639)	-	-	-	-	135,973	-	135,973
Profit (loss)	-	-	-	-	284,921	284,921	(70,472)	390,804	3,379,012	3,699,343	3,984,264	84,920	(3,276,719)
Other comprehensive income	-	-	-	-	(3,076,718)	(3,076,718)	(70,472)	390,804	3,379,012	3,699,343	3,984,264	35,856	4,020,120
Total comprehensive income	-	-	-	-	(3,076,718)	(3,076,718)	(70,472)	390,804	3,379,012	3,699,343	622,625	120,776	743,401
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,148,469)	(1,148,469)
<b>Balance on December 31, 2020</b>	48,535,695	-	7,985,673	2,574,002	5,253,136	7,827,138	(113,246)	1,113,299	5,448,829	6,448,882	70,797,388	5,862,141	76,659,529

See accompanying notes to consolidated financial statements.

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ <u>(4,318,936)</u>	<u>6,058,349</u>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	(25,341)	21,014
Depreciation expense	27,359,872	26,671,354
Amortization expense	428,093	443,418
Net gains on financial assets or liabilities at fair value through profit or loss	(22,741)	(7,774)
Interest expense	5,027,804	5,398,838
Interest income	(284,912)	(839,836)
Dividend income	(139,645)	(146,759)
Shares of profit of associates accounted for using equity method	(172,656)	(134,791)
Gains on disposal of property, plant and equipment	(35,446)	(1,132,468)
Gains on disposal of non-current assets classified as held for sale	(141,369)	-
Unrealized foreign exchange gains	(1,261,623)	(201,367)
Others	<u>(165,776)</u>	<u>(285,021)</u>
Total adjustments to reconcile profit	<u>30,566,260</u>	<u>29,786,608</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(101,422)	3,505,780
Notes receivable, net	834,687	90,419
Notes receivable—related parties	187,563	(188,403)
Accounts receivable, net	10,957,413	(8,781,214)
Accounts receivable—related parties	81,191	6,220,133
Inventories	66,052	1,486,541
Other current assets	<u>116,521</u>	<u>124,417</u>
Total changes in operating assets	<u>12,142,005</u>	<u>2,457,673</u>
Changes in operating liabilities:		
Contract liabilities	(16,012,570)	1,952,938
Notes and accounts payable	(6,704,679)	(676,124)
Accounts payable—related parties	(7,242)	21,101
Other payables	(4,374,187)	69,480
Other current liabilities	(4,614,217)	25,803
Net defined benefit liabilities—non-current	(918,308)	(893,861)
Other non-current liabilities	<u>33,071</u>	<u>61,285</u>
Total changes in operating liabilities	<u>(32,598,132)</u>	<u>560,622</u>
Total changes in operating assets and liabilities	<u>(20,456,127)</u>	<u>3,018,295</u>
Total adjustments	<u>10,110,133</u>	<u>32,804,903</u>
Cash inflow generated from operations	5,791,197	38,863,252
Income taxes paid	<u>(420,584)</u>	<u>(1,709,221)</u>
<b>Net cash flows from operating activities</b>	<u>5,370,613</u>	<u>37,154,031</u>

See accompanying notes to consolidated financial statements.

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (continued)**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(67,890)
Acquisition of financial assets at amortized cost	(814,278)	-
Acquisition of financial assets at fair value through profit or loss	(2,600,000)	(1,630,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,590,178	1,442,876
Acquisition of investments accounted for using equity method	-	(1,997,424)
Proceeds from disposal of non-current assets classified as held for sale	997,407	-
Acquisition of property, plant and equipment	(4,755,272)	(15,585,412)
Proceeds from disposal of property, plant and equipment	107,233	3,161,490
Acquisition of intangible assets	(151,380)	(294,746)
Decrease in other non-current assets	74,506	48,835
Increase in prepayments for business facilities	(7,196,106)	(8,373,543)
Interest received	307,858	845,088
Dividends received	175,957	358,164
<b>Net cash flows used in investing activities</b>	<b>(12,263,897)</b>	<b>(22,092,562)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,930,000	1,232,072
Decrease in short-term borrowings	(2,000,000)	(1,082,072)
Proceeds from issuance of bonds payable	2,995,016	-
Repayments of bonds payable	(10,566,000)	-
Proceeds from long-term borrowings	44,482,198	27,580,300
Repayments of long-term borrowings	(21,801,032)	(23,350,643)
Payments of lease liabilities	(12,109,670)	(12,508,129)
Decrease in other non-current liabilities	(84,027)	(22,462)
Cash dividends paid	(1,213,392)	(2,343,647)
Proceeds from issuing shares	-	3,719,020
Interest paid	(4,247,328)	(4,650,298)
Changes in non-controlling interests	(1,145,203)	(372,195)
<b>Net cash flows used in financing activities</b>	<b>(3,759,438)</b>	<b>(11,798,054)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(12,607)</b>	<b>(7,770)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,665,329)</b>	<b>3,255,645</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>51,534,519</b>	<b>48,278,874</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 40,869,190</b>	<b>51,534,519</b>

See accompanying notes to consolidated financial statements.

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2020 and 2019**  
**(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 by the Company’s Board of Directors as of March 22, 2021.

**(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 details of impact on the Group’s adoption of the new amendments beginning January 1, 2020 are as follows:

- (i) Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in note 4(m).

(Continued)



**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was \$262,925.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group’s consolidated financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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.

(Continued)

## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

#### **(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.

###### **(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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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		Note
			2020.12.31	2019.12.31	
The Company	Evergreen Aviation Technologies Corp.	Maintenance of aircraft, engine and parts, and manufacture of aircraft parts	79.42 %	79.42 %	-
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
The Company	Evergreen Air Cargo Services Corp.	Air cargo entrepot	60.625 %	60.625 %	-
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 %	-

Note: 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.

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

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

(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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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.

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## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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.

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

(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 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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.

(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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(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.

(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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

(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

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 3) Machinery and equipment:
- |                              |               |
|------------------------------|---------------|
| Electro-mechanical equipment | 2 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 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

(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:

- 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:

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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- 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 lessee

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;
- 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;

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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- 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 IFRS 15 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 IFRS 15 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 IFRS 15 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.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to other terms and conditions of the lease.

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## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

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In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(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 IFRS 15 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.

(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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 government for no incremental consideration. Based on the IFRIC 12 "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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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.

(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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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) Government grants

The Group recognizes an unconditional government grant related COVID-19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss in the periods in which the expenses or losses are recognized.

(s) 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 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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.

(t) 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.

(u) 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.

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## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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.

(v) **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.

(w) **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.

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## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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 consolidated 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. Those assumptions and estimations have been updated to reflect the impact of COVID-19 pandemic:

(a) Contract liabilities – mileage redemption revenue

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; please refer to note 4(q) for further details on related matter. 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; please refer to note 6(x) for estimation of contract liabilities – mileage redemption revenue.

(b) Impairment of long-term non-financial assets

During the process of impairment assessment, the Group relies on subjective judgment to determine the individual cash flows of a specific group of assets, useful lives and estimates future gains and losses according to the usage of assets and business characteristics; please refer to note 4(n) for further details on related matter. Alteration of estimates from any change in economic conditions or business strategy may lead to impairment loss in the future; please refer to note 6(k) for further description of the key assumptions used to determine the recoverable amount.

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).

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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(aa).

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash on hand	\$ 83,400	85,221
Cash in bank	40,785,790	51,349,298
Short-term notes	-	100,000
	<u>\$ 40,869,190</u>	<u>51,534,519</u>

Refer to note 6(aa) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

(i) Financial assets and liabilities at fair value through profit or loss

	<u>2020.12.31</u>	<u>2019.12.31</u>
<b>Financial assets mandatorily measured at fair value through profit or loss:</b>		
Money market funds	\$ 1,978,251	961,356
Convertible bonds with embedded derivatives	2,793	-
	<u>\$ 1,981,044</u>	<u>961,356</u>
	<u>2020.12.31</u>	<u>2019.12.31</u>
<b>Financial liabilities mandatorily measured at fair value through profit or loss:</b>		
Convertible bonds with embedded derivatives	\$ -	3,274

The derivative financial instruments arose from the issuance of convertible bonds of the Group were stated in note 6(p).

(ii) Financial assets at amortized cost – current

	<u>2020.12.31</u>	<u>2019.12.31</u>
Time deposits over three months	<u>\$ 807,013</u>	<u>-</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(iii) Financial assets at fair value through other comprehensive income

	<b>2020.12.31</b>	<b>2019.12.31</b>
<b>Equity investments at fair value through other comprehensive income:</b>		
Publicly traded stocks	\$ 1,316,591	1,076,109
Non-publicly traded stocks	1,728,203	1,570,214
	<b>\$ 3,044,794</b>	<b>2,646,323</b>

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, 2020.

For the year ended December 31, 2019, 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 the Group recognized a loss of \$11, which was accounted for as other equity. The loss has been transferred to retained earnings. There was no such transaction for the year ended December 31, 2020.

(iv) For credit risk and market risk, please refer to note 6(aa).

(v) 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:**

	<b>2020.12.31</b>	<b>2019.12.31</b>
Financial assets for hedging:		
Fuel option agreements	\$ -	37,428
	<b>2020.12.31</b>	<b>2019.12.31</b>
Financial liabilities for hedging:		
Forward exchange contracts	\$ -	11,643
Foreign currency component of non-derivative lease liabilities	88,632,815	98,291,070
Total	<b>\$ 88,632,815</b>	<b>98,302,713</b>
Current	\$ 11,564,988	11,558,692
Non-current	77,067,827	86,744,021
	<b>\$ 88,632,815</b>	<b>98,302,713</b>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(i) Fuel 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 option agreements. The cash flow hedged items and derivative financial hedging instruments were as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Fair value of assigned hedging instrument</u>		<u>Period when cash flows are expected to occur</u>	<u>Period when profit or loss is affected</u>
		<u>2020.12.31</u>	<u>2019.12.31</u>		
Floating price of fuel	Option agreements	\$ -	<u>37,428</u>	2020	2020

(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:

	<u>2019.12.31</u>			
	<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>	<u>Average strike price</u>
Forward exchange purchased	USD\$ <u>31,000</u>	TWD to USD	2020/04/01~2020/10/05	USD29.7~30.7

There was no such transaction as of December 31, 2020.

(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 operating revenue with a highly probable forecast transaction. As of December 31, 2020 and 2019, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Lease liabilities of assigned hedging instrument</u>		<u>Period when cash flows are expected to occur</u>	<u>Period when profit or loss is affected</u>
		<u>2020.12.31</u>	<u>2019.12.31</u>		
Foreign currency of operating revenue	Foreign currency of lease liabilities	\$ <u>88,632,815</u>	<u>98,291,070</u>	2020~2032	2020~2032

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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- (iv) The details arising from cash flow hedges for the years ended December 31, 2020 and 2019, were as follows:

<u>Account Item</u>	<u>2020</u>	<u>2019</u>
Recognized in other comprehensive income during the period	\$ <u>4,223,765</u>	<u>2,723,966</u>
Reclassification from equity to increase (decrease) in operating costs for the period	\$ <u>1,523,195</u>	<u>(19,066)</u>
Reclassification from equity to other non-current assets for the period	\$ <u>21,902</u>	<u>(42,721)</u>
Reclassification from equity to exchange losses (gains) for the period	\$ <u>(561,963)</u>	<u>92,735</u>
Ineffective portion of forward exchange hedge recognized in profit or loss	\$ <u>2,574</u>	<u>-</u>

There was no ineffective portion of unsettled cash flow hedge recognized in profit or loss.

- (d) Notes and accounts receivable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable (including related parties)	\$ 9,464	1,031,714
Accounts receivable (including related parties)	6,885,217	17,925,514
Less: allowance for impairment	<u>(215,412)</u>	<u>(241,563)</u>
	<u>\$ <b>6,679,269</b></u>	<u><b>18,715,665</b></u>

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 receivable 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:

	<u>2020.12.31</u>		
	<u>Notes and accounts receivable (including related parties) carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	\$ 6,729,207	1.04%	69,745
Overdue within 30 days	95,708	82.65%	79,102
Overdue 31~60 days	26,681	88.00%	23,480
Overdue over 60 days but less than one year	24,467	100%	24,467
Overdue more than one year	<u>18,618</u>	100%	<u>18,618</u>
	<u>\$ <b>6,894,681</b></u>		<u><b>215,412</b></u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>2019.12.31</b>		
	<b>Notes and accounts receivable (including related parties) carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 18,957,228</b>		<b>241,563</b>

The movements in the allowance for notes and accounts receivable were as follow:

	<b>2020</b>	<b>2019</b>
Balance on January 1	\$ 241,563	221,845
Impairment losses recognized (reversed)	(25,486)	21,014
Amounts written off	(665)	(1,296)
Balance on December 31	<b>\$ 215,412</b>	<b>241,563</b>

The aforementioned notes and accounts receivable were not pledged. Other credit risk information please refer to note 6(aa).

(e) Other receivables

	<b>2020.12.31</b>	<b>2019.12.31</b>
Other receivables – related parties	\$ 241,094	294,096
Others	168,876	139,143
Less: allowance for impairment	(145)	-
	<b>\$ 409,825</b>	<b>433,239</b>

For the year ended December 31, 2020, the Group was awarded government grants amounting to \$1,708,635 due to COVID-19 pandemic. The grants that compensated the Group for expenses or losses incurred were recognized in profit or loss in the periods in which the expenses or losses were recognized. As of December 31, 2020, the receivables related to the abovementioned grant amounted to \$138,840. There was no such transaction for the year ended December 31, 2019.

The movements in the allowance for other receivables were as follow:

	<b>2020</b>
Balance on January 1	\$ -
Impairment losses recognized	145
Amounts written off	-
Balance on December 31	<b>\$ 145</b>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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There was no change on the movements in the allowance for other receivables for the year ended December 31, 2019.

The aforementioned other receivables were not pledged. Other credit risk information please refer to note 6(aa).

(f) Inventories

(i) The components were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Aircraft spare parts	\$ 453,564	563,428
Consumables for use and merchandise for in-flight sales	1,143,990	1,270,042
Fuel for aircraft and others	<u>1,657,610</u>	<u>1,518,888</u>
	<u>\$ 3,255,164</u>	<u>3,352,358</u>

(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:

	<u>2020</u>	<u>2019</u>
Losses on (gains on reversal) valuation of inventories and obsolescence	\$ (685,868)	(454,559)
Unallocated fixed manufacturing overhead	269,532	266,829
Losses (gains) on inventory count	24	45
Proceeds from disposal of scraps	<u>(1,828)</u>	<u>(7,827)</u>
Total	<u>\$ (418,140)</u>	<u>(195,512)</u>

As of December 31, 2020 and 2019, 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 Group's management to sell part of the building. The efforts to sell the disposal group have commenced, and sales are expected in 2020 to 2021. As of December 31, 2020 and 2019, the non-current assets or disposal group classified as held for sale comprised assets amounting to \$852,175 and \$1,233,824, respectively, and liabilities amounting to \$1,142 and \$140,810, respectively. The details were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Property, plant and equipment	\$ <u>852,175</u>	<u>1,233,824</u>
Other payables	<u>\$ 1,142</u>	<u>140,810</u>

As of December 31, 2020 and 2019, the non-recurring fair value measurements for non-current assets or disposal group classified as held for sale of \$1,012,756 and \$1,511,710, respectively (before costs to sell amounted to \$52,373 and \$78,050, respectively) have been categorized as a Level 2 fair value based on the observable inputs with settled deals.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(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:

	<b>2020.12.31</b>	<b>2019.12.31</b>
Associates	\$ 2,145,944	2,055,220

(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	
			2020.12.31	2019.12.31
GE Evergreen Engine Services Corp. (note)	Maintenance, manufacturing, and sales of aircraft, engine and engine components	Taiwan	49.00 %	49.00 %

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.

The summarized financial information of GE Evergreen Engine Services Corp. was listed as follows:

	<b>2020.12.31</b>	<b>2019.12.31</b>
Current assets	\$ 4,396,851	2,124,562
Non-current assets	3,108,528	2,867,427
Current liabilities	2,642,077	598,647
Non-current liabilities	502,424	228,388
Net assets	\$ 4,360,878	4,164,954
Net assets attributable to the Group	\$ 2,136,830	2,040,827

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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	<u>2020</u>	<u>2019</u>
Operating revenues	<u>\$ 15,218,141</u>	<u>1,146,055</u>
Profit (loss)	\$ 289,933	(50,078)
Other comprehensive income	(94,009)	(15,987)
Comprehensive income	<u>\$ 195,924</u>	<u>(66,065)</u>
Comprehensive income attributable to the Group	<u>\$ 96,003</u>	<u>(13,147)</u>
	<u>2020</u>	<u>2019</u>
Share of net assets of the associate as of January 1	\$ 2,040,827	181,175
Comprehensive income attributable to the Group	96,003	(13,147)
Increase	-	1,942,363
Additional capital surplus from disproportionate investment	-	4,730
Dividends received from the associate	-	(74,294)
Share of net assets of the associate as of December 31	2,136,830	2,040,827
Less: downstream transaction unrealized gain	(594,636)	(628,967)
Carrying amount of the associate equity as of December 31	<u>\$ 1,542,194</u>	<u>1,411,860</u>

- (ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 603,750</u>	<u>643,360</u>
	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Profit (loss)	\$ (3,743)	144,004
Other comprehensive income	2,215	(1,942)
Comprehensive income	<u>\$ (1,528)</u>	<u>142,062</u>

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) The aforementioned 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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, 2020.

On November 18, 2020, a resolution was approved during the board meeting of EGAT for a capital reduction of 300,000 thousand shares amounting to \$3,000,000, wherein EGAT would refund cash to its shareholders thereafter. The Company received the amount of \$2,382,515 in cash according to the shareholding percentage on December 10, 2020 (the date of capital reduction) of EGAT. There was no such transaction for the year ended December 31, 2019.

(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	
		2020.12.31	2019.12.31
Evergreen Sky Catering Corp.	Taiwan	50.2 %	50.2 %
Evergreen Aviation Technologies Corp.	Taiwan	20.58 %	20.58 %

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.

(i) The summarized financial information of Evergreen Sky Catering Corp. was listed as follows:

	2020.12.31	2019.12.31
Current assets	\$ 1,127,503	1,042,871
Non-current assets	5,730,933	5,830,540
Current liabilities	445,882	692,961
Non-current liabilities	<u>2,198,600</u>	<u>1,480,349</u>
Net assets	<u>\$ 4,213,954</u>	<u>4,700,101</u>
Carrying amounts of non-controlling interests	<u>\$ 2,115,405</u>	<u>2,359,450</u>
	<b>2020</b>	<b>2019</b>
Operating revenues	<u>\$ 881,524</u>	<u>3,576,706</u>
Profit (loss)	\$ (424,530)	614,861
Other comprehensive income	<u>11,588</u>	<u>(11,768)</u>
Comprehensive income	<u>\$ (412,942)</u>	<u>603,093</u>
Profit (loss) attributable to non-controlling interests	<u>\$ (213,114)</u>	<u>308,660</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (207,297)</u>	<u>302,753</u>

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities	\$ (30,850)	854,022
Cash flows used in investing activities	(74,288)	(420,629)
Cash flows from (used in) financing activities	<u>681,610</u>	<u>(668,456)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 576,472</u>	<u>(235,063)</u>
Dividend paid for non-controlling interests	<u>\$ 36,749</u>	<u>66,816</u>

- (ii) The summarized financial information of Evergreen Aviation Technologies Corp. was listed as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Current assets	\$ 10,960,088	22,152,488
Non-current assets	12,876,758	13,024,072
Current liabilities	3,456,975	9,037,773
Non-current liabilities	<u>10,427,777</u>	<u>12,325,710</u>
Net assets	<u>\$ 9,952,094</u>	<u>13,813,077</u>
Carrying amounts of non-controlling interests	<u>\$ 2,048,141</u>	<u>2,842,731</u>

	<u>2020</u>	<u>2019</u>
Operating revenues	<u>\$ 10,687,878</u>	<u>46,679,694</u>
Profit	\$ 1,173,028	1,981,718
Other comprehensive income	<u>(75,590)</u>	<u>(31,068)</u>
Comprehensive income	<u>\$ 1,097,438</u>	<u>1,950,650</u>
Profit attributable to non-controlling interests	<u>\$ 241,409</u>	<u>407,838</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 225,853</u>	<u>401,444</u>

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities	\$ 7,919,957	5,622,138
Cash flows used in investing activities	(710,319)	(597,031)
Cash flows used in financing activities	<u>(7,685,655)</u>	<u>(3,244,568)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (476,017)</u>	<u>1,780,539</u>
Dividend paid for non-controlling interests	<u>\$ 403,043</u>	<u>210,522</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Leased improvements</u>	<u>Aircraft</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>							
Beginning balance as of January 1, 2020	\$ 5,444,102	23,070,177	30,622,782	1,729,011	141,170,870	924,544	202,961,486
Additions	-	154,535	1,014,396	6,398	3,136,511	466,278	4,778,118
Disposals	-	(263,397)	(1,196,077)	(80,173)	-	-	(1,539,647)
Reclassification (Note)	(55,852)	608,809	727,076	18,714	1,242,531	(818,520)	1,722,758
Effect of exchange rate changes	-	(19,102)	(8,112)	-	-	(1,392)	(28,606)
Balance as of December 31, 2020	<u>\$ 5,388,250</u>	<u>23,551,022</u>	<u>31,160,065</u>	<u>1,673,950</u>	<u>145,549,912</u>	<u>570,910</u>	<u>207,894,109</u>
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	<u>\$ 5,444,102</u>	<u>23,070,177</u>	<u>30,622,782</u>	<u>1,729,011</u>	<u>141,170,870</u>	<u>924,544</u>	<u>202,961,486</u>
<b>Accumulated depreciation:</b>							
Beginning balance as of January 1, 2020	\$ -	8,097,172	16,062,774	986,822	39,167,828	-	64,314,596
Depreciation expense	-	818,127	2,193,888	180,613	8,647,397	-	11,840,025
Disposals	-	(263,397)	(1,124,290)	(80,173)	-	-	(1,467,860)
Reclassification (Note)	-	-	(7,792)	(121)	-	-	(7,913)
Effect of exchange rate changes	-	(2,366)	(3,792)	-	-	-	(6,158)
Balance as of December 31, 2020	<u>\$ -</u>	<u>8,649,536</u>	<u>17,120,788</u>	<u>1,087,141</u>	<u>47,815,225</u>	<u>-</u>	<u>74,672,690</u>
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	<u>\$ -</u>	<u>8,097,172</u>	<u>16,062,774</u>	<u>986,822</u>	<u>39,167,828</u>	<u>-</u>	<u>64,314,596</u>
<b>Carrying amounts:</b>							
Balance as of December 31, 2020	<u>\$ 5,388,250</u>	<u>14,901,486</u>	<u>14,039,277</u>	<u>586,809</u>	<u>97,734,687</u>	<u>570,910</u>	<u>133,221,419</u>
Balance as of December 31, 2019	<u>\$ 5,444,102</u>	<u>14,973,005</u>	<u>14,560,008</u>	<u>742,189</u>	<u>102,003,042</u>	<u>924,544</u>	<u>138,646,890</u>
Balance as of January 1, 2019	<u>\$ 5,525,424</u>	<u>13,543,892</u>	<u>14,784,783</u>	<u>20,434,894</u>	<u>87,196,457</u>	<u>2,475,062</u>	<u>143,960,512</u>

Note: Reclassifications are mainly the transfers of property, plant and equipment to operating costs, operating expenses, right-of-use assets, investment property, non-current assets classified as held for sale, and the inventories as well as prepayments for business facilities being reclassified to property, plant and equipment.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets, 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.

(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) Impairment test

According to IAS 36 "Impairment of assets", the Group periodically assesses for any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. When evaluating the recoverable amount of the CGU, the pre-tax discount rate is used to estimate the future cash flow. After performing the impairment test, the recoverable amount for the CGU turned out to be higher than its carry amounts. Therefore, there was no impairment loss to be recognized at December 31, 2020.

The recoverable amounts of CGU were evaluated, and the critical assumptions used for this evaluation were as follows:

- 1) The cash flow period of twelve years, which was estimated on the basis of previous experience, actual operating result and management-approved financial budget.
- 2) The estimated operating revenue, operating cost, and operating expenses based on the future operation plan, taking into consideration the changes and business competitions within the industry.
- 3) The estimate discount rate of 3.28%.

(iv) Pledge

As of December 31, 2020 and 2019, 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.

(v) For the years ended December 31, 2020 and 2019, the Group capitalized the interest expenses amounting to \$125,913 and \$143,302, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.07%~0.11% and 0.10%~0.13%, respectively.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Right-of-use assets

The movements in the Group's leases on land, building and structures, as well as aircraft, were as follow:

	<u>Land</u>	<u>Building and structures</u>	<u>Aircraft</u>	<u>Machinery and equipment</u>	<u>Total</u>
<b>Cost:</b>					
Beginning balance as of January 1, 2020	\$ 4,973,028	1,309,624	131,719,814	92,342	138,094,808
Additions	3,420	331,742	9,009,567	24,939	9,369,668
Decrease	(47,750)	(81,104)	-	(11,538)	(140,392)
Effect of exchange rate changes	-	-	-	-	-
Balance as of December 31, 2020	<u>\$ 4,928,698</u>	<u>1,560,262</u>	<u>140,729,381</u>	<u>105,743</u>	<u>147,324,084</u>
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
Decrease	(5,091)	(24,756)	(365,782)	(3,722)	(399,351)
Reclassified to property, plant and equipment	-	-	(7,248,359)	-	(7,248,359)
Balance as of December 31, 2019	<u>\$ 4,973,028</u>	<u>1,309,624</u>	<u>131,719,814</u>	<u>92,342</u>	<u>138,094,808</u>
<b>Accumulated depreciation:</b>					
Beginning balance as of January 1, 2020	\$ 247,506	429,956	20,441,125	29,348	21,147,935
Depreciation expense	233,344	456,709	14,797,505	32,289	15,519,847
Decrease	-	(75,291)	-	(9,254)	(84,545)
Effect of exchange rate changes	-	-	-	-	-
Balance as of December 31, 2020	<u>\$ 480,850</u>	<u>811,374</u>	<u>35,238,630</u>	<u>52,383</u>	<u>36,583,237</u>
Beginning 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
Decrease	-	(21,151)	(138,850)	(1,136)	(161,137)
Reclassified to property, plant and equipment	-	-	(3,534,284)	-	(3,534,284)
Balance as of December 31, 2019	<u>\$ 247,506</u>	<u>429,956</u>	<u>20,441,125</u>	<u>29,348</u>	<u>21,147,935</u>
<b>Carrying amount:</b>					
Balance as of December 31, 2020	<u>\$ 4,447,848</u>	<u>748,888</u>	<u>105,490,751</u>	<u>53,360</u>	<u>110,740,847</u>
Balance as of December 31, 2019	<u>\$ 4,725,522</u>	<u>879,668</u>	<u>111,278,689</u>	<u>62,994</u>	<u>116,946,873</u>
Balance as of January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Investment property

The movements in cost of investment property were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>				
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	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts:</b>				
Balance as of December 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of January 1, 2019	<u>\$ 56,381</u>	<u>-</u>	<u>126,673</u>	<u>183,054</u>
<b>Fair value:</b>				
Balance as of December 31, 2019				<u>\$ -</u>
Balance as of January 1, 2019				<u>\$ 592,137</u>

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.

The investment property was not pledged. There was no such transaction for the year ended December 31, 2020.

(n) Intangible assets

The movements in cost and accumulated amortization of intangible assets were as follows:

	<u>Operating concession</u>	<u>Computer software</u>	<u>Total</u>
<b>Cost:</b>			
Beginning balance as of January 1, 2020	\$ 3,423,792	1,427,405	4,851,197
Additions	-	151,380	151,380
Disposals	-	(261,365)	(261,365)
Balance as of December 31, 2020	<u>\$ 3,423,792</u>	<u>1,317,420</u>	<u>4,741,212</u>
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	<u>\$ 3,423,792</u>	<u>1,427,405</u>	<u>4,851,197</u>

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Operating concession</u>	<u>Computer software</u>	<u>Total</u>
<b>Accumulated amortization:</b>			
Beginning balance as of January 1, 2020	\$ 2,204,082	669,838	2,873,920
Amortization expense	134,296	293,797	428,093
Disposals	<u>-</u>	<u>(261,365)</u>	<u>(261,365)</u>
Balance as of December 31, 2020	<u><b>\$ 2,338,378</b></u>	<u><b>702,270</b></u>	<u><b>3,040,648</b></u>
Beginning balance as of January 1, 2019	\$ 2,069,786	601,351	2,671,137
Amortization expense	134,296	309,122	443,418
Disposals	<u>-</u>	<u>(240,635)</u>	<u>(240,635)</u>
Balance as of December 31, 2019	<u><b>\$ 2,204,082</b></u>	<u><b>669,838</b></u>	<u><b>2,873,920</b></u>
<b>Carrying amounts:</b>			
Balance as of December 31, 2020	<u><b>\$ 1,085,414</b></u>	<u><b>615,150</b></u>	<u><b>1,700,564</b></u>
Balance as of December 31, 2019	<u><b>\$ 1,219,710</b></u>	<u><b>757,567</b></u>	<u><b>1,977,277</b></u>
Balance as of January 1, 2019	<u><b>\$ 1,354,006</b></u>	<u><b>769,763</b></u>	<u><b>2,123,769</b></u>

(i) Amortization

For the years ended December 31, 2020 and 2019, 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:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Prepaid expense	\$ 465,343	348,765
Other receivables (including related parties)	409,825	433,239
Others	<u>169,844</u>	<u>237,606</u>
Total	<u><b>\$ 1,045,012</b></u>	<u><b>1,019,610</b></u>

The details of the Group's other non-current assets were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Prepayments for business facilities	\$ 15,533,781	10,539,207
Refundable deposits	1,058,089	1,451,823
Pledged time deposits	401,972	86,467
Others	<u>7,828</u>	<u>4,237</u>
Total	<u><b>\$ 17,001,670</b></u>	<u><b>12,081,734</b></u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Short-term borrowings, long-term borrowings and bonds payable

The details, conditions and terms of the Group's short-term borrowings, long-term borrowings and bonds payable were as follows:

<b>2020.12.31</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Amount</b>
Secured short-term loans	TWD	1.05%	2021/02/18	\$ <u>80,000</u>
Secured bonds payable	TWD	1.07%	2021/12/29	\$ 4,250,000
Unsecured convertible bonds	TWD	-	2022/10/27~2025/10/21	<u>3,082,941</u>
Subtotal				7,332,941
Less: Current portion (included in current portion of long-term liabilities)				<u>(4,250,000)</u>
Total				<b>\$ <u>3,082,941</u></b>
Unsecured loans	TWD	0.90%~1.27%	2021/01/04~2025/12/21	\$ 45,783,967
Secured loans	TWD	0.97%~1.37%	2021/01/17~2034/10/31	<u>61,810,395</u>
Subtotal				107,594,362
Less: Current portion				<u>(14,898,239)</u>
Total				<b>\$ <u>92,696,123</u></b>
<b>2019.12.31</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Amount</b>
Unsecured short-term loans	TWD	0.98%	2020/06/20	\$ 50,000
Secured short-term loans	TWD	1.15%	2020/03/17	<u>100,000</u>
Subtotal				<b>\$ <u>150,000</u></b>
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	\$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	<u>6,325,180</u>
Subtotal				14,825,180
Less: Current portion (included in current portion of long-term liabilities)				<u>(10,575,180)</u>
Total				<b>\$ <u>4,250,000</u></b>
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	<u>59,687,457</u>
Subtotal				84,909,761
Less: Current portion				<u>(14,292,818)</u>
Total				<b>\$ <u>70,616,943</u></b>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The details of convertible bonds were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Total convertible bonds issued	\$ 10,000,000	7,000,000
Less: Unamortized discounted bonds payable	(149,959)	(223,720)
Cumulative converted amount	(451,100)	(451,100)
Cumulative put amount	<u>(6,316,000)</u>	<u>-</u>
Convertible bonds issued balance	<u>\$ 3,082,941</u>	<u>6,325,180</u>
Embedded derivatives — put/call options (included in financial assets /(liabilities) at fair value through profit or loss)	<u>\$ 2,793</u>	<u>(3,274)</u>
Equity components — conversion options (included in capital surplus — share options)	<u>\$ 512,921</u>	<u>376,948</u>

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% and 1.04%, respectively. 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 assets and 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 ordinary 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, 2020 and 2019, the conversion price was \$13.4 and \$13.7 per share, respectively. In addition, corporate bonds with a face value of \$451,100 and \$451,100 respectively has been converted to 30,829 and 30,829 thousand shares of ordinary share, respectively.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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. As of October 27, 2020, the bondholders exercised the put option, wherein the Company paid the amount of \$6,316,000 to the bondholders who actually exercised the put option.
- (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.

On October 21, 2020, the Company issued the fourth unsecured domestic convertible bonds amounting to \$3,000,000. The major terms are as follows:

- (i) Total issue amount: TWD3,000,000
- (ii) Issue price: At par value
- (iii) Maturity date: Five years, with the maturity date on October 21, 2025.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The price determination day was October 13, 2020; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104% (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, 2020, the conversion price was \$11.2.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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- (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.
  - 4) The period from the date of the suspension of the conversion in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value.
- (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 100.75% 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.

As of December 31, 2020, the details of the future repayment periods and amounts of the Group's long-term borrowings and bonds payable were as follows:

<u>Year due</u>	<u>Amount</u>
2021.1.1~2021.12.31	\$ 19,148,239
2022.1.1~2025.12.31	70,552,896
2026.1.1 and thereafter	<u>25,226,168</u>
	<u><b>\$ 114,927,303</b></u>

Information on the Group's exposure to interest rate 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, 2020 and 2019, the unused credit lines for short-term and long-term borrowings amounted to \$9,992,218 and \$8,304,161, respectively.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(iii) Guarantee from the government for loans

In accordance with “Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens” endorsed by the Ministry of Transportation and Communications, the Group applied to financial institutions for project loans amounting to \$22,470,000, which was guaranteed by the government. As of December 31, 2020, the credit lines that have been used amounted to \$21,215,000. The guarantee loans shall be repaid within two years from the initial withdrawal.

(q) Lease liabilities

The components of lease liabilities were as follow:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Financial liabilities for hedging – current	\$ <u>11,564,988</u>	<u>11,547,049</u>
Financial liabilities for hedging – non-current	\$ <u>77,067,827</u>	<u>86,744,021</u>
Lease liabilities – current	\$ <u>362,101</u>	<u>387,924</u>
Lease liabilities – non-current	\$ <u>4,458,004</u>	<u>4,851,030</u>

For the maturity analysis, please refer to note 6(aa).

The amounts recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>3,168,075</u>	<u>3,412,528</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>12,042</u>	<u>14,354</u>
Revenue of subleasing right-of-use assets	\$ <u>64</u>	<u>35</u>
Expenses relating to short-term leases	\$ <u>153,506</u>	<u>193,475</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>6,419</u>	<u>9,680</u>
COVID-19-related rent concessions	\$ <u>262,925</u>	<u>-</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>15,411,843</u>	<u>16,093,978</u>

The Group leases land, building and structures as well as aircraft for its office space and operating needs. The leases of building and structures typically run for a period of 1 to 10 years, and of aircraft for 12 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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.

(r) Restoration obligations

The movements of the restoration obligations were as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance as of January 1	\$ 19,807,987	19,576,977
Additions	3,060,238	1,080,789
Decreases	(265,678)	(555,677)
Effect of exchange rate changes	<u>(702,264)</u>	<u>(294,102)</u>
Balance as of December 31	<u><u>\$ 21,900,283</u></u>	<u><u>19,807,987</u></u>

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) 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:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Total present value of defined benefit obligations	\$ 12,470,749	13,006,048
Fair value of plan assets	<u>(8,890,331)</u>	<u>(8,100,609)</u>
Recognized liabilities of net defined benefit obligations	<u><u>\$ 3,580,418</u></u>	<u><u>4,905,439</u></u>

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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The Group's labor pension reserve account balance in Bank of Taiwan amounted to \$8,616,426 as of December 31, 2020. 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:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations as of January 1	\$ 13,006,048	12,473,444
Benefits paid by the plan	(733,462)	(499,955)
Current service costs and interest	369,861	390,034
Net remeasurements of defined benefit liabilities		
— Experience adjustments	(550,469)	610,351
— Actuarial losses (gains) arising from changes in demographic assumptions	8,797	8,832
— Actuarial losses (gains) arising from changes in financial assumptions	371,171	255,456
Effect of movement in exchange rates	(1,197)	502
Gain on curtailment	-	(232,616)
Defined benefit obligations as of December 31	<u>\$ 12,470,749</u>	<u>13,006,048</u>

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:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets as of January 1	\$ 8,100,609	7,306,609
Contributions from plan participants	1,134,602	917,658
Benefits paid by the plan	(659,662)	(440,913)
Expected return on plan assets	79,767	84,146
Net remeasurements of defined benefit liabilities		
— Return on plan assets (excluding the amounts included in net interest expense)	235,015	233,109
Fair value of plan assets as of December 31	<u>\$ 8,890,331</u>	<u>8,100,609</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Current services costs	\$ 245,116	250,644
Net interest on the net defined benefit liabilities	44,978	55,244
	<u>\$ 290,094</u>	<u>305,888</u>
Operating costs	\$ 231,566	239,518
Operating expenses	58,528	66,370
	<u>\$ 290,094</u>	<u>305,888</u>

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:

	<u>2020</u>	<u>2019</u>
Accumulated losses as of January 1	\$ (6,186,557)	(5,545,027)
Gains (losses) recognized during the period	405,516	(641,530)
Accumulated losses as of December 31	<u>\$ (5,781,041)</u>	<u>(6,186,557)</u>

6) Actuarial assumptions

The rate applied in calculating the present value of defined benefit obligations at the reporting date was as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Discount rate	0.42%~7%	0.75%~7.78%
Future salary increases	1.04%~8%	1.53%~8%

The Group expects to make contributions of \$774,395 to the defined benefit plans in the next year starting from December 31, 2020.

The weighted average of the defined benefit plans is 10.60~19.04 years.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligations:

	<b>Effects to the defined benefit obligations</b>			
	<b>Favorable</b>		<b>Unfavorable</b>	
	<b>2020.12.31</b>	<b>2019.12.31</b>	<b>2020.12.31</b>	<b>2019.12.31</b>
Discount rate (0.25%)	289,160	318,155	299,672	329,256
Future salary increases (0.25%)	274,530	303,437	282,849	312,165

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 \$749,355 and \$780,618 as pension costs under the defined contribution plans for the years ended December 31, 2020 and 2019, respectively.

(t) Income tax

(i) The components of estimated income tax benefit (expenses) were as follows:

	<b>2020</b>	<b>2019</b>
Current tax benefit (expenses)	\$ 24,042	(1,694,588)
Deferred tax benefit (expenses)	1,018,175	488,114
Income tax benefit (expenses)	<b>\$ 1,042,217</b>	<b>(1,206,474)</b>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) The amounts of income tax benefit (expenses) recognized in other comprehensive income were as follows:

	<u>2020</u>	<u>2019</u>
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$ (79,662)	127,783
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(431)	9
Gains or losses on hedging instruments	<u>(2,329)</u>	<u>2,290</u>
	<u>\$ (82,422)</u>	<u>130,082</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	<u>\$ (842,424)</u>	<u>(547,083)</u>

Reconciliations of income tax benefit (expenses) and profit (loss) before tax were as follows:

	<u>2020</u>	<u>2019</u>
Profit (loss) before tax	<u>\$ (4,318,936)</u>	<u>6,058,349</u>
Income tax using the Company's domestic tax rate	\$ 863,787	(1,211,670)
Exempt income	530,051	462,450
Changes in unrecognized deductible temporary differences	262,710	161,062
Unavailable tax deduction	(389,193)	-
Undistributed earnings additional tax	-	(48,397)
Others	<u>(225,138)</u>	<u>(569,919)</u>
Total	<u>\$ 1,042,217</u>	<u>(1,206,474)</u>

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

The Group's unrecognized deferred tax assets were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Unrecognized deferred tax assets:		
Investment loss of foreign operations accounted for using equity method	\$ 41,935	38,311
Restoration obligations	109,892	332,516
Others	<u>1,490</u>	<u>46,648</u>
Total	<u>\$ 153,317</u>	<u>417,475</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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According to the R.O.C Income Tax Act., the net loss as assessed by the tax authorities can be carry forward for use as a deduction from taxable income over a period of ten years. As of December 31, 2020, the Group's loss carry-forward recognized and unrecognized as deferred tax assets and the expiry year were as follows:

<u>Filing year</u>	<u>Recognized un-deducted loss</u>	<u>Unrecognized un-deducted loss</u>	<u>Total</u>	<u>Expiry year</u>
2020	<u>\$ 6,868,793</u>	<u>-</u>	<u>6,868,793</u>	2030

The Group has no unrecognized deferred tax liabilities as of December 31, 2020 and 2019.

2) Recognized deferred tax assets and liabilities

The movements in the balances of deferred tax assets and liabilities were as follows:

	<u>Loss carryforwards</u>	<u>Loss on valuation of inventories</u>	<u>Defined benefit plans</u>	<u>Restoration obligations</u>	<u>Mileage revenue</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax assets:</b>							
Beginning balance as of January 1, 2020	\$ -	507,007	1,047,623	1,465,919	808,832	868,220	4,697,601
Recognized in profit or loss	1,373,759	(148,165)	(180,872)	635,681	(74,614)	(447,015)	1,158,774
Recognized in other comprehensive income	-	-	(79,663)	-	-	-	(79,663)
Balance as of December 31, 2020	<u>\$ 1,373,759</u>	<u>358,842</u>	<u>787,088</u>	<u>2,101,600</u>	<u>734,218</u>	<u>421,205</u>	<u>5,776,712</u>
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)	(123,966)	635,156	78,251	216,586	511,073
Recognized in other comprehensive income	-	-	127,783	-	-	(27,339)	100,444
Balance as of December 31, 2019	<u>\$ -</u>	<u>507,007</u>	<u>1,047,623</u>	<u>1,465,919</u>	<u>808,832</u>	<u>868,220</u>	<u>4,697,601</u>
	<u>Unrealized foreign exchange gains</u>	<u>Investment gains of foreign operations accounted for using equity method</u>	<u>Others</u>	<u>Total</u>			
<b>Deferred tax liabilities:</b>							
Beginning balance as of January 1, 2020	\$ 547,780	78,055	12,728	638,563			
Recognized in profit or loss	160,313	(15,297)	(4,417)	140,599			
Recognized in other comprehensive income	849,910	-	(4,727)	845,183			
Balance as of December 31, 2020	<u>\$ 1,558,003</u>	<u>62,758</u>	<u>3,584</u>	<u>1,624,345</u>			
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	<u>\$ 547,780</u>	<u>78,055</u>	<u>12,728</u>	<u>638,563</u>			

(iv) The Company's income tax returns for the years through 2018 were assessed by the local tax authorities.

(u) Capital and other equity

As of December 31, 2020 and 2019, the numbers of authorized ordinary shares of both 7,000,000 thousand shares had a par value of \$10 per share. The total value of the authorized ordinary shares amounted to both \$70,000,000, of which \$48,535,695, were issued.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 procedures have 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 year ended December 31, 2019, convertible bonds issued by the Company amounting to \$258,630, were converted into 25,863 thousand shares of ordinary shares, and all related registration procedure has been completed. There was no such transaction for the year ended December 31, 2020.

(ii) Capital surplus

The details of capital surplus were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash subscription in excess of par value of shares	\$ 5,118,825	5,118,825
Stock options granted to employees	697,600	697,600
Additional paid-in capital from bond conversion	1,561,585	1,561,585
Additional paid-in capital from conversion option	512,921	376,948
Changes in equity of associates accounted for using equity method	3,757	3,757
Difference between actual acquiring subsidiary's equity and carrying amount	<u>90,985</u>	<u>90,985</u>
	<u><b>\$ 7,985,673</b></u>	<u><b>7,849,700</b></u>

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(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.

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 2019 earnings was approved at the Board meeting on March 19, 2020. The cash dividends were amounting to \$1,213,392.

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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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(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
<b>Balance as of January 1, 2020</b>	\$ (42,773)	722,495	2,069,817	(3,867)	2,745,672
Exchange differences on translation of foreign financial statements	(37,217)	-	-	(1,780)	(38,997)
Exchange differences on associates accounted for using equity method	(33,256)	-	-	(8,618)	(41,874)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	390,804	-	7,298	398,102
Changes in fair value of hedging instrument	-	-	2,590,446	-	2,590,446
Changes in fair value of hedging instrument reclassified to profit or loss/non-current assets	-	-	788,566	-	788,566
<b>Balance as of December 31, 2020</b>	<b>\$ (113,246)</b>	<b>1,113,299</b>	<b>5,448,829</b>	<b>(6,967)</b>	<b>6,441,915</b>
<b>Balance as of January 1, 2019</b>	\$ (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/non-current assets	-	-	24,758	-	24,758
<b>Balance as of December 31, 2019</b>	<b>\$ (42,773)</b>	<b>722,495</b>	<b>2,069,817</b>	<b>(3,867)</b>	<b>2,745,672</b>

(v) 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

There was no such transaction for the year ended December 31, 2020.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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- (ii) The information related to the employee stock option plan was as follows:

<b>2018 Cash-settled share-based payment plan (reserved for employees to subscribe)</b>	<b>Number of options (thousand shares)</b>	<b>Exercise price (in dollars)</b>
	<b>2019</b>	
Outstanding number as of January 1	27,352	\$ 13
Number of shares exercised	(15,985)	13
Number of shares abandoned	(11,367)	13
Outstanding number as of December 31	-	
Fair value per share at grant date (in dollars)	<u>\$ 3.05</u>	

- (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:

	<b>Cash-settled share-based payment plan (reserved for employees to subscribe)</b>
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 %

- (w) Earnings per share (“EPS”)

The calculation of earnings per share is based on the profit (loss) attributable to the ordinary equity holders of the Company. The Group’s earnings per share were calculated as follows:

	<b>2020</b>		
	<b>Amount net of tax</b>	<b>Weighted-average number of shares outstanding during the period (thousand shares)</b>	<b>Earnings per share (in dollars)</b>
Basic earnings per share:			
Loss attributable to ordinary equity holders	<u>\$ (3,361,639)</u>	<u>4,853,569</u>	<u>\$ (0.69)</u>
Diluted earnings per share:			
Loss attributable to ordinary equity holders	<u>\$ (3,361,639)</u>	<u>4,853,569</u>	<u>\$ (0.69)</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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	2019	
	Amount net of tax	Weighted-average number of shares outstanding during the period (thousand shares)
	\$	\$
Basic earnings per share:		
Profit attributable to ordinary equity holders	<u>\$ 3,982,467</u>	<u>\$ 4,826,530</u>
Diluted earnings per share:		
Profit attributable to ordinary equity holders	<u>\$ 3,982,467</u>	<u>\$ 4,826,530</u>
Effect of the potentially dilutive ordinary shares		
Effect of employee compensation	\$ -	23,939
Effect of conversion of convertible bonds	<u>60,970</u>	<u>478,022</u>
Profit attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares	<u>\$ 4,043,437</u>	<u>\$ 5,328,491</u>
		<u>0.83</u>
		<u>0.76</u>

As of December 31, 2020, 4,249 thousand shares of employee compensation and 70,074 thousand shares of conversion of all convertible bonds have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020					
	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Air cargo services segment	Other segments	Total
Primary geographical markets:						
Taiwan	\$ 22,370,517	1,651,820	196,239	1,055,373	327,071	25,601,020
Asia	39,013,200	2,001,380	1,878	-	-	41,016,458
Europe	3,096,538	628,659	-	-	-	3,725,197
North America	14,615,024	3,554,764	412	-	297	18,170,497
Others	445,774	89,830	-	-	-	535,604
	<u>\$ 79,541,053</u>	<u>7,926,453</u>	<u>198,529</u>	<u>1,055,373</u>	<u>327,368</u>	<u>89,048,776</u>
Major products / services lines:						
Aviation transportation revenue	\$ 74,523,726	-	-	-	-	74,523,726
Services revenue	-	6,916,601	-	967,139	304,941	8,188,681
Others	5,017,327	1,009,852	198,529	88,234	22,427	6,336,369
	<u>\$ 79,541,053</u>	<u>7,926,453</u>	<u>198,529</u>	<u>1,055,373</u>	<u>327,368</u>	<u>89,048,776</u>

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2019						
	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Air cargo services segment	Other segments	Total
Primary geographical markets:						
Taiwan	\$ 54,750,653	1,580,436	779,865	1,180,616	580,261	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	<u>637,419</u>	<u>131,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,085</u>
	<b><u>\$ 135,458,788</u></b>	<b><u>43,267,866</u></b>	<b><u>787,670</u></b>	<b><u>1,180,616</u></b>	<b><u>580,318</u></b>	<b><u>181,275,258</u></b>
Major products / services lines:						
Aviation transportation revenue	\$ 126,002,327	-	-	-	-	126,002,327
Services revenue	-	40,425,435	-	1,092,511	570,694	42,088,640
Others	<u>9,456,461</u>	<u>2,842,431</u>	<u>787,670</u>	<u>88,105</u>	<u>9,624</u>	<u>13,184,291</u>
	<b><u>\$ 135,458,788</u></b>	<b><u>43,267,866</u></b>	<b><u>787,670</u></b>	<b><u>1,180,616</u></b>	<b><u>580,318</u></b>	<b><u>181,275,258</u></b>

(ii) Contract balances

	2020.12.31	2019.12.31	2019.1.1
Contract assets-maintenance services	<b><u>\$ 446,438</u></b>	<b><u>345,016</u></b>	<b><u>3,850,796</u></b>
Contract liabilities-tickets services, customer loyalty program and others	<b><u>\$ 7,166,810</u></b>	<b><u>23,179,488</u></b>	<b><u>21,226,604</u></b>

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period was \$11,255,232 and \$15,459,505, 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:

	2020	2019
	Contract liabilities	Contract liabilities
Changes in an estimate of the transaction price	<b><u>\$ (266,496)</u></b>	<b><u>(149,905)</u></b>

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(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2020 and 2019, the amounts allocated to the customer loyalty program were \$3,671,091 and \$4,044,162, 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.

(y) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company incurs profit in a fiscal year, 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, 2020 and 2019, the Company accrued and recognized its employees' remuneration of \$0 and \$284,125, respectively, and the directors' remuneration of \$0 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.

For the year ended December 31, 2020, the Company's actual distributed amounts and recognized amounts of its employees' remuneration and directors' remuneration were both \$0. 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.

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(z) Non-operating income and expenses

(i) Other income

	<b>2020</b>	<b>2019</b>
Dividend income	\$ 137,178	144,234
Interest income		
Interest income from bank deposits	277,397	837,550
Other interest	7,515	2,286
Total interest income	284,912	839,836
Others	24,682	24,079
	<b>\$ 446,772</b>	<b>1,008,149</b>

(ii) Other gains and losses

	<b>2020</b>	<b>2019</b>
Gains (losses) on disposal of property, plant and equipment	\$ 35,446	1,132,468
Foreign exchange gains (losses)	721,344	(468,824)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	22,741	7,774
Losses on financial liabilities measured at amortized cost	(153,800)	-
Gains on disposal of non-current assets classified as held for sale	141,369	-
Others gains and losses	149,464	200,102
	<b>\$ 916,564</b>	<b>871,520</b>

(iii) Finance costs

	<b>2020</b>	<b>2019</b>
Interest expense		
Bank borrowings	\$ 920,871	1,046,011
Bonds Payable	161,101	169,745
Lease liabilities	3,168,076	3,412,528
Others	903,669	913,856
Less: capitalized interest	(125,913)	(143,302)
	<b>\$ 5,027,804</b>	<b>5,398,838</b>

(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 and contract assets.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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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(b), 6(e) and 6(o).

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).

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>As of December 31, 2020</b>					
<b>Non-derivative financial liabilities</b>					
Short-term and long-term borrowings (including current portion of long-term liabilities)	\$ 107,674,362	111,524,341	16,071,174	69,591,490	25,861,677
Bonds payable	7,332,941	7,528,375	4,295,475	3,232,900	-
Lease liabilities and financial liabilities for hedging	93,452,920	102,740,724	14,134,937	51,132,020	37,473,767
Notes and accounts payable (including related parties)	3,013,512	3,013,512	3,013,512	-	-
Other payables (including related parties)	5,332,122	5,332,122	5,332,122	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	1,142	1,142	1,142	-	-
<b>Total</b>	<b>\$ 216,806,999</b>	<b>230,140,216</b>	<b>42,848,362</b>	<b>123,956,410</b>	<b>63,335,444</b>
<b>As of December 31, 2019</b>					
<b>Non-derivative financial liabilities</b>					
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
<b>Derivative financial liabilities</b>					
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	-	-
<b>Total</b>	<b>\$ 221,000,584</b>	<b>240,615,711</b>	<b>59,049,312</b>	<b>106,590,100</b>	<b>74,976,299</b>

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The Group is not expecting that the cash flows including the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	2020.12.31					2019.12.31				
	Foreign Currency		Exchange rate		TWD	Foreign Currency		Exchange rate		TWD
<b>Financial assets</b>										
<u>Monetary items</u>										
USD	\$	652,045	USD/TWD=	28.48	18,570,244	\$	1,126,880	USD/TWD=	29.98	33,783,853
EUR		3,251	EUR/TWD=	35.02	113,849		4,215	EUR/TWD=	33.59	141,594
JPY		639,451	JPY/TWD=	0.2763	176,680		1,639,705	JPY/TWD=	0.2760	452,559
HKD		221,429	HKD/TWD=	3.6730	813,307		166,285	HKD/TWD=	3.8490	640,033
CNY		279,418	CNY/TWD=	4.3770	<u>1,223,012</u>		143,392	CNY/TWD=	4.3050	<u>617,301</u>
					<u>\$ 20,897,092</u>					<u>\$ 35,635,340</u>
<u>Non-monetary items</u>										
USD	\$	39,668	USD/TWD=	28.48	1,129,732	\$	41,918	USD/TWD=	29.98	1,256,691
CNY		72,820	USD/CNY=	6.5067	367,466		67,592	USD/CNY=	6.9640	342,280
IDR		7,687,425	IDR/TWD=	0.0020	15,375		9,103,282	IDR/TWD=	0.0022	20,027
MOP		22,540	USD/MOP=	7.9864	<u>80,377</u>		35,032	USD/MOP=	8.0216	<u>130,927</u>
					<u>\$ 1,592,950</u>					<u>\$ 1,749,925</u>
<b>Financial liabilities</b>										
<u>Monetary items</u>										
USD	\$	3,606,929	USD/TWD=	28.48	102,725,325	\$	3,932,535	USD/TWD=	29.98	117,897,391
EUR		5,866	EUR/TWD=	35.02	205,437		10,437	EUR/TWD=	33.59	350,594
JPY		1,414,638	JPY/TWD=	0.2763	390,864		2,142,379	JPY/TWD=	0.2760	591,297
HKD		36,069	HKD/TWD=	3.6730	132,482		24,435	HKD/TWD=	3.8490	94,050
CNY		141,168	CNY/TWD=	4.3770	<u>617,892</u>		188,354	CNY/TWD=	4.3050	<u>810,866</u>
					<u>\$ 104,072,000</u>					<u>\$ 119,744,198</u>

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, financial assets at amortized cost, notes and accounts receivable (including related parties), refundable deposits (included in other non-current assets), notes and accounts payable (including related parties), other payables (including related parties), lease liabilities 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, 2020 and 2019, would have changed the profit (loss) before tax by \$53,354 and \$140,957 and the equity by \$885,103 and \$982,046 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020 and 2019.

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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, 2020 and 2019, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$721,344 and \$(468,824), respectively.

(iv) Interest rate risk

The interest rate exposure of the Group'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 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 (loss) before tax of the Group would have changed \$1,070,944 and \$850,098 for the years ended December 31, 2020 and 2019, 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:

Price of the equity securities at the reporting date	2020		2019	
	Other Comprehensive Income, net of tax	Profit (losses)	Other Comprehensive Income, net of tax	Profit (losses)
increase 5%	\$ 151,972	-	132,070	-
decrease 5%	\$ (151,972)	-	(132,070)	-

(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:

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	2019.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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	<u>72,221,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 75,866,820</u>	<u>2,037,465</u>	<u>37,428</u>	<u>1,570,214</u>	<u>3,645,107</u>
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	<u>122,694,597</u>	<u>-</u>	<u>99,952,820</u>	<u>-</u>	<u>99,952,820</u>
Total	<u>\$ 221,000,584</u>	<u>-</u>	<u>99,967,737</u>	<u>-</u>	<u>99,967,737</u>

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.

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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:

- 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, 2020 and 2019, 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:

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance as of January 1, 2020	\$ 1,570,214
Total gains or losses:	
Recognized in other comprehensive income	157,989
Balance as of December 31, 2020	<b>\$ 1,728,203</b>

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	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance as of January 1, 2019	\$ 1,469,255
Total gains or losses:	
Recognized in other comprehensive income	33,069
Purchased	67,951
Disposed	(61)
Balance as of December 31, 2019	<b>\$ 1,570,214</b>

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, 2020 and 2019, the assets which were still held by the Group were as follows:

	<b>2020</b>	<b>2019</b>
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ 157,989	33,069

- 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:

<b>Items</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Relationship between significant unobservable inputs and fair value</b>
Financial assets at fair value through other comprehensive income	Market approach—relevant information generated by publicly companies	<ul style="list-style-type: none"> <li>• Price-book ratio (as of December 31, 2020 and 2019 were 0.80~3.46 and 0.80~2.62, respectively)</li> <li>• Market liquidity discount rate (as of December 31, 2020 and 2019 were 80% of market price)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>

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- 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, 2020 and 2019, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

Inputs	Increase (decrease)	Effects of changes in fair value on other comprehensive income			
		Favorable		Unfavorable	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
Price-book ratio	5%	87,822	77,308	(84,196)	(78,850)
Market liquidity discount rate	5%	87,822	77,308	(84,196)	(78,850)

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.

(ab) 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.

(Continued)

## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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.

##### 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, 2020, 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.

(Continued)

## **EVA AIRWAYS CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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.

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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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.

(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 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, 2020, there were no changes in the Group's approach to capital management.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ad) 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, 2020 and 2019, were as follows:

	<u>2020.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2020.12.31</u>
			<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
Short-term borrowings	\$ 150,000	(70,000)	-	-	-	80,000
Bonds payable	14,825,180	(7,570,984)	70,518	-	8,227	7,332,941
Long-term borrowings	84,909,761	22,681,166	3,435	-	-	107,594,362
Lease liabilities and financial liabilities for hedging	<u>103,530,024</u>	<u>(15,239,876)</u>	<u>3,168,075</u>	<u>(561,963)</u>	<u>2,556,660</u>	<u>93,452,920</u>
<b>Total liabilities from financing activities</b>	<b><u>\$ 203,414,965</u></b>	<b><u>(199,694)</u></b>	<b><u>3,242,028</u></b>	<b><u>(561,963)</u></b>	<b><u>2,564,887</u></b>	<b><u>208,460,223</u></b>

	<u>2019.1.1</u>	<u>Effects of retrospective application</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2019.12.31</u>
				<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
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	<u>2,204,904</u>	<u>104,857,015</u>	<u>(15,876,469)</u>	<u>3,412,528</u>	<u>128,125</u>	<u>8,803,921</u>	<u>103,530,024</u>
<b>Total liabilities from financing activities</b>	<b><u>\$ 97,985,229</u></b>	<b><u>104,857,015</u></b>	<b><u>(11,496,812)</u></b>	<b><u>3,499,025</u></b>	<b><u>128,125</u></b>	<b><u>8,442,383</u></b>	<b><u>203,414,965</u></b>

**(7) Related-party transactions**

(a) 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.

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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
Evergreen Logistics 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

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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
SATS Airport Services Pte. Ltd.	The consolidated subsidiary's shareholder's equity investment
Chang Yung-Fa Foundation	The Company's shareholder's major shareholder
Chang Yung-Fa Charity Foundation	The Company's shareholder's major shareholder
Arport Air Cargo Terminal (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).

(b) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Group were as follows:

	<u>2020</u>	<u>2019</u>
Associates	\$ 631,293	1,139,451
Other related parties	<u>2,424,456</u>	<u>3,443,396</u>
	<u>\$ 3,055,749</u>	<u>4,582,847</u>

Related parties leased aircraft from the Group. 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 usually 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.

(ii) Operating costs

Significant operating costs from transactions with related parties were as follows:

	<u>2020</u>	<u>2019</u>
Associates	\$ 136,011	155,500
Other related parties	<u>464,872</u>	<u>703,672</u>
	<u>\$ 600,883</u>	<u>859,172</u>

The prices for purchases from related parties transactions are not materially different from those of the third-party vendors. The payment terms are usually 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:

	<u>2020</u>	<u>2019</u>
Associates	\$ 121,751	155,841
Other related parties	<u>184,755</u>	<u>282,495</u>
	<u>\$ 306,506</u>	<u>438,336</u>

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are usually 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:

	<u>2020</u>	<u>2019</u>
Associates	\$ 5,760	47,119
Other related parties	<u>64,521</u>	<u>138,559</u>
	<u>\$ 70,281</u>	<u>185,678</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

	<b>2020</b>	
	<b>Disposal price</b>	<b>Gain from disposal</b>
Associates	\$ 4,555	369
Other related parties	3,438	419
	<b>\$ 7,993</b>	<b>788</b>
	<b>2019</b>	
	<b>Disposal price</b>	<b>Gain from disposal</b>
	<b>Deferred gains (Note)</b>	
Associates:		
GE Evergreen Engine Service Corp.	<b>\$ 1,922,041</b>	<b>636,961</b>
	<b>611,982</b>	

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.

(v) Construction commitment

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. The amount of contract price was corrected to \$813,750 due to changes of construction design in February 2020. As of December 31, 2020 and 2019, EGAT has partially paid the price of \$813,750 and \$746,755, 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. The amount of contract price was corrected to \$634,719 due to the electromechanical system demand in May 2020. As of December 31, 2020 and 2019, EGAT has partially paid the price of \$415,411 and \$31,880, respectively.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Leases

The Group rented its offices from other related enterprise. For the years ended December 31, 2020 and 2019, the Group recognized the amount of \$2,034 and \$1,763, respectively, as interest expense. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$62,574 and \$52,104, respectively.

(vii) Receivables from related parties

Receivables from related parties of the Group were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable	EverFun Travel Service Corp.	\$ 840	188,403
Accounts receivable	Associates	121,032	4,441
Accounts receivable	Other related parties	<u>286,043</u>	<u>484,852</u>
Subtotal		<u>407,915</u>	<u>677,696</u>
Other receivables	Associates	20,347	14,451
	Other related parties		
Other receivables	UNI Airways Corp.	138,204	278,706
Other receivables	Evergreen Insurance Company Limited	82,470	685
Other receivables	Other related parties	<u>73</u>	<u>254</u>
Subtotal		<u>241,094</u>	<u>294,096</u>
Total		<u>\$ 649,009</u>	<u>971,792</u>

(viii) Payables to related parties

Payables to related parties of the Group were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts payable	Associates	\$ 18,002	13,870
Accounts payable	Other related parties	<u>79,391</u>	<u>91,360</u>
Subtotal		<u>97,393</u>	<u>105,230</u>
Other payables	Associates	15,093	16,327
Other payables	Other related parties	<u>48,921</u>	<u>89,330</u>
Subtotal		<u>64,014</u>	<u>105,657</u>
Total		<u>\$ 161,407</u>	<u>210,887</u>

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 134,142	172,078
Post-employment benefits	<u>9,139</u>	<u>11,757</u>
	<u>\$ 143,281</u>	<u>183,835</u>

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The carrying amounts of the pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Property, plant, and equipment	Short-term and long-term borrowings	\$ 90,533,967	96,425,138
Time deposits – included in other non-current assets	Letters of credit, and contract performance guarantees	401,972	86,467
		<u>\$ 90,935,939</u>	<u>96,511,605</u>

**(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 with Boeing Company for eighteen Boeing 787-10 aircraft. In August 2020, the Company made amendments to the contracts and changed seven Boeing 787-10 aircraft (not yet delivered) into four Boeing 787-9 aircraft and three Boeing 777 freighters at a price of US\$6,444,000. As of December 31, 2020, fourteen Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$13,918,948, which was included in other non-current assets.

(ii) In November 2015, the Company entered into engine purchase contracts with General Electric Company for five Boeing 787 engines. In September 2020, the Company made amendments to the contracts and changed one Boeing 787 engine (not yet delivered) into one Boeing 777 engine at a price of US\$139,110. As of December 31, 2020, two Boeing engines had not yet been delivered by General Electric Company. The Company has partially prepaid the price of \$353,483, which was included in other non-current assets.

(iii) Unused letters of credit for the Group were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Unused letters of credit	<u>\$ 2,363,681</u>	<u>2,598,100</u>

(iv) 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:

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 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.
- 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 2023) 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.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 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, 2020, the estimated royalty amounted to \$82,710, which was recorded as operating costs.

Besides, as of December 31, 2020, the promissory notes for the performance of the concession contract issued by EGAC amounted to \$769,153.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other**

- (a) A summary of personnel expenses, depreciation and amortization expenses, by function, is as follows:

By item	By function	2020			2019		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses							
Salaries		11,057,076	4,687,594	15,744,670	14,409,116	6,111,484	20,520,600
Labor and health insurance		925,544	369,812	1,295,356	1,022,781	393,219	1,416,000
Pension		739,234	300,215	1,039,449	759,022	327,484	1,086,506
Remuneration of directors		-	33,566	33,566	-	55,524	55,524
Others		2,066,529	512,893	2,579,422	4,349,143	612,992	4,962,135
Depreciation (Note)		25,992,131	1,088,487	27,080,618	25,461,646	1,141,831	26,603,477
Amortization		144,971	283,122	428,093	148,165	295,253	443,418

Note: For the years ended December 31, 2020 and 2019, the depreciation expenses recognized were \$27,359,872 and \$26,671,354, respectively, less deferred gains of \$16,329 and \$67,877, respectively, and subsidy and rent concession of \$262,925 and \$0, respectively.

- (b) COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment at each destinations around the globe and has impacted the Group's operations, including cancellation or restriction of flights. Facing the impact of the pandemic, the Group continuously reviews its flight status, implements flight suspensions and raises the daily utilization rates of its freighters, in order to maximize its operating revenue. Meanwhile, the Group simplified its service and selling process, reduced personnel cost, postponed unnecessary capital expenditures, as well as performed other cost-controlling activities. The Group has applied for operating and interest subsidies from the government. Notably, the Group has received a government bailout loan amounting to \$22.47 billion. In addition, the Group has also acquired additional loans from banks, and will promptly raise fund from capital market, in order to meet the future demand of working capital.

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**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(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, 2020:

- (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.
- (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: None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (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 3 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 4 attached.
- (ix) Derivative transactions: Please refer to note 6(c) for related information.
- (x) Business relationships and significant inter-company transactions: Please see Table 5 attached.

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2020 (excluding investees in Mainland China): Please see Table 6 attached.

(c) Information on investment in Mainland China : Please see Table 7 attached.

(d) Major shareholders:

(in shares)

Shareholder's Name	Shareholding	Shares	Percentage
Evergreen Marine Corp. (Taiwan) Ltd.		776,541,111	16.00 %
Evergreen International Corp.		549,262,304	11.32 %
Falcon Investment Services Ltd.		512,027,482	10.55 %

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

(a) General information

The Group has four reportable segments: aviation transportation segment, the aircraft maintenance, manufacture segment and the catering segment as well as the air cargo services segment. 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. Catering segment is involved in catering services. Air cargo services segment is involved in air cargo terminal operation.

Other operating segments are mainly involved in ground handling services, travel agency, investment, and flight training. For the years ended December 31, 2020 and 2019, the above segments do not meet the quantitative thresholds to be reportable.

(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:

	Aviation transportation segment	Aircraft maintenance and manufacture segment	Sky catering segment	Air cargo services segment	Other segments	Reconciliation and elimination	Total
<b>For the year ended December 31, 2020</b>							
<b>Revenue:</b>							
Revenue from external customers	\$ 79,541,053	7,926,453	198,529	1,055,373	327,414	(46)	89,048,776
Intersegment revenue	61,476	2,761,425	682,995	375,062	1,603,531	(5,484,489)	-
Interest income	208,793	59,139	3,291	5,389	8,300	-	284,912
Total revenue	<u>\$ 79,811,322</u>	<u>10,747,017</u>	<u>884,815</u>	<u>1,435,824</u>	<u>1,939,245</u>	<u>(5,484,535)</u>	<u>89,333,688</u>
Interest expense	<u>\$ (4,789,246)</u>	<u>(154,669)</u>	<u>(22,726)</u>	<u>(12,274)</u>	<u>(48,951)</u>	<u>62</u>	<u>(5,027,804)</u>
Depreciation and amortization	<u>\$ 25,842,066</u>	<u>827,710</u>	<u>274,249</u>	<u>249,694</u>	<u>333,630</u>	<u>(18,637)</u>	<u>27,508,712</u>
Share of profit (loss) of associates accounted for using equity method	<u>\$ 796,307</u>	<u>176,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,050)</u>	<u>172,656</u>
<b>Reportable segment profit or loss</b>	<u>\$ (1,854,164)</u>	<u>1,484,231</u>	<u>(563,188)</u>	<u>285,612</u>	<u>(196,414)</u>	<u>16,799</u>	<u>(827,124)</u>
<b>Assets:</b>							
Investment accounted for using equity method	<u>\$ 13,637,927</u>	<u>1,542,194</u>	<u>-</u>	<u>-</u>	<u>447,843</u>	<u>(13,482,020)</u>	<u>2,145,944</u>
Capital expenditures of non-current assets	<u>\$ 11,196,922</u>	<u>781,459</u>	<u>55,843</u>	<u>24,854</u>	<u>43,680</u>	<u>-</u>	<u>12,102,758</u>
<b>Reportable segment assets</b>	<u>\$ 302,236,909</u>	<u>23,836,846</u>	<u>6,858,436</u>	<u>3,663,962</u>	<u>7,520,891</u>	<u>(14,549,789)</u>	<u>329,567,255</u>
<b>Reportable segment liabilities</b>	<u>\$ 231,439,521</u>	<u>13,884,752</u>	<u>2,644,482</u>	<u>1,103,966</u>	<u>4,743,515</u>	<u>(908,510)</u>	<u>252,907,726</u>



**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
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	Aviation transportation segment	Aircraft maintenance and manufacture segment	Sky catering segment	Air cargo services segment	Other segments	Reconciliation and elimination	Total
<b>For the year ended December 31, 2019</b>							
<b>Revenue:</b>							
Revenue from external customers	\$ 135,458,788	43,267,866	787,670	1,180,616	716,169	(135,851)	181,275,258
Intersegment revenue	162,363	3,411,828	2,789,036	373,068	2,804,725	(9,541,020)	-
Interest income	656,137	158,788	4,506	6,449	13,956	-	839,836
Total revenue	<u>\$ 136,277,288</u>	<u>46,838,482</u>	<u>3,581,212</u>	<u>1,560,133</u>	<u>3,534,850</u>	<u>(9,676,871)</u>	<u>182,115,094</u>
Interest expense	<u>\$ (5,101,704)</u>	<u>(207,341)</u>	<u>(24,777)</u>	<u>(13,078)</u>	<u>(52,060)</u>	<u>122</u>	<u>(5,398,838)</u>
Depreciation and amortization	<u>\$ 25,174,184</u>	<u>1,014,298</u>	<u>285,226</u>	<u>249,893</u>	<u>341,927</u>	<u>(18,633)</u>	<u>27,046,895</u>
Shares of profit (loss) of associates accounted for using equity method	<u>\$ 2,243,419</u>	<u>(9,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,099,415)</u>	<u>134,791</u>
<b>Reportable segment profit or loss</b>	<u>\$ 6,116,866</u>	<u>2,027,347</u>	<u>778,090</u>	<u>376,380</u>	<u>261,583</u>	<u>(117,539)</u>	<u>9,442,727</u>
<b>Assets:</b>							
Investments accounted for using equity method	<u>\$ 17,048,090</u>	<u>1,411,860</u>	<u>-</u>	<u>-</u>	<u>473,207</u>	<u>(16,877,937)</u>	<u>2,055,220</u>
Capital expenditures of non-current assets	<u>\$ 22,323,430</u>	<u>853,054</u>	<u>425,979</u>	<u>59,762</u>	<u>591,477</u>	<u>-</u>	<u>24,253,702</u>
<b>Reportable segment assets</b>	<u>\$ 321,863,333</u>	<u>35,176,560</u>	<u>6,873,411</u>	<u>3,706,255</u>	<u>7,468,478</u>	<u>(18,836,343)</u>	<u>356,251,694</u>
<b>Reportable segment liabilities</b>	<u>\$ 250,611,151</u>	<u>21,363,483</u>	<u>2,173,310</u>	<u>1,178,749</u>	<u>4,570,335</u>	<u>(1,787,350)</u>	<u>278,109,678</u>

(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 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, 2020 and 2019, please refer note 6(x).

Non-current assets:

<u>Geography</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Taiwan	\$ 259,381,431	266,002,803
Asia	427,927	430,852
Others	<u>1,391,424</u>	<u>1,676,592</u>
	<u>\$ 261,200,782</u>	<u>268,110,247</u>

Non-current assets include property, plant and equipment, right-of-use assets, 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, 2020)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020			Highest Shareholding in the Period or Capital Contribution	Notes
				Shares/Units	Book value	Percentage of ownership		
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	45,187,711	675,556	-	675,556	45,187,711
"	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss – current	12,995,958	200,573	-	200,573	12,995,958
"	FSITC Money Market Fund	None	Financial assets at fair value through profit or loss – current	2,564,182	461,168	-	461,168	2,564,182
"	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss – current	6,086,687	100,059	-	100,059	18,300,904
"	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss – current	3,666,549	50,033	-	50,033	3,666,549
"	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss – current	13,974,385	200,119	-	200,119	13,974,385
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss – current	7,611,392	96,283	-	96,283	17,099,807
"	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss – current	5,477,678	92,249	-	92,249	13,205,637
"	Eastspring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss – current	7,453,782	102,211	-	102,211	16,222,774
					<u>1,978,251</u>		<u>1,978,251</u>	

(in shares)

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Highest Shareholding in the Period or Capital Contribution	Notes
				Shares/Units	Book value	Percentage of ownership	Fair value		
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	231,580	19,702	2.11	19,702	231,580	
"	Shares of Trade-Van Information Services Co.	None	Financial assets at fair value through other comprehensive income — non-current	8,502,418	429,372	5.67	429,372	8,502,418	
"	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income — non-current	35,203,008	799,109	5.96	799,109	35,203,008	
"	Shares of UNI Airways Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income — non-current	37,606,277	470,830	9.98	470,830	37,606,277	
"	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	1,194,565	9.56	1,194,565	38,201,625	
"	Shares of Chung Hwa Express Corp.	None	Financial assets at fair value through other comprehensive income — non-current	1,000,000	34,800	10.00	34,800	1,000,000	
"	Star Alliance Services GmbH	None	Financial assets at fair value through other comprehensive income — non-current	1	7,069	4.55	7,069	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	22,684	0.01	22,684	557,349	
"	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	3,216	0.01	3,216	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	62,210	0.46	62,210	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	1,237	0.0207	1,237	500	
					<u>3,044,794</u>		<u>3,044,794</u>		

(Continued)

**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, 2020)

(in shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	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	FSITC Money Market Fund	Financial assets at fair value through profit or loss – current – fund	None	-	-	2,675,591	480,000	111,409	20,000	19,977	23	2,564,182	461,168
"	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss – current – fund	None	-	-	24,387,591	400,000	18,300,904	300,152	300,000	152	6,086,687	100,059
"	Evergreen Aviation Technologies Corp.	Investments accounted for using equity method	Subsidiary	518,440,696	10,799,290	-	-	238,251,455	2,382,515	2,382,515	-	280,189,241	7,744,694
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss – current – fund	None	11,964,636	150,619	22,572,601	285,000	26,925,845	340,025	339,166	860	7,611,392	96,283
"	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss – current – fund	None	9,933,297	166,663	25,271,487	425,000	29,727,106	500,000	498,962	1,038	5,477,678	92,249
"	Eastspring Investments Well Pool Money Market Fund	Financial assets at fair value through profit or loss – current – fund	None	10,368,032	141,590	28,495,051	390,000	31,409,501	430,000	429,127	873	7,453,782	102,211

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Table 3 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital  
(December 31, 2020)

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	1,539,966	1.93	60 days	-	-	109,055	1.97	
"	Evergreen Logistics Corp.	The company's shareholder	Sales	248,573	0.31	60 days	-	-	-	-	
"	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	1,408,566	1.93	60 days	-	-	(223,287)	6.71	(Note)
"	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	669,866	0.92	60 days	-	-	(44,549)	1.34	(Note)
"	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	2,749,774	3.76	60 days	-	-	(471,879)	14.19	(Note)
"	Evergreen Air Cargo Services Corp.	The company's subsidiary	Purchases	368,922	0.50	60 days	-	-	(76,154)	2.29	(Note)
"	Evergreen Insurance Company Ltd.	The company's shareholder's equity investment	Purchases	106,490	0.15	60 days	-	-	-	-	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	1,408,566	77.50	60 days	-	-	233,052	80.75	(Note)
"	UNI Airways Corp.	The company's shareholder's equity investment	Sales	185,533	10.21	60 days	-	-	28,788	9.98	
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	2,759,968	25.82	60 days	-	-	472,541	31.70	(Note)
"	G/E Evergreen Engine Services Corp.	The company's equity investment	Sales	607,620	5.69	120 days	-	-	115,380	7.74	
"	UNI Airways Corp.	The company's shareholder	Sales	331,286	3.10	60 days	-	-	127,848	8.58	
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	669,866	75.99	60 days	-	-	56,138	64.00	(Note)
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	368,922	25.79	60 days	-	-	79,964	54.23	(Note)

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Table 4 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital  
(December 31, 2020)

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	247,083	(Note 1)	-	-	247,083	-
Evergreen Airline Services Corp.	The Company	Parent company	248,195	4.00 (Note 2)	-	-	248,195	-
Evergreen Aviation Technologies Corp.	The Company	Parent company	473,565	4.87 (Note 2)	-	-	473,565	-
"	GE Evergreen Engine Services Corp.	The Company's equity investment	135,709	8.09	-	-	135,709	-
"	UNI Airways Corp.	The company's shareholder	128,024	2.78	-	-	128,024	-

Note1 : Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

Note2 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Table 5 Business relationships and significant inter-company transactions  
(December 31, 2020)

Number	Trader	Company Name	Nature of Relationship	Transaction Details			Percentage of the Consolidated Net Revenue or Total Assets
				Financial Statements Item	Amount	Transaction Terms	
0	The Company	Evergreen Aviation Technologies Corp.	1	Operating costs	2,749,774	as general transactions	3.09
0	"	Evergreen Sky Catering Corp.	1	Operating costs	669,866	as general transactions	0.75
0	"	Evergreen Airline Services Corp.	1	Operating costs	1,408,566	as general transactions	1.58
0	"	Evergreen Air Cargo Services Corp.	1	Operating costs	368,922	as general transactions	0.41
0	"	Evergreen Aviation Technologies Corp.	1	Accounts payable — related parties	471,879	as general transactions	0.14
0	"	Evergreen Airline Services Corp.	1	Accounts payable — related parties	223,287	as general transactions	0.07

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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**Table 6 Information on investees (excluding investees in Mainland China)**  
(For the year ended December 31, 2020)

(in shares)

Name of investor	Name of investee	Location	Main Businesses and Products	Initial Investment Amount		Ending Balance		Highest Shareholding in the Period or Capital Contribution	Net Income (Losses) of Investee	Share of Profit (Losses) of Investee	Notes
				December 31, 2020	December 31, 2019	Shares	Ratio of Shares				
The Company	Sky Castle Investment Ltd.	Mayslar Chambers, P.O. Box 3269, Apia, Samoa	Investment business	179,173	179,173	5,500,000	100.00 %	369,047	21,807	21,807	(Note 1)
The Company	Evergreen Airways Service (Macau) Ltd.	598 Alameda Dr. Carlos D' Assumpcao, Edif CNAC 3 Andar K-M Macau	Investment business	327	327	None	99.00 %	99,521	(22,100)	(21,879)	(Note 1)
The Company	PT Perdana Andalas Air Service	10/F, Gedung Mega Plaza Jl. H.R Rasuna Suid Kav. C-3 Jakarta 12920 Indonesia	Traveling agency	5,086	5,086	40,800	51.00 %	15,375	(5,830)	(2,973)	(Note 1)
The Company	EVA Flight Training Academy	5745 Whitehead Street Mather, CA, 95655, USA	Flight training school	932,050	932,050	10,000,000	100.00 %	661,164	(18,119)	(18,119)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Hangzhan S.Rd., Dayuan Dist., Taoyuan Int'l Airport, Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, engine and parts	-	3,200,450	280,189,241	79.42 %	7,744,694	1,173,028	931,478	(Note 1)
The Company	Evergreen Airline Services Corp.	No.608 Hsiang-Jann N.Rd., Taoyuan Int'l Airport, Dayuan Dist., Taoyuan City, Taiwan	Aviation ground service	111,181	111,180	36,183,106	56.33 %	870,451	(66,898)	(37,687)	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hangqin 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	76,557,790	49.80 %	2,098,549	(424,530)	(211,416)	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	No.8-1, Hsiang-Chin N. Rd., Dayuan Dist., Taoyuan City, Taiwan	Air cargo entrepot	740,348	740,348	72,750,000	60.625 %	1,551,997	225,453	136,681	(Note 1)
The Company	Hsiang Li Investment Corp.	IF, No. 117, Sec. 2, Chang An E. Rd., Taipei 104, Taiwan	Investment business	448,280	448,280	2,680,000	100.00 %	71,222	2,204	2,204	(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 %	114,257	36,918	11,070	(Note 2)
The Company	EverFun Travel Services Corp.	8F, No. 100, Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C)	Traveling agency	55,061	55,061	5,505,000	26.48 %	41,650	(56,112)	(14,859)	(Note 2)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No.8 Hsiang-Jann S.Rd., Taoyuan Int'l Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and engine components	2,032,845	2,032,845	203,284,545	49.00 %	1,542,194	289,933	176,399	(Note 3)
Evergreen Airways Service (Macau) Ltd.	Menries 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 %	80,377	(111,685)	(22,332)	(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.

(Continued)

**EVA AIRWAYS CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Table 7 Information on investment in Mainland China  
(December 31, 2020)

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 January 1, 2020	Investment Flows		Accumulated Outflow of Investment from December 31, 2020	Net Income (Losses) of 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, 2020	Accumulated Inward Remittances of Earnings as of December 31, 2020
					Outflow	Inflow							
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Main Business and Products Forwarding and storage of air cargo	CNY 254,480	2	138,784	-	-	138,784	91,458	14.00%	14.00 %	12,804	242,444	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	68,382	14.00%	14.00 %	9,574	125,022	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 (USD23,361 thousand 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 (USD50,337 thousand 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, 2020 (USD in Thousands)	Investment Amounts Authorized 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)	45,995,717

Note : Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance; investment amounts authorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the authorization.

3. Significant transactions : None.



**EVA AIRWAYS CORP.**  
**Parent-Company-Only Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended**  
**December 31, 2020 and 2019**

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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 parent-company-only financial statements of EVA Airways Corp. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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”, and note 6(w) “Revenue from contracts with customers” of the financial statements.

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 revenues when the member actually redeems the mileage or it is expected that the right is probable not to be redeemed.



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 judgmental 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. Impairment of long-term non-financial assets

Please refer to note 4(n) “Impairment of non-financial assets”, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and note 6(j) “Property, plant and equipment” of the financial statements.

Description of key audit matter:

The Company periodically assesses for any indication of impairment on its long-term non-financial assets. If any indication thereof exists with long-term non-financial assets, the Company should estimate the recoverable amount for the assets’ cash-generating unit. The calculation for the assets’ cash-generating unit involved several assumptions and estimations made by the management. Therefore, the impairment test of long-term non-financial assets is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Assessing the method used in measuring the recoverable amount, which is provided by the management of the Company, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing with the historical accuracy of judgments, including inspecting the amount of forecast of cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, as well as performing the sensitivity analysis on major assumption.

## **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.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive font.

KPMG

Taipei, Taiwan (Republic of China)  
March 22, 2021

#### 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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020.12.31		2019.12.31		2020.12.31		2019.12.31	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	\$ 31,075,156	11	41,856,135	13	2120	-	-	3,274
1110 Financial assets at fair value through profit or loss—current (note 6(b))	1,687,508	1	502,455	-	2126	11,564,988	4	11,558,692
1139 Financial assets for hedging—current (note 6(c))	-	-	37,428	-	2130	4,510,802	2	19,820,043
1150 Notes receivable, net (note 6(d))	473	-	842,287	-	2170	2,490,358	1	4,727,977
1160 Notes receivable—related parties (notes 6(d) and 7)	840	-	188,403	-	2180	835,267	-	1,681,507
1170 Accounts receivable, net (note 6(d))	5,411,920	2	5,515,785	2	2200	4,300,632	1	7,953,863
1180 Accounts receivable—related parties (notes 6(d) and 7)	116,671	-	323,922	-	2230	433,564	-	755,149
130x Inventories (note 6(f))	1,307,117	-	1,427,891	1	2260	1,142	-	140,810
1460 Non-current assets or disposal group classified as held for sale, net (notes 6(g) and 6(l))	852,175	-	1,233,824	-	2280	164,820	-	172,500
1470 Other current assets (notes 6(e), 6(n) and 7)	751,234	-	772,709	-	2320	16,437,386	6	21,431,599
<b>Total current assets</b>	<u>41,203,094</u>	<u>14</u>	<u>52,700,839</u>	<u>16</u>	2399	<u>512,303</u>	<u>-</u>	<u>4,942,707</u>
<b>Non-current assets:</b>								
1510 Financial assets at fair value through profit or loss—non-current (notes 6(b) and 6(o))	2,793	-	-	-		41,251,262	14	73,188,121
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(b))	2,955,447	1	2,581,505	1	2511	77,067,827	26	86,744,021
1550 Investments accounted for using equity method (notes 6(h) and 6(i))	13,637,927	5	17,048,090	5	2527	2,517,482	1	3,220,551
1600 Property, plant and equipment (notes 6(j), 6(k), 6(l), 6(o), 7, 8 and 9)	115,493,154	38	120,612,684	38	2530	3,082,941	1	4,250,000
1755 Right-of-use assets (notes 6(j), 6(k), 6(q) and 7)	106,547,708	35	112,467,687	35	2540	80,075,379	26	57,511,755
1780 Intangible assets (note 6(m))	547,836	-	642,155	-	2570	1,624,345	1	634,146
1840 Deferred tax assets (note 6(s))	4,890,891	2	3,960,637	1	2580	417,564	-	547,793
1900 Other non-current assets (notes 6(c), 6(n), 7, 8 and 9)	16,958,059	5	11,849,736	4	2640	3,001,003	1	4,104,856
<b>Total non-current assets</b>	<u>261,033,815</u>	<u>86</u>	<u>269,162,494</u>	<u>84</u>	2670	<u>22,401,718</u>	<u>7</u>	<u>20,409,908</u>
<b>Equity (notes 6(b), 6(e), 6(i), 6(o), 6(r), 6(s), 6(t) and 6(u)):</b>								
Ordinary share					3110	48,535,695	16	48,535,695
Capital surplus					3200	7,985,673	3	7,849,700
Retained earnings					3300	7,827,138	2	12,117,248
Other equity interest					3400	6,448,882	2	2,749,539
<b>Total equity</b>						<u>70,797,388</u>	<u>23</u>	<u>71,252,182</u>
<b>Total liabilities and equity</b>	<u>\$ 302,236,909</u>	<u>100</u>	<u>321,863,333</u>	<u>100</u>		<u>\$ 302,236,909</u>	<u>100</u>	<u>321,863,333</u>

**EVA AIRWAYS CORP.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)**

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(w) and 7)</b>	\$ 79,602,529	100	135,621,151	100
5000	<b>Operating costs (notes 6(c), 6(e), 6(f), 6(j), 6(k), 6(m), 6(p), 6(r), 6(x) and 7)</b>	<u>(73,088,704)</u>	<u>(92)</u>	<u>(117,477,282)</u>	<u>(87)</u>
5900	<b>Gross profit from operations</b>	6,513,825	8	18,143,869	13
6000	<b>Operating expenses (notes 6(d), 6(e), 6(j), 6(k), 6(m), 6(p), 6(r), 6(x) and 7)</b>	<u>(8,367,989)</u>	<u>(10)</u>	<u>(12,027,003)</u>	<u>(9)</u>
6900	<b>Net operating income (loss)</b>	<u>(1,854,164)</u>	<u>(2)</u>	<u>6,116,866</u>	<u>4</u>
<b>Non-operating income and expenses (notes 6(c), 6(e), 6(h), 6(p), 6(y) and 7):</b>					
7010	Other income	345,924	1	800,315	1
7020	Other gains and losses	1,084,895	1	469,232	-
7050	Finance costs	(4,789,246)	(6)	(5,101,704)	(4)
7375	Share of profit of subsidiaries and associates accounted for using equity method	<u>796,307</u>	<u>1</u>	<u>2,243,419</u>	<u>2</u>
	<b>Total non-operating income and expenses</b>	<u>(2,562,120)</u>	<u>(3)</u>	<u>(1,588,738)</u>	<u>(1)</u>
7900	<b>Profit (loss) before tax</b>	(4,416,284)	(5)	4,528,128	3
7950	<b>Income tax benefit (expenses) (note 6(s))</b>	<u>1,054,645</u>	<u>1</u>	<u>(545,661)</u>	<u>-</u>
	<b>Profit (loss)</b>	<u>(3,361,639)</u>	<u>(4)</u>	<u>3,982,467</u>	<u>3</u>
8300	<b>Other comprehensive income (notes 6(c), 6(h), 6(r), 6(s) and 6(t)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	312,233	-	(461,849)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	373,942	1	167,319	-
8317	Gains (losses) on hedging instrument that will not be reclassified to profit or loss	11,643	-	(11,451)	-
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	52,428	-	(82,321)	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(65,207)</u>	<u>-</u>	<u>94,669</u>	<u>-</u>
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>685,039</u>	<u>1</u>	<u>(293,633)</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	(37,217)	-	(36,486)	-
8368	Gains (losses) on hedging instrument	4,212,122	5	2,735,417	1
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	(33,256)	-	(2,527)	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	<u>(842,424)</u>	<u>(1)</u>	<u>(547,083)</u>	<u>-</u>
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>3,299,225</u>	<u>4</u>	<u>2,149,321</u>	<u>1</u>
8300	<b>Other comprehensive income, net of tax</b>	3,984,264	5	1,855,688	1
8500	<b>Total comprehensive income</b>	<u>\$ 622,625</u>	<u>1</u>	<u>5,838,155</u>	<u>4</u>
<b>Earnings per share (note 6(v))</b>					
9750	<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.69)</u>		<u>0.83</u>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.69)</u>		<u>0.76</u>	

See accompanying notes to parent-company-only financial statements.



**EVA AIRWAYS CORP.**

**Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity interest				Total equity		
	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		Gains (losses) on hedging instruments	
<b>Balance on January 1, 2019</b>	\$ 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	-
<b>Balance on December 31, 2019</b>	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
Appropriation of prior year's earnings:											
Legal reserve appropriated	-	-	-	352,270	(352,270)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,213,392)	(1,213,392)	-	-	-	-	(1,213,392)
Due to recognition of equity component of convertible bonds issued	-	-	135,973	-	-	-	-	-	-	-	135,973
Loss	-	-	-	-	(3,361,639)	(3,361,639)	-	-	-	-	(3,361,639)
Other comprehensive income	-	-	-	-	284,921	284,921	(70,473)	390,804	3,379,012	3,699,343	3,984,264
Total comprehensive income	-	-	-	-	(3,076,718)	(3,076,718)	(70,473)	390,804	3,379,012	3,699,343	622,625
<b>Balance on December 31, 2020</b>	\$ 48,535,695	-	7,985,673	2,574,002	5,253,136	7,827,138	(113,246)	1,113,299	5,448,829	6,448,882	70,797,388

See accompanying notes to parent-company-only financial statements.

**EVA AIRWAYS CORP.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ <u>(4,416,284)</u>	<u>4,528,128</u>
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Expected credit loss (gain)	(30,000)	(9,000)
Depreciation expense	25,763,420	25,004,434
Amortization expense	240,530	237,627
Net gains on financial assets or liabilities at fair value through profit or loss	(20,873)	(6,106)
Interest expense	4,789,246	5,101,704
Interest income	(208,793)	(656,137)
Dividend income	(137,131)	(144,178)
Shares of profit of subsidiaries and associates accounted for using equity method	(796,307)	(2,243,419)
Gains on disposal of property, plant and equipment	(39,699)	(494,796)
Gains on disposal of non-current assets classified as held for sale	(141,369)	-
Unrealized foreign exchange gains	(1,261,623)	(201,367)
Others	<u>(68,465)</u>	<u>(300,507)</u>
Total adjustments to reconcile profit	<u>28,088,936</u>	<u>26,288,255</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	841,814	91,056
Notes receivable—related parties	187,563	(188,403)
Accounts receivable, net	133,865	671,529
Accounts receivable—related parties	207,251	(50,172)
Inventories	91,968	47,359
Other current assets	<u>162,743</u>	<u>(59,519)</u>
Total changes in operating assets	<u>1,625,204</u>	<u>511,850</u>
Changes in operating liabilities:		
Contract liabilities	(16,012,310)	1,930,370
Notes and accounts payable	(2,237,619)	(2,007,383)
Accounts payable—related parties	(846,240)	(119,165)
Other payables	(3,695,984)	(200,656)
Other current liabilities	(4,545,862)	56,124
Net defined benefit liabilities—non-current	(791,619)	(531,937)
Other non-current liabilities	<u>19,857</u>	<u>61,721</u>
Total changes in operating liabilities	<u>(28,109,777)</u>	<u>(810,926)</u>
Total changes in operating assets and liabilities	<u>(26,484,573)</u>	<u>(299,076)</u>
Total adjustments	<u>1,604,363</u>	<u>25,989,179</u>
Cash inflow (outflow) generated from operations	(2,811,921)	30,517,307
Income taxes paid	<u>(358,902)</u>	<u>(681,401)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>(3,170,823)</u>	<u>29,835,906</u>

See accompanying notes to parent-company-only financial statements.

**EVA AIRWAYS CORP.**  
**Statements of Cash Flows (continued)**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(67,890)
Acquisition of financial assets at fair value through profit or loss	(1,500,000)	(1,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	320,152	1,002,826
Acquisition of investments accounted for using equity method	(1)	(55,061)
Proceeds from capital reduction of investments accounted for using equity method	2,382,515	-
Proceeds from disposal of non-current assets classified as held for sale	997,407	-
Acquisition of property, plant and equipment	(4,046,860)	(14,222,781)
Proceeds from disposal of property, plant and equipment	91,146	1,229,149
Acquisition of intangible assets	(146,211)	(278,926)
Decrease in other non-current assets	76,219	17,475
Increase in prepayments for business facilities	(7,003,851)	(7,821,723)
Interest received	231,745	656,549
Dividends received	1,954,840	1,266,300
<b>Net cash flows used in investing activities</b>	<b>(6,642,899)</b>	<b>(19,274,082)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,000,000	462,072
Decrease in short-term borrowings	(1,000,000)	(462,072)
Proceeds from issuance of bonds payable	2,995,016	-
Repayments of bonds payable	(10,566,000)	-
Proceeds from long-term borrowings	38,273,000	22,829,700
Repayments of long-term borrowings	(14,381,470)	(16,190,171)
Payments of lease liabilities	(11,982,299)	(12,282,912)
Decrease in other non-current liabilities	(86,235)	(24,823)
Cash dividends paid	(1,213,392)	(2,343,647)
Proceeds from issuing shares	-	3,719,020
Interest paid	(4,005,877)	(4,343,556)
<b>Net cash flows used in financing activities</b>	<b>(967,257)</b>	<b>(8,636,389)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,780,979)	1,925,435
<b>Cash and cash equivalents at beginning of year</b>	41,856,135	39,930,700
<b>Cash and cash equivalents at end of year</b>	<b>\$ 31,075,156</b>	<b>41,856,135</b>

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, 2020 and 2019**  
**(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 by the Company’s Board of Directors as of March 22, 2021.

**(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 details of impact on the Company’s adoption of the new amendments beginning January 1, 2020 are as follows:

- (i) Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in note 4(m).

The Company has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was \$145,556.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Company’s parent-company-only financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

**(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.

(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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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.

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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.

(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.

(Continued)



**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

(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 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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

(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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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.

(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.

(Continued)



**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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 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

(Continued)



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- 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 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

(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:

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- 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 lessee

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.

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;

(Continued)

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- 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.

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 IFRS 15 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 IFRS 15 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 IFRS 15 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.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

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(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 IFRS 15 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.

(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.

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(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.

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.

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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.

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) Government grants

The Company recognizes an unconditional government grant related COVID-19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss in the periods in which the expenses or losses are recognized.

(s) 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.

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(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.

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.

(t) 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.

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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.

(u) 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.

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(v) 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.

(w) 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.

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. Those assumptions and estimations have been updated to reflect the impact of COVID-19 pandemic:

(a) Contract liabilities—mileage redemption revenue

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; please refer to note 4(q) for further details on related matter. 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; please refer to note 6(w) for estimation of contract liabilities—mileage redemption revenue.

(b) Impairment of long-term non-financial assets

During the process of impairment assessment, the Company relies on subjective judgment to determine the individual cash flows of a specific group of assets, useful lives and estimates future gains and losses according to the usage of assets and business characteristics; please refer to note 4(n) for further details on related matter. Alteration of estimates from any change in economic conditions or business strategy may lead to impairment loss in the future; please refer to note 6(j) for further description of the key assumptions used to determine the recoverable amount.

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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).

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(z).

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>2020.12.31</b>	<b>2019.12.31</b>
Cash on hand	\$ 81,063	82,178
Cash in bank	30,994,093	41,773,957
	<b>\$ 31,075,156</b>	<b>41,856,135</b>

Refer to note 6(z) 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

	<b>2020.12.31</b>	<b>2019.12.31</b>
<b>Financial assets mandatorily measured at fair value through profit or loss:</b>		
Money market funds	\$ 1,687,508	502,455
Convertible bonds with embedded derivatives	2,793	-
	<b>\$ 1,690,301</b>	<b>502,455</b>

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	<b>2020.12.31</b>	<b>2019.12.31</b>
<b>Financial liabilities mandatorily measured at fair value through profit or loss:</b>		
Convertible bonds with embedded derivatives	\$ <u>          -</u>	<u>          3,274</u>

The derivative financial instruments arose from the issuance of convertible bonds of the Company were stated in note 6(o).

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

	<b>2020.12.31</b>	<b>2019.12.31</b>
<b>Equity investments at fair value through other comprehensive income:</b>		
Publicly traded stocks	\$ 1,228,481	1,012,519
Non-publicly traded stocks	<u>1,726,966</u>	<u>1,568,986</u>
	<u>\$ 2,955,447</u>	<u>2,581,505</u>

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, 2020.

For the year ended December 31, 2019, 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 the Company recognized a loss of \$11, which was accounted for as other equity. The loss has been transferred to retained earnings. There was no such transaction for the year ended December 31, 2020.

(iii) For credit risk and market risk, please refer to note 6(z).

(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:**

	<b>2020.12.31</b>	<b>2019.12.31</b>
Financial assets for hedging:		
Fuel option agreements	\$ <u>          -</u>	<u>          37,428</u>

(Continued)

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	<b>2020.12.31</b>	<b>2019.12.31</b>
Financial liabilities for hedging:		
Forward exchange contracts	\$ -	11,643
Foreign currency component of non-derivative lease liabilities	88,632,815	98,291,070
Total	<b>\$ 88,632,815</b>	<b>98,302,713</b>
Current	\$ 11,564,988	11,558,692
Non-current	77,067,827	86,744,021
	<b>\$ 88,632,815</b>	<b>98,302,713</b>

(i) Fuel 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 option agreements. The cash flow hedged items and derivative financial hedging instruments were as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Fair value of assigned hedging instrument</u>		<u>Period when cash flows are expected to occur</u>	<u>Period when profit or loss is affected</u>
		<u>2020.12.31</u>	<u>2019.12.31</u>		
Floating price of fuel	Option agreements	\$ -	37,428	2020	2020

(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:

	<b>2019.12.31</b>			
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased	<b>USDS <u>31,000</u></b>	TWD to USD	2020/4/1-2020/10/5	USD29.7~30.7

There was no such transaction as of December 31, 2020.

(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 operating revenue with a highly probable forecast transaction. As of December 31, 2020 and 2019, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Lease liabilities of assigned hedging instrument</u>		<u>Period when cash flows are expected to occur</u>	<u>Period when profit or loss is affected</u>
		<u>2020.12.31</u>	<u>2019.12.31</u>		
Foreign currency of operating revenue	Foreign currency of lease liabilities	\$ 88,632,815	98,291,070	2020~2032	2020~2032

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- (iv) The details arising from cash flow hedges for the years ended December 31, 2020 and 2019, were as follows:

<u>Account Item</u>	<u>2020</u>	<u>2019</u>
Recognized in other comprehensive income during the period	\$ <u>4,223,765</u>	<u>2,723,966</u>
Reclassification from equity to increase (decrease) in operating costs for the period	\$ <u>1,523,195</u>	<u>(19,066)</u>
Reclassification from equity to other non-current assets for the period	\$ <u>21,902</u>	<u>(42,721)</u>
Reclassification from equity to exchange losses (gains) for the period	\$ <u>(561,963)</u>	<u>92,735</u>
Ineffective portion of forward exchange hedge recognized in profit or loss	\$ <u>2,574</u>	<u>-</u>

There was no ineffective portion of unsettled cash flow hedge recognized in profit or loss.

- (d) Notes and accounts receivable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable (including related parties)	\$ 1,313	1,030,690
Accounts receivable (including related parties)	5,583,167	5,924,948
Less: allowance for impairment	<u>(54,576)</u>	<u>(85,241)</u>
	<u>\$ 5,529,904</u>	<u>6,870,397</u>

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:

	<u>2020.12.31</u>		
	<u>Notes and accounts receivable (including related parties) carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	\$ 5,555,301	0.46%	25,397
Overdue within 30 days	4,060	100%	4,060
Overdue 31~60 days	-	-	-
Overdue over 60 days but less than one year	7,266	100%	7,266
Overdue more than one year	<u>17,853</u>	100%	<u>17,853</u>
	<u>\$ 5,584,480</u>		<u>54,576</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

	<b>2019.12.31</b>		
	<b>Notes and accounts receivable (including related parties) carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 6,955,638</b>		<b>85,241</b>

The movements in the allowance for notes and accounts receivable were as follow:

	<b>2020</b>	<b>2019</b>
Balance on January 1	\$ 85,241	95,537
Impairment losses recognized (reversed)	(30,000)	(9,000)
Amounts written off	(665)	(1,296)
Balance on December 31	<b>\$ 54,576</b>	<b>85,241</b>

The aforementioned notes and accounts receivable were not pledged. Other credit risk information please refer to note 6(z).

(e) Other receivables

	<b>2020.12.31</b>	<b>2019.12.31</b>
Other receivables—related parties	\$ 226,715	334,404
Others	108,086	99,138
Less: allowance for impairment	-	-
	<b>\$ 334,801</b>	<b>433,542</b>

For the year ended December 31, 2020, the Company was awarded government grants amounting to \$1,025,826 due to COVID-19 pandemic. The grants that compensated the Company for expenses or losses incurred were recognized in profit or loss in the periods in which the expenses or losses were recognized. As of December 31, 2020, the receivables related to the abovementioned grant amounted to \$67,040. There was no such transaction for the year ended December 31, 2019.

The aforementioned other receivables were not pledged. Other credit risk information please refer to note 6(z).

There is no change on the movement in the allowance for other receivables for the years ended December 31, 2020 and 2019.

(Continued)

**EVA AIRWAYS CORP.**  
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(f) Inventories

(i) The components were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Aircraft spare parts	\$ 144,243	111,651
Consumables for use and merchandise for in-flight sales	1,143,990	1,270,042
Fuel for aircraft and others	<u>18,884</u>	<u>46,198</u>
	<u>\$ 1,307,117</u>	<u>1,427,891</u>

(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:

	<u>2020</u>	<u>2019</u>
Losses on (gain on reversal) valuation of inventories and obsolescence	\$ <u>(166,259)</u>	<u>(1,721)</u>

As of December 31, 2020 and 2019, 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 to 2021. As of December 31, 2020 and 2019, the non-current assets or disposal group classified as held for sale comprised assets amounting to \$852,175 and \$1,233,824, respectively, and liabilities amounting to \$1,142 and \$140,810, respectively. The details were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Property, plant and equipment	\$ <u>852,175</u>	<u>1,233,824</u>
Other payables	\$ <u>1,142</u>	<u>140,810</u>

As of December 31, 2020 and 2019, the non-recurring fair value measurements for non-current assets or disposal group classified as held for sale of \$1,012,756 and \$1,511,710, respectively (before costs to sell amounted to \$52,373 and \$78,050, respectively) have been categorized as a Level 2 fair value based on the observable inputs with settled deals.

(h) Investments accounted for using equity method

The components were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Subsidiaries	\$ 13,482,020	16,877,937
Associates	<u>155,907</u>	<u>170,153</u>
	<u>\$ 13,637,927</u>	<u>17,048,090</u>

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**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2020.

(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.

	<b>2020</b>	<b>2019</b>
Attributable to the Company:		
Profit (loss)	\$ (3,788)	8,153
Other comprehensive income	2,215	(1,942)
Comprehensive income	<b>\$ (1,573)</b>	<b>6,211</b>

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, 2020 and 2019, 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, 2020.

On November 18, 2020, a resolution was approved during the board meeting of EGAT for a capital reduction of 300,000 thousand shares amounting to \$3,000,000, wherein EGAT would refund cash to its shareholders thereafter. The Company received the amount of \$2,382,515 in cash according to the shareholding percentage on December 10, 2020 (the date of capital reduction) of EGAT. There was no such transaction for the year ended December 31, 2019.

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**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(j) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Leased improvements</u>	<u>Aircraft</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>							
Beginning balance as of January 1, 2020	\$ 2,928,537	7,349,285	19,958,880	1,706,178	141,170,870	815,865	173,929,615
Additions	-	39,891	879,298	4,903	3,136,511	2,655	4,063,258
Disposals	-	-	(1,011,770)	(80,055)	-	-	(1,091,825)
Reclassification (Note)	(55,852)	608,809	353,214	18,544	1,242,531	(818,520)	1,348,726
Balance as of December 31, 2020	<u>\$ 2,872,685</u>	<u>7,997,985</u>	<u>20,179,622</u>	<u>1,649,570</u>	<u>145,549,912</u>	<u>-</u>	<u>178,249,774</u>
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	<u>\$ 2,928,537</u>	<u>7,349,285</u>	<u>19,958,880</u>	<u>1,706,178</u>	<u>141,170,870</u>	<u>815,865</u>	<u>173,929,615</u>
<b>Accumulated depreciation:</b>							
Beginning balance as of January 1, 2020	\$ -	3,248,501	9,933,133	967,469	39,167,828	-	53,316,931
Depreciation expense	-	250,483	1,410,441	177,667	8,647,397	-	10,485,988
Disposals	-	-	(960,323)	(80,055)	-	-	(1,040,378)
Reclassification (Note)	-	-	(5,800)	(121)	-	-	(5,921)
Balance as of December 31, 2020	<u>\$ -</u>	<u>3,498,984</u>	<u>10,377,451</u>	<u>1,064,960</u>	<u>47,815,225</u>	<u>-</u>	<u>62,756,620</u>
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	<u>\$ -</u>	<u>3,248,501</u>	<u>9,933,133</u>	<u>967,469</u>	<u>39,167,828</u>	<u>-</u>	<u>53,316,931</u>
<b>Carrying amounts:</b>							
Balance as of December 31, 2020	<u>\$ 2,872,685</u>	<u>4,499,001</u>	<u>9,802,171</u>	<u>584,610</u>	<u>97,734,687</u>	<u>-</u>	<u>115,493,154</u>
Balance as of December 31, 2019	<u>\$ 2,928,537</u>	<u>4,100,784</u>	<u>10,025,747</u>	<u>738,709</u>	<u>102,003,042</u>	<u>815,865</u>	<u>120,612,684</u>
Balance as of January 1, 2019	<u>\$ 3,009,859</u>	<u>4,366,665</u>	<u>10,257,752</u>	<u>20,430,724</u>	<u>87,196,458</u>	<u>442,687</u>	<u>125,704,145</u>

Note: Reclassifications are mainly the transfers of property, plant and equipment to operating costs, operating expenses, right-of-use assets, investment property, non-current assets classified as held for sale, 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 right-of-use assets, 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.

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**EVA AIRWAYS CORP.**  
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(ii) Impairment test

According to IAS 36 “Impairment of assets”, the Company periodically assesses for any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. When evaluating the recoverable amount of the CGU, the pre-tax discount rate is used to estimate the future cash flow. After performing the impairment test, the recoverable amount for the CGU turned out to be higher than its carry amounts. Therefore, there is no impairment loss to be recognized at December 31, 2020.

The recoverable amounts of CGU were evaluated, and the critical assumptions used for this evaluation were as follows:

- 1) The cash flow period of twelve years, which was estimated on the basis of previous experience, actual operating result and management-approved financial budget.
- 2) The estimated operating revenue, operating costs, and operating expenses based on the future operation plan, taking into consideration the changes and business competitions within the industry.
- 3) The estimate discount rate of 3.28%.

(iii) Pledge

As of December 31, 2020 and 2019, 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.

- (iv) For the years ended December 31, 2020 and 2019, the Company capitalized the interest expenses amounted to \$123,111 and \$137,157, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.07%~0.10% and 0.10%~0.11%, respectively.

(k) Right-of-use assets

The movements in the Company’s leases on land, building and structures, as well as aircraft, were as follow:

	<u>Land</u>	<u>Building and structures</u>	<u>Aircraft</u>	<u>Machinery and equipment</u>	<u>Total</u>
<b>Cost:</b>					
Beginning balance as of January 1, 2020	\$ 382,335	1,186,803	131,719,814	68,879	133,357,831
Additions	-	328,431	9,009,567	24,940	9,362,938
Decrease	-	(79,748)	-	(4,971)	(84,719)
Balance as of December 31, 2020	<u>\$ 382,335</u>	<u>1,435,486</u>	<u>140,729,381</u>	<u>88,848</u>	<u>142,636,050</u>
Beginning balance as of January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	<u>372,064</u>	<u>1,088,703</u>	<u>125,681,063</u>	<u>47,248</u>	<u>127,189,078</u>
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
Decrease	-	(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	<u>\$ 382,335</u>	<u>1,186,803</u>	<u>131,719,814</u>	<u>68,879</u>	<u>133,357,831</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

	<u>Land</u>	<u>Building and structures</u>	<u>Aircraft</u>	<u>Machinery and equipment</u>	<u>Total</u>
<b>Accumulated depreciation:</b>					
Beginning balance as of January 1, 2020	\$ 23,897	401,494	20,441,125	23,628	20,890,144
Depreciation expense	26,938	425,416	14,797,505	27,573	15,277,432
Decrease	-	(74,612)	-	(4,622)	(79,234)
Balance as of December 31, 2020	<u>\$ 50,835</u>	<u>752,298</u>	<u>35,238,630</u>	<u>46,579</u>	<u>36,088,342</u>
Beginning 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
Decrease	-	(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	<u>\$ 23,897</u>	<u>401,494</u>	<u>20,441,125</u>	<u>23,628</u>	<u>20,890,144</u>
<b>Carrying amount:</b>					
Balance as of December 31, 2020	<u>\$ 331,500</u>	<u>683,188</u>	<u>105,490,751</u>	<u>42,269</u>	<u>106,547,708</u>
Balance as of December 31, 2019	<u>\$ 358,438</u>	<u>785,309</u>	<u>111,278,689</u>	<u>45,251</u>	<u>112,467,687</u>
Balance as of January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(l) Investment property

The movements in cost of investment property were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>				
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	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts:</b>				
Balance as of December 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of January 1, 2019	<u>\$ 56,381</u>	<u>-</u>	<u>126,673</u>	<u>183,054</u>
<b>Fair value:</b>				
Balance as of December 31, 2019				<u>\$ -</u>
Balance as of January 1, 2019				<u>\$ 592,137</u>

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.

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**EVA AIRWAYS CORP.**  
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The investment property was not pledged. There was no such transaction for the year ended December 31, 2020.

(m) Intangible assets

The movements in cost and accumulated amortization of intangible assets were as follows:

	<b>Computer software</b>
<b>Cost:</b>	
Beginning balance as of January 1, 2020	\$ 1,094,113
Additions	146,211
Disposals	<u>(173,120)</u>
Balance as of December 31, 2020	<u><b>\$ 1,067,204</b></u>
Beginning balance as of January 1, 2019	\$ 1,037,507
Additions	278,926
Disposals	<u>(222,320)</u>
Balance as of December 31, 2019	<u><b>\$ 1,094,113</b></u>
<b>Accumulated amortization:</b>	
Beginning balance as of January 1, 2020	\$ 451,958
Amortization expense	240,530
Disposals	<u>(173,120)</u>
Balance as of December 31, 2020	<u><b>\$ 519,368</b></u>
Beginning balance as of January 1, 2019	\$ 436,651
Amortization expense	237,627
Disposals	<u>(222,320)</u>
Balance as of December 31, 2019	<u><b>\$ 451,958</b></u>
<b>Carrying amounts:</b>	
Balance as of December 31, 2020	<u><b>\$ 547,836</b></u>
Balance as of December 31, 2019	<u><b>\$ 642,155</b></u>
Balance as of January 1, 2019	<u><b>\$ 600,856</b></u>

(i) Amortization

For the years ended December 31, 2020 and 2019, the amortization of intangible assets is included under operating costs and operating expenses in the statements of comprehensive income.

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**EVA AIRWAYS CORP.**  
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(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:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Prepaid expense	\$ 355,490	234,459
Other receivables (including related parties)	334,801	433,542
Others	<u>60,943</u>	<u>104,708</u>
Total	<u>\$ 751,234</u>	<u>772,709</u>

The details of the Company's other non-current assets were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Prepayments for business facilities	\$ 15,512,012	10,327,469
Refundable deposits	1,053,257	1,444,373
Pledged time deposits	<u>392,790</u>	<u>77,894</u>
Total	<u>\$ 16,958,059</u>	<u>11,849,736</u>

(o) Long-term borrowings and bonds payable

The details, conditions and terms of the Company's long-term borrowings and bonds payable were as follows:

	<u>2020.12.31</u>			
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Secured bonds payable	TWD	1.07%	2021/12/29	\$ 4,250,000
Unsecured convertible bonds	TWD	-	2022/10/27~2025/10/21	<u>3,082,941</u>
Subtotal				7,332,941
Less: Current portion (included in current portion of long-term liabilities)				<u>(4,250,000)</u>
Total				<u>\$ 3,082,941</u>
Unsecured loans	TWD	0.90%~1.27%	2021/01/26~2025/12/21	\$ 35,306,667
Secured loans	TWD	0.97%~1.37%	2021/02/03~2032/11/24	<u>56,956,098</u>
Subtotal				92,262,765
Less: Current portion				<u>(12,187,386)</u>
Total				<u>\$ 80,075,379</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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	<u>6,325,180</u>
Subtotal				14,825,180
Less: Current portion (included in current portion of long-term liabilities)				<u>(10,575,180)</u>
Total				<u>\$ 4,250,000</u>
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	<u>54,414,841</u>
Subtotal				68,368,174
Less: Current portion				<u>(10,856,419)</u>
Total				<u>\$ 57,511,755</u>

The details of convertible bonds were as follows:

	2020.12.31	2019.12.31
Total convertible bonds issued	\$ 10,000,000	7,000,000
Less: Unamortized discounted bonds payable	(149,959)	(223,720)
Cumulative converted amount	(451,100)	(451,100)
Cumulative put amount	<u>(6,316,000)</u>	<u>-</u>
Convertible bonds issued balance	<u>\$ 3,082,941</u>	<u>6,325,180</u>
Embedded derivatives — put/call options (included in financial assets/(liabilities) at fair value through profit or loss)	<u>\$ 2,793</u>	<u>(3,274)</u>
Equity components — conversion options (included in capital surplus — share options)	<u>\$ 512,921</u>	<u>376,948</u>

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% and 1.04%, respectively. Please refer to note 6(y) for the valuation loss/profit of embedded derivatives— put/call options, which were recognized in net gains/losses on financial assets and 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: TWD7,000,000
- (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.

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**EVA AIRWAYS CORP.**  
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- (vi) Conversion price: The price determination day was October 19, 2017; the conversion price shall be the simple arithmetical average closing price of the ordinary 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, 2020 and 2019, the conversion price was \$13.4 and \$13.7 per share, respectively. In addition, corporate bonds with a face value of \$451,100 and \$451,100, respectively has been converted to 30,829 and 30,829 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.
- (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. As of October 27, 2020, the bondholders exercised the put option, wherein the Company paid the amount of \$6,316,000 to the bondholders who actually exercised the put option.
- (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.

On October 21, 2020, the Company issued the fourth unsecured domestic convertible bonds amounting to \$3,000,000. The major terms are as follows:

- (i) Total issue amount: TWD3,000,000
- (ii) Issue price: At par value
- (iii) Maturity date: Five years, with the maturity date on October 21, 2025.
- (iv) Coupon rate: 0%.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The price determination day was October 13, 2020; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104% (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, 2020, the conversion price was \$11.2.
- (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.
  - 4) The period from the date of the suspension of the conversion in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value.
- (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 100.75% 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.

(Continued)



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As of December 31, 2020, the details of the future repayment periods and amounts of the Company's long-term borrowings and bonds payable were as follows:

<u>Year due</u>	<u>Amount</u>
2021.1.1~2021.12.31	\$ 16,437,386
2022.1.1~2025.12.31	59,789,820
2026.1.1 and thereafter	<u>23,368,500</u>
	<u><b>\$ 99,595,706</b></u>

Information on the Company's exposure to interest rate risk and liquidity risk is disclosed in note 6(z).

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of December 31, 2020 and 2019 the unused credit lines for short-term and long-term borrowings amounted to \$5,193,027 and \$4,516,397, respectively.

(iii) Guarantee from the government for loans

In accordance with "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications, the Company applied to financial institutions for project loans amounting to \$20,000,000, which was guaranteed by the government. As of December 31, 2020, all credit lines have been used. The guarantee loans shall be repaid within two years from the initial withdrawal.

(p) Lease liabilities

The components of lease liabilities were as follow:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Financial liabilities for hedging— current	<u>\$ 11,564,988</u>	<u>11,547,049</u>
Financial liabilities for hedging— non-current	<u>\$ 77,067,827</u>	<u>86,744,021</u>
Lease liabilities— current	<u>\$ 164,820</u>	<u>172,500</u>
Lease liabilities— non-current	<u>\$ 417,564</u>	<u>547,793</u>

For the maturity analysis, please refer to note 6(z).

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

The amounts recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>3,107,395</u>	<u>3,349,752</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>12,042</u>	<u>14,354</u>
Expenses relating to short-term leases	\$ <u>94,697</u>	<u>104,887</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>995</u>	<u>857</u>
COVID-19-related rent concessions	\$ <u>145,556</u>	<u>-</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>15,160,279</u>	<u>15,710,384</u>

The Company leases land, building and structures as well as aircraft for its office space and operating needs. The leases of building and structures typically run for a period of 1 to 10 years, and of aircraft for 12 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.

(q) Restoration obligations

The movements of the restoration obligations were as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance as of January 1	\$ 19,807,987	19,576,977
Additions	3,060,238	1,080,789
Decreases	(265,678)	(555,677)
Effect of exchange rate changes	<u>(702,264)</u>	<u>(294,102)</u>
Balance as of December 31	\$ <u>21,900,283</u>	<u>19,807,987</u>

(Continued)

**EVA AIRWAYS CORP.**  
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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) 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:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Total present value of defined benefit obligations	\$ 8,742,471	9,150,217
Fair value of plan assets	<u>(5,741,468)</u>	<u>(5,045,361)</u>
Recognized liabilities of net defined benefit obligations	<u>\$ 3,001,003</u>	<u>4,104,856</u>

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.

The Company's labor pension reserve account balance in Bank of Taiwan amounted to \$5,667,966 as of December 31, 2020. 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:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations as of January 1	\$ 9,150,217	8,584,178
Benefits paid by the plan	(517,050)	(315,930)
Current service costs and interest	278,840	281,214
Net remeasurements of defined benefit liabilities		
— Experience adjustments	(441,670)	449,266
— Actuarial losses (gains) arising from changes in financial assumptions	<u>272,134</u>	<u>151,489</u>
Defined benefit obligations as of December 31	<u>\$ 8,742,471</u>	<u>9,150,217</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets as of January 1	\$ 5,045,361	4,399,666
Contributions from plan participants	968,698	725,263
Benefits paid by the plan	(467,295)	(270,031)
Expected return on plan assets	52,007	51,557
Net remeasurements of defined benefit liabilities		
—Return on plan assets (excluding the amounts included in net interest expense)	<u>142,697</u>	<u>138,906</u>
Fair value of plan assets as of December 31	<u>\$ 5,741,468</u>	<u>5,045,361</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Current services costs	\$ 189,367	186,373
Net interest on the net defined benefit liabilities	<u>37,466</u>	<u>43,284</u>
	<u>\$ 226,833</u>	<u>229,657</u>
Operating costs	\$ 178,059	173,751
Operating expenses	<u>48,774</u>	<u>55,906</u>
	<u>\$ 226,833</u>	<u>229,657</u>

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:

	<u>2020</u>	<u>2019</u>
Accumulated losses as of January 1	\$ (4,470,667)	(4,008,818)
Gains (losses) recognized during the period	<u>312,233</u>	<u>(461,849)</u>
Accumulated losses as of December 31	<u>\$ (4,158,434)</u>	<u>(4,470,667)</u>

6) Actuarial assumptions

The rate applied in calculating the present value of defined benefit obligations at the reporting date was as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Discount rate	0.625%	1%
Future salary increases	1.04%~4.25%	1.53%~5.11%

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

The Company expects to make contributions of \$638,936 to the defined benefit plans in the next year starting from December 31, 2020.

The weighted average of the defined benefit plans is 12.52 years.

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligations:

	<b>Effects to the defined benefit obligations</b>			
	<b>Favorable</b>		<b>Unfavorable</b>	
	<b>2020.12.31</b>	<b>2019.12.31</b>	<b>2020.12.31</b>	<b>2019.12.31</b>
Discount rate (0.25%)	188,165	210,390	194,690	217,982
Future salary increases (0.25%)	177,195	199,200	182,279	205,207

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 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 \$489,739 and \$502,345 as pension costs under the defined contribution plans in 2020 and 2019, respectively. Payment was made to the Bureau of Labor Insurance.

(s) Income tax

(i) The components of estimated income tax benefit (expenses) were as follows:

	<b>2020</b>	<b>2019</b>
Current tax benefit (expenses)	\$ 206,959	(1,102,400)
Deferred tax benefit (expenses)	847,686	556,739
Income tax benefit (expenses)	<b>\$ 1,054,645</b>	<b>(545,661)</b>

(Continued)

**EVA AIRWAYS CORP.**  
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- (ii) The amounts of income tax benefit (expenses) recognized in other comprehensive income were as follows:

	<u>2020</u>	<u>2019</u>
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$ (62,447)	92,370
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(431)	9
Gains or losses on hedging instruments	<u>(2,329)</u>	<u>2,290</u>
	<u>\$ (65,207)</u>	<u>94,669</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	<u>\$ (842,424)</u>	<u>(547,083)</u>

Reconciliations of income tax benefit (expenses) and profit (loss) before tax were as follows:

	<u>2020</u>	<u>2019</u>
Profit (loss) before tax	<u>\$ (4,416,284)</u>	<u>4,528,128</u>
Income tax using the Company's domestic tax rate	\$ 883,257	(905,626)
Exempt income	397,102	461,636
Changes in unrecognized deductible temporary differences	219,000	170,112
Unavailable tax deduction	(389,183)	-
Others	<u>(55,531)</u>	<u>(271,783)</u>
Total	<u>\$ 1,054,645</u>	<u>(545,661)</u>

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

The Company's unrecognized deferred tax assets were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Unrecognized deferred tax assets:		
Investment loss of foreign operations accounted for using equity method	\$ 41,935	38,311
Restoration obligations	<u>109,892</u>	<u>332,516</u>
Total	<u>\$ 151,827</u>	<u>370,827</u>

(Continued)

**EVA AIRWAYS CORP.**  
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According to the R.O.C Income Tax Act., the net loss as assessed by the tax authorities can be carry forward for use as a deduction from taxable income over a period of ten years. As of December 31, 2020, the Company's loss carry-forward recognized and unrecognized as deferred tax assets and the expiry year were as follows:

<u>Filing year</u>	<u>Recognized un-deducted loss</u>	<u>Unrecognized un-deducted loss</u>	<u>Total</u>	<u>Expiry year</u>
2020	<u>\$ 5,503,160</u>	<u>-</u>	<u>5,503,160</u>	2030

The Company has no unrecognized deferred tax liabilities as of December 31, 2020 and 2019.

2) Recognized deferred tax assets and liabilities

The movements in the balances of deferred tax assets and liabilities were as follows:

	<u>Loss carryforwards</u>	<u>Loss on valuation of inventories</u>	<u>Defined benefit plans</u>	<u>Restoration obligations</u>	<u>Mileage revenue</u>	<u>Expense payable</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax assets:</b>								
Beginning balance as of January 1, 2020	\$ -	190,773	836,439	1,465,919	808,832	198,618	460,056	3,960,637
Recognized in profit or loss	1,100,632	(61,029)	(156,513)	635,681	(74,614)	(174,480)	(276,976)	992,701
Recognized in other comprehensive income	-	-	(62,447)	-	-	-	-	(62,447)
Balance as of December 31, 2020	<u>\$ 1,100,632</u>	<u>129,744</u>	<u>617,479</u>	<u>2,101,600</u>	<u>734,218</u>	<u>24,138</u>	<u>183,080</u>	<u>4,890,891</u>
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)	(106,388)	635,156	78,251	82,165	101,770	590,095
Recognized in other comprehensive income	-	-	92,370	-	-	-	(27,339)	65,031
Balance as of December 31, 2019	<u>\$ -</u>	<u>190,773</u>	<u>836,439</u>	<u>1,465,919</u>	<u>808,832</u>	<u>198,618</u>	<u>460,056</u>	<u>3,960,637</u>
			<u>Unrealized foreign exchange gains</u>	<u>Investment gains of foreign operations accounted for using equity method</u>		<u>Others</u>		<u>Total</u>
<b>Deferred tax liabilities:</b>								
Beginning balance as of January 1, 2020		\$ 547,780		78,055		8,311		634,146
Recognized in profit or loss		160,313		(15,298)		-		145,015
Recognized in other comprehensive income		849,910		-		(4,726)		845,184
Balance as of December 31, 2020		<u>\$ 1,558,003</u>		<u>62,757</u>		<u>3,585</u>		<u>1,624,345</u>
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		<u>\$ 547,780</u>		<u>78,055</u>		<u>8,311</u>		<u>634,146</u>

(iv) The Company's income tax returns for the years through 2018 were assessed by the local tax authorities.

(Continued)

**EVA AIRWAYS CORP.**  
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(t) Capital and other equity

As of December 31, 2020 and 2019, the numbers of authorized ordinary shares of both 7,000,000 thousand shares had a par value of \$10 per share. The total value of the authorized ordinary shares amounted to both \$70,000,000, of which \$48,535,695, 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.

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 year ended December 31, 2019, convertible bonds issued by the Company amounting to \$258,630, were converted 25,863 thousand shares of ordinary shares, and all related registration procedure has been completed. There was no such transaction for the year ended December 31, 2020.

(ii) Capital surplus

The details of capital surplus were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash subscription in excess of par value of shares	\$ 5,118,825	5,118,825
Stock options granted to employees	697,600	697,600
Additional paid-in capital from bond conversion	1,561,585	1,561,585
Additional paid-in capital from conversion option	512,921	376,948
Changes in equity of associates accounted for using equity method	3,757	3,757
Difference between actual acquiring subsidiary's equity and carrying amount	<u>90,985</u>	<u>90,985</u>
	<u><u>\$ 7,985,673</u></u>	<u><u>7,849,700</u></u>

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.

(Continued)



**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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.

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 2019 earnings was approved at the Board meeting on March 19, 2020. The cash dividends were amounting to \$1,213,392.

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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(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
<b>Balance as of January 1, 2020</b>	\$ (42,773)	722,495	2,069,817	2,749,539
Exchange differences on translation of foreign financial statements	(37,217)	-	-	(37,217)
Exchange differences on associates accounted for using equity method	(33,256)	-	-	(33,256)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	373,511	-	373,511
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	17,293	-	17,293
Changes in fair value of hedging instrument	-	-	2,590,446	2,590,446
Changes in fair value of hedging instrument reclassified to profit or loss/ other non-current assets	-	-	788,566	788,566
<b>Balance as of December 31, 2020</b>	<u>\$ (113,246)</u>	<u>1,113,299</u>	<u>5,448,829</u>	<u>6,448,882</u>
<b>Balance as of January 1, 2019</b>	\$ (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
<b>Balance as of December 31, 2019</b>	<u>\$ (42,773)</u>	<u>722,495</u>	<u>2,069,817</u>	<u>2,749,539</u>

(Continued)

**EVA AIRWAYS CORP.**  
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(u) Share-based payment

(i) As of December 31, 2019, the Company's share-based payment transaction was as follow:

<u>Type</u>	<u>Grant date</u>	<u>Number of shares granted (thousand shares)</u>	<u>Contract term (year)</u>	<u>Vesting Conditions</u>
Cash-settled share-based payment plan (reserved for employees to subscribe)	2018.11.28	30,000	-	Immediately vested

There was no such transaction for the year ended December 31, 2020.

(ii) The information related to the employee stock option plan was as follows:

<b>2018 Cash-settled share-based payment plan (reserved for employees to subscribe)</b>	<b>Number of options (thousand shares)</b>	<b>Exercise price (in dollars)</b>
	<b>2019</b>	
Outstanding number as of January 1	27,352	\$ 13
Number of shares exercised	(15,985)	13
Number of shares abandoned	(11,367)	13
Outstanding number as of December 31	-	
Fair value per share at grant date (in dollars) \$	<b>3.05</b>	

(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:

	<b>Cash-settled share-based payment plan (reserved for employees to subscribe)</b>
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 %

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(v) Earnings per share (“EPS”)

The calculation of earnings per share is based on the profit (loss) attributable to the ordinary equity holders of the Company. The Company’s earnings per share were calculated as follows:

	<b>2020</b>		
	<u>Amount net of tax</u>	<u>Weighted-average number of shares outstanding during the period (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share:			
Loss attributable to ordinary equity holders	\$ <u>(3,361,639)</u>	<u>4,853,569</u>	\$ <u>(0.69)</u>
Diluted earnings per share:			
Loss attributable to ordinary equity holders	\$ <u>(3,361,639)</u>	<u>4,853,569</u>	\$ <u>(0.69)</u>
	<b>2019</b>		
	<u>Amount net of tax</u>	<u>Weighted-average number of shares outstanding during the period (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>3,982,467</u>	<u>4,826,530</u>	\$ <u>0.83</u>
Diluted earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>3,982,467</u>	<u>4,826,530</u>	
Effect of the potentially dilutive ordinary shares			
Effect of employee compensation	\$ -	23,939	
Effect of conversion of convertible bonds	<u>60,970</u>	<u>478,022</u>	
Profit attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares	\$ <u>4,043,437</u>	<u>5,328,491</u>	\$ <u>0.76</u>

As of December 31, 2020, 4,249 thousand shares of employee compensation and 70,074 thousand shares of conversion of all convertible bonds have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

(Continued)

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**Notes to the Parent-Company-Only Financial Statements**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2020</u>	<u>2019</u>
Primary geographical markets:		
Taiwan	\$ 22,431,993	54,913,004
Asia	39,013,200	40,469,352
Europe	3,096,538	5,641,840
North America	14,615,024	33,959,536
Others	<u>445,774</u>	<u>637,419</u>
	<u>\$ 79,602,529</u>	<u>135,621,151</u>
Major products / services lines:		
Aviation transportation revenue	\$ 74,523,726	126,002,327
Others	<u>5,078,803</u>	<u>9,618,824</u>
	<u>\$ 79,602,529</u>	<u>135,621,151</u>

(ii) Contract balances

	<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2019.1.1</u>
Contract liabilities-tickets services, customer loyalty program and others	\$ <u>7,028,284</u>	<u>23,040,594</u>	<u>21,110,224</u>

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were \$11,194,108 and \$15,343,125, 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:

	<u>2020</u>	<u>2019</u>
	<u>Contract liabilities</u>	<u>Contract liabilities</u>
Changes in an estimate of the transaction price	<u>\$ (266,496)</u>	<u>(149,905)</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2020 and 2019, the amounts allocated to the customer loyalty program were \$3,671,091 and \$4,044,162, 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.

(x) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company incurs profit in a fiscal year, 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, 2020 and 2019, the Company accrued and recognized its employees' remuneration of \$0 and \$284,125, respectively, and the directors' remuneration of \$0 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.

For the year ended December 31, 2020, the Company's actual distributed amounts and recognized amounts of its employees' remuneration and directors' remuneration were both \$0. 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.

(y) Non-operating income and expenses

(i) Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 137,131	144,178
Interest income		
Interest income from bank deposits	208,185	655,499
Other interest	608	638
Total interest income	<u>208,793</u>	<u>656,137</u>
	<u>\$ 345,924</u>	<u>800,315</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Other gains and losses

	<u>2020</u>	<u>2019</u>
Gains (losses) on disposal of property, plant and equipment	\$ 39,699	494,796
Foreign exchange gains (losses)	893,725	(181,235)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	20,873	6,106
Losses on financial liabilities measured at amortized cost	(153,800)	-
Gains on disposal of non-current assets classified as held for sale	141,369	-
Others gains and losses	<u>143,029</u>	<u>149,565</u>
	<u>\$ 1,084,895</u>	<u>469,232</u>

(iii) Finance costs

	<u>2020</u>	<u>2019</u>
Interest expense		
Bank borrowings	\$ 742,651	805,711
Bonds Payable	161,101	169,745
Lease liabilities	3,107,395	3,349,752
Others	901,210	913,653
Less: capitalized interest	<u>(123,111)</u>	<u>(137,157)</u>
	<u>\$ 4,789,246</u>	<u>5,101,704</u>

(z) 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.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>As of December 31, 2020</b>					
<b>Non-derivative financial liabilities</b>					
Long-term borrowings (including current portion of long-term liabilities)	\$ 92,262,765	95,670,927	13,135,221	58,580,998	23,954,708
Bonds payable	7,332,941	7,528,375	4,295,475	3,232,900	-
Lease liabilities and financial liabilities for hedging	89,215,199	97,673,508	13,880,134	50,137,458	33,655,916
Notes and accounts payable (including related parties)	3,325,625	3,325,625	3,325,625	-	-
Other payables (including related parties)	4,300,632	4,300,632	4,300,632	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	1,142	1,142	1,142	-	-
<b>Total</b>	<b>\$ 196,438,304</b>	<b>208,500,209</b>	<b>38,938,229</b>	<b>111,951,356</b>	<b>57,610,624</b>
<b>As of December 31, 2019</b>					
<b>Non-derivative financial liabilities</b>					
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
<b>Derivative financial liabilities</b>					
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	-	-
<b>Total</b>	<b>\$ 195,303,985</b>	<b>213,403,297</b>	<b>50,506,632</b>	<b>94,427,379</b>	<b>68,469,286</b>

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

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(iii) Currency risk

1) Exposure to currency risk

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

	2020.12.31			2019.12.31		
	Foreign Currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 517,860	28.48	14,748,657	\$ 602,556	29.98	18,064,621
EUR	3,249	35.02	113,770	4,121	33.59	138,414
JPY	639,281	0.2763	176,633	1,639,535	0.2760	452,512
HKD	221,429	3.6730	813,307	166,285	3.8490	640,033
CNY	279,418	4.3770	<u>1,223,012</u>	143,392	4.3050	<u>617,301</u>
			<b><u>\$ 17,075,379</u></b>			<b><u>\$ 19,912,881</u></b>
<u>Non-monetary items</u>						
USD	\$ 39,668	28.48	1,129,732	\$ 41,918	29.98	1,256,691
IDR	7,687,425	0.0020	<u>15,375</u>	9,103,282	0.0022	<u>20,027</u>
			<b><u>\$ 1,145,107</u></b>			<b><u>\$ 1,276,718</u></b>
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 3,602,897	28.48	102,610,508	\$ 3,798,042	29.98	113,865,297
EUR	5,855	35.02	205,040	10,405	33.59	349,505
JPY	1,414,638	0.2763	390,864	2,141,775	0.2760	591,130
HKD	36,069	3.6730	132,482	24,435	3.8490	94,050
CNY	141,168	4.3770	<u>617,892</u>	188,354	4.3050	<u>810,866</u>
			<b><u>\$ 103,956,786</u></b>			<b><u>\$ 115,710,848</u></b>

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 and accounts receivable (including related parties), refundable deposits (included in other non-current assets), accounts payable (including related parties), other payables (including related parties), lease liabilities 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, 2020 and 2019, would have changed the profit (loss) before tax by \$16,289 and \$24,067, and the equity by \$885,103 and \$982,046 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020 and 2019.

(Continued)

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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, 2020 and 2019, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$893,725 and \$(181,235), respectively.

(iv) Interest rate risk

The interest rate exposure of the Company's financial liabilities are illustrated in note 6(z) 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 (loss) before tax of the Company would have changed \$917,628 and \$683,182 for the years ended December 31, 2020 and 2019, 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:

Price of the equity securities at the reporting date	2020		2019	
	Other Comprehensive Income, net of tax	Profit (losses)	Other Comprehensive Income, net of tax	Profit (losses)
increase 5%	\$ 147,505	-	128,829	-
decrease 5%	\$ (147,505)	-	(128,829)	-

(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:

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	2019.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
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 obligations payable	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	<u>96,997,998</u>	<u>-</u>	<u>83,261,234</u>	<u>-</u>	<u>83,261,234</u>
Total	<u>\$ 195,303,985</u>	<u>-</u>	<u>83,276,151</u>	<u>-</u>	<u>83,276,151</u>

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)

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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 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, 2020 and 2019, 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:

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance as of January 1, 2020	\$ 1,568,986
Total gains or losses:	
Recognized in other comprehensive income	157,980
Balance as of December 31, 2020	<b><u>\$ 1,726,966</u></b>
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	<b><u>\$ 1,568,986</u></b>

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, 2020 and 2019, the assets which were still held by the Company were as follows:

(Continued)

**EVA AIRWAYS CORP.**  
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	<b>2020</b>	<b>2019</b>
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ 157,980	33,051

- 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	<ul style="list-style-type: none"> <li>• Price-book ratio (as of December 31, 2020 and 2019 were 0.80~3.46 and 0.80~2.62, respectively)</li> <li>• Market liquidity discount rate (as of December 31, 2020 and 2019 were 80% of market price)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>

- 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, 2020 and 2019, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

Inputs	Increase (decrease)	Effects of changes in fair value on other comprehensive income			
		Favorable		Unfavorable	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
Price-book ratio	5%	87,822	77,308	(84,196)	(78,850)
Market liquidity discount rate	5%	87,822	77,308	(84,196)	(78,850)

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)

**EVA AIRWAYS CORP.**  
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(aa) 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)

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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, 2020, 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.

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### **Notes to the Parent-Company-Only Financial Statements**

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)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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.

(ab) 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, 2020, there were no changes in the Company's approach to capital management.

(ac) 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, 2020 and 2019, were as follows:

	<u>2020.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2020.12.31</u>
			<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
Bonds payable	\$ 14,825,180	(7,570,984)	70,518	-	8,227	7,332,941
Long-term borrowings	68,368,174	23,891,530	3,061	-	-	92,262,765
Lease liabilities and financial liabilities for hedging	99,011,363	(15,052,545)	3,107,395	(561,963)	2,710,949	89,215,199
<b>Total liabilities from financing activities</b>	<b>\$ 182,204,717</b>	<b>1,268,001</b>	<b>3,180,974</b>	<b>(561,963)</b>	<b>2,719,176</b>	<b>188,810,905</b>

	<u>2019.1.1</u>	<u>Effects of retrospective application</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2019.12.31</u>
				<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
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
<b>Total liabilities from financing activities</b>	<b>\$ 79,033,794</b>	<b>100,135,097</b>	<b>(8,950,757)</b>	<b>3,436,225</b>	<b>128,125</b>	<b>8,422,233</b>	<b>182,204,717</b>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

**(7) Related-party transactions**

(a) 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.

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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
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
Evergreen Logistics 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
Evergreen Insurance Co. Ltd.	The Company's shareholder's equity investment
GE Evergreen Engine Services Corp.	The Consolidated subsidiary's equity investment
Evergreen Security Corp.	The Company's equity investment
EverFun Travel Services Corp. (Note 2)	The Company's equity investment
Chang Yung-Fa Foundation	The Company's shareholder
Chang Yung-Fa Charity Foundation	The Company's shareholder
Arport Air Cargo Terminal (Xiamen) Co., Ltd.	The Consolidated subsidiary's equity investment

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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: 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).

(b) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Company were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 61,475	162,363
Associates	7,069	6,626
Other related parties	<u>1,799,539</u>	<u>2,665,734</u>
	<u>\$ 1,868,083</u>	<u>2,834,723</u>

Related parties leased aircraft from the Company. 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.

(ii) Operating costs

Significant operating costs from transactions with related parties were as follows:

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 5,149,343	9,002,598
Associates	24,230	41,366
Other related parties	<u>309,599</u>	<u>546,579</u>
	<u>\$ 5,483,172</u>	<u>9,590,543</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

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:

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 149,217	190,955
Associates	100,702	134,681
Other related parties	<u>170,913</u>	<u>269,034</u>
	<u>\$ 420,832</u>	<u>594,670</u>

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, 2020 and 2019, the Company purchased equipment from its related parties amounting to \$15,191 and \$59,943, respectively.

For the years ended December 31, 2020 and 2019, the disposals of equipment to related parties were summarized as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>
Subsidiaries	<u>\$ 1,596</u>	<u>914</u>	<u>740</u>	<u>712</u>

(v) Leases

The Company rented its offices from other related enterprise. For the years ended December 31, 2020 and 2019, the Company recognized the amount of \$2,046 and \$1,802, respectively, as interest expense. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$65,590 and \$53,651, respectively.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivables	EverFun Travel Services Corp.	\$ 840	188,403
Accounts receivable	Subsidiaries	3,827	16,329
Accounts receivable	Associates	2,209	4,243
Accounts receivable	Other related parties	<u>110,635</u>	<u>303,350</u>
Subtotal		<u>117,511</u>	<u>512,325</u>
Other receivables	Subsidiaries	6,173	55,228
Other receivables	Associates	-	102
	Other related parties		
Other receivables	UNI Airways Corp.	138,028	278,336
Other receivables	Evergreen Insurance Company Limited	82,470	685
Other receivables	Other related parties	<u>44</u>	<u>53</u>
Subtotal		<u>226,715</u>	<u>334,404</u>
Total		<u>\$ 344,226</u>	<u>846,729</u>

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
	Subsidiaries		
Accounts payable	Evergreen Aviation Technologies Corp.	\$ 471,879	652,079
Accounts payable	Other Subsidiaries	346,787	962,503
Accounts payable	Associates	6,397	4,444
Accounts payable	Other related parties	<u>10,204</u>	<u>62,481</u>
Subtotal		<u>835,267</u>	<u>1,681,507</u>
Other payables	Subsidiaries	51,199	73,956
Other payables	Associates	12,388	13,053
Other payables	Other related parties	<u>46,175</u>	<u>85,490</u>
Subtotal		<u>109,762</u>	<u>172,499</u>
Total		<u>\$ 945,029</u>	<u>1,854,006</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 61,165	81,786
Post-employment benefits	<u>3,148</u>	<u>2,787</u>
	<u>\$ 64,313</u>	<u>84,573</u>

**(8) Pledged assets**

The carrying amounts of the pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Property, plant, and equipment	Long-term borrowings	\$ 80,117,104	85,367,003
Time deposit—included in other non-current assets	Letters of credit and contract performance guarantees	<u>392,790</u>	<u>77,894</u>
		<u>\$ 80,509,894</u>	<u>85,444,897</u>

**(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 with Boeing Company for eighteen Boeing 787-10 aircraft. In August 2020, the Company made amendments to the contracts and changed seven Boeing 787-10 aircraft (not yet delivered) into four Boeing 787-9 aircraft and three Boeing 777 freighters at a price of US\$6,444,000. As of December 31, 2020, fourteen Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$13,918,948, which was included in other non-current assets.

(ii) In November 2015, the Company entered into engine purchase contracts with General Electric Company for five Boeing 787 engines. In September 2020, the Company made amendments to the contracts and changed one Boeing 787 engine (not yet delivered) into one Boeing 777 engine at a price of US\$139,110. As of December 31, 2020, two Boeing engines had not yet been delivered by General Electric Company. The Company has partially prepaid the price of \$353,483, which was included in other non-current assets.

(iii) Unused letters of credit for the Company were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Unused letters of credit	<u>\$ 2,216,261</u>	<u>2,375,736</u>

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of personnel expenses, depreciation and amortization expenses, by function, is as follows:

By item	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	6,936,025	4,247,404	11,183,429	8,469,141	5,577,838	14,046,979
Labor and health insurance	447,590	327,241	774,831	472,991	340,154	813,145
Pension	452,176	264,396	716,572	435,891	296,111	732,002
Remuneration of directors	-	9,682	9,682	-	19,463	19,463
Others	1,651,465	463,185	2,114,650	3,734,874	559,770	4,294,644
Depreciation (Note)	24,742,607	858,929	25,601,536	24,046,844	889,713	24,936,557
Amortization	-	240,530	240,530	-	237,627	237,627

Note: For the years ended December 31, 2020 and 2019, the depreciation expenses recognized were \$25,763,420 and \$25,004,434, respectively, less deferred gains of \$16,328 and \$67,877, respectively, and subsidy and rent concession of \$145,556 and \$0, respectively.

(b) COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment at each destination around the globe and has impacted the Company's operations, including cancellation or restriction of flights. Facing the impact of the pandemic, the Company continuously reviews its flight status, implements flight suspensions and raises the daily utilization rates of its freighters, in order to maximize its operating revenue. Meanwhile, the Company simplified its service and selling process, reduced personnel cost, postponed unnecessary capital expenditures, as well as performed other cost-controlling activities. The Company has applied for operating and interest subsidies from the government. Notably, the Company has received a government bailout loan amounting to \$20 billion. In addition, the Company has also acquired additional loans from banks, and will promptly raise fund from capital market, in order to meet the future demand of working capital.

(c) As of December 31, 2020 and 2019, the additional information for employee numbers and employee benefits were as follows:

	<b>2020</b>	<b>2019</b>
Employee numbers	<u>11,289</u>	<u>11,335</u>
Directors numbers without serving concurrently as employee	<u>7</u>	<u>8</u>
Average employee benefits	<u>\$ 1,311</u>	<u>1,756</u>
Average employee salaries	<u>\$ 991</u>	<u>1,240</u>
Average adjustment rate of employee salaries	<u>(20.08)%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

(Continued)



**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

(d) The information of the Company's salary and remuneration policy (including directors, managers and employees) are as follow:

(i) The principle of remuneration policy

The Company's remuneration policy is determined by the natures of each position, the Company's operating performance, industry average, economic variables, government regulations as well as future operating risks, and is formulated based on the principles of fairness, reasonableness, balance, and incentives. There is no issue on age, gender, race, religion, political stance, marital status, union affiliation etc.

(ii) Remuneration policy

The Company determines the job title based on the organizational structure, business categories and job natures. It considers internal and external factors according to each position, except for the positions of chairman and vice chairman, to set upper and lower limits as the salary assessment standard for each position.

(iii) Remuneration portfolios of directors and managers

The directors' remuneration is stipulated according to the Company's articles of incorporation, authorizing the 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 is handled in accordance with the "Payment Regulation of Managers" of the Company. The remuneration of directors and managers are stipulated by Remuneration Committee of the Company and should be approved by Board of Directors. The bonus would be considered and distributed based on the operation results of the Company and each individual performance.

(iv) Remuneration composition of employees

Fixed remuneration :

The employees' fixed remuneration, including salary and allowances, is based on the Company's salary structure standard for each position; also, the employees salary raise will be based on their working performance assessment and the Company's overall annual salary policy.

Variable remuneration :

- 1) Year-end bonus : In order to motivate employees, year-end bonus is distributed based on each year's operating performance and employee contribution.
- 2) Employee remuneration : According to the Company's articles of incorporation, if the Company incurs profit in a fiscal year, the earnings shall first be used to offset against any deficit, then, a portion of the remainder, if any, will be distributed as employee remuneration.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

**(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, 2020:

- (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.
- (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: None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (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 3 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 4 attached.
- (ix) Derivative transactions: Please refer to note 6(c) for related information.

(b) Information on investees:

The followings are the information on investees for the year ended December 31, 2020 (excluding investees in Mainland China): Please see Table 5 attached.

(c) Information on investment in Mainland China : Please see Table 6 attached.

(d) Major shareholders:

(in shares)

Shareholder's Name	Shareholding	Shares	Percentage
Evergreen Marine Corp. (Taiwan) Ltd.		776,541,111	16.00 %
Evergreen International Corp.		549,262,304	11.32 %
Falcon Investment Services Ltd.		512,027,482	10.55 %

**(14) Segment information**

Please refer to the consolidated financial statements for the year ended December 31, 2020.

(Continued)

**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, 2020)**

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020			Notes
				Shares/Units	Book value	Percentage of ownership	
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss — current	45,187,711	675,556	-	675,556
"	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss — current	12,995,958	200,573	-	200,573
"	FSITC Money Market Fund	None	Financial assets at fair value through profit or loss — current	2,564,182	461,168	-	461,168
"	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss — current	6,086,687	100,059	-	100,059
"	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss — current	3,666,549	50,033	-	50,033
"	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss — current	13,974,385	200,119	-	200,119
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss — current	7,611,392	96,283	-	96,283
"	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss — current	5,477,678	92,249	-	92,249
"	Easispring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss — current	7,453,782	102,211	-	102,211
				<u>1,978,251</u>	<u>1,978,251</u>		<u>1,978,251</u>
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	231,580	19,702	2.11	19,702
"	Shares of Trade-Van Information Services Co.	None	Financial assets at fair value through other comprehensive income — non-current	8,502,418	429,372	5.67	429,372
"	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income — non-current	35,203,008	799,109	5.96	799,109
"	Shares of UNI Airways Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income — non-current	37,606,277	470,830	9.98	470,830
"	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	1,194,565	9.56	1,194,565
"	Shares of Chung Hwa Express Corp.	None	Financial assets at fair value through other comprehensive income — non-current	1,000,000	34,800	10.00	34,800
"	Star Alliance Services GmbH	None	Financial assets at fair value through other comprehensive income — non-current	1	7,069	4.55	7,069
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	22,684	0.01	22,684
"	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	3,216	0.01	3,216
Hsiang Li Investment Corp.	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income — non-current	2,740,542	62,210	0.46	62,210
Evergreen Airways Service (Macau) Ltd.	Shares of Air Macau Co., Ltd.	None	Financial assets at fair value through other comprehensive income — non-current	500	1,237	0.0207	1,237
				<u>3,044,794</u>	<u>3,044,794</u>		<u>3,044,794</u>

(in shares)

(Continued)

**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, 2020)

Company Name	Marketable Securities Type and Name	Financial Statement Account	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	FSITC Money Market Fund	Financial assets at fair value through profit or loss — current — fund	None	-	-	2,675,591	480,000	111,409	20,000	19,977	23	2,564,182	461,168
"	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss — current — fund	None	-	-	24,387,591	400,000	18,300,904	300,152	300,000	152	6,086,687	100,059
"	Evergreen Aviation Technologies Corp.	Investments accounted for using equity method	Subsidiary	518,440,696	10,799,290	-	-	238,251,455	2,382,515	2,382,515	-	280,189,241	7,744,694
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss — current — fund	None	11,964,636	150,619	22,572,601	285,000	26,925,845	340,025	339,166	860	7,611,392	96,283
"	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss — current — fund	None	9,933,297	166,663	25,271,487	425,000	29,727,106	500,000	498,962	1,038	5,477,678	92,249
"	Eastspring Investments Well Pool Money Market Fund	Financial assets at fair value through profit or loss — current — fund	None	10,368,032	141,590	28,495,051	390,000	31,409,301	430,000	429,127	873	7,453,782	102,211

(in shares)

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

Table 3 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital  
(December 31, 2020)

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	1,539,966	1.93	60 days	-	-	109,055	1.97	
"	Evergreen Logistics Corp.	The company's shareholder	Sales	248,573	0.31	60 days	-	-	-	-	
"	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	1,408,566	1.93	60 days	-	-	(223,287)	6.71	
"	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	669,866	0.92	60 days	-	-	(44,549)	1.34	
"	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	2,749,774	3.76	60 days	-	-	(471,879)	14.19	
"	Evergreen Air Cargo Services Corp.	The company's subsidiary	Purchases	368,922	0.50	60 days	-	-	(76,154)	2.29	
"	Evergreen Insurance Company Ltd.	The company's shareholder's equity investment	Purchases	106,490	0.15	60 days	-	-	-	-	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	1,408,566	77.50	60 days	-	-	233,052	80.75	
"	UNI Airways Corp.	The company's shareholder's equity investment	Sales	185,533	10.21	60 days	-	-	28,788	9.98	
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	2,759,968	25.82	60 days	-	-	472,541	31.70	
"	GE Evergreen Engine Services Corp.	The company's equity investment	Sales	607,620	5.69	120 days	-	-	115,380	7.74	
"	UNI Airways Corp.	The company's shareholder	Sales	331,286	3.10	60 days	-	-	127,848	8.58	
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	669,866	75.99	60 days	-	-	56,138	64.00	
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	368,922	25.79	60 days	-	-	79,964	54.23	

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

Table 4 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital  
(December 31, 2020)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate (Note 1)	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	247,083	(Note 1)	-		247,083	-
Evergreen Airline Services Corp.	The Company	Parent company	248,195	4.00	-		248,195	-
Evergreen Aviation Technologies Corp.	The Company	Parent company	473,565	4.87	-		473,565	-
"	GE Evergreen Engine Services Corp.	The Company's equity investment	135,709	8.09	-		135,709	-
"	UNI Airways Corp.	The company's shareholder	128,024	2.78	-		128,024	-

Note1 : Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

**Table 5 Information on investees (excluding investees in Mainland China)**  
**(For the year ended December 31, 2020)**

Name of investor	Name of investee	Location	Main Businesses and Products	Initial Investment Amount		Ending Balance		Net Income (Losses) of Investee	Share of Profit (Losses) of Investee	Notes
				December 31, 2020	December 31, 2019	Shares	Ratio of Shares			
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 %	369,047	21,807	(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 %	99,521	(21,879)	(Note 1)
The Company	PT Perdana Andalana 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 %	15,375	(2,973)	(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 %	661,164	(18,119)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Hangzhan S.Rd., Dayuan Dist., Taoyuan Taoyuan Int'L Airport, Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, engine and parts	-	3,200,450	280,189,241	79.42 %	7,744,694	931,478	(Note 1)
The Company	Evergreen Airline Services Corp.	No.608 Hang-Jann N.Rd., Taoyuan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Aviation ground service	111,181	111,180	36,183,106	56.33 %	870,451	(37,687)	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hangqin 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	76,557,790	49.80 %	2,098,549	(211,416)	(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 %	1,551,997	136,681	(Note 1)
The Company	Hsiang Li Investment Corp.	1F, No. 117, Sec. 2, Chang An E. Rd., Taipei 104 Taiwan	Investment business	448,280	448,280	2,680,000	100.00 %	71,222	2,204	(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 %	114,257	11,070	(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	55,061	5,505,000	26.48 %	41,650	(14,859)	(Note 2)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No.8 Hang-Jann S.Rd., Taoyuan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and engine components	2,032,845	2,032,845	203,284,545	49.00 %	1,542,194	176,399	(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 %	80,377	(22,332)	(Note 3)

Note1: List of subsidiaries of the Company.

Note2: Investments were accounted for using equity method.

Note3: Investments of subsidiaries of the Company were accounted for using equity method.

(Continued)

**EVA AIRWAYS CORP.**  
**Notes to the Parent-Company-Only Financial Statements**

Table 6 Information on investment in Mainland China  
(December 31, 2020)

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of Investee	Direct/Indirect Shareholding (%) by the Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Investee Company Airport Air Cargo Terminal (Xiamen) Co., Ltd. Airport Air Cargo Service (Xiamen) Co., Ltd.	Main Business and Products Forwarding and storage of air cargo Forwarding and storage of air cargo, truck freight transportation, other transportation auxiliary industry	CNY 254,480 CNY 14,000	2 2	138,784 61,418	- -	- -	138,784 61,418	91,458 68,382	14.00 % 14.00 %	12,804 9,574	242,444 125,022	106,670 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 (USD23,361 thousand 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 (USD50,337 thousand 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, 2020 (USD in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (Note)	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)	45,995,717

Note : Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance;

investment amounts authorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the authorization.

3. Significant transactions : None.



**EVA AIRWAYS CORP.**

**Statement of cash and cash equivalents**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

Item	Amount
Cash on hand	\$ 9
Petty cash	81,054
Demand deposit	2,951,030
Check deposit	103,607
Time deposit (Note)	<u>27,939,456</u>
<b>Total</b>	<b><u>\$ 31,075,156</u></b>

Note: the period of time deposit was 1~3 months; the range of interest rate was 0.27%~2.91%.

**Statement of financial assets at fair value through profit or loss – current and non-current**

**(Expressed in Thousands of New Taiwan Dollars/Units)**

(1) Money Market Fund

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.	45,188	14.84	\$ 670,416	5,140	675,556	14.95	675,556
FSITC Taiwan Money Market Fund	Monetary Market Fund/ Issued by First Securities Investment Trust Co., Ltd.	12,996	15.39	200,000	573	200,573	15.43	200,573
FSITC Money Market Fund	Monetary Market Fund/ Issued by First Securities Investment Trust Co., Ltd.	2,564	179.40	460,023	1,145	461,168	179.85	461,168
Yuanta De-Li Money Market Fund	Monetary Market Fund/ Issued by Yuanta Securities Investment Trust Co., Ltd	6,087	16.43	100,000	59	100,059	16.44	100,059
Taishin 1699 Money Market Fund	Monetary Market Fund/ Issued by Taishin Securities Investment Trust Co.,Ltd.	3,667	13.64	50,000	33	50,033	13.65	50,033
Taishin Ta-Chong Money Market Fund	Monetary Market Fund/ Issued by Taishin Securities Investment Trust Co.,Ltd.	13,974	14.31	200,000	119	200,119	14.32	200,119
				<u>\$ 1,680,439</u>	<u>7,069</u>	<u>1,687,508</u>		<u>1,687,508</u>

(2) Others

Name of financial instruments	Amount
Convertible bonds with embedded derivatives	<u>\$ 2,793</u>

**EVA AIRWAYS CORP.**

**Statement of notes receivable**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
A Company	\$ 213
B Company	132
C Company	95
Others (Note 1)	<u>33</u>
Total	<u>\$ 473</u>

Note 1: The amount of individual client included in others did not exceed 5% of the account balance.

**Statement of accounts receivable**

<u>Item</u>	<u>Amount</u>
Others (Note 1)	\$ 5,466,496
Less: allowance for impairment	<u>(54,576)</u>
Total	<u>\$ 5,411,920</u>

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, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Cost</b>	<b>Net realizable value</b>
Aircraft spare parts	\$ 1,213,519	353,133
Consumables for use and merchandise for in-flight sales	1,226,656	1,143,990
Fuel for aircraft and others	18,884	18,884
Subtotal	2,459,059	<b>1,516,007</b>
Less: Loss on valuation of inventories	(1,151,942)	
	<b>\$ 1,307,117</b>	

**Statement of other current assets**

<b>Items</b>	<b>Amount</b>
Prepaid expenses:	
Tax overpaid retained for offsetting the future tax payable	\$ 40,916
Prepaid tax	204,892
Others	109,682
Subtotal	355,490
Other current assets — others:	
Receivables for payment on behalf of others	\$ 40,824
Others	20,119
Subtotal	60,943
Other receivables:	
Other receivable — related parties	\$ 226,715
Others	108,086
Subtotal	334,801
Total	<b>\$ 751,234</b>

**EVA AIRWAYS CORP.**

**Statement of changes in financial assets at fair value through  
other comprehensive income — non-current**

**For the year ended December 31, 2020**  
**(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	\$ 17,755	-	-	-	-	1,947	Note 1	19,702	None
Share	Trade-Van Information Services Co.	8,502	313,739	-	-	-	-	115,633	8,502	429,372	None
Share	Central Reinsurance Corporation	35,203	698,780	-	-	-	-	100,329	35,203	799,109	None
Share	UNI Airways Corp.	36,511	454,561	1,095	-	-	-	16,269	37,606	470,830	None
Share	Evergreen Steel Corp.	38,202	1,057,039	-	-	-	-	137,526	38,202	1,194,565	None
Share	Chung Hwa Express Corp.	1,000	32,770	-	-	-	-	2,030	1,000	34,800	None
Share	Star Alliance Services Gmbh	-	6,861	-	-	-	-	208	-	7,069	None
			<u>\$ 2,581,505</u>					<u>373,942</u>		<u>2,955,447</u>	

Note 1: Including 211 thousand shares of common stock and 21 thousand shares of preferred stock.

**EVA AIRWAYS CORP.**

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars/ Shares)**

Name	Beginning balance		Addition		Decrease		Exchange differences on translation of investee's financial statement	Unrealized gains (losses) on financial instrument	Capital surplus	Remeasurements of the net defined benefit plans	Ending balance		Market price or net assets value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Share	holdings (%)	Shares	Unit price	
Sky Castle Investment, Ltd.	5,500	\$ 344,524	-	21,807	-	-	2,716	-	-	-	100	5,500	-	369,047	None
Evergreen Airways Service (Macau) Ltd.	No issue	197,798	-	-	-	(95,320)	(3,026)	69	-	-	99	No issue	-	99,521	None
PT Perdana Andalan Air Service	41	20,027	-	-	-	(2,973)	(1,821)	-	-	142	51	41	-	15,375	None
EVA Flight Training Academy	10,000	714,369	-	-	-	(18,119)	(35,086)	-	-	-	100	10,000	-	661,164	None
Evergreen Aviation Technologies Corp. (Note 1)	518,441	10,799,290	-	943,274	(238,252)	(3,937,837)	(33,256)	-	-	(26,777)	79.42	280,189	-	7,903,953	None
Evergreen Airline Services Corp.	34,460	865,796	1,723	1	-	(44,578)	-	9,413	-	39,819	56.33	36,183	-	870,451	None
Evergreen Sky Catering Corp.	72,912	2,340,651	3,646	-	-	(247,872)	-	-	-	5,770	49.8	76,558	-	2,098,549	None
Evergreen Air Cargo Services Corp.	72,750	1,532,300	-	136,681	-	(130,950)	-	-	-	13,966	60.625	72,750	-	1,551,997	None
Hsiang Li Investment Corp.	2,680	63,182	-	2,204	-	(1,975)	-	7,811	-	-	100	2,680	-	71,222	None
Evergreen Security Corp.	6,336	114,172	-	11,070	-	(12,672)	-	-	-	1,687	31.25	6,336	-	114,257	None
EverFun Travel Service Corp.	5,505	55,981	-	-	-	(14,859)	-	-	-	528	26.48	5,505	-	41,650	None
<b>Total</b>		<b>\$ 17,048,090</b>		<b>1,115,037</b>		<b>(4,507,155)</b>		<b>17,293</b>						<b>13,637,927</b>	

Note 1: On November 18, 2020, a resolution was approved during the board meeting of EGAT for capital reduction of 300,000 thousand shares with a total value of \$3,000,000 and EGAT refunded cash to shareholders thereafter. The Company received \$2,382,515 in cash according to the shareholding percentage on December 10, 2020 (the date of capital reduction) in EGAT.

**EVA AIRWAYS CORP.**

**Statement of notes payable**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
D Company	\$ <u><u>858</u></u>

**Statement of accounts payable**

<u>Item</u>	<u>Amount</u>
E Company	\$ 287,586
Others (Note 1)	<u>2,201,914</u>
Total	\$ <u><u>2,489,500</u></u>

Note 1: The amount of individual vendor included in others did not exceed 5% of the account balance.

**EVA AIRWAYS CORP.**

**Statement of other payables**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Accrued expenses:	
Airport fee payable	\$ 602,741
Salary and wage payable	659,548
Other maintenance payable	1,051,853
Commission payable	258,028
Ground service fee payable	240,269
Others (Note 1)	<u>1,488,193</u>
Total	<u>\$ 4,300,632</u>

Note 1: The amount of each item in others did not exceed 5% of the account balance.

**Statement of contract liabilities—current and  
other current liabilities**

<u>Item</u>	<u>Amount</u>
Contract liabilities—current:	
Deferred ticket services, customer loyalty program and others	<u>\$ 4,510,802</u>
Other current liabilities:	
Payables for receipts on behalf of others	\$ 151,654
Restoration obligations	211,146
Others	<u>149,503</u>
Total	<u>\$ 512,303</u>

**EVA AIRWAYS CORP.**

**Statement of bonds payable**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Description				Balance	
	Guarantee bank	Annual interest rate	Issue Date	Repayment method	Total issue	2020.12.31
The 19th unsecured bond	The Shanghai Commercial & Savings Bank, Ltd. Bank of Taiwan	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	\$ 500,000
	Mega International Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	2,500,000	1,250,000
	Taiwan Cooperative Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	500,000
	Hua Nan Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	2,000,000	1,000,000
	Chang Hwa Commercial Bank	1.07 %	2016/12	Loan principal repay half on the 4th and 5th year respectively.	1,000,000	500,000
The third convertible bond			2017/10	Loan principal repay on the 5th year at expiry date.	7,000,000	227,734
The fourth convertible bond			2020/10	Loan principal repay on the 5th year at expiry date.	3,000,000	2,855,207
Subtotal						7,332,941
Less: Current portion						(4,250,000)
						<u>\$ 3,082,941</u>



**EVA AIRWAYS CORP.**

**Statement of long-term borrowings (1)**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Bank</u>	<u>Interest</u>	<u>Period</u>	<u>Amount</u>
Mortgage loan:				
Land construction mortgage loan	Bank of Taiwan	1.10%~1.10%	2020/09/26~2027/09/26	\$ 5,250,000
Land construction mortgage loan	KGI Bank	1.08%~1.08%	2020/12/31~2027/12/31	<u>1,800,000</u>
Subtotal				<u>7,050,000</u>
Aircraft mortgage loan	Taiwan Cooperative Bank (Note 1)	0.98%~1.17%	2009/02/03~2021/02/03	233,166
Aircraft mortgage loan	Hua Nan Commercial Bank	1.18%~1.37%	2014/05/21~2026/05/21	1,900,250
Aircraft mortgage loan	Bank of Taiwan	1.12%~1.31%	2014/06/25~2026/06/25	1,826,917
Aircraft mortgage loan	Mega International Commercial Bank	1.18%~1.37%	2015/03/27~2027/03/27	1,618,627
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.18%~1.37%	2015/09/30~2027/09/30	2,283,167
Aircraft mortgage loan	Hua Nan Commercial Bank	1.18%~1.37%	2015/10/27~2027/10/27	2,309,417
Aircraft mortgage loan	Bank of Taiwan	1.12%~1.31%	2016/08/30~2028/08/30	3,274,000
Aircraft mortgage loan	Cathay United Bank	1.02%~1.21%	2017/09/22~2029/09/22	2,387,025
Aircraft mortgage loan	Mega International Commercial Bank	1.03%~1.22%	2017/12/28~2029/12/28	2,381,250
Aircraft mortgage loan	E.SUN Bank	0.97%~1.16%	2018/02/23~2030/02/23	3,166,667
Aircraft mortgage loan	Bank of Taiwan	1.10%~1.29%	2018/06/29~2030/06/29	2,960,042
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.08%~1.27%	2018/12/11~2030/12/11	3,427,500
Aircraft mortgage loan	Taiwan Business Bank	1.03%~1.23%	2019/01/30~2031/01/30	3,500,000
Aircraft mortgage loan	Bank of Taiwan	0.99%~1.19%	2019/06/25~2031/06/25	3,475,237
Aircraft mortgage loan	Bank of Taiwan	1.00%~1.19%	2019/08/15~2031/08/15	2,985,583
Aircraft mortgage loan	Yuanta Commercial Bank	0.99%~1.19%	2019/09/25~2031/09/25	3,249,583
Aircraft mortgage loan	Hua Nan Commercial Bank	1.00%~1.19%	2019/12/27~2031/12/27	3,204,667
Aircraft mortgage loan	Sunny Bank	1.10%~1.10%	2020/07/29~2024/07/28	1,000,000
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.08%~1.08%	2020/11/24~2032/11/24	3,323,000
Aircraft mortgage loan	Bank of Taiwan	1.15%~1.15%	2020/12/17~2025/12/17	<u>1,400,000</u>
Subtotal				<u>49,906,098</u>

Note 1: Syndicated Loan by Taiwan Cooperative Bank and other 10 banks.

**EVA AIRWAYS CORP.**

**Statement of long-term borrowings (2)**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Bank</u>	<u>Interest</u>	<u>Period</u>	<u>Amount</u>
Medium and long-term credit loan	Chang Hwa Commercial Bank	1.08%~1.27%	2017/05/26~2022/05/26	\$ 750,000
	Taiwan Business Bank	1.03%~1.22%	2017/06/07~2022/06/07	300,000
	Bank SinoPac	0.98%~1.17%	2017/06/29~2022/06/29	187,500
	Mega International Commercial Bank	1.03%~1.22%	2017/08/25~2022/08/25	400,000
	Cathay United Bank	0.98%~1.17%	2017/09/19~2022/09/19	250,000
	Land Bank of Taiwan	1.05%~1.25%	2018/01/12~2022/01/12	156,250
	Taishin International Bank	0.97%~1.26%	2018/01/26~2021/01/26	1,000,000
	Far Eastern Int'l Bank	1.12%~1.22%	2018/03/30~2023/03/30	312,500
	Bank of Taiwan	1.03%~1.22%	2018/08/14~2023/08/14	600,000
	Bank SinoPac	0.98%~1.17%	2018/09/28~2023/09/28	343,750
	Yuanta Commercial Bank	1.04%~1.24%	2018/11/05~2021/11/05	500,000
	Bank of Kaohsiung	1.08%~1.27%	2018/11/09~2023/11/09	330,000
	CTBC Bank	0.98%~1.17%	2018/11/28~2021/11/28	480,000
	KGI Bank	0.98%~1.17%	2018/12/12~2021/09/12	400,000
	The Export-Import Bank of Republic of China	0.96%~1.16%	2019/03/21~2022/03/21	300,000
	Sunny Bank	0.91%~1.16%	2019/03/28~2022/03/28	800,000
	Taipei Fubon Bank	0.93%~1.13%	2019/07/04~2022/07/04	306,667
	Agricultural Bank of Taiwan	0.96%~1.15%	2019/07/23~2024/07/23	500,000
	DBS Bank (Taiwan) Ltd.	0.93%~1.12%	2019/11/18~2022/11/18	500,000
	Bank of Communications	0.93%~1.13%	2019/11/22~2022/11/22	1,200,000
	Bank of China	0.98%~1.17%	2019/12/05~2022/12/05	400,000
	Chang Hwa Comercial Bank	1.03%~1.22%	2020/01/30~2025/01/30	1,000,000
	O-Bank	0.96%~1.16%	2020/03/13~2025/03/13	540,000
	First Commercial Bank	0.94%~0.94%	2020/03/23~2023/03/23	750,000
	Bank of Taiwan and other bank group (Note 1)	1.16%~1.16%	2020/06/30~2022/06/30	10,000,000
	Hua Nan Commercial Bank	1.18%~1.18%	2020/09/18~2025/09/18	1,000,000
	The Export-Import Bank of Republic of China	1.14%~1.14%	2020/09/21~2023/09/21	500,000
	Bank of Taiwan and other bank group (Note 1)	1.16%~1.16%	2020/09/30~2022/06/30	6,000,000
	Bank of Taiwan and other bank group (Note 1)	1.16%~1.16%	2020/10/23~2022/06/30	4,000,000
	EnTie Commercial Bank	0.90%~0.90%	2020/12/10~2021/06/08	500,000
	Bank of Taiwan	1.20%~1.20%	2020/12/21~2025/12/21	<u>1,000,000</u>
Subtotal				<u>35,306,667</u>
Total				92,262,765
Less: Current portion				<u>(12,187,386)</u>
Total				<u>\$ 80,075,379</u>

Note 1: Syndicated Loan by Bank of Taiwan and other 9 banks.

**EVA AIRWAYS CORP.**

**Statement of contract liabilities — non-current and  
other non-current liabilities**

**December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Contract liabilities — non-current:	
Customer loyalty program	\$ <u><u>2,517,482</u></u>
Other non-current liabilities:	
Restoration obligations	\$ 21,689,137
Others	<u>712,581</u>
Total	\$ <u><u>22,401,718</u></u>

**Statement of lease liabilities**

<u>Item</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Land	2 to 18 years	1.15%~1.21%	\$ 341,377
Building and structures	1 to 10 years	1.15%~3.30%	665,377
Aircraft	2 to 12 years	1.25%~3.32%	88,166,228
Machinery and equipment	1 to 5 years	1.15%~3.30%	<u>42,217</u>
Total			\$ <u><u>89,215,199</u></u>

Note: The statement of lease liabilities were disclosed in note 6(p).

**EVA AIRWAYS CORP.**

**Statement of operating revenue**

**For the year ended December 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Operating revenue:	
Revenue from passenger services	\$ 24,505,345
Revenue from cargo services	50,018,381
Others	<u>5,078,803</u>
Total	<u><u>\$ 79,602,529</u></u>

**Statement of operating costs**

<u>Item</u>	<u>Amount</u>
Cost of air freight services	\$ 49,521,505
Airport and transportation operating costs	8,926,624
Traveler service costs	5,610,193
Maintenance costs	8,299,641
Others	<u>730,741</u>
Total	<u><u>\$ 73,088,704</u></u>

**EVA AIRWAYS CORP.**  
**Statement of operating expenses**  
**For the year ended December 31, 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

Item	Amount
Salary expense	\$ 4,247,404
Depreciation expense	858,929
Insurance expense	465,901
Others (Note 1)	<u>2,795,755</u>
Total	<u>\$ 8,367,989</u>

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 receivable— related parties, 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 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(s).

Statement of net defined benefit liabilities — non-current was disclosed in note 6(r).

Statement of other income was disclosed in note 6(y).

Statement of other gains and losses was disclosed in note 6(y).

Statement of finance costs was disclosed in note 6(y).





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