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## FINANCIAL AND OPERATING HIGHLIGHTS

		2000	1999	% Change
Financial				
Income Statement				
Revenue	NT\$ thousand	54,528,927	48,077,215	13.42
Passenger revenue	NT\$ thousand	29,404,805	26,078,232	12.76
Cargo revenue	NT\$ thousand	23,433,334	20,463,192	14.51
Total cost	NT\$ thousand	49,570,337	44,148,573	12.28
Operating profit	NT\$ thousand	4,958,590	3,928,642	26.22
Net profit	NT\$ thousand	2,510,719	1,165,187	115.48
EPS	NT\$	1.2	0.58	106.89
Profit margin	%	9.09%	8.17%	11.26
Balance Sheet				
Total assets	NT\$ thousand	107,874,480	96,868,730	11.36
Total liabilities	NT\$ thousand	76,273,344	69,673,145	9.47
Total equity	NT\$ thousand	31,601,136	27,195,585	16.20
Total capital	NT\$ thousand	21,000,000	20,000,000	5
Book value per share	NT\$	15.04	13.6	10.59
Debt ratio	%	70.71	71.73	-1.02
Operating				
Overall capacity	thousand	6,718,128	6,170,115	8.88
Overall traffic	thousand	5,272,975	4,785,807	10.18
Overall load factor	%	78.49%	77.56%	+0.93
Overall yield	NT\$	10.02	9.72	3.09
Passenger capacity	thousand	25,296,832	24,333,758	3.96
Passenger traffic	thousand	19,104,808	18,151,418	5.25
Passenger carried	no.of passenger	4,108,366	3,866,512	6.25
Passenger load factor	%	75.52%	74.59%	0.93
Passenger yield	NT\$	1.54	1.44	6.94
Cargo capacity	thousand	4,441,413	3,980,077	11.59
Cargo traffic	thousand	3,553,542	3,152,179	12.73
Cargo carried	tons	512,556	460,346	11.34
Cargo load factor	%	80.01%	79.2%	+0.81
Cargo yield	NT\$	6.59	6.49	1.54
Unit cost	NT\$	7.38	7.17	2.93
Break-even load factor	%	73.65	73.77	-0.12
Number of employees		5,290	4,977	6.29
Capacity per employee	thousand	1,269	1,239	2.44
Traffic per employee	thousand	996	961	3.66
Revenue per employee	NT\$ thousand	10,307	9,660	6.70

# TO SHAREHOLDERS

## 2000 In Review

The global economic downturn and unrelentingly high oil prices during the year 2000 seriously hurt the airline industry. However, by implementing a strategic "Create Revenue, Trim Costs" policy and using financial hedging instruments, all with the unflinching commitment of highly talented employees, EVA successfully expanded its network, strengthened marketing strategies and enhancing service quality. Together, these factors resulted in a net profit at the record high - NT\$2.5 billion out of NT\$54.5 billion total revenue, also surpassing the financial forecast for the year. The company grew by NT\$6.4 billion, or 13% when compared to 1999 results.

To advance our passenger service network in Northeast Asia, EVA launched a Taipei - Tokyo route on September 7th, 2000, and made charter flights to Sapporo scheduled charter flights, starting on September 3, 2000. In fiercely competitive America, a ma-





major market for EVA, we strengthened alliances with respected carriers, including American Airlines, Air Canada, Continental Airlines and America West Airlines, to give passengers the best possible connections to major cities in the U.S.A. and Canada. During the year, the number of passengers served by EVA climbed 6.25% above 1999, while the average load factor increased from 1999's 74.6% to 75.5% for 2000.

As of September 2000, EVA's vigorous cargo service was allied with the world's top-five-ranked air freight carriers, including British Airways and Lufthansa, giving customers three scheduled flights per week. With resumption of Taipei-Manila service on October 4, the number of direct freighter destinations served by EVA has risen to 20.

EVA Air's international reputation for quality service and safety has repeatedly led to its selection as the official carrier for priceless collections and masterpieces from pres-

tigious art institutions worldwide, e.g., the Louvre in Paris, etc., for exhibition in Taipei. Timely November delivery of the year's Beaujolais Nouveau from Europe to Japan further demonstrated EVA's freighter service expertise. 2000 cargo revenue grew by 14.5% over 1999, and the load factor rose 0.81%.

## Strategies For 2001

### *Passenger Market*

1. Starting in March 2001, EVA Air pioneered nonstop Trans-Siberian service between Taipei and Paris. Eliminating the route's original stopover in Dubai, has made the flight time shorter and the service more cost-effective. Additionally, a new departure time at Charles de Gaulle International Airport makes connections for EVA passengers traveling between Europe and Southeast Asia smoother and more convenient.

2. EVA Air is code-sharing American Air-

lines' new Taipei - San Jose route, effective April 1, 2001. The new service links the world's foremost technology marketplaces, creating welcomed convenience for high-tech business travelers and extending routes for both carriers.

3. Building on the successful September 2000 launch of Taipei-Tokyo service, EVA is negotiating traffic rights to increase weekly frequency and capacity, and in the process, expand market share.

### Cargo Market

1. EVA Air inaugurated new freighter service between Taipei and Toronto, Canada in March 2001, enhancing its transpacific network and giving cargo customers greater flexibility for deliveries.

2. In accord with current fleet expansion plans, EVA Air will add its second of three B747-400 freighters in July 2001. The company will continue to grow its fleet, and upgrade cargo service quality and competition in coming years.

3. In anticipation of an economic slowdown in North America, the largest cargo market for Asian carriers, EVA Air will strategically adjust air freight operations, and increase services to promising markets such as Japan, Hong Kong, Macau and the European

Community to ensure profit growth and reduce operating risks.

4. In its 2000-2001 market forecast, Boeing predicts average growth of 7.6% in cargo traffic from Asia-Pacific regions to North America, and of 7.8% from North America to Asia-Pacific destinations. The International Air Transport Association's (IATA's) latest freight forecast, covering 2000-2004, is outlined in the following table:

	2000	2001	2002	2003	2004	Average
Cross-Pacific	11.4	8.4	8.5	8.5	8.4	9.0
Far East-Europe	7.9	7.1	7.1	6.6	6.7	7.1
Europe-Far East	7.7	7.3	7.6	7.5	7.2	7.4

Like Boeing's, IATA's forecast is highly optimistic about future cargo traffic growth in the Asia-Pacific region, including both inbound and outbound flow of goods.





## THE COMPANY

EVA Air was founded in March 1989 as a 100% privately owned Taiwan-based airline. It is a sister company to Evergreen Marine Corporation, the world's leading container-shipping line.

From its maiden flight on July 1, 1991, EVA Air has grown steadily and today, serves 36 major destinations on four continents and in Oceania with a fleet of 36 aircraft. The airline is continuing to expand its operations network and fleet.

In 1997, encouraging and promoting faultless service quality and flight safety, EVA Air became the first airline in Taiwan to achieve official ISO 9002 Certification in three areas at the same time -- passenger, cargo and maintenance operations. Diligently upholding these objectives, EVA Air earned ISO-9001:2000 Certification for all categories of operation in 2001.

To ensure smooth, ongoing operations and reduce costs, EVA has invested capital and expertise in airline-related companies, including Evergreen Sky Catering Corporation, Evergreen Airline Services Corporation, Ev-



ergreen Air Cargo Service Corporation, and other selected subsidiaries.

EVA has adopted flexible operating strategies. It has set goals making its passenger and cargo services equally important, and works in cooperation with affiliated carriers to maximize efficiencies and effectively com-

pete on a global scale. It has also been both successful and strategic in establishing its worldwide hub of operations at Chiang Kai-Shek International Airport in Taiwan.

EVA Air listed its stock on Taiwan's TAISDAQ Market in October 1999.

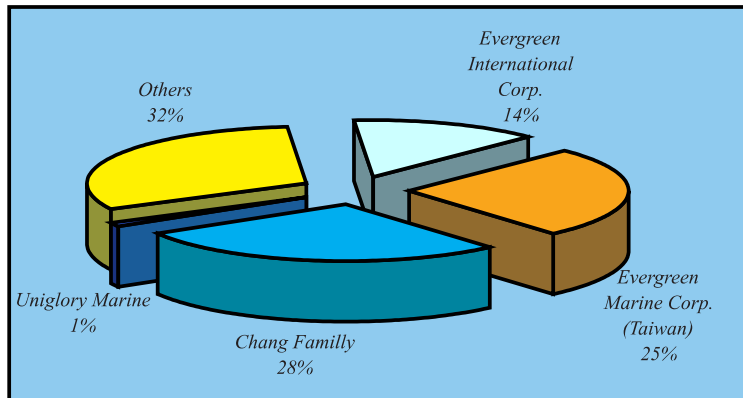




## Shareholder Structure

As of December 31, 2000, EVA Air had authorized share capital of 2,400,000,000 in

common stock valued at NT\$10 par value per share, with 2,100,000,000 shares issued and outstanding.



Rang of shareholdings	Number of shareholders	%	Number of shares	%
1-999	4,885	13.9	1,457,832	0.07
1,000-10,000	17,683	50.2	66,066,946	3.15
10,001-1,000,000	12,558	35.7	483,059,494	23
1,000,000 and above	60	0.2	1,549,415,728	73.78
Total	35,186	100	2,100,000,000	100

## Directors

(Until 19 April 2001)

		Shares	%	
Chairman	Cheng Shen-Chin	275,080,541	13.5%	Representative of Evergreen Intl. Corp.
Vice Chairman	Hsu Juei-Yen	251,827	0.01%	
Director	Chang Yung-Fa	511,540,566	25.33%	Representative of Evergreen Marine Corp.
Director	Liu Shiu-Lin	1,261,664	0.06%	
Director	Lin Shin-I	5,273,125	0.26%	Representative of United Holding Ltd.

## EVA Air People

Beginning with its preliminary development, EVA Air made it a priority to recruit and train qualified personnel who consistently provide sincere, enthusiastic, professional and safe flight services. EVA Air's ongoing training programs meet the highest industry standards:

### Flight Crews:

EVA Air's 609 exceedingly capable flight crew members and an additional 34 carefully selected trainees are systematically rotated through professional flight training courses, such as Ab Initio, Advanced and Transition Training. Within the near future, as the fleet is expanded, trainees will be prepared to join EVA flight crews.

### Flight Attendants:

Currently, 1,520 cabin attendants serve on EVA Air's international flights, and within the near future, 150 trainees will be promoted to active service.

### Maintenance Personnel:

Within EVA Air, 36 maintenance professionals have earned US Federal Aviation Administration-approved Maintenance Certificates, and 60 hold similarly strict Certificates approved by the Civil Aeronautics Authority of Taiwan. Adhering to solid, thor-

ough maintenance practices, these professionals help ensure ongoing flight safety.

### Ground Staff:

EVA Air's ground staff training for both passenger services and cargo operations is designed to increase professional knowledge. It teaches skills that equip personnel to anticipate passenger needs at the airport and to provide world-class services and assistance.

		1999	2000
No. of Employees	Pilot	641	644
	Cabin Crew	1,448	1,609
	Dispatchers	43	35
	Maintenance	95	92
	Others	2,750	2,910
Total		4,977	5,290
Average Age		31.0	30.8
Average Seniority		5.05	5.2





## The Fleet

•In July 2000, EVA took delivery of its first new B747-400 freighter, giving the carrier a fleet of 36 aircraft that average 5.34 years in service.

•In June 2000, EVA signed an agreement with Boeing to buy 15 of its advanced, long-range B777-200CR/-300ERs, and will begin taking delivery of these aircraft in July of 2005. The order is firm for seven passenger aircraft, three B777-200CRs and four B777-300ERs, and EVA has an option for the remaining eight.

•In March 2001, EVA placed an order for eight A330-200 luxury wide-body passenger aircraft, with delivery of the first one scheduled for March 2003. Two of the aircraft will be purchased, and six leased. The A330s will replace eight Boeing B767s EVA currently has in service. EVA will configure the 261-passenger aircraft with 30 business class seats and 231 economy seats. In addition to increasing the pitch of all the seats, EVA will also install individual TV monitors for every passenger in both business and economy classes.

Aircraft Type	Owned	Operating Lease	Total	Age(As of Dec. 00)	On Order (Delivery Date)	Daily Ave. Utilization (Hrs)-2000
B747-400	1	4	5	4.91		14.08
B747-400 Combi	2	8	10	6.50		13.96
B767-300ER	0	4	4	9.07		7.62
B767-200	4	0	4	6.87		6.26
MD-11	3	0	3	6.26		11.44
MD-11 Freighter	7	2	9	3.32		14.39
B747-400 Freighter	1	0	1	0.45	2 (July 2001/2002)	13.99
B777-200					3 (May,June2006/ June2007)	
B777-300					4 (April,May2005/ May2007/2008)	
A330-200					8 (March,April2003/ Jan.,Feb.,April,Nov., 2004/July,Nov.,2005)	
Total	18	18	36	5.34		



## The Market

### *America*

America is the largest, most open and most competitive market in the world, and it holds 40% of the world's aviation business. EVA Air's services into this invigorating marketplace began with the launch of Los Angeles flights in 1992. From 1993 to 1999, EVA Air expanded its network to give Taiwan passengers greater gateway flexibility, and also serves Seattle, New York, San Francisco and Vancouver.

EVA Air operates 38 direct passenger flights between Taipei and America every week, more flights between Southeast Asia and America than are provided by any other airline. Building upon successful collaborative experiences with its airline partners, EVA Air code-shares services with Continental Airlines, America West Airlines, American Airlines and Air Canada. EVA is continuing to develop marketing alliances with leading airlines that will enhance its network globally.

Preparing to meet cargo opportunities that will be created by the free trade environment after Taiwan joins the World Trade Organization (WTO), EVA Air added the first of three brand-new Boeing 747-400 freighters in 2000. The aircraft was placed in ser-

vice on growing routes between Southeast Asia and America. Also, in March 2001, EVA Air introduced scheduled freighter service between Taipei and Toronto.

### *Europe*

In November 1991, EVA Air made European travel easier and more convenient than ever, expanding into the market and launching flights to Vienna. Today, the airline also serves London, Paris and Amsterdam, connecting to Asia with one stop in Bangkok.

Giving cargo agents welcomed capacity, EVA Air now provides 10 freighter flights a week between Taipei and Europe. The carrier has also extended its reach and capacity through strong and successful cargo code-sharing relationships with British Asia Airways, Lufthansa and Air France (Air Orient). To capture a larger share the world's growing air freight business, EVA Air will add two new Boeing B747-400 freighters, one in 2001 and the other in 2002.

### *New Zealand and Australia*

EVA Air actively seeks opportunities to cooperate with other carriers, not only to enhance customer conveniences and services, but also to reduce operating costs. It accomplishes these objectives in regions of Oceania,



servicing a Taipei - Auckland route via a code-sharing alliance with Air New Zealand (NZ), and flying Taipei-Sydney and Taipei-Brisbane in cooperation with Qantas Airways (QF).

### Asia

Taiwan's geographic advantages, persistent economic growth, and encouragement of business and leisure travel have created a huge demand for air transportation and presented tremendous opportunity. The air transportation market in Southeast Asia is one of the fastest growing in the world. In fact, the International Civil Aviation Organization predicts Southeast Asia will become the world's largest air transportation market, offering even greater business potential in the future.

From its base in this dynamic region, EVA Air is also maximizing profits by promoting regional business flights. In April 1998, it extended both cargo and passenger flights to Osaka, and in September 2000, launched Tokyo service and upgraded its Sapporo link from charter flights to scheduled charters.

On October 4, 2000, EVA Air resumed Taipei-Manila freighter service, bringing its number of direct freighter flights between Taipei and Southeast Asia up to 20.

Recognizing the strong potential for freight business worldwide, EVA Air will increase the percentage of gross revenue it produces from cargo operations.

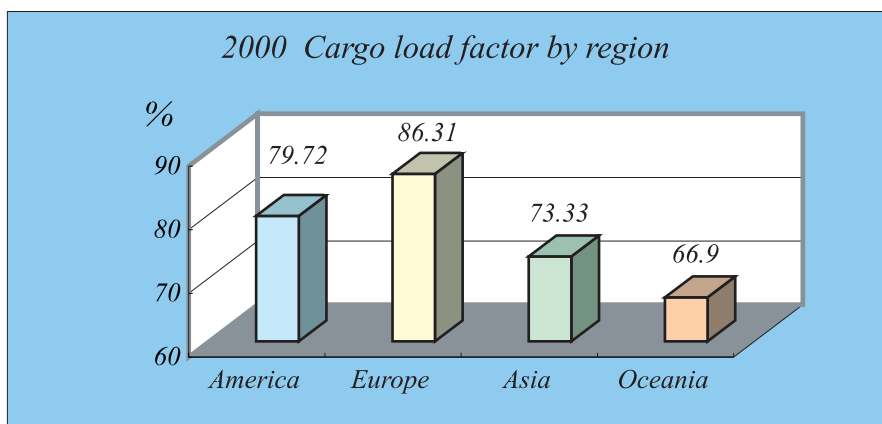
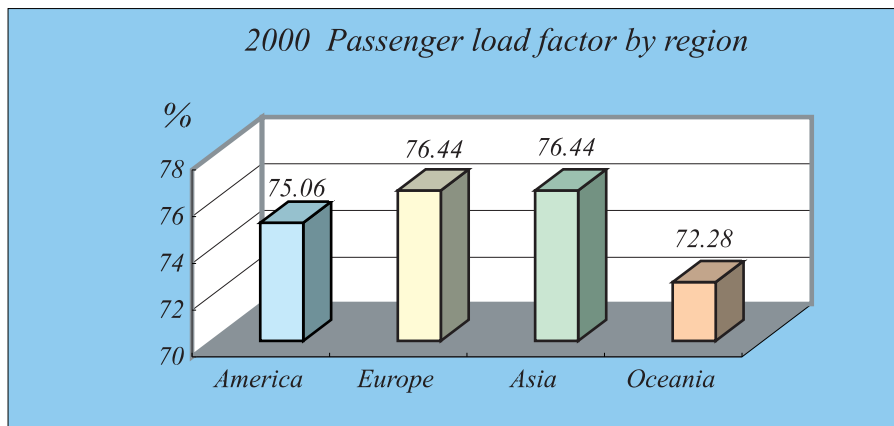
### Passenger Operations

Routes	2000		1999	
	Passenger Load	Passenger Revenue (NT\$000)	Passenger Load	Passenger Revenue ( NT\$000)
America	921,455	12,323,649	898,323	11,207,658
Europe	355,950	3,967,288	330,463	3,717,566
Asia	2,720,632	11,898,882	2,532,158	10,098,480
Oceania	110,329	1,214,986	105,568	1,054,528
Total	4,108,366	29,404,805	3,866,512	26,078,232



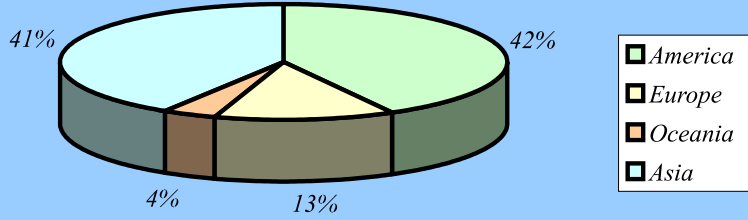
### Cargo Operations

Routes	2000		1999	
	Cargo Load (Tons)	Cargo Revenue (NT\$000)	Cargo Load	Cargo Revenue ( NT\$000)
America	183,071	12,865,906	156,095	10,608,833
Europe	83,565	5,403,575	79,435	5,045,759
Asia	240,997	4,943,972	220,327	4,582,777
Oceania	4,923	219,881	4,489	225,823
Total	512,556	23,433,334	460,346	20,463,192

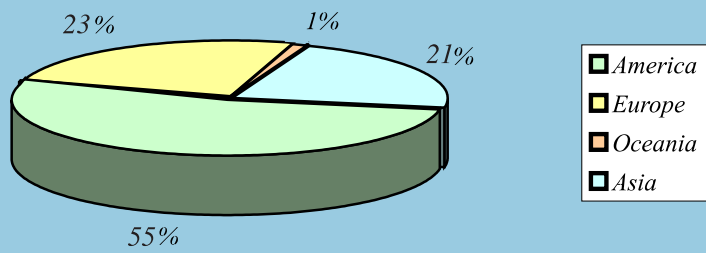




2000 Passenger revenue composition



2000 Cargo revenue composition





## The Network

North America	Los Angeles	San Francisco	Seattle	New York	Atlanta	Chicago
	Dallas	Vancouver	Toronto			
Oceania	Brisbane	Sydney	Auckland			
Europe	Vienna	London	Paris	Amsterdam	Brussels	
Asia	Osaka	Fukuoka	Taipei	Kaohsiung	Hong Kong	Macau
	Bangkok	Kuala Lumpur	Penang	Jakarta	Denpasar -Bali	Surabaya
	Ho Chi Minh City	Bombay	Manila	Tokyo	Sapporo	Singapore
Middle East	Sharjah					

■ Destination with cargo freighter service only

Total 36 destinations





ARCTIC OCEAN

NORTH ATLANTIC OCEAN

SOUTH ATLANTIC OCEAN

INDIAN OCEAN

- 服務航線 Passenger Route
- 貨運服務航線 Freighter Route
- - - - 聯營航線 Code-Sharing Service operated by Partner Airlines
- 聯營航線 Code-Sharing Service operated by both EVA Air and Partner Airlines

航線資料僅供參考，如需最新資訊請上網查詢。  
 The information in these pages is for general reference only.  
 For further details please refer to EVA Air's Internet Website:  
<http://www.evaair.com>





## Principal Subsidiaries

The best flight service team depends upon professional logistics support that ensures flight quality and greater comfort.

EVA Air and GE Aircraft Engine formed Evergreen Aviation Technologies Corp. in 1998 as a joint venture. Technologically advanced and highly efficient, the aircraft maintenance company is certified by the U.S. Federal Aviation Administration and Civil Aeronautics Administrations of Taiwan, Macau and Indonesia as well as the European Aviation Administration. Upholding the EVA tradition, Evergreen Aviation Technologies Corp. earned ISO-9001 certification in November 2000. Today, Evergreen Aviation Technologies Corp. focuses its high standards on not only aircraft maintenance services for EVA Air's fleet, but also those of other airlines.

Promoting consistency in its operations worldwide, EVA Air joint-ventured with Singapore Airlines to create Evergreen Airlines Service Corporation. With ISO-9002 certification attesting to the quality of its operations, Evergreen Airlines Service Corporation handles all ground preparation for EVA Air's flights at CKS airport, and ensures quality control in the process. In 2000, Evergreen Airlines Service Corporation ex-

panded to begin serving as the ground-handling agent for several international carriers that fly into Taiwan. This development significantly upgraded local ground handling quality.

EVA Air expanded its investment in Evergreen Sky Catering Corporation in 1993, and made inflight dining aboard its aircraft a delicious experience. Using the most advanced equipment and standardizing recipes and procedures, Evergreen Sky Catering Corporation's talented chefs serve an enticing menu of fine cuisine to EVA Air passengers.

Evergreen Air Cargo Service Corp., a joint venture with Singapore Airlines (20%), Far Glory Air Cargo Terminal (20%), and UNI Airways (12.73%), has secured approval from the Taiwan Civil Aeronautics Administration to construct and operate the Phase II air cargo terminal component of the Chiang Kai-Shek International Airport expansion.

EVA holds interests in the companies presented in the following table.



Company	Principal Activities	Location	Date Founded	Capital	Share%
Evergreen Airline Services Corp.	Ground handling	Taiwan	Oct.1990	NT\$189,000,000	56.84%
RTW Air Services(s) Pte.Ltd.	Travel business	Singapore	Oct.1989	SGD1,500,000	40.00%
Green Siam Air Services Co., Ltd	Travel business	Thailand	Mar.1996	THB20,000,000	30.00%
Evergreen Sky Catering Corp.	Airline catering	Taiwan	Oct.1993	NT\$1,000,000,000	49.80%
Evergreen Airways Service (Macau) Ltd.	Air transport and aircraft leasing	Macau	Dec.1994	USD5,676,259	99.00%
Uni Airways Corp.	Domestic airlines	Taiwan	Aug.1988	NT\$3,819,500,000	40.39%
Evergreen Aviation Technologies Co., Ltd.	Aircraft overhaul and maintenance	Taiwan	Nov.1997	NT\$2,500,000,000	79.80%
Everrich Duty Free Co., Ltd	Duty free goods sales	Taiwan	Aug.1995	NT\$400,000,000	38%
Evergreen Security Co., Ltd.	Security services	Taiwan	Apr.1998	NT\$80,000,000	31.25%
Evervoyage Transport Corp.	Ground transportation	Taiwan	Apr.1994	NT\$150,000,000	30.33%
Evergreen Air Cargo Service Corp.	Cargo terminal operation	Taiwan	Mar.2000	NT\$800,000,000	45.00%



# FINANCIAL AND OPERATING STATISTICS

## Financial Results

### Balance sheet

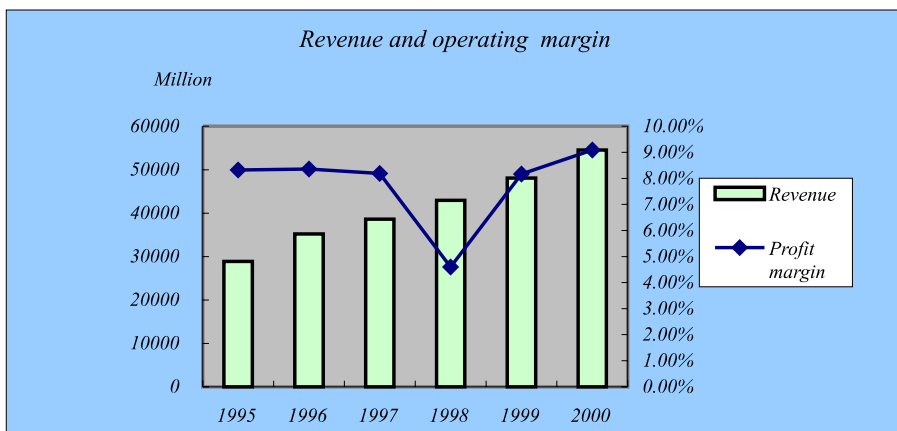
NT\$(Million)

	2000	1999	1998	1997	1996	1995
Current assets	18,714	15,598	14,554	11,941	8,731	7,072
Fixed assets	64,016	60,021	53,949	54,881	56,094	55,739
Total assets	107,874	96,868	85,918	79,309	70,220	67,218
Current liabilities	21,941	18,732	20,578	19,118	16,910	15,554
Long-term liabilities	54,331	50,940	38,215	31,887	33,759	37,092
Total liabilities	76,273	69,673	58,794	51,005	50,669	52,646
Share capital	21,000	20,000	20,000	20,000	18,000	15,000
Shareholders' equity	31,601	27,195	27,124	28,303	19,550	14,571

### Income statement

NT\$(Million)

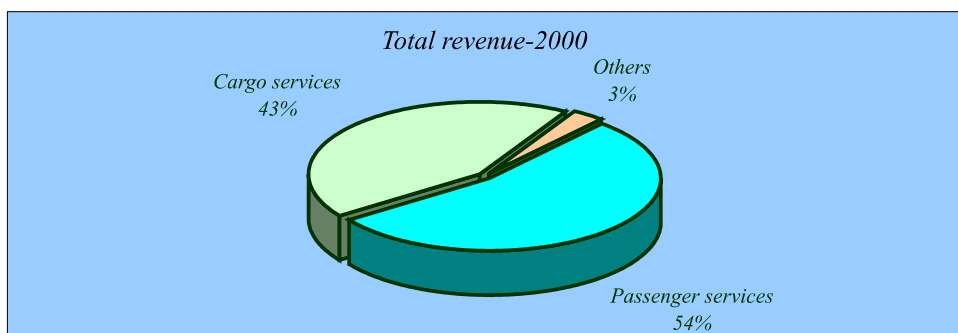
	2000	1999	1998	1997	1996	1995
Operating revenue	54,528	48,077	42,927	38,625	35,186	28,858
Operating costs	49,570	44,236	40,952	35,459	32,244	26,456
Operating profit	4,958	3,928	1,975	3,166	2,943	2,401
Non-operating income	1,425	1,199	1,739	662	469	1,129
Non-operating expenses and loss	3,860	3,691	3,388	2,848	3,102	4,432
Interest expenses	3,714	3,162	3,076	2,778	2,765	2,946
Income before tax	2,523	1,348	326	980	310	(901)
Income after tax	2,510	1,165	75	889	470	198
EPS	1.2	0.58	0.04	0.47	0.28	0.16



### Operating Revenue

NT\$(Million)

	Passenger		Cargo		Others		Total	
1995	18,839	65%	8,976	31%	1,043	4%	28,858	100%
1996	23,188	66%	10,766	31%	1,231	3%	35,186	100%
1997	24,312	63%	12,909	33%	1,403	4%	38,625	100%
1998	24,497	57%	17,078	40%	1,354	3%	42,927	100%
1999	26,078	54%	20,463	43%	1,535	3%	48,077	100%
2000	29,404	54%	23,433	43%	1,256	3%	54,528	100%

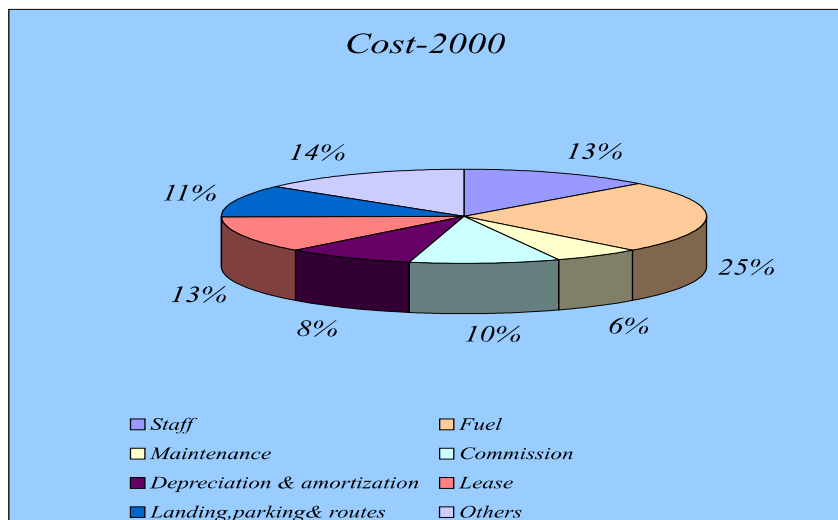




## Operating Costs

NT\$(Million)

	2000	1999	1998	1997	1996	1995
Fuel	12,393	8,394	7,040	7,014	6,343	4,403
Staff	6,291	6,031	6,096	5,619	5,195	4,482
Lease rental	6,241	5,981	6,024	3,604	3,413	2,686
Depreciation and amortization	4,184	3,876	3,865	4,147	3,616	3,330
Commissions	4,955	4,892	4,260	3,629	3,183	2,921
Landing, parking & Routes	5,557	5,121	4,972	4,474	4,019	3,296
Maintenance	2,955	3,635	2,167	1,203	1,105	618
Others	6,994	6,306	6,528	5,769	5,370	4,720
Total	49,570	44,236	40,952	35,459	32,244	26,456





### Statement of Significant Financial Ratio Analysis for Recent Six-year Period :

Items	Years	2000	1999	1998	1997	1996	1995
Financial Structure(%)	Debt Ratio	70.71	71.93	68.43	64.31	72.16	78.32
	Ratio Of Long-term Liabilities And Stockholders' Equity To Fixed Assets	134.24	130.18	121.11	109.67	95.03	92.69
Solvency(%)	Current Ratio	85.29	83.27	70.73	62.46	51.63	45.65
	Quick Ratio	39.01	35.6	28.85	25.85	21.74	19.72
	Interest Safety Factor	161	137	105	124	109	69.39
Management Ability	Receivables Turnover(Times)	-	-	-	-	-	-
	Average Collection Days In Receivables	-	-	-	-	-	-
	Inventory Turnover(Times)	-	-	-	-	-	-
	Average Days On Sales Of Goods	-	-	-	-	-	-
	Fixed Assets Turnover(Times)	0.85	0.80	0.80	0.7	0.63	0.53
	Total Assets Turnover(Times)	0.51	0.50	0.50	0.49	0.5	0.45
Profitability	Return On Total Assets(%)	5.17	3.94	2.88	3.98	3.7	3.79
	Return On Stockholders' Equity(%)	3.96	4.29	0.27	3.72	2.76	1.54
	Ratio Of Operating Profit-to-Paid-In capital(%)	23.61	19.64	9.88	15.83	16.35	16.01
	Return On Sales(%)	4.6	2.42	0.18	2.3	1.33	0.68
	Earnings Per Share	1.2	0.55	0.04	0.47	0.28	0.16
Cash Flows	Ratio Of Cash Flows	35.24	32.76	6.65	19.00	19.57	18.17
	Ratio Of The Fair For Net Cash Flow	59.39	36.89	22.14	17.18	9.86	4.89
	Ratio Of Re-Investment For Cash	7.31	6.57	1.76	5.19	4.94	4.77
Degree Of Leverage	Degree Of Operating Leverage	12.58	14.41	5.41	3.84	3.75	3.77
	Financial Leverage	3.52	4.94	(1.79)	8.16	16.57	(4.41)

Note: 1. Debt Ratio: Total Liabilities/Total Assets

2. Ratio of Long-term Liabilities And Stockholders' Equity To Fixed Assets:(Net Stockholder Equity + Long Term Liabilities)/ Net Fixed Assets

3. Current Ratio: Current Assets/Current Liabilities

4. Quick Ratio: Liquid Assets/Current Liabilities

5. Interest Safety Factor: Earning Before Taxes And Interest Expense/Interest Expense

6. Fixed Assets Turnover: Net Sales/Fixed Assets

7. Total Assets Turnover: Net Sales/Total Assets

8. Return on Total Assets:(Income After Tax+Interest Expenses)/Total Assets

9. Return on Stockholders' Equity: Income After Tax/Average Stockholders' Equity

10. Ratio of Operating Profit-to-paid-in Capital: Operating Income/Capital

11. Return on Sales: Income After Tax/Net Sales

12. Ratio of Cash Flows: Fund From Operating/Current Liabilities

13. Ratio of the Fair For Net Cash Flow: 5-Year Sum of Cash From Operation/5 Year Sum of Capital Expenditures, Inventory Additions and Cash Dividends

14. Ratio of Re-investment For Cash:(FFO-Cash Dividend)/(Gross Fixed Assets+Long-term Investment+Other Assets+ Working Capital)

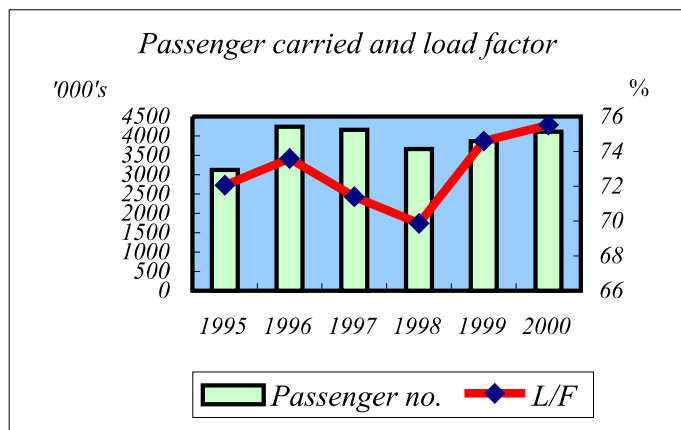
15. Degree of Operating Leverage:(Net Sales-Operating Variable Cost And Expense)/Operating Income

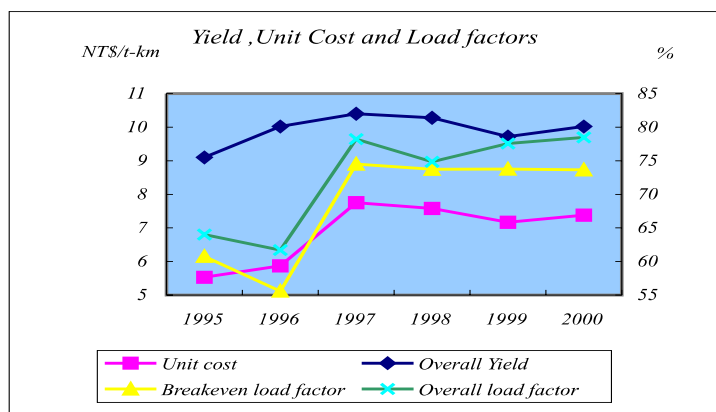
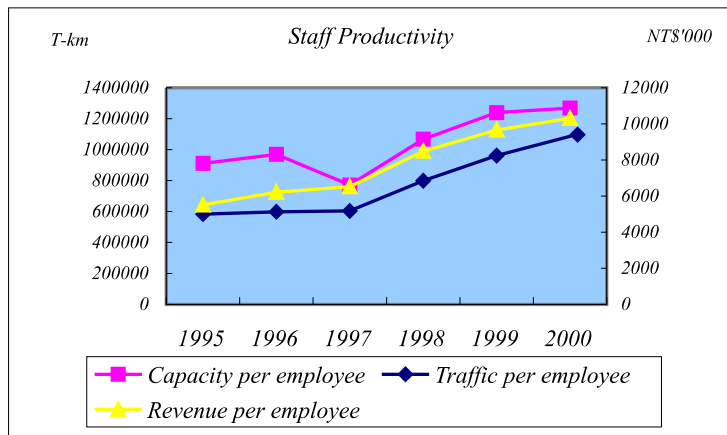
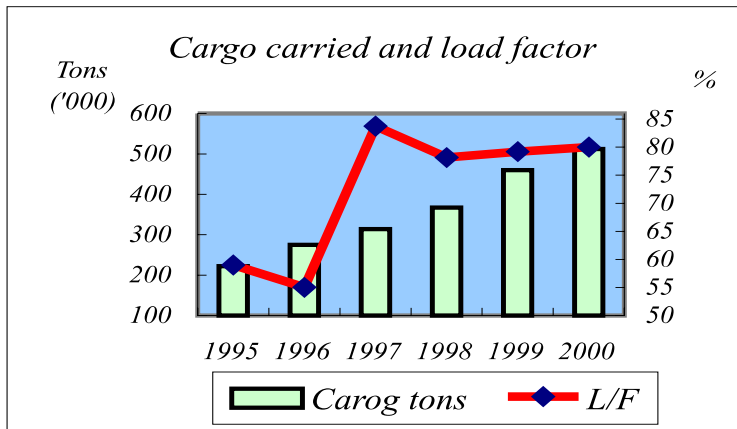
16. Financial Leverage: Operating Income/(Operating Income-Interest Expense)



## Operating Results

	2000	1999	1998	1997	1996	1995
Overall Capacity(Million)	6,718	6,170	5,401	4,574	5,489	4,776
Overall Traffic(Million)	5,272	4,785	4,043	3,578	3,387	3,057
Overall Load Factor(%)	78.49	77.56	74.86	78.23	61.71	64.01
Overall Yield(NT\$)	10.02	9.72	10.28	10.4	10.02	9.1
Passenger Capacity(Million)	25,296	24,333	23,858	22,694	21,970	20,380
Passenger Traffic(Million)	19,104	18,151	16,669	16,204	16,167	14,685
Passenger Carried('000)	4,108	3,866	3,664	4,159	4,237	3,123
Passenger Load Factor(%)	75.52	74.59	69.87	71.4	73.59	72.06
Passenger Yield(NT\$)	1.54	1.44	1.47	1.5	1.43	1.28
Cargo Capacity(Million)	4,441	3,980	3,254	2,532	3,511	2,942
Cargo Traffic(Million)	3,553	3,152	2,543	2,120	1,932	1,735
Cargo Carried(Tons)	512,556	460,346	367,092	314,512	275,456	222,222
Cargo Load Factor(%)	80.01	79.2	78.16	83.75	55.02	59
Cargo Yield(NT\$)	6.59	6.49	6.72	6.09	5.57	5.17
Unit Cost(NT\$)	7.38	7.17	7.58	7.75	5.87	5.53
Breakeven load factor(%)	73.65	73.77	73.73	74.51	55.58	60.76
Number of employees	5,290	4,977	5,060	5,929	5,663	5,241
Capacity per employee	1,268,851	1,239,726	1,067,452	771,568	969,321	911,423
Traffic per employee	996,782	961,584	799,113	603,636	598,147	583,422
Revenue per employee(thousand)	10,307	9,660	8,484	6,514	6,213	5,506







# FINANCIAL STATEMENTS

## Auditors' Report

### *The Board of Directors*

#### *EVA Airways Corp.:*

We have audited the balance sheets of EVA Airways Corp. as of December 31, 2000 and 1999, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain non-consolidated investee companies. As of December 31, 2000 and 1999, the Company's investments in these companies were evaluated using the equity method, and the resulting book values of these investments amounted to NT\$2,462,421,200 (US\$74,636,918) and NT\$2,056,425,990 (US\$65,501,704), respectively. The resulting investment gains and losses amounted to NT\$1,773,620 (US\$56,562) and NT\$543,778,483 (US\$16,824,413) for the years 2000 and 1999, respectively. The financial statements of these companies were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to these amounts included for the said investee companies, is based solely on the reports of other auditors.

We conducted our audits in accordance with Republic of China generally accepted auditing standards and the Republic of China Guidelines for Certified Public Accountants' Examinations and Reports on Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors



provide a reasonable basis for our opinion.

In our opinion, based on our audits and the other auditors' reports as referred to in the first paragraph the financial statements referred to above present fairly, in all material respects, the financial position of EVA Airways Corp. as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with Republic of China generally accepted accounting principles and the Regulations Governing Financial Reporting for Entities Which Publicly Issue Stock Certificates.

As discussed in note 3 of the notes to the financial statements, in accordance with the new ruling of the Securities and Future Commission of the Republic of China, in 2000, the Company recognized the investment gain on its long-term equity investment in Everrich Duty Free Co., Ltd. amounting to NT\$200,660,900 (US\$6,399,177) for 2000 and NT\$99,840,808 (US\$3,183,973) for 1999.

February 14, 2001

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





## EVA AIRWAYS CORP.

### Statements of Income

for the years ended December 31, 2000 and 1999  
(amounts expressed in thousands of dollars, except earnings per share)

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Operating revenue	\$ 54,528,927	48,077,215	1,738,955	1,487,501
Operating cost	(43,792,214)	(38,481,117)	(1,396,556)	(1,190,599)
Gross profit	10,736,713	9,596,098	342,399	296,902
Operating expenses	(5,778,123)	(5,667,456)	(184,267)	(175,350)
Operating income	4,958,590	3,928,642	158,132	121,552
Non-operating income:				
Interest income	79,571	90,360	2,538	2,796
Investment gains, net	25,047	-	799	-
Other income	<u>1,320,469</u>	<u>1,108,893</u>	<u>42,110</u>	<u>34,309</u>
	<u>1,425,087</u>	<u>1,199,253</u>	<u>45,447</u>	<u>37,105</u>
Non-operating loss:				
Interest expense, net of capitalized interest of NT\$166,395 (US\$5,306) and NT\$116,616 (US\$3,608) in 2000 and 1999, respectively	(3,714,651)	(3,249,754)	(118,462)	(100,547)
Investment losses, net	-	(361,791)	-	(11,194)
Exchange losses, net	(117,361)	(127,279)	(3,743)	(3,938)
Other losses	<u>(28,546)</u>	<u>(40,284)</u>	<u>(910)</u>	<u>(1,246)</u>
	<u>(3,860,558)</u>	<u>(3,779,108)</u>	<u>(123,115)</u>	<u>(116,925)</u>
Income before income tax	2,523,119	1,348,787	80,464	41,732
Income tax expenses	<u>(12,400)</u>	<u>(183,600)</u>	<u>(396)</u>	<u>(5,681)</u>
Net income	\$ <u>2,510,719</u>	<u>1,165,187</u>	<u>80,068</u>	<u>36,051</u>
Earnings per share (expressed in dollars)	\$ <u>1.20</u>	<u>0.55</u>	<u>0.038</u>	<u>0.017</u>

See accompanying notes to financial statements.



## EVA AIRWAYS CORP.

### Statements of Changes in Stockholders' Equity

For the years ended December 31, 2000 and 1999  
(expressed in thousands of dollars)

	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings	New Taiwan dollars Unappropriated Earnings	Cumulative Translation Adjustments	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings	US dollars Unappropriated Earnings	Cumulative Translation Adjustments
Balance on January 1, 1999	\$20,000,000	3,864,575	59,489	342,191	342,191	2,857,987	745,413	139,043	1,789	9,439	9,439	(53,735)
Transfer of gains on disposal of equipment to capital surplus	-	71,344	-	(71,344)	-	-	-	2,207	-	(2,207)	-	-
Transfer of donated assets to capital surplus	-	400,349	-	(400,349)	-	-	-	12,212	-	(12,212)	-	-
Translation adjustments for the year ended December 31, 1999	-	-	-	-	-	(1,093,844)	-	-	-	-	-	(11,761)
Transfer of gains on disposal of equipment of investee company under equity method to capital surplus	-	231,228	-	(231,228)	-	-	-	7,154	-	(7,154)	-	-
Net income for the year ended December 31, 1999	-	-	-	1,165,187	1,165,187	-	-	-	-	36,051	36,051	-
Balance on January 1, 2000	20,000,000	4,567,496	59,489	804,457	804,457	1,764,143	745,413	160,616	1,789	23,917	23,917	(65,496)
Appropriation of earnings and capital surplus :	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	46,227	(46,227)	-	-	-	-	1,430	(1,430)	(1,430)	-
Stock dividends	1,000,000	(300,000)	-	(700,000)	-	-	33,206	(10,836)	-	(22,370)	(22,370)	-
Transfer of gains on disposal of equipment to capital surplus	-	-	-	(18,686)	-	-	-	-	-	(625)	(625)	-
Increase in net equity due to the change in percentage of ownership in long-term equity investments under equity method	-	53,500	-	(53,500)	-	-	-	1,706	-	(1,706)	(1,706)	-
Transfer of gains on disposal of equipment and donated assets of investee company under equity method to capital surplus	-	2,243	-	(2,243)	-	-	-	72	-	(72)	(72)	-
Investee company reduction of capital surplus to offset accumulated deficit	-	(317,634)	-	317,634	-	-	-	(9,734)	-	9,734	9,734	-
Translation adjustments for the year ended December 31, 2000	-	-	-	-	-	1,900,738	-	-	-	-	-	11,773
Net income for the year ended December 31, 2000	-	-	-	2,510,719	2,510,719	3,664,881	778,619	142,211	3,219	80,068	80,068	(53,723)
Balance on December 31, 2001	\$21,000,000	4,018,385	105,716	2,812,154	2,812,154	3,664,881	778,619	142,211	3,219	87,516	87,516	(53,723)

See accompanying notes to financial statements.

# EVA AIRWAYS CORP.

## Statements of Cash Flows

For the years ended December 31, 2000 and 1999  
(expressed in thousands of dollars)



	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Cash flows from operating activities:				
Net income	\$2,510,719	1,165,187	80,068	36,051
Adjustments to reconcile net income to net cash flow from operating activities:				
Depreciation	3,893,114	3,566,448	124,153	110,345
Amortization	659,080	571,085	21,018	17,669
Loss on disposal and obsolete of property, plant and equipment	11,878	2,732	379	85
Reversal of loss on devaluation of short-term investment	-	(7,165)	-	(228)
Amortization of deferred gain from sale and leaseback of fixed assets	(501,104)	(501,104)	(15,980)	(15,504)
Transfer of fixed assets to expenses	500	-	16	-
Provision for (reversal of) unrealized exchange loss from borrowings	22,794	(19,538)	691	(622)
Gain on disposal of long-term equity investments	(933,391)	-	(29,766)	-
Investment loss (gain)	(25,046)	354,155	(799)	10,957
Proceeds from cash dividends of long-term equity investments	239,723	59,506	7,266	1,895
Increase in notes receivable	(21,487)	(111,505)	(651)	(3,552)
Increase in accounts receivable (including related parties)	(1,342,463)	(442,125)	(40,691)	(14,083)
Decrease (increase) in other receivables (including related parties)	(4,110)	384,275	(125)	12,240
Increase in inventories	(550,497)	(182,458)	(16,686)	(5,812)
Decrease (increase) in prepaid expenses	(864,892)	119,037	(26,215)	3,792
Decrease (increase) in deferred income tax assets-current	157,243	(201,000)	4,766	(6,402)
Decrease (increase) in deferred income tax assets-noncurrent	(32,243)	272,000	(977)	8,664
Decrease (increase) in other prepayments	38,819	(46,306)	1,177	(1,475)
Decrease (increase) in other current assets	(4,167)	12,477	(126)	397
Increase in notes and accounts payable (including related parties)	650,465	233,363	19,716	7,433
Increase in other payables (including related parties)	12,415	192,208	376	6,122
Increase in accrued expenses	841,860	851,175	25,517	27,112
Increase (decrease) in unearned revenue	2,270,485	(90,690)	68,819	(2,889)
Increase (decrease) in other current liabilities	(19,383)	172,745	(588)	5,502
Increase (decrease) in other liabilities	530,232	(383,723)	16,072	(12,222)
Decrease in other assets	21,948	77,089	665	2,455
Increase in retirement plan liabilities	170,315	88,957	5,162	2,833
Net cash provided by operating activities	7,732,807	6,136,825	243,257	190,763



Cash flows from investing activities:					
Increase in short-term investment	(108,047)	(16,966)	(3,275)	(540)	
Proceeds from disposal of long-term equity investment	1,510,357	117,650	45,779	3,747	
Payments for purchase of long-term equity investments	(2,216,743)	(1,702,927)	(67,190)	(54,242)	
Proceeds from disposal of property, plant and equipment	66,606	235,091	2,019	7,488	
Payments for purchase of property, plant and equipment	(2,741,115)	(5,121,740)	(83,084)	(163,139)	
Increase in refundable deposits and other assets	(1,689,408)	(2,638,402)	(51,206)	(84,039)	
Increase in deferred charges	(984,766)	(1,230,504)	(29,849)	(39,194)	
Net cash used in investing activities	<u>(6,163,116)</u>	<u>(10,357,798)</u>	<u>(186,806)</u>	<u>(329,919)</u>	
Cash flows from financing activities:					
Increase in short-term borrowings and long-term loans	20,222,694	22,696,699	612,958	722,940	
Redemption of short-term borrowings and long-term loans	(21,496,128)	(17,937,693)	(651,556)	(571,355)	
Payment of employees' bonuses	(18,686)	-	(625)	-	
Net cash provided by (used in) financing activities	<u>(1,292,120)</u>	<u>4,759,006</u>	<u>(39,223)</u>	<u>151,585</u>	
Effect of exchange rate changes on cash	-	-	(11,425)	5,647	
Net increase in cash	277,571	538,033	5,803	18,076	
Cash at beginning of year	1,693,061	1,155,028	53,928	35,852	
Cash at end of year	<u>\$ 1,970,632</u>	<u>1,693,061</u>	<u>59,731</u>	<u>53,928</u>	
Additional disclosure of cash flow information:					
Cash payments of interest (excluding capitalized interest expense)	\$ 1,098,113	3,002,349	35,019	92,892	
Cash payments of income tax	\$ 8,416	882	268	27	
Supplemental schedule of non-cash investing and financing activities:					
Current portion of long-term loans	\$ 5,087,842	4,736,682	154,214	150,874	
Inventory transferred from fixed assets	\$ 2,084	13,419	63	427	
Depreciation expense of aircraft in test flight period capitalized to deferred charges	\$ 5,079	5,677	162	176	
Adjustments of net equity of investee companies	\$ 12,780	-	387	-	
Cumulative translation adjustments for foreign operating units	\$ 1,956,108	1,074,743	-	-	
Cumulative translation adjustments for long-term equity investment	\$ 55,370	19,101	-	-	
Schedule of non-cash investing activities:					
Outstanding balance of other payables and other liabilities resulting from purchase of fixed assets by installments	\$ 2,680,808	6,105,757	81,256	194,482	
Transfer of long-term equity investment to short-term investment	\$ 137,254	-	4,160	-	

See accompanying notes to financial statements.



## Principal Accounting Policies

### *(1) Organization and Business Scope*

EVA Airways Corp. (the Company) was incorporated on April 7, 1989, as a corporation limited by shares under special permission of the Ministry of Transportation and Communications and under the Company Law of the Republic of China (ROC). The Company commenced operations on July 1, 1991.

The Company's business activities are:

- a. To engage in fixed-wing aircraft transport business, helicopter transport business, scheduled air transport business and non-scheduled air transport business;
- b. To engage in the business of air freight agent, including operation, transportation and maintenance;
- c. To repair and maintain fuselages, power engines, navigational instruments and related equipment, etc;
- d. To engage in the business of marketing aircraft facilities, equipment and fittings;
- e. To process and manufacture machinery and spare parts;
- f. To publish magazines in the field of aviation;
- g. To provide on-the-job-the-training del-

egated by other organizations and entities (no recruitment from the general public is allowed);

- h. To engage in maintaining flying facilities for navigational training;
- i. To engage in import and export trading related to the foregoing activities (excluding business requiring a permit);
- j. To provide consultant services for business operation and management;
- k. To provide the services of general advertising;
- l. To engage in retail sales of tobacco & alcohol;
- m. To engage in the activities of sales of general merchandise.

### *(2) Summary of Significant Accounting Policies*

The Company prepared the accompanying financial statements in accordance with ROC generally accepted accounting principles. The major accounting policies used in preparing the financial statements are summarized below.

- (a) Foreign currency transactions and translation

The Company maintains its books in New Taiwan dollars. Transactions negotiated



and settled in foreign currencies are recorded in New Taiwan dollars at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies at year-end are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet dates, and unrealized exchange gains or losses are reflected in the statement of operations.

For equity investments in foreign subsidiary companies which are accounted for by the equity method, the translation differences resulting from translating foreign financial statements from the functional currency to the reporting currency are reported as translation adjustments. Translation adjustments are reported as a separate component of stockholders' equity.

(b) US dollar financial statements presentation

Financial statements stated in New Taiwan dollars are translated into US dollars at the exchange rates prevailing on the balance sheet dates, with the exception of stockholders' equity accounts, which are translated at historical rates, and revenues, costs and US expenses, which are translated at the average exchange rates during the reporting period. Trans-

lation differences resulting from translation of the financial statements into US dollars are recorded as cumulative translation adjustments, a separate component of stockholders' equity.

(c) Translation of foreign currency for foreign operating units

The Company regards the aircraft purchased with its own US dollar capital and US dollar loans and operated for international passengers and cargo transportation business as "foreign operating units". The aircraft and the related US dollar loans at year-end are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet dates. The translation differences resulting from the translation of the aircraft and the related US dollar loans into New Taiwan dollars at the exchange rate prevailing on the balance sheet date and historical rates are reported as translation adjustments. The aircraft stated in US dollars are depreciated by using the same method and the same useful lives, and the resulting dollar depreciation amounts are translated into New Taiwan dollars at the current year's average exchange rate. In addition, the translation differences resulting from the translation of the refundable deposits



for aircraft leases into New Taiwan dollars at the exchange rate prevailing on the balance sheet date and historical rates are also reported as translation adjustments.

(d) Sale and leaseback

The Company sold and leased back aircraft under operating lease agreements. The gains on the sales of the aircraft are deferred and amortized on the straight-line method over the lease terms.

(e) Cash

Cash includes cash on hand, savings and checking deposits, fixed time deposits, cash equivalents, etc. The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Inventories

Inventories represent parts and supplies for maintenance of aircraft, and merchandise to sell during flights. Except for merchandise, which is stated at the lower of cost (weighted-average method) or market value, parts and supplies are stated at cost (weighted-average method) less allowance for slow-moving and obsolete items. Market value represents net realizable value.

(g) Long-term equity investments and consolidated financial statements

Long-term equity investments are accounted for by the equity method where the percentage of ownership in an investee exceeds 20%. Otherwise, long-term equity investments are accounted for by the cost method.

For a long-term equity investment accounted for by the equity method, where the investment cost is different from the Company's net equity in the investee company upon the investment, the difference is amortized over a period of 5 to 20 years. The period of amortization is assessed and determined on a case by case basis.

When an investee issues new shares and the Company fails to subscribe to the new shares in proportion to the Company's ownership percentage in the investee, thus resulting in a change of net equity in the investee, the resulting difference is accounted for as an increase or decrease in capital surplus and long-term equity investment.

Unrealized transaction gains or losses from inter-company transactions between the Company and its investees accounted for by the equity method are deferred. Unrealized gains or losses derived from the transactions of depreciable or amor-



tizable assets are amortized over the useful life of the related assets.

The Company does not prepare consolidated financial statements to include the accounts of the Company and its subsidiaries over which the Company has, directly or indirectly, over 50% ownership and has controlling influence over their operating and financial policies and decisions. This is because all such controlled subsidiaries have their total assets and operating revenues not exceeding 10% of the Company's non-consolidated total assets and operating revenues and are not consolidated in accordance with the ruling of SFC. As of December 31, 2000, the Company's non-consolidated subsidiaries included Evergreen Services Corp., Evergreen Airways Service (Macau) Ltd., and Evergreen Aviation technologies Corp.

(h) Property, plant and equipment and related depreciation

Property, plant and equipment are stated at acquisition cost. For construction of buildings and purchase of machinery and equipment, the Company capitalizes related interest costs incurred prior to commencement of the use of such assets and includes such capitalized interest costs in

the cost of related assets. Depreciation of plant and equipment is provided over the estimated useful lives of the respective assets on the straight-line method.

Gains on disposals of property, plant and equipment are reflected as non-operating income and transferred from retained earnings to capital surplus in the same year in accordance with the Company Law.

(i) Deferred charges

Deferred charges principally include costs for computer software, leasehold improvements, trademarks, air route development and training of navigators and aircraft maintenance personnel. These costs are amortized on the straight-line method over the affected years.

(j) Employee retirement plan

The Company has established a retirement plan pursuant to the ROC Labor Standards Law and contributes retirement funds consisting of 2% of total salaries on a monthly basis to an account maintained by the government-designated institution. The Company implemented ROC Statement of Financial Accounting Standards (SFAS) No. 18, "Accounting for Pensions". SFAS No. 18 requires the Company to recognize a minimum pen-



sion liability, as of the balance sheet date, equal to the amount by which the actuarial present value of the accumulated benefit obligation exceeds the fair value of the retirement plan's assets, and to recognize net periodic pension costs. The net transition assets or obligations are amortized on the straight-line method over 15 years.

(k) Revenue recognition

Passenger ticket sales are recorded as unearned revenue, included in current liabilities, and recognized as revenue when the services are provided.

(l) Income tax

The Company adopted ROC Statement of Financial Accounting Standards (SFAS) No. 22, "Accounting for Income Tax". Under this method, the amounts of deferred tax liabilities or assets are recognized for future tax effects attributable to temporary differences, loss carryforwards, and investment tax credits. The measurement of deferred tax assets or liabilities is based on provisions of enacted tax law. A valuation allowance is provided on deferred tax assets that may not be realized in the future.

Deferred income tax assets or liabilities are classified as current or noncurrent

based on the classification of the related assets or liabilities. If no assets or liabilities are related, deferred income tax assets or liabilities are classified according to the period of realization.

The tax imputation system was adopted in accordance with the amendment of the ROC Income Tax Law. Under the new system, the Company may retain the earnings incurred after December 31, 1997, by paying a 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expense when due.

(m) Derivative financial instruments

(i) Cross-currency swap agreements

The Company utilizes cross-currency swap agreements to hedge its exposure to fluctuations in foreign currency and interest rates arising from foreign currency-denominated loans. The related financial assets and liabilities are recorded at fair market value on the effective date of the agreements. The interest expense, net of related interest income, arising from the cross-currency swap agreements is accrued during the agreement terms.

According to ROC Statement of Fi-



nancial Accounting Standards (SFAS) No. 14, "Accounting for Foreign Currency Translation", the notional receivable amounts denominated in foreign currency are translated and recorded at the exchange rate prevailing on the effective date of the agreements. The differences between the spot exchange rate on the effective date of the agreements and the contract rate for exchange of the agreements are booked as deferred gains or losses and are amortized over the agreement term. The notional receivable amounts denominated in foreign currency at year-end are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date, and the related unrealized gains or losses are reflected in the statement of operations.

In addition, the differences between the present value of the total interest income plus the notional receivable amounts and the present value of the total interest expenses plus notional payable amounts are recognized as swap loss upon the effective date of the agreements.

(ii) Fuel price swap agreements

The Company entered into fuel price swap agreements for hedging the risks associated with fluctuating fuel prices. The gains or losses caused by the transactions are accrued during the measurement period of the agreements. The Company discloses the market value provided by the financial organization on the balance sheet date.

(iii) Foreign currency forward contracts

The Company enters into foreign currency forward contracts to hedge foreign currency fluctuation risk in relation to foreign currency receivables and payables. These foreign currency forward contracts are translated into reporting currencies at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recorded as current exchange gains or losses. The differences between forward rates and spot rates, when committed, are amortized to exchange gains or losses during the contract period. The net amount of the foreign currency receivables and payables are recorded as other cur-



rent assets or other current liabilities on the balance sheet.

(iv) Option agreements

Premiums paid or received for currency option trades are recorded as other current liabilities or other current assets, and are amortized as exchange gains or losses during the contract period.

(v) Interest rate swap agreements

The Company entered into interest rate swap agreements to hedge the risk of changes in interest rates on its long-term loans. The differential between the interest in accordance with swaps agreements and the interest of the hedged debt instrument is accrued and recorded as an interests receivable (payable).

(vi) Foreign currency swap agreements

The Company entered into foreign currency swap agreements for hedging the exchange risks of foreign currency liabilities. According to ROC Statement of Financial Accounting Standards (SFAS) No. 14, "Accounting for Foreign Currency Translation", the notional receivable amounts denominated in foreign currency are translated and re-

corded at the exchange rate prevailing on the effective date of the agreement. The differences between the spot exchange rate on the effective date of the agreement and the contract rate for exchange of the agreement are booked as deferred gains or losses and are amortized over the agreement term. The notional receivable amounts denominated in foreign currency at year-end are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date, and the related unrealized gains or losses are accounted for as exchange gains or losses.

(n) Earnings per share

The computation of earnings per share is based on net income divided by the weighted-average number of common shares outstanding. The increase in the number of outstanding shares through distribution of stock dividends from retained earnings or capital surplus is included in the outstanding shares retroactively. Also, the reduction of common stock to offset accumulated losses is reduced from the outstanding shares retroactively.



### ***(3) Change of Significant Accounting Policy***

In accordance with the new ruling of the ROC Securities and Future Commission, when the Company meets the criteria of the Article 369 of the ROC Company Law, the Company's investment in an investee company should be accounted for by the equity

method in the current period. Accordingly, in 2000 the Company recognized the investment gain of its long-term equity investment in Everrich Duty Free Co., Ltd. amounting to NT\$200,660,900 (US\$6,399,177) for 2000 and NT\$99,840,808 (US\$3,183,973) for 1999.



## Notes to the Accounts

### (1) Cash

The components of cash as of December 31, 2000 and 1999, are summarized below:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Cash on hand	\$ 103,318,900	296,070,131	3,131,635	9,430,487
Cash in bank	<u>1,867,313,384</u>	<u>1,396,990,517</u>	<u>56,598,975</u>	<u>44,497,229</u>
	<u>\$ 1,970,632,284</u>	<u>1,693,060,648</u>	<u>59,730,610</u>	<u>53,927,716</u>

### (2) Inventories

The components of inventories as of December 31, 2000 and 1999, are summarized below:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Rotable and expendable parts	\$ 6,673,199,904	6,121,668,569	202,267,213	194,988,647
Consumables for use and merchandise for sale during flight	405,462,489	413,220,183	12,289,722	13,161,974
Fuel for aircraft	37,404,045	28,597,268	1,133,731	910,886
Allowance for obsolete inventories	<u>(86,366,874)</u>	<u>(86,366,874)</u>	<u>(2,617,813)</u>	<u>(2,750,975)</u>
	<u>\$ 7,029,699,564</u>	<u>6,477,119,146</u>	<u>213,072,853</u>	<u>206,310,532</u>

The above inventories are fully insured.



### (3) Long-term Equity Investments

Details of the Company's long-term equity investments, including the related investment income or loss, as of December 31, 2000 and 1999, are summarized as follows:

Investee	December 31, 2000			2000	
	Shareholding percentage %	Book value		Investment income (loss)	
		New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Accounted for by the equity method:					
Evergreen Service Corp.	56.84	\$ 187,843,118	5,693,596	53,363,865	1,701,800
RTW Air Services (s) Pte. Ltd.	40.00	14,510,910	439,831	10,449,005	333,224
Green Siam Air Services Co., Ltd.	30.00	5,172,818	156,790	6,707,998	213,921
Evergreen Sky Catering Corp.	49.80	604,928,111	18,335,600	91,129,020	2,906,150
Evergreen Airways Service (Macau) Ltd.	99.00	267,758,710	8,115,868	(17,271,029)	(550,782)
Uni Airways Corp.	40.39	748,162,344	22,677,084	(445,915,960)	(14,220,483)
Ever Voyage Transport Corp.	30.33	69,007,263	2,091,636	3,977,038	126,830
Evergreen Aviation Technologies Corp.	79.80	2,125,906,556	64,437,032	40,544,243	1,292,976
Everrich Duty Free Corp.	38.00	468,934,257	14,213,575	300,501,708	9,583,150
Evergreen Security Corp.	31.25	17,007,722	515,510	(5,293,711)	(168,819)
Evergreen Air Cargo Service Corp.	45.00	<u>346,854,657</u>	<u>10,513,296</u>	<u>(13,145,343)</u>	<u>(419,211)</u>
		<u>4,856,086,466</u>	<u>147,189,818</u>	<u>25,046,834</u>	<u>798,756</u>
Accounted for by the cost method:					
Abacus International Holding Ltd.	2.00	102,232,993	3,098,721	-	-
SunShing Corp.	19.50	40,365,000	1,223,478	-	-
Trade-Van Information Services Co., Ltd.	7.18	114,126,270	3,459,210	-	-
Taiwan High Speed Rail Corp.	3.11	1,250,000,000	37,887,973	-	-
Hsin-Tao Power Corp.	9.66	424,850,000	12,877,364	-	-
e'Com International Inc.	3.47	1,040,000	31,523	-	-
Technology Partner II Venture Capital Corp.	5.88	20,000,000	606,208	-	-
Chung Hwa Express Co., Ltd.	10.00	20,000,000	606,208	-	-



Investee	December 31, 2000			2000	
	Shareholding percentage %	Book value		Investment income (loss)	
		New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Evergreen Air Cargo Service Corp.	-	\$ -	-	-	-
Taiwan Fixed Network Corporation	1.30	1,200,000,000	36,372,454	-	-
Evergreen E-Service Corp.	9.47	870,000,000	26,370,029	-	-
Pan-Pacific Venture Capital Co., Ltd.	1.50	19,800,000	600,145	-	-
Travel Exchange Asia Holdings Ltd. (note 2)	-	7,828,100	237,272	-	-
		<u>4,070,242,363</u>	<u>123,370,585</u>	-	-
Total		<u>\$ 8,926,328,829</u>	<u>270,560,403</u>	<u>25,046,834</u>	<u>798,756</u>

Investee	December 31, 1999			1999	
	Shareholding percentage %	Amount		Investment income (loss)	
		New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Accounted for by the equity method:					
Evergreen Service Corp.	79.17	\$127,070,753	4,047,484	26,652,892	824,636
RTW Air Services (s) Pte. Ltd.	40.00	23,490,131	748,212	7,937,090	245,572
Green Siam Air Services Co., Ltd.	30.00	10,165,592	323,797	4,092,141	126,610
Evergreen Sky Catering Corp.	49.80	538,699,091	17,158,754	33,515,898	1,036,976
Evergreen Airways Service (Macau) Ltd.	99.00	448,094,954	14,272,813	100,649,264	3,114,071
Uni Airways Corp.	40.86	1,025,236,216	32,656,035	(642,884,415)	(19,890,733)
Ever Voyage Transport Corp.	30.33	65,030,225	2,071,356	1,949,253	60,310
Evergreen Aviation Technologies Corp.	79.80	2,085,362,313	66,423,389	88,974,118	2,752,844
Everrich Duty Free Corp.	38.00	244,432,549	7,785,716	24,335,176	752,926
Evergreen Security Corp.	31.25	22,301,433	710,350	623,482	19,290
Evergreen Air Cargo Service Corp.	-	-	-	-	-
		<u>4,589,883,257</u>	<u>146,197,906</u>	<u>(354,155,101)</u>	<u>(10,957,498)</u>



Investee	December 31, 1999			1999	
	Shareholding percentage %	Amount		Investment income (loss)	
		New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Accounted for by the cost method:					
Abacus International Holding Ltd.	2.00	\$ 102,232,993	3,256,346	-	-
SunShing Corp.	-	-	-	-	-
Trade-Van Information Services Co., Ltd.	7.53	113,916,720	3,628,499	-	-
Taiwan High Speed Rail Corp.	6.28	1,250,000,000	39,815,257	-	-
Taiwan Cellular Corp.	0.65	650,000,000	20,703,934	-	-
Hsin-Tao Power Corp.	10.00	290,000,000	9,237,140	-	-
e'Com International Inc.	3.47	1,040,000	33,126	-	-
Technology Partner II Venture Capital Corp.	5.88	20,000,000	637,044	-	-
Chung Hwa Express Co., Ltd.	10.00	20,000,000	637,044	-	-
Evergreen Air Cargo Service Corp. (note 1)	-	144,000,000	4,586,718	-	-
Taiwan Fixed Network Corporation (note 1)	-	500,000,000	15,926,103	-	-
Evergreen E-Service Corp.	-	-	-	-	-
Pan-Pacific Venture Capital Co., Ltd.	-	-	-	-	-
Travel Exchange Asia Holdings Ltd. (note 2)	-	-	-	-	-
		<u>3,091,189,713</u>	<u>98,461,211</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 7,681,072,970</u>	<u>244,659,117</u>	<u>(345,155,101)</u>	<u>(10,957,498)</u>

(Note 1) Represents prepayments for stock subscription in 1999.

(Note 2) Represents prepayments for stock subscription in 2000.

In 2000, the Company subscribed newly issued shares of Hsin-Tao Power Corp., Pan-Pacific Venture Capital Co., Ltd. Evergreen Service Corp. and Uni Airways Corp. for NT\$134,850,000 (US\$4,087,355), NT\$19,800,000 (US\$600,145), NT\$39,539,000 (US\$1,198,442) and NT\$156,062,000 (US\$4,730,298), respectively. The Company subscribed Uni Airways Corp.'s newly issued shares not in proportion to its ownership. As a result, the Company's increase in its investments in Uni Airways Corp. resulted in an increase in capital surplus by NT\$12,779,988 (US\$387,366). In 1999, the Company subscribed newly issued shares of Hsin-Tao Power Corp. for NT\$120,000,000 (US\$3,822,265).

In April 1999, the Company purchased 13,000,000 shares of Taiwan Cellular Corp. for NT\$650,000,000 (US\$20,703,934). In 2000, the Company sold 11,454,000 shares of Taiwan



Cellular Corp., whose investment cost was \$512,745,000 (US\$16,351,708), for NT\$1,399,399,000 (US\$44,627,535) and the resulting gain on sales was NT\$886,653,580 (US\$28,275,827). Because the Company did not plan to hold the shares of Taiwan Cellular Corp. in the long term, the Company transferred the long-term investment to short-term investment. As of December 31, 2000, the Company held 3,788,000 shares of Taiwan Cellular Corp. whose investment cost was NT\$137,254,580 (US\$4,160,238).

In April 2000, the Company purchased 190,000 shares of Trade-Van Information Services Co., Ltd. for NT\$32,300,000 (US\$1,048,906). The Company recorded the investment as amounting to NT\$6,478,450 (US\$210,380) after deducting the gains on disposal of shares of Trade-Van Information Services Co., Ltd. of NT\$25,821,550 (US\$838,526) that took place in year 2000. During 2000, the Company sold 720,000 shares, whose investment cost was NT\$6,268,900 (US\$184,854), for NT\$76,533,300 (US\$2,440,685). The Company recorded gains on disposal of long-term equity investment amounting to NT\$44,442,850 (US\$1,417,305), after deducting the aforementioned NT\$25,821,550.

In June 2000, the Company sold 2,295,000 shares of Evergreen Services Corp., whose investment cost was NT\$32,130,000 (US\$1,043,385), for NT\$34,425,000 (US\$1,116,573), resulting in a gain on sale of NT\$2,295,000 (US\$73,188).

During 1999, the Company invested in Evergreen Air Cargo Services Corp., which is in the pre-operating stage. The Company's prepayments for stock subscription with Evergreen Air Cargo Services Corp. amounted to NT\$144,000,000 (US\$4,586,718). In addition, in February 2000, the Company subscribed 21,600,000 shares of Evergreen Air Cargo Services Corp.'s newly issued stock for NT\$216,000,000 (US\$7,014,353). The Company recorded these investments as long-term investment.

During 1999, the Company invested in Taiwan Fixed Network Co., Ltd., which is in the pre-operating stage. The Company's prepayments for stock subscription with Taiwan Fixed Network Corporation amounted to NT\$500,000,000 (US\$15,926,103). In addition, in May 2000, the Company subscribed 70,000,000 shares of Taiwan Fixed Network Corporation's newly issued stock for NT\$700,000,000 (US\$22,731,701). The Company recorded these investments as long-term investment.

During 2000, the Company purchased shares of Evergreen E-Services Corp. and SunShing



Corp. for NT\$870,000,000 (US\$26,370,029) and NT\$40,365,000 (US\$1,223,478), respectively. During 1999, the Company purchased shares of Everrich Duty Free Corp., Chung Hwa Express Co., Ltd. Technology Partner II Venture Capital Corp., e'Com International Inc. and Ever Voyage Transport Corp. for NT\$98,000,000 (US\$3,121,516), NT\$20,000,000 (US\$637,044), NT\$20,000,000 (US\$637,044), NT\$1,040,000 (US\$33,126), and NT\$32,238,000 (US\$1,026,851), respectively. Simultaneously, the Company changed its valuation method for Ever Voyage Transport Corp. from the cost method to the equity method.

In October 1999, the Company received back NT\$110,014,317 (US\$3,403,821) from Pacific Semiconductor Manufacturing Corp. This represented a return of prepaid investment in Pacific Semiconductor Manufacturing as that corporation was liquidated. The difference between the amount received and the original prepaid investment was NT\$7,635,683 (US\$236,248) and was recorded as investment loss by the Company.

As of December 31, 2000, the Company sold long-term investments for NT\$1,510,357,300 (US\$48,166,051) whose investment costs were NT\$551,144,320 (US\$17,561,205) and related credit of long-term investment NT\$25,821,550 (US\$838,526). The gains on disposal of long-term investments were NT\$933,391,430 (US\$29,766,320) and were recorded as non-operating income-other income.

#### **(4) Plant and Equipment**

For the years ended December 31, 2000 and 1999, the amortization of deferred gains recognized for the transaction of sale and leaseback of six aircraft in 1997 amounted to NT\$442,045,619 for each year and was booked as deduction of rental expenses.

As a result of adopting the accounting method described in the note 2 (c) to the financial statements, the recorded depreciation of aircraft increased by NT\$257,398,654 and NT\$339,308,100, respectively, for the years ended December 31, 2000 and 1999.

As of December 31, 2000 and 1999, insurance coverage for plant and equipment amounted to approximately NT\$74,339,110,000 (US\$2,253,246,545) and NT\$63,412,000,000 (US\$2,019,812,072), respectively.

#### **(5) Deferred Charges**

As of December 31, 2000 and 1999, deferred charges, net of amortization, consisted of the following:



	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Computer software	\$ 236,826,363	270,198,419	7,178,297	8,606,416
Leasehold improvements	123,111,047	59,989,108	3,731,542	1,910,785
Telephone installation fees	10,197,220	9,728,656	309,082	309,879
Trademarks	2,451,008	3,152,036	74,291	100,399
Air flight route developing costs	248,027,359	226,199,185	7,517,803	7,204,943
Navigator training costs	348,070,353	380,568,017	10,550,144	12,121,931
Maintenance for aircraft and engines	1,477,915,964	1,182,148,205	44,796,192	37,654,028
Others	43,855,534	27,706,652	1,329,278	882,518
	<u>\$2,490,454,848</u>	<u>2,159,690,278</u>	<u>75,486,629</u>	<u>68,790,899</u>

### **(6) Short-term Borrowings**

Details of short-term borrowings as of December 31, 2000 and 1999, are summarized as follows:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Unsecured loans	\$1,457,000,000	2,885,000,000	44,162,221	91,893,614
Commercial paper, net of prepaid interest of NT\$10,670,032 (US\$323,413) for 2000 and NT\$11,305,450 (US\$360,104) for 1999	<u>1,288,329,968</u>	<u>1,138,694,550</u>	<u>39,049,769</u>	<u>36,269,933</u>
	<u>\$2,745,329,968</u>	<u>4,023,694,550</u>	<u>83,211,990</u>	<u>128,163,547</u>

The interest expense on the aforementioned short-term borrowings is calculated based on a floating interest rate. The annual average interest rates were 5.467% and 5.64% in 2000 and 1999, respectively. As of December 31, 2000 and 1999, the unused credit lines for short-term borrowings amounted to NT\$9,225,000,000 (US\$279,613,240) and NT\$9,453,000,000 (US\$301,098,901), respectively.

### **(7) Bonds Payable**

As of December 31, 2000 and 1999, the details of bonds payable were as follows:



	Description			New Taiwan dollars		US dollars	
	Guaranteed by	Annual	Issue	2000	1999	2000	1999
		interest rate	date				
Bonds Payable	Changhwa Commercial Bank	6.450%	1996.11	\$680,000,000	1,340,000,000	20,611,057	42,681,956
	First Commercial Bank						
	United World Chinese Commercial Bank						
	Farmers Bank						
Bonds Payable	Land Bank of Taiwan	7.250%	1998. 10	250,000,000	500,000,000	7,577,595	15,926,103
	Taipei Bank	7.250%	1998. 10	250,000,000	500,000,000	7,577,595	15,926,103
	Taiwan Cooperative	7.400%	1998. 10	500,000,000	500,000,000	15,155,189	15,926,103
Bonds payable	Bank of Taiwan	6.450%	1999.01	500,000,000	500,000,000	15,155,189	15,926,103
Bonds payable	Central Trust of China	5.750%~6.080%	1999. 07	500,000,000	500,000,000	15,155,189	15,926,103
	Bank of Taiwan	5.750%~6.080%	1999. 07	800,000,000	800,000,000	24,248,303	25,481,765
Bonds payable	Industrial Bank of Taiwan	5.330%	2000.01	500,000,000	-	15,155,189	-
	Farmers Bank	5.525%	2000.01	160,000,000	-	4,849,661	-
	Bank of Taiwan	5.525%	2000.01	400,000,000	-	12,124,151	-
Bonds payable	Shanghai Commercial & Sarings Bank	5.470%	2000.07	300,000,000	-	9,093,114	-

	Description			New Taiwan dollars		US dollars	
	Guaranteed by	Annual	Issue	2000	1999	2000	1999
		interest rate	date				
Bonds payable	Chinatrust Commerical Bank	5.480%	2000.07	\$500,000,000	-	15,155,189	-
	Bank of Panhsin	5.640%	2000.07	300,000,000	-	9,093,113	-
	Grand Commerical Bank	5.530%	2000.07	300,000,000	-	9,093,113	-
	Grand Commerical Bank	5.530%	2000.07	200,000,000	-	6,062,076	-
Bonds payable	International Commerical Bank of China	5.250%	2000.12	500,000,000	-	15,155,189	-
	United World Chinese Commercial Bank	5.250%	2000.12	500,000,000	-	15,155,189	-
	Bank of Taiwan	5.250%	2000.12	400,000,000	-	12,124,151	-
	Farmers Bank	5.250%	2000.12	400,000,000	-	12,124,151	-
Sub-total				<u>7,940,000,000</u>	<u>4,640,000,000</u>	<u>240,664,403</u>	<u>147,794,236</u>
Less: current portion				<u>(1,180,000,000)</u>	<u>(1,160,000,000)</u>	<u>(35,766,246)</u>	<u>(36,948,559)</u>
				<u>\$6,760,000,000</u>	<u>3,480,000,000</u>	<u>204,898,157</u>	<u>110,845,677</u>



### (8) Long-term Loans

As of December 31, 2000 and 1999, the details of long-term loans were as follows:

Nature	Interestrate	New Taiwan dollars		US dollars	
		2000	1999	2000	1999
Pledged loans:					
Land and buildings	6.75~7.70%	\$ <u>2,900,000,000</u>	<u>2,286,500,000</u>	<u>87,900,097</u>	<u>72,830,069</u>
Aircraft					
NT\$ loans	4.33~8.05%	9,236,397,015	10,177,620,233	279,958,687	324,179,654
US\$ loans	6.12~8.20%	<u>11,564,442,642</u>	<u>12,895,514,741</u>	<u>350,522,631</u>	<u>410,750,589</u>
		<u>20,800,839,657</u>	<u>23,073,134,974</u>	<u>630,481,318</u>	<u>734,930,243</u>
Engines					
NT\$ loans	6.17~7.35%	513,125,000	1,339,375,000	15,553,013	42,662,048
US\$ loans	5.80~8.01%	526,614,081	622,748,460	15,961,872	19,835,912
		<u>1,039,739,081</u>	<u>1,962,123,460</u>	<u>31,514,885</u>	<u>62,497,960</u>
Sub-total		24,740,578,738	27,321,758,434	749,896,300	870,258,272
Credit loans:	4.33~8.00%	<u>13,221,348,075</u>	<u>13,383,658,946</u>	<u>400,744,062</u>	<u>426,299,058</u>
Total		37,961,926,813	40,705,417,380	1,150,640,362	1,296,557,330
Less: current portion		<u>(3,907,841,850)</u>	<u>(3,576,682,227)</u>	<u>(118,448,165)</u>	<u>(113,925,218)</u>
		\$ <u>34,054,084,963</u>	<u>37,128,735,153</u>	<u>1,032,192,197</u>	<u>1,182,632,112</u>

The remaining balances of the loans are due as follows:

Year due	New Taiwan dollars	US dollars
2001	\$ 3,907,841,850	118,448,165
2002	4,946,161,201	149,920,017
2003	5,863,892,527	177,736,801
2004	5,406,962,399	163,887,075
2005	5,035,275,853	152,621,116
2006 and following	<u>12,801,792,983</u>	<u>388,027,188</u>
	\$ <u>37,961,926,813</u>	<u>1,150,640,362</u>

Pursuant to the syndication loan agreement signed with Chiao-Tung Bank, the Company's share capital, liabilities-to-equity ratio, and current ratio must be maintained at certain levels. If any aircraft purchased with the financing of such loans is disposed of or sold, the Company must repay the loan immediately.

As of December 31, 2000 and 1999, the unused credit line for long-term loans amounted to NT\$1,737,500,000 (US\$52,664,282) and NT\$1,789,000,000 (US\$56,983,596), respectively.



### (9) Stockholders' Equity

#### (a) Common stock

As of December 31, 2000, the Company's authorized share capital consisted of 2,400,000,000 shares of common stock, at NT\$10 par value per share, of which 2,100,000,000 shares were issued and outstanding.

On April 29, 2000, the Company's stockholders resolved to transfer unappropriated earnings of NT\$700,000,000 and capital surplus of NT\$300,000,000 by issuing 100,000,000 shares of common stock dividends, at NT\$10 par value per share. The stock issuance was authorized by and registered with the government authorities.

#### (b) Restrictions on appropriations of earnings and capital surplus

The ROC Company Law stipulates that the Company must retain 10% of its annual earnings, as defined in the Law, until such retention equals the amount of authorized share capital. This retention is accounted for by transfers to legal reserve, upon approval at the stockholders' meeting. Legal reserve may be used to offset an accumulated deficit and cannot be distributed as cash dividends to stockholders. However, one-half of legal reserve may be converted to share capital when it reaches an amount equal to one-half of issued share capital, upon approval by the Company's stockholders.

The ROC Company Law stipulates that capital surplus can only be used to offset the accumulated deficit or increase the paid-in share capital. As of December 31, 2000 and 1999, a summary of capital surplus was as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Cash subscription in excess of par value of shares	\$ 3,200,000,000	115,583,564	3,500,000,000	126,419,523
Gain on disposal of property, plant and equipment, net of income tax	155,458,094	4,968,557	101,958,179	3,262,418
Gain on disposal of property, plant and equipment of investee company	1,667,467	53,176	317,058,352	9,716,176
Increase in net equity due to the change in percentage of ownership in long-term equity investments under equity method	12,779,988	387,366	-	-
Donated assets	<u>648,479,782</u>	<u>21,217,869</u>	<u>648,479,782</u>	<u>21,217,869</u>
	<u>\$ 4,018,385,331</u>	<u>142,210,532</u>	<u>4,567,496,313</u>	<u>160,615,986</u>



The Company acquired stock rights of SITA's subsidiary EQUANT N.V. in the amount of NT\$400,349,087 (US\$12,212,003) free of charge and transferred them to capital surplus.

(c) Bonuses for employees, directors, and supervisors

The Company's articles of incorporation stipulate that the Company must appropriate employees' bonuses of not less than 1% of net earnings of each year, and bonuses for directors and supervisors of not more than 5% of net earnings of each year. Such appropriations can only be made after offsetting accumulated deficit and appropriation of legal reserve, and must be accounted for as a reduction in retained earnings.

As of December 31, 2000, the unappropriated earnings for years prior to January 1, 1998, were NT\$116,766 thousand.

(d) Translation adjustment

According to note 2(c), the Company recorded translation adjustments amounting to NT\$3,698,722,414 and NT\$1,742,614,246 as of December 31, 2000 and 1999, respectively, and booked these as components of stockholders' equity.

(e) Imputation credit account and tax credit percentage

As of December 31, 2000 and 1999, the balance of the imputation credit account was NT\$28,321,218 (US\$858,427) and NT\$9,201,207 (US\$293,079), respectively.

The Company anticipates that the imputed tax credit will amount to 1.25% of net earnings in 2000 for shareholders who are residents of the ROC. For the year 1999, the net earnings have been fully appropriated.

### (10) Income Tax

(a) The Company's earnings are subject to a maximum income tax rate of 25%. The components of income tax expenses for the years ended December 31, 2000 and 1999, are summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Income tax expense-current	\$ (112,600,000)	(3,590,870)	112,600,000	3,483,825
Income tax expense-deferred	<u>125,000,000</u>	<u>3,986,312</u>	<u>71,000,000</u>	<u>2,196,727</u>
	\$ <u>12,400,000</u>	<u>395,442</u>	<u>183,600,000</u>	<u>5,680,552</u>



(b) For the years ended December 31, 2000 and 1999, the differences between expected income tax expense at statutory rates and income tax expense as reported in the accompanying financial statements are summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Expected income tax expense	\$ (630,780,000)	(20,115,890)	(337,196,750)	(10,432,810)
Surtax on undistributed earnings	-	-	(112,600,000)	(3,483,825)
Gain on disposal of long-term equity investments	233,300,000	7,440,054	-	-
Investment gain (loss) recognized under equity method	6,300,000	200,910	(88,539,000)	(2,739,381)
Dividend income	(59,900,000)	(1,910,241)	(14,880,000)	(460,384)
Investment tax credits	250,000,000	7,972,625	297,000,000	9,189,129
Permanent difference in depreciation expenses	(64,300,000)	(2,050,559)	(84,800,000)	(2,623,697)
Exchange losses recorded as translation adjustment	63,770,000	2,033,657	75,000,000	2,320,487
Others	<u>189,210,000</u>	<u>6,034,002</u>	<u>82,415,750</u>	<u>2,549,929</u>
Income tax expense reported	\$ ( <u>12,400,000</u> )	( <u>395,442</u> )	( <u>183,600,000</u> )	( <u>5,680,552</u> )

(c) For the years ended December 31, 2000 and 1999, the deferred income tax expense is summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Loss carryforwards	\$ -	-	(365,400,000)	(11,305,413)
Investment tax credits	(325,520,000)	(10,380,996)	(711,687,000)	(22,019,473)
Unrealized exchange losses (gains)	(30,750,000)	(980,633)	9,881,000	305,716
Allowance (reversal) to reduce inventory to market	(59,075,000)	(1,883,931)	88,164,000	2,727,779
Deferred gain from disposal of fixed assets	(17,714,000)	(564,908)	(17,714,000)	(548,068)
Decrease in valuation allowance for deferred tax assets	211,602,000	6,748,094	884,570,000	27,368,444
Others	<u>96,457,000</u>	<u>3,076,062</u>	<u>41,186,000</u>	<u>1,274,288</u>
	\$ ( <u>125,000,000</u> )	( <u>3,986,312</u> )	( <u>71,000,000</u> )	( <u>2,196,727</u> )



(d) Deferred income tax assets in the accompanying balance sheets as of December 31, 2000 and 1999, are summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Current:				
Deferred income tax assets	\$237,757,000	7,206,505	504,608,000	16,072,878
Valuation allowance-deferred income tax assets	-	-	(109,608,000)	(3,491,256)
Deferred income tax assets - current, net	\$ <u>237,757,000</u>	<u>7,206,505</u>	<u>395,000,000</u>	<u>12,581,622</u>
Noncurrent:				
Deferred income tax assets -noncurrent	\$1,660,356,000	50,326,018	1,449,969,000	46,184,711
Deferred income tax liabilities	(1,074,409,000)	(32,565,743)	(794,271,000)	(25,299,283)
Less: valuation allowance for deferred income tax assets -noncurrent	(101,704,000)	(3,082,687)	(203,698,000)	(6,488,231)
	\$ <u>484,243,000</u>	<u>14,677,588</u>	<u>452,000,000</u>	<u>14,397,197</u>
Deferred income tax assets-gross	\$ <u>823,704,000</u>	<u>24,966,780</u>	<u>1,160,306,000</u>	<u>36,958,306</u>
Valuation allowance for deferred income tax assets	\$ <u>(101,704,000)</u>	<u>( 3,082,687)</u>	<u>( 313,306,000)</u>	<u>( 9,979,487)</u>

The components of the deferred income tax assets as of December 31, 2000 and 1999, are summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Investment tax credits	\$ 520,720,000	15,783,220	846,240,000	26,954,611
Unrealized exchange losses	(27,923,000)	(846,356)	2,827,000	90,046
Allowance to reduce inventory to market	46,431,000	1,407,341	105,506,000	3,360,599
Deferred gain from disposal of fixed assets	141,833,000	4,299,012	159,547,000	5,081,924
Others	142,643,000	4,323,563	46,186,000	1,471,126
Less:valuation allowance for deferred tax assets	(101,704,000)	( 3,082,687)	(313,306,000)	( 9,979,487)
	\$ <u>722,000,000</u>	<u>21,884,093</u>	<u>847,000,000</u>	<u>26,978,819</u>



The expiration years of the remaining investment tax credits are summarized as follows:

Investment tax credits		
Expiry year	New Taiwan dollars	US dollars
2001	\$ 5,400,000	163,676
2002	330,950,000	10,031,220
2003	114,890,000	3,482,359
2004	<u>69,480,000</u>	<u>2,105,965</u>
	\$ <u>520,720,000</u>	<u>15,783,220</u>

The Company's income tax returns have been examined and assessed through 1997 by the ROC income tax authorities.

### (11) Retirement Plans

The Company adopted SFAS No. 18, "Accounting for Pensions". Net retirement plan liabilities based on the actuarial computation at December 31, 2000 and 1999, are detailed as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Benefit obligation:				
Vested benefit obligation	\$ (37,212,000)	(1,127,910)	(46,358,000)	(1,476,604)
Nonvested benefit obligation	<u>(636,369,000)</u>	<u>(19,288,585)</u>	<u>(559,524,000)</u>	<u>(17,822,074)</u>
Accumulated benefit obligation	(673,581,000)	(20,416,495)	(605,882,000)	(19,298,678)
Projected effects of salary adjustments	<u>(444,027,000)</u>	<u>(13,458,626)</u>	<u>(355,190,000)</u>	<u>(11,313,585)</u>
Projected benefit obligation	(1,117,608,000)	(33,875,121)	(961,072,000)	(30,612,263)
Plan assets at fair value	<u>153,658,000</u>	<u>4,657,432</u>	<u>194,430,000</u>	<u>6,193,024</u>
Projected benefit obligation in excess of plan assets	(963,950,000)	(29,217,689)	(766,642,000)	(24,419,239)
Unrecognized transition obligation	300,240,000	9,100,388	330,615,000	10,530,817
Unrecognized pension benefit	85,665,000	2,596,539	46,860,000	1,492,594
Accrued pension expense	5,643,000	171,041	9,028,000	287,562
Pension liabilities that need to be accrued	<u>-</u>	<u>-</u>	<u>(21,948,000)</u>	<u>(699,092)</u>
Retirement plan liabilities	\$ <u>(572,402,000)</u>	<u>(17,349,721)</u>	<u>(402,087,000)</u>	<u>(12,807,358)</u>



The components of net pension cost in 2000 and 1999 are summarized as follows:

	2000		1999	
	New Taiwan dollars	US dollars	New Taiwan dollars	US dollars
Service cost	\$182,570,000	5,822,249	168,131,000	5,201,944
Interest cost	55,864,000	1,781,531	46,887,000	1,450,676
Expected return on plan assets	(11,769,000)	(375,319)	(11,653,000)	(360,542)
Amortization:				
Unrecognized net transition obligation	<u>27,294,000</u>	<u>870,419</u>	<u>27,294,000</u>	<u>844,472</u>
Net pension cost	<u>\$253,959,000</u>	<u>8,098,880</u>	<u>230,659,000</u>	<u>7,136,550</u>

Actuarial assumptions at December 31, 2000 and 1999, are summarized as follows:

	2000	1999
Discount rate	6.0%	6.0%
Rate of increase in future compensation levels	4.5%	4.5%
Expected long-term rate of return on plan assets	6.0%	6.0%

As of December 31, 2000 and 1999, the retirement fund deposited in the Central Trust of China was NT\$140,331,215 (US\$4,253,492) and NT\$190,736,000 (US\$6,075,362), respectively.

## (12) Financial Instruments

### (a) Interest rate swap agreements

For the years ended December 31, 2000 and 1999, the Company had several interest rate swap agreements to hedge its exposure to fluctuations in interest rates on long-term loans. The transactions resulted in net interest revenue of NT\$29,186,780 (US\$930,781) for 2000 and net interest expenses of NT\$22,916,489 (US\$709,032) for 1999. As of December 31, 2000 and 1999, the interest receivables were NT\$643,095 (US\$19,492) and NT\$3,490,514 (US\$111,181), respectively.

The counter-parties to the swap transactions are international financial institutions with excellent reputations. Management believes that the risk of loss due to non-performance of the counter-parties is remote.

### (b) Forward contract

The Company entered into forward contracts to hedge the risk of changes in exchange rates



of foreign currency receivables and payables. As of December 31, 2000 and 1999, those contracts resulted in a net exchange gain of \$0 and NT\$1,544,000 (US\$47,771), respectively, which was reported as exchange gain.

As of December 31, 2000, the notional amounts of the outstanding forward foreign exchange contracts amounted to US\$58,221,900, and the net receivable amount of the outstanding contracts amounted to NT\$3,765,284 (US\$114,127), which was recorded as other current assets. In 2000, these transactions resulted in net cash inflow amounting to NT\$21,695,104 (US\$691,868). The related cash flow is fully covered by working capital, and the exchange rates of forward foreign exchange contracts are fixed. As the result, liquidity and cash flow risks are immaterial.

The counter-parties to the forward transactions are international financial institutions with excellent reputations. The Company has the opinion that the possibility of violating the contracts is remote. As a result, the Company estimated the credit risk to be minimal. In addition, the gains or losses caused by floating exchange rates will be offset by the exchange gain or loss resulting from the valuation of the hedged foreign currency assets and liabilities.

(c) Option agreements

For the years ended December 31, 2000 and 1999, the Company entered into several interest rate and currency option agreements for hedging purposes. The agreements resulted in a net gain of NT\$6,927,564 (US\$220,923) and NT\$727,669 (US\$22,514), respectively, which was reported as non-operating income. As of December 31, 2000 and 1999, the notional amounts of the outstanding currency option agreements amounted to US\$70,000,000 and US\$39,500,000, respectively.

(d) Cross-currency swap agreements

The Company settled the cross-currency swap agreements that were entered into in 2000 to hedge the risk of the interest rate and exchange rate fluctuations of long-term loans. These transactions did not result in any net interest or any net exchange gain. As of December 31, 2000, the notional amount of the outstanding cross-currency swap agreements was US\$10,000,000. There were no such transactions during 1999. The counter-parties to the swap transactions are international financial institutions with excellent reputations. Management believes that the risk of loss due to non-performance of counter-parties is remote.



(e) Fuel price swap agreements

For the years ended December 31, 2000 and 1999, the Company entered into several fuel swap contracts for hedging the risk of fluctuations in fuel prices. For the years ended December 31, 2000 and 1999, the net gain caused by such transactions amounted to NT\$1,251,108,234 (US\$39,898,468) and NT\$42,148,765 (US\$1,304,076), respectively, and was recorded as a deduction from operating costs.

(f) Foreign currency swap agreements

The Company entered into foreign currency swap agreements to hedge foreign currency receivables and payables. For the years ended December 31, 2000 and 1999, the net loss and gain caused by such transactions amounted to NT\$9,484,350 (US\$302,461) and NT\$1,076,000 (US\$33,291), which were reported as exchange loss and gain, respectively. As of December 31, 2000 and 1999, the notional amounts of the outstanding foreign currency swap agreements amounted to US\$8,000,000 and US\$4,500,000, respectively, and the net payable and receivable amounts of the outstanding contracts amounted to NT\$14,426,752 (US\$437,280) and NT\$1,076,000 (US\$34,273), respectively, which were recorded as other current liabilities and assets, respectively.

The counter-parties to the forward transactions are international financial institutions with excellent reputations. The Company has the opinion that the possibility of violating the contracts is remote. As a result, the Company estimated the credit risk to be minimal. In addition, the gains or losses caused by floating exchange rates will be offset by the exchange gain or loss resulting from the valuation of the hedged foreign currency assets and liabilities.

(g) Fair value of financial instruments

(i) Non-derivative financial instruments

As of December 31, 2000, the book value and fair value of long-term loans were both NT\$34,054,084,963 (US\$1,032,192,197).

The fair value of non-derivative instruments, including cash, short-term borrowings, notes and accounts receivable, notes and accounts payable and other current liabilities, approximates their carrying amounts, due to the fact that their maturity dates are very close to the balance sheet date.

As of December 31, 2000, the book value and fair value of short-term investments were



NT\$317,266,250 (US\$9,616,460) and NT\$321,225,110 (US\$9,736,455), respectively.

(ii) Derivative financial instruments

As of December 31 2000, the fair value of derivative financial instruments was as follows:

Agreements	December 31, 2000	
	Fair value	
Interest rate swap agreements	US\$	(139,000)
Foreign currency swap agreements	US\$	(480,000)
Currency option agreements	US\$	370,000
Fuel price swap agreements	US\$	146,746,000
Cross-currency swap agreements	US\$	(95,000)

(iii) Methods and assumptions to measure the fair value of financial instruments:

- 1) The fair value of short-term investments is market value.
- 2) The fair value of long-term loans is the discounted future cash flows, and the discount rate was 6%.
- 3) The fair value of the derivative instruments is based on the receipt or payment if the Company terminates the contracts on the balance sheet date, and generally includes the unrealized gain or loss of the unexpired contracts.

**(13) Transactions with Related Parties**

(a) Name and relationship of related parties

Name	Relationship with the Company
Evergreen Marine Corp.	Major shareholder
Evergreen International Corp.	Major shareholder
Evergreen E-Services Corp.	Investee company of the Company's major shareholders
Evergreen Multi-Service Corp.	Investee company of the Company's major shareholders
Evergreen Construction Corp.	Investee company of the Company's major shareholders
Evermaster Development Corp.	Investee company of the Company's shareholders
Ever Voyage Transport Corp.	Investee company accounted for by equity method
Evergreen Service Corp.	Investee company accounted for by equity method
RTW Air Services (s) Pte. Ltd.	Investee company accounted for by equity method
Green Siam Air Services Co., Ltd.	Investee company accounted for by equity method
Uni Airways Corp.	Investee company accounted for by equity method
Evergreen Sky Catering Corp.	Investee company accounted for by equity method
Evergreen Aviation Technologies Corp.	Investee company accounted for by equity method
Evergreen Security Corp.	Investee company accounted for by equity method
Everrich Duty Free Corp.	Investee company accounted for by equity method



(b) Significant transactions with related parties

(i) Contracts and payables

During 2000 and 1999, the Company engaged related parties to construct its new office building, new overhaul shop for training equipment, and a new warehouse and install new security systems for the new office building and for training equipment. The transactions for the years ended December 31, 2000 and 1999, are summarized as follows:

For the year ended December 31, 2000:

Related party	Project	New Taiwan dollars		
		Contract price	Amount paid	Payable on December 31, 2000
Evergreen Construction Corp.	Construction of a new office building (note 1)	\$204,968,668	203,204,287	-
Evergreen Construction Corp.	Construction of a new overhaul shop for training equipment (note 2)	378,739,714	374,952,318	-
Evergreen Construction Corp.	Construction of a new warehouse	181,904,762	-	(Note 3)
Evergreen Construction Corp.	Construction of a new warehouse	57,628,385	-	(Note 3)
Evergreen Security Corp.	Installation of a new security system for new office building	4,319,083	4,276,539	-
Evergreen Security Corp.	Installation of a new security system for training equipment	<u>4,080,000</u>	<u>4,039,200</u>	<u>-</u>
		<u>\$831,640,612</u>	<u>586,472,344</u>	<u>-</u>



		US dollars		
Related party	Project	Contract price	Amount paid	Payable on December 31, 2000
Evergreen Construction Corp.	Construction of a new office building (note 1)	\$6,212,678	6,159,199	-
Evergreen Construction Corp.	Construction of a new overhaul shop for training equipment (note 2)	11,479,744	11,364,946	-
Evergreen Construction Corp.	Construction of a new warehouse	5,513,602	-	(note 3)
Evergreen Construction Corp.	Construction of a new warehouse	1,746,738	-	(note 3)
Evergreen Security Corp.	Installation of a new security system for new office building	130,913	129,624	-
Evergreen Security Corp.	Installation of a new security system for training equipment	<u>123,667</u>	<u>122,430</u>	<u>-</u>
		<u>\$25,207,342</u>	<u>17,776,199</u>	<u>-</u>

For the year ended December 31, 1999:

		New Taiwan dollars		
Related party	Project	Contract price	Amount paid	Payable on December 31, 2000
Evergreen Construction Corp.	Construction of new office building (note 1)	\$204,968,668	171,366,730	33,429,435
Evergreen Construction Corp.	Construction of new overhaul shop for training equipment (note 2)	378,739,714	304,958,557	39,956,494
Evergreen Security Corp.	Installation of a new security system for new office building	4,319,083	3,802,894	-
Evergreen Security Corp.	Installation of a new security system for training equipment	<u>4,080,000</u>	<u>3,651,031</u>	<u>407,577</u>
		<u>\$592,107,465</u>	<u>483,779,212</u>	<u>73,793,506</u>



		US dollars		
Related party	Project	Contract price	Amount paid	Payable on December 31, 2000
Evergreen Construction Corp.	Construction of new office building (note 1)	\$ 6,528,704	5,458,408	1,064,801
Evergreen Construction Corp.	Construction of new overhaul shop for training equipment (note 2)	12,063,695	9,713,603	1,272,702
Evergreen Security Corp.	Installation of a new security system for new office building	137,572	121,131	-
Evergreen Security Corp.	Installation of a new security system for training equipment	<u>129,957</u>	<u>116,293</u>	<u>12,982</u>
		<u>\$18,859,928</u>	<u>15,409,435</u>	<u>2,350,485</u>

(Note 1) During 1999, the contract price was increased from NT\$176,438,038 to NT\$204,968,668.

(Note 2) During 1999, the contract price was increased from NT\$344,982,457 to NT\$378,739,714.

(Note 3) The construction of the warehouse started on August 25, 2000. As of December 31, 2000, the related party had not asked for payment yet.

In 1996, the Company and Evermaster Development Corp. entered into a joint contract to construct their new office building. In accordance with the contract, the Company and Evermaster Development Corp. put up 75%, and 25%, respectively, of the capital for joint construction of their new office building. In 1997, the Company purchased some floors of the new office building from Evermaster Development Corp. for NT\$452,089,530 (US\$13,851,631). The construction of the building was completed in June 1999. As of June 30, 1999, all payables relating to the contract had been fully paid, and the Company recognized the land and building by transferring the costs from the construction in progress account.

There were no such transactions during 2000.



(ii) Airport ground handling, cleaning, and maintenance

For the years ended December 31, 2000 and 1999, related expenses and payables for airport ground handling, cleaning, and maintenance services provided by related parties are summarized as follows:

Related Party	Transaction	New Taiwan dollars		US dollars	
		Operating cost or expenses		Operating cost or expenses	
		2000	1999	2000	1999
Evergreen Service Corp.	Ramp service	\$776,198,687	563,042,058	24,753,365	17,420,425
Evergreen Multi-Service Corp.	Cleaning and maintenance	93,490,807	78,977,903	2,981,469	2,443,562
Evergreen Aviation Technologies Corp.	Aircraft cleaning and maintenance	42,225,501	-	1,346,592	-
Uni Airways Corp.	Aircraft cleaning and maintenance	<u>14,762,019</u>	<u>1,060,825</u>	<u>470,768</u>	<u>32,822</u>
		<u>\$926,677,014</u>	<u>643,080,786</u>	<u>29,552,194</u>	<u>19,896,809</u>

(iii) Operating leases

During 2000 and 1999, the Company entered into operating lease agreements with related parties to use office premises as follows:

Related Party	Leased Property	New Taiwan dollars		US dollars	
		Rental expense		Rental expense	
		2000	1999	2000	1999
Evergreen International Corp.	Certain floors of Evergreen building and related facilities	\$ -	35,995,802	-	1,113,704
Evergreen Marine Corp.	Office	2,859,203	3,462,789	91,181	107,138
Evergreen Aviation Technologies Corp.	Maintenance hangar and related equipment	<u>76,032,000</u>	<u>76,434,000</u>	<u>2,424,699</u>	<u>2,364,855</u>
Uni Airways Corp.	Connecting flight aircraft	288,514,286	-	9,200,865	-
		<u>\$367,405,489</u>	<u>115,892,591</u>	<u>11,716,745</u>	<u>3,585,697</u>



(iv) Traffic transportation fee

For the years ended December 31, 2000 and 1999, the Company requested Ever Voyage Transport Corp. to provide transportation services to the Company's employees. Such expenses for 2000 and 1999 amounted to NT\$58,052,698 (US\$1,851,330) and NT\$57,106,905 (US\$1,766,878), respectively, and were recorded as operating costs or expenses.

(v) Catering service

During the years ended December 31, 2000 and 1999, the Company requested Evergreen Sky Catering Corp. to provide catering services. Such expenses for 2000 and 1999 amounted to NT\$717,487,232 (US\$22,881,027) and NT\$672,966,918 (US\$20,821,481), respectively, and were recorded as operating costs.

(vi) Commission expenses

For the years ended December 31, 2000 and 1999, the Company signed agreements with related parties to pay commissions on the sale of air tickets. The commission expenses for the years ended December 31, 2000 and 1999, were as follows:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Green Siam Air Services Co., Ltd.	\$ 61,080,774	42,516,136	1,947,896	1,315,442
RTW Air Services (s) Pte. Ltd.	64,001,974	56,622,403	2,041,055	1,751,887
Uni Airways Corp.	<u>27,672,925</u>	-	<u>882,504</u>	-
	<u>\$152,755,673</u>	<u>99,138,539</u>	<u>4,871,455</u>	<u>3,067,329</u>

(vii) Management consulting service fee

For the years ended December 31, 2000 and 1999, the Company incurred expenses of NT\$20,560,468 (US\$655,684) and NT\$24,854,403 (US\$768,991) for management consulting services provided by Evergreen International Corp., and recorded them as operating expenses.

(viii) Maintenance expenses

For the years ended December 31, 2000 and 1999, maintenance services for aircraft and engines provided to the Company by related parties were as follows:



	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Uni Airways Corp.	\$ 870,046	161,383,370	27,746	4,993,174
Evergreen Aviation Technologies Corp.	<u>1,501,926,110</u>	<u>1,504,729,410</u>	<u>47,897,176</u>	<u>46,556,069</u>
	<u>\$1,502,796,156</u>	<u>1,666,112,780</u>	<u>47,924,922</u>	<u>51,549,243</u>

The related expenses were recorded as operating cost.

(ix) Warehouse handling services

For the years ended December 31, 2000 and 1999, the Company requested Evergreen Aviation Technologies Corp. to provide warehouse handling services. Such expense for the years ended December 31, 2000 and 1999, amounted to NT\$204,519,724 (US\$6,522,236) and NT\$64,757,712 (US\$2,003,592), respectively, and was recorded as operating costs.

(x) Printing expenses

For the years ended December 31, 2000 and 1999, the Company requested Evergreen International Corp. to provide printing of forms, menus, etc. Such expenses for the years ended December 31, 2000 and 1999 amounted to NT\$57,281,584 (US\$1,826,738) and NT\$69,831,185 (US\$2,160,565), respectively.

(xi) Property transactions

During 1999, the Company purchased ground handling equipment from Evergreen Heavy Industrial Corp. for NT\$873,385 (US\$27,819). There was no such transaction during 2000.

For the years ended 2000 and 1999, the Company transferred inventories amounting to NT\$69,381,181 (US\$2,102,970) and NT\$36,220,281 (US\$1,153,696), respectively, to Evergreen Aviation Technologies Corp.. As of December 31, 2000 and 1999, the related other receivables were NT\$17,579,175 (US\$532,831) and NT\$0, respectively.

In 1998, Uni Airways Corp. leased back two MD-90 aircraft, which the Company sold to non-related parties. The amortization of deferred gains resulting from the aforementioned transactions for the years ended 2000 and 1999 both amounted to NT\$59,058,429 (US\$1,883,403), and was booked as gains on disposal of property, plant and equipment. The net amount after tax was transferred to capital surplus.



For the years then ended 2000 and 1999, the Company transferred ground handling equipment amounting to NT\$58,397,908 (US\$1,770,063) and NT\$179,268,244 (US\$5,710,089), respectively, to Evergreen Service Corp. As of December 31, 2000 and 1999, the related other receivables were NT\$9,205,437 (US\$279,020) and NT\$72,383,856 (US\$2,305,585), respectively.

(xii) Human resources support services

During 2000 and 1999, the Company provided human resources support services for an MD-90 airplane for Uni Airways Corp. for NT\$101,197,436 (US\$3,227,237) and NT\$239,931,796 (US\$7,423,449), respectively, which were recorded as a reduction of operating costs and expenses.

(xiii) The abovementioned transactions with related parties were made with no significant difference from those with non-related parties. Receivables and payables as of December 31, 2000 and 1999, resulting from the aforementioned transactions are summarized as follows:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Accounts receivable-related parties:				
Uni Airways Corp.	\$ 10,126,127	10,738,923	306,927	342,058
Evergreen International Corp.	1,241,417	94,858	37,628	3,021
Evergreen Aviation Technologies Corp.	992,463	1,177,124	30,082	37,494
Others	<u>463,975</u>	<u>1,113,671</u>	<u>14,063</u>	<u>35,473</u>
	<u>12,823,982</u>	<u>13,124,576</u>	<u>388,700</u>	<u>418,046</u>
Other receivables-related parties:				
Uni Airways Corp.	\$ 86,196,095	98,402,582	2,612,636	3,134,339
Evergreen Service Corp.	9,627,801	73,938,586	291,822	2,355,107
Evergreen Aviation Technologies Corp.	27,963,790	5,037,071	847,593	160,442
Others	<u>3,259,386</u>	<u>2,916,582</u>	<u>98,794</u>	<u>92,900</u>
	<u>127,047,072</u>	<u>180,294,821</u>	<u>3,850,845</u>	<u>5,742,788</u>
Total receivable-related parties	<u>\$139,871,054</u>	<u>193,419,397</u>	<u>4,239,545</u>	<u>6,160,834</u>



	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
Accounts payable-related parties:				
Evergreen International Corp.	\$ 3,330,348	1,062,257	100,944	33,835
Evergreen Service Corp.	135,807,510	100,992,328	4,116,377	3,216,828
Ever Voyage Transport Corp.	4,397,827	3,896,842	133,300	124,123
Evergreen Sky Catering Corp.	55,004,833	48,441,613	1,667,217	1,542,972
Uni Airways Corp.	5,759,297	2,038,604	174,566	64,934
Evergreen Multi-Service Corp.	10,618,994	8,927,100	321,866	284,348
Evergreen Aviation Technologies Corp.	61,059,971	16,799,507	1,850,751	535,101
Green Siam Air Services Co., Ltd.	4,375,504	1,761,471	132,623	56,107
RTW Air Services (s) Pte., Ltd.	5,510,489	1,908,899	167,025	60,803
Others	<u>278,153</u>	<u>125,946</u>	<u>8,431</u>	<u>4,012</u>
	<u>286,142,926</u>	<u>185,954,567</u>	<u>8,673,100</u>	<u>5,923,063</u>
Other payable-related parties:				
Evergreen International Corp.	\$ 9,315,280	4,996,812	282,350	159,159
Evergreen Construction Corp.	-	99,365,765	-	3,165,019
Evergreen Service Corp.	11,195,068	906,312	339,327	28,868
Ever Voyage Transport Corp.	1,055,438	1,113,512	31,991	35,468
Evergreen Multi-Service Corp.	4,878,789	4,640,468	147,878	147,809
Evergreen Aviation Technologies Corp.	207,616,566	190,791,395	6,292,937	6,077,127
Evergreen Sky Catering Corp.	49,538,172	-	1,501,521	-
Uni Airways Corp.	42,217,056	-	1,279,615	-
Others	<u>9,964,634</u>	<u>19,257,754</u>	<u>302,031</u>	<u>613,402</u>
	<u>335,781,003</u>	<u>321,072,018</u>	<u>10,177,650</u>	<u>10,226,852</u>
Total payables-related parties	<u>\$621,923,929</u>	<u>507,026,585</u>	<u>18,850,750</u>	<u>16,149,915</u>

#### (14) Pledged Assets

As of December 31, 2000 and 1999, the book values of the pledged assets were as follows:

Pledged assets	Object	New Taiwan dollars		US dollars	
		2000	1999	2000	1999
Land	Long-term loans	\$ 1,864,122,224	1,864,122,224	56,502,250	59,376,404
Buildings	Long-term loans	3,063,376,472	3,223,777,987	92,852,100	102,684,440
Aircraft	Long-term loans	52,303,837,639	48,607,918,912	1,585,349,104	1,548,269,435
Time deposit-included in other assets	Customs duty and Contract guarantees	4,078,424	7,030,344	123,618	223,932
		<u>\$ 57,235,414,759</u>	<u>53,702,849,467</u>	<u>1,734,827,072</u>	<u>1,710,554,211</u>



### (15) Commitments and Contingencies

(a) As of December 31, 2000, the outstanding contracts for purchases of aircraft were as follows:

Entering date	Type of aircraft	Quantity	Total price of contract	Prepayments
March 1999	B-747F	2	US\$ 377,944,000	NT\$2,091,525,388 (US\$63,394,926)
June 2000	B-777	7	US\$1,260,851,000	NT\$490,523,236 (US\$14,867,945)

The prepayments were recorded as advances for purchases of equipment.

(b) As of December 31, 2000, the Company had issued a total of NT\$17 billion (US\$515 million) in promissory notes to banks for obtaining guarantees of fuel purchases and credit lines. As of December 31, 2000, the Company had obtained guarantees from the International Commercial Bank of China, Bank of Overseas Chinese, First Commercial Bank and Chang Hwa Commercial Bank amounting to US\$8 million and NT\$306 million (US\$9.27 million) for purchases of fuel.

(c) As of December 31, 2000, the Company's major lease contracts were as follows:

Leased Object	Lessor	Lease Amount	Lease Period	Refundable Deposit
Aircraft B767-300 (N601EV)	First Security Bank of National Association	US\$625,000 per month	June 1999 to March 2004	US\$2,070,000
Aircraft B767-300 (N602EV)	First Security Bank of National Association	US\$625,000 per month	June 1999 to March 2004	US\$2,070,000
Aircraft B747-400 (N403EV)	First Security Bank of National Association	US\$6,576,000 per six months	November 1997 to May 2002	-
Aircraft B747-400 (N405EV)	First Security Bank of National Association	US\$6,765,000 per six months	December 1997 to June 2002	-
Aircraft B747-400 (B-16408)	Achieve Leasing Company, Ltd.	US\$7,740,000 per six months	October 2000 to April 2008	US\$25,960,700
Aircraft B747-400 (B-16409)	Fuyo Leasing Company, Ltd.	US\$136,000,000 (US\$4,122,211) per quarter	October 2000 to October 2007	US\$28,538,185
Aircraft MD-11 (N105EV)	First Security Bank of National Association	US\$4,700,000 per six months	September 1999 to March 2007	US\$23,550,000
Aircraft B767-300 (B-16603)	Jet Leasing Company	US\$550,000 per month	December 1997 to December 2002	US\$16,375,000
Aircraft B767-300 (B-16605)	Jet Leasing Company	US\$550,000 per month	December 1997 to December 2002	US\$16,450,000



Leased Object	Lessor	Lease Amount	Lease Period	Refundable Deposit
Aircraft B747-400 (B-16461)	Westcor Leasing Company	US\$1,100,000 per month	December 1997to December 2002	US\$31,920,000
Aircraft B747-400 (B-16465)	Chailease Finance Company	US\$3,650,000 per quarter	December 1997to December 2002	US\$28,700,000
Aircraft B747-400 (B-16401)	Chailease Finance Company	US\$3,375,000 per quarter	December 1997to December 2002	US\$24,000,000
Aircraft B747-400 (B-16402)	Chailease Finance Company	US\$3,870,000 per quarter	December 1997to December 2002	US\$22,400,000
Aircraft B747-400 (B-16406)	Taipan Overseas Ltd.	US\$6,780,000 per six months	July 1999 to January 2007	US\$34,730,000
Aircraft B747-400 (B-16407)	China Leasing Co., Ltd.	NT\$106,470,000 (US\$3,227,146) per quarter	August 1999 to February 2004	US\$21,720,000
Aircraft B747-400 (B16411)	Chailease Finance Company	US\$4,400,000 per quarter	April 1998 to April 2005	US\$53,174,629
Aircraft B747-400 (B-16412)	Taipan Overseas Ltd.	US\$7,400,000 per six months	May 1998 to November 2005	US\$44,602,287
Aircraft MD-11F (B-16110)	Taipan Overseas Ltd.	US\$4,663,000 per six months	October 1998 to October 2008	US\$21,597,519
Rotable partlease#3	Japan Fleet Service	US\$657,000 per quarter	August 1993 to February 2001	-
Rotable partlease#4	Japan Fleet Service	US\$773,000 per quarter	May 1994 to November 2001	-
Land at the CKS International Airport	Civil Aviation Administration,Ministry of Transportation and Communications	NT\$7,813,000 (US\$236,815) per quarter	October 1990 to October 2010	-
			For the period from December 31,2000, - to the expiration date, the total amount had a discounted value of NT\$244,630,389(US\$7,414,840).	
Land at the CKS International Airport	Civil Aviation Administration,Ministry of Transportation and Communications	NT\$1,838,040 (US\$55,712) per quarter	February 1995 to February 2005	-
			For the period from December 31, 2000, to the expiration date, the total amount had a discounted value of NT\$28,061,747 (US\$850,562).	



**(16) Subsequent Events:**

- (a) In consideration of market demand and future competitiveness enhancement, the Company planned to buy two A330-200 aircraft from the Airbus Industrie and to lease six A330-200 aircraft from GECAS Leasing Company. So far, this plan is still in the preparation stage. In January 2001, the payment relating to this plan, which the Company has paid, amounted to US\$400,000. The Company will finish the contract with European AIRBUS Company and GECAS Leasing Company after the approval of the Civil Aviation Administration.
- (b) On February 5, 2001, Hsiang-Li Investment Corp. was incorporated by the Company to help enhance the efficiency of the performance management in the Company's investing activities. The Company purchased 99,994,000 shares of Hsiang-Li Investment Corp., and its shareholding percentage amounted to 99.994%.

**(17) Additional Disclosures Required for Public Companies**

According to the requirements of the SFC as announced on November 1, 2000, the Company and its investee companies should make additional disclosures as follows:

- (a) Significant transactions:
  - (i) Financing provided to related parties: None.
  - (ii) Collateral provided to related parties: None.
  - (iii) Securities held at the end of the year:

EVA Airways Corp.:

(Amounts bellow expressed in thousands of New Taiwan dollars, unless otherwise specified)

Type	Issuer	Relation with the issuer	Account	December 31, 2000			
				Shares (thousands)	Carrying value	% of ownership	Market value or net asset value
Fund	Athena Fund	-	Short-term investment	1,500	15,000	-	8,835
"	MSCI Constituent Fund	-	Short-term investment	2,000	20,000	-	10,280
"	New Century Fund	-	Short-term investment	1,000	10,000	-	7,200
Stock	Evergreen Construction	Investee company of the Company's shareholders	Short-term investment	3,257	49,427	2.630	13,126
"	Evergreen Service Corp.	Investee company under equity method	Long-term investment	10,743	187,843	56.840	Note



Type	Issuer	Relation with the issuer	Account	December 31, 2000			
				Shares (thousands)	Carrying value	% of ownership	Market value or net asset value
Stock	Chunghwa Telecom Co., Ltd.	-	Short-term investment	800	\$85,585	0.008	68,520
"	Taiwan Cellular Corp.	-	Short-term investment	3,788	137,255	0.137	213,264
Stock	RTW Air Services (s) Pte. Ltd.	Investee company under equity method	Long-term investment	600	\$14,511	40.000	Note
"	Green Siam AirServices Co., Ltd.	Investee company under equity method	Long-term investment	60	5,173	30.000	Note
"	Evergreen Sky Catering Corp.	Investee company under equity method	Long-term investment	49,800	604,928	49.800	Note
"	Uni Airways Corp.	Investee company under equity method	Long-term investment	171,668	748,162	40.390	Note
"	Everrich Duty Free Corp.	Investee company under equity method	Long-term investment	15,200	468,934	38.000	Note
"	Evergreen Security Corp.	Investee company under equity method	Long-term investment	2,500	17,008	31.250	Note
"	Evergreen Aviation Technologies Corp.	Investee company under equity method	Long-term investment	199,500	2,125,907	79.800	Note
"	Ever Voyage Transport Corp.	Investee company under equity method	Long-term investment	4,550	69,007	30.330	Note
"	Evergreen Air CargoService Corp.	Investee company under equity method	Long-term investment	36,000	346,855	45.000	Note
"	Trade-Van Information Services Co., Ltd.	-	Long-term investment	13,650	114,126	7.180	Note
"	Taiwan High Speed Rail Corp.	-	Long-term investment	126,735	1,250,000	3.110	Note
"	Abacus International Holding Ltd.	-	Long-term investment	220	102,233	2.000	Note
"	Hsin-Tao Power Corp.	-	Long-term investment	42,485	424,850	9.660	Note
"	e'Com International Inc.	-	Long-term investment	104	1,040	3.470	Note
"	Technology Partner II Venture Capital Corp.	-	Long-term investment	2,000	20,000	5.880	Note
"	Chung Hwa Express Co., Ltd.	-	Long-term investment	2,000	20,000	10.000	Note
"	Evergreen E-service Corp.	Investee company of the Company's shareholders	Long-term investment	30,000	870,000	9.470	Note
"	SunShing Corp.	-	Long-term investment	3,510	40,365	19.500	Note
"	Taiwan Fixed Network Corporation	-	Long-term investment	120,000	1,200,000	1.300	Note
"	Pan-Pacific Venture Capital Co., Ltd.	-	Long-term investment	1,800	19,800	1.500	Note
"	Travel Exchange Asia Holdings Ltd. (note1)	-	Long-term investment	-	7,828	-	Note

(Note) No market value available for unlisted stocks.

(Note 1) Represents prepayments for stock subscription.

(iv) Balance of securities acquired, disposed of and held exceeding NT\$100 million or 20% of the issued capital:  
(Amounts below expressed in thousands of New Taiwan dollars)

Marketable Securities	Account	Transaction party	Nature of relationship	Balance as of January 1, 2000		Acquisition		Disposal		Balance as of December 31, 2000 (Note 1)		Gain (loss) amount on disposal	
				Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount		
Taiwan Cellular Corp.-Stock	Short-term investment	-	-	-	-	3,788	137,255	-	-	3,788	137,255	-	
Hsin-Tao Power Corp.-Stock	Long-term investment	Hin-Tao Power Corp.	Investee company under equity method	29,000	290,000	13,485	134,850	-	-	42,485	424,850	-	
Evergreen E-service Corp.-Stock	Long-term investment	Ming Yu Investment Corp.	-	-	-	870,000	870,000	-	-	30,000	870,000	-	
Uni Airways Corp.-Stock	Long-term investment	Uni Airways Corp.	Investee company under equity method	156,062	1,025,236	15,606	156,062	-	-	171,668,748,162	(Note 5)	-	
Evergreen Air Cargo Service	Long-term investment	(Note 7)	-	-	144,000	216,000	36,000	(Note 2)	-	-	36,000	346,855	-
Taiwan Fixed Network Corp.-Stock	Long-term investment	(Note 7)	-	-	-	500,000	(Note 2)(Note 4)70,000	-	-	120,000	1,200,000	-	
Taiwan Cellular Corp.-Stock	Long-term investment	Transfer to long-term investment	-	13,000	650,000	2,242	(Note 6)	3,788	-	-	-	-	
								11,454	1,399,399			886,654	

(Note 1) The ending shares included the stock dividends which were distributed by the investees which were accounted for by the equity method, the ending balances included the investment income (loss) and the effect of distribution of cash dividends.

(Note 2) Represents prepayments for stock subscription.

(Note 3) Includes 14,400 thousand shares of beginning prepayments for stock subscription.

(Note 4) Includes 50,000 thousand shares of beginning prepayments for stock subscription.

(Note 5) Does not include the increase in capital surplus of 12,780 thousand dollars which was caused by non-proportional purchase of Uni's newly issued stock.

(Note 6) Stock dividends of 2,242 thousand shares from appropriation of earnings from the investee.

(Note 7) Incorporated by the Company.



- (v) Acquisition of long-term equity investment or properties exceeding NT\$100 million or 20% of the issued capital: None.
- (vi) Disposal of long-term equity investment or properties exceeding NT\$100 million or 20% of the issued capital: None.
- (vii) Purchase or sale transactions with related parties amounting to more than NT\$100 million or 20% of the issued capital:  
(Amounts in thousand New Taiwan dollars, unless otherwise specified)

Transaction party	Nature of relationship	Transaction details				Unusual transaction		Notes accounts receivable or (payable)	
		Purchase (sale)	Amount	%	Collection terms	Unit price	collection terms	Ending balance	%
Evergreen Service Corp.	Investee company under equity method	Purchase	\$776,199	-	2 months	-	-	(147,003)	4.07
Evergreen Air Catering Corp.	"	Purchase	717,487	-	2 months	-	-	(104,543)	2.89
Evergreen Aviation Technologies Corp.	"	Purchase	1,846,552	-	2 months	-	-	(268,677)	7.44
Evergreen Aviation Technologies Corp.	"	Sale	169,117	-	2 months	-	-	28,956	0.46
Uni Airways Corp.	"	Purchase	346,481	-	2 months	-	-	(47,976)	1.33
Uni Airways Corp.	"	Sale	232,482	-	2 months	-	-	96,322	1.54

- (viii) Receivable from related parties amounting to more than NT\$100 million or 20% of the issued capital: None.
- (ix) Derivative financial instruments: Please refer to note (15) for further explanation.



(b) Information on investee on which the Company exercises significant influence:

For the twelve months ended December 31, 2000

(Amounts in thousand New Taiwan dollars, unless otherwise specified)

Investee	Location	Business activity	Owned by the Company			Net income (loss) of the investee	Investment income(loss) recognized	Note
			Shares (thousands)	%	Carrying value			
Evergreen Service Corp.	Taoyuan County, Taiwan	Cleaning and maintenance service for transportation equipment	10,743	56.84	\$187,843	77,609	53,364	Investee company under equity method
RTW Air Service(s) Pte. Ltd.	Apex Tower, Singapore	Travel business	600	40.00	14,511	26,122	10,449	"
Green SiamAir Services Co., Ltd.	Bangkok, Thailand	Air transport business	60	30.00	5,173	22,360	6,708	"
Evergreen Sky Catering Corp.	Taoyuan County, Taiwan	Air catering business	49,800	49.80	604,928	182,990	19,129	"
Evergreen Airways Service(Macau) Ltd.	Macau	Air transport business and aircraft leasing	-	99.00	267,759	(17,445)	(17,271)	"
Uni Airways Corp.	Taipei, Taiwan	Airline business	171,668	40.39	748,162	(999,514)	(445,916)	"
Everrich Duty Free Corp.	Taipei, Taiwan	Duty free merchandise sales	15,200	38.00	468,934	878,657	300,502	"
Evergreen Security Corp.	Taipei, Taiwan	Security business	2,500	31.25	17,008	(16,940)	(5,294)	"
Evergreen Aviation Technologies Corp.	Taoyuan County, Taiwan	Aircraft maintenance & manufacturing	199,500	79.80	2,125,907	22,966	40,544	"
Ever Voyage Transport Corp.	Taoyuan City, Taiwan	Transportation business	4,550	30.33	69,007	12,098	3,977	"
Evergreen Air Cargo Service Corp.	Taoyuan County, Taiwan	Air cargo service	36,000	45.00	346,855	(29,212)	(13,145)	"

(i) Financing provided to related parties: None.

(ii) Collateral provided to related parties: None.



(iii) Marketable securities held at the end of the year:

(Amounts in thousand New Taiwan dollars, unless otherwise specified)

Company	Type	Marketable securities	Relation with the issuer	Account	Shares (thousands)	December 31, 2000		Market value or net asset value
						Carrying value	% of ownership	
Evergreen Service Corp.	Stock	Evergreen MarienCorp.	Major shareholder	Short-term investment	191,103	\$6,354,822	-	4,471,810
"	"	Uniglory MarineCorp.	-	Short-term investment	113,127	3,954,014	-	1,489,883
Evergreen Aviation Technologies Corp.	"	Intercontinental Aircraft Services	Investee company under equity method	Long-term investment	848	5,826	33.25	5,826
Uni Airwangs Corp.	Stock	Evergreen Construction Corp.	Investee company under equity method	Short-term investment	3,224	\$99,736	2.61	12,993
"	Stock	Trade-Van Information Services Corp., Ltd.	-	Short-term investment	1,989	15,945	1.05	49,456
"	Fund	Prudential PremierFund	-	Short-term investment	500	5,458	-	2,015
"	Stock	EZFLY COMInvestment Corporation	Investee company under equity method	Long-term investment	1,647	50,647	33.33	50,647
"	Stock	Signet Travel Co.,Ltd.	Investee company under equity method	Long-term investment	1,575	15,798	45.00	15,798
"	Stock	Signet Express Co.,Ltd.	Investee company under equity method	Long-term investment	375	4,033	30.00	4,033
"	Stock	Great China Microelectric Co., Ltd.	Investee company under equity method	Long-term investment	200	1,728	40.00	1,728
"	Stock	Nalunwan Tavern Co., Ltd.	Investee company under equity method	Long-term investment	22,500	253,000	15.00	253,000
"	Stock	Mandarin AirlineCo., Ltd.	-	Long-term investment	1,532	66,887	0.64	66,887
"	Stock	Jangtay Foundationand InvestmentCo., Ltd.	-	Long-term investment	2,000	20,000	6.45	20,000
"	Stock	e'Com International Inc.	-	Long-term investment	69	690	2.30	690
"	Stock	TASKO E-Business Corp.	-	Long-term investment	500	5,000	0.625	5,000
"	Stock	Taiwan Fixed NetworkCorporation	-	Long-term investment	10,000	100,000	0.11	100,000
"	Stock	Evergreen E-service Corp.	-	Long-term investment	2,000	58,000	0.63	58,000
"	Stock	Evergreen Air Cargo Service Corp.	-	Long-term investment	10,180	101,800	12.725	101,800

- (iv) Balance of marketable securities acquired, disposed of and held exceeding NT\$100 million or 20% of the issued capital: For the twelve months ended December 31, 2000  
(Amounts in thousand New Taiwan dollars, unless otherwise specified)

Marketable Securities	Account	Transaction party	Nature of relationship (Note 2)	Balance as of January 1, 2000		Acquisition		Disposal		Balance as of December 31, 2000 (Note 1)		Gain (loss) amount on disposal
				Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Amount	
Trade-Van Information Services Co., Ltd.-Stock	Short-term investment	(Note 1)	(Note 2)	8,471	74,750	181 (Note 3)	-	6,663	861,624	1,988	15,945	802,819
Taiwan Fixed Network Corp-Stock	Long-term investment	-	-	-	-	10,000	100,000	-	-	10,000	100,000	-

(Note 1):EVA Airways Corp. and other 3rd parties.

(Note 2):EVA Airways Corp.'s investee company.

(Note 3):Stock dividend.

- (c) Information on investing in Mainland China: None.



**(18) Segment Financial Information**

(a) Diversified industry-the Company mainly operates an international air transportation business.

(b) Geographic area information:

	New Taiwan dollars		US dollars	
	2000	1999	2000	1999
South East Asia:				
Operating revenue	\$ 14,651,158,358	13,171,960,428	467,232,777	407,538,193
Income from operations	\$ 1,643,273,921	1,335,109,909	52,404,828	41,308,071
Identifiable assets	\$ 377,476,209	485,371,202	11,441,447	15,460,143
North America:				
Operating revenue	\$ 8,636,644,276	7,935,116,454	275,426,911	245,511,140
Income from operations	\$ 968,686,022	804,303,404	30,891,882	24,885,009
Identifiable assets	\$ 204,838,359	376,545,713	6,208,728	11,993,812
Other foreign areas:				
Operating revenue	\$ 5,492,528,456	5,298,831,326	175,159,483	163,944,931
Income from operations	\$ 616,041,992	537,089,543	19,645,888	16,617,458
Identifiable assets	\$ 399,095,373	757,937,956	12,096,732	24,141,996
Domestic:				
Operating revenue	\$ 25,748,596,364	21,671,307,129	821,135,632	670,506,520
Income from operations	\$ 2,984,721,068	2,283,829,355	95,184,218	70,661,288
Identifiable assets	\$ 97,966,740,909	87,567,801,963	2,969,408,975	2,789,227,647
Total operating revenue	\$ 54,528,927,454	48,077,215,337	1,738,954,803	1,487,500,784
Income from operations	\$ 6,212,723,003	4,960,332,211	198,126,848	153,471,827
Investment gain (loss), net	25,046,834	(361,790,784)	798,756	(11,193,745)
Interest expenses	(3,714,650,673)	(3,249,754,014)	(118,462,070)	(100,546,831)
Profit before income tax	\$ 2,523,119,164	1,348,787,413	80,463,534	41,731,251
Total identifiable assets	\$ 98,948,150,850	89,187,656,834	2,999,155,882	2,840,823,598
Long-term equity investments	8,926,328,830	7,681,072,970	270,560,403	244,659,117
Total assets	\$107,874,479,680	96,868,729,804	3,269,716,285	3,085,482,715

(c) Major customer information-The Company operates an air transportation business with no specific major customers.



(d) Export sales information-The main business of the Company is international air transportation services. Consequently, it is not practical to separate export and domestic sales.

**(19) Reclassification**

Certain amounts of the financial statements for the year ended December 31, 1999, have been reclassified to conform with the presentation of the financial statements for the year ended December 31, 2000, for purposes of comparison. These reclassifications do not have a significant impact on the financial statements.

