

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended  
March 31, 2020 and 2019**

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## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~48
(7) Related-party transactions	49~53
(8) Pledged assets	53
(9) Significant contingent liabilities and unrecognized commitments	53~55
(10) Losses due to major disasters	55
(11) Subsequent events	55
(12) Other	55~56
(13) Other disclosures	
(a) Information on significant transactions	56, 58~61
(b) Information on investees	56, 62
(c) Information on investment in Mainland China	57, 63
(d) Major shareholders	57
(14) Segment information	57



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## Independent Auditors' Review Report

To the Board of Directors of EVA AIRWAYS CORP.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of EVA AIRWAYS CORP. and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in note 6(h), the other equity accounted investments of EVA AIRWAYS CORP. and its subsidiaries in its investee companies of \$628,100 thousand and \$572,295 thousand as of March 31, 2020 and 2019, respectively, and its equity in net earnings on these investee companies of \$10,860 thousand and \$32,789 thousand for the three months ended March 31, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EVA AIRWAYS CORP. and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



KPMG

Taipei, Taiwan (Republic of China)  
May 13, 2020

### **Notes to Readers**

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

**Reviewed Only, not audited in accordance with the generally accepted auditing standards as of March 31, 2020 and 2019**

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2020, December 31 and March 31, 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		2020.3.31		2019.12.31		2019.3.31		Liabilities and Equity		2020.3.31		2019.12.31		2019.3.31		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
<b>Current assets:</b>																
1100	Cash and cash equivalents (note 6(a))	\$ 40,379,087	12	51,534,519	15	57,557,107	17	2100	Short-term borrowings (notes 6(o) and 8)	\$ 1,350,000	1	150,000	-	-	-	-
1110	Financial assets at fair value through profit or loss – current (note 6(b))	1,472,763	1	961,356	-	830,039	-	2120	Financial liabilities at fair value through profit or loss – current (notes 6(b) and 6(o))	26,850	-	3,274	-	-	-	-
1136	Financial assets at amortized cost – current (note 6(b))	722,086	-	-	-	-	-	2126	Financial liabilities for hedging – current (notes 6(c), 6(p) and 7)	13,425,484	4	11,558,692	3	11,367,774	3	
1139	Financial assets for hedging – current (note 6(c))	5,187	-	37,428	-	63,995	-	2130	Contract liabilities – current (note 6(w))	10,375,034	3	19,958,937	6	19,128,443	5	
1140	Contract assets – current (note 6(w))	691,413	-	345,016	-	4,458,409	1	2170	Notes and accounts payable	4,253,601	1	9,620,809	3	9,517,455	3	
1150	Notes receivable, net (notes 6(d) and 6(w))	244,277	-	843,311	-	1,035,828	-	2180	Accounts payable – related parties (note 7)	89,663	-	105,230	-	110,261	-	
1170	Accounts receivable, net (notes 6(d) and 6(w))	10,755,664	3	17,194,658	5	12,969,889	4	2200	Other payables (notes 6(g), 6(t), 6(x), 7 and 9)	9,413,329	3	9,666,770	3	9,371,339	3	
1180	Notes and Accounts receivable – related parties (notes 6(d), 6(w) and 7)	369,431	-	677,696	-	623,483	-	2230	Current tax liabilities	1,083,419	-	910,148	-	1,568,678	-	
130x	Inventories (note 6(f))	3,532,557	2	3,352,358	1	4,418,587	1	2260	Liabilities related to non-current assets or disposal group classified as held for sale (note 6(g))	38,489	-	140,810	-	-	-	
1460	Non-current assets or disposal group classified as held for sale, net (notes 6(g) and 9)	642,628	-	1,233,824	1	-	-	2280	Lease liabilities – current (notes 6(p) and 7)	373,470	-	387,924	-	855,299	1	
1470	Other current assets (notes 6(e), 6(n) and 7)	1,275,951	-	1,019,610	-	1,506,735	1	2320	Current portion of long-term liabilities (notes 6(o) and 8)	26,039,350	8	24,867,998	7	14,693,494	4	
	<b>Total current assets</b>	<u>60,091,044</u>	<u>18</u>	<u>77,199,776</u>	<u>22</u>	<u>83,464,072</u>	<u>24</u>	2399	Other current liabilities (note 6(q))	3,689,360	1	5,071,123	1	5,080,552	1	
<b>Non-current assets:</b>									<b>Total current liabilities</b>	<u>70,158,049</u>	<u>21</u>	<u>82,441,715</u>	<u>23</u>	<u>71,693,295</u>	<u>20</u>	
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(b))	2,451,383	1	2,646,323	1	2,530,863	1	2500	Financial liabilities at fair value through profit or loss – non-current (notes 6(b) and 6(o))	-	-	-	-	6,924	-	
1550	Investments accounted for using equity method (note 6(h))	2,090,894	1	2,055,220	1	741,991	-	2511	Financial liabilities for hedging – non-current (notes 6(c), 6(p) and 7)	88,688,831	26	86,744,021	24	89,116,392	25	
1600	Property, plant and equipment (notes 6(j), 6(l), 6(o), 7, 8, and 9)	136,517,580	40	138,646,890	39	122,794,167	35	2527	Contract liabilities – non-current (note 6(w))	3,098,164	1	3,220,551	1	2,936,637	1	
1755	Right-of-use assets (notes 6(j), 6(k), 6(p), 6(q) and 7)	118,082,543	35	116,946,873	33	123,254,031	35	2530	Bonds payable (note 6(o))	4,250,000	1	4,250,000	1	15,125,449	4	
1760	Investment property, net (notes 6(g), 6(j) and 6(l))	-	-	-	-	332,909	-	2540	Long-term borrowings (notes 6(o) and 8)	68,632,465	20	70,616,943	20	66,552,835	19	
1780	Intangible assets (note 6(m))	1,920,786	-	1,977,277	-	2,072,703	-	2570	Deferred tax liabilities	462,661	-	638,563	-	108,366	-	
1840	Deferred tax assets	5,391,976	1	4,697,601	1	4,117,294	1	2580	Lease liabilities – non-current (notes 6(p) and 7)	4,747,854	2	4,851,030	1	5,069,088	2	
1900	Other non-current assets (notes 6(n), 6(o), 7, 8 and 9)	12,811,464	4	12,081,734	3	13,561,206	4	2640	Net defined benefit liabilities – non-current	4,387,036	1	4,905,439	2	4,981,353	1	
	<b>Total non-current assets</b>	<u>279,266,626</u>	<u>82</u>	<u>279,051,918</u>	<u>78</u>	<u>269,405,164</u>	<u>76</u>	2670	Other non-current liabilities (notes 6(p) and 6(q))	21,137,530	6	20,441,416	6	21,268,766	6	
									<b>Total non-current liabilities</b>	<u>195,404,541</u>	<u>57</u>	<u>195,667,963</u>	<u>55</u>	<u>205,165,810</u>	<u>58</u>	
									<b>Total liabilities</b>	<u>265,562,590</u>	<u>78</u>	<u>278,109,678</u>	<u>78</u>	<u>276,859,105</u>	<u>78</u>	
									<b>Equity (notes 6(c), 6(i), 6(o), 6(t) and 6(u)):</b>							
								3110	Ordinary share	48,535,695	14	48,535,695	14	46,821,215	14	
								3140	Advance receipts for share capital	-	-	-	-	51,717	-	
								3200	Capital surplus	7,849,700	3	7,849,700	2	7,743,475	2	
								3300	Retained earnings	9,683,228	3	12,117,248	3	14,254,331	4	
								3400	Other equity interest	712,067	-	2,749,539	1	498,535	-	
									<b>Total equity attributable to owners of parent</b>	<u>66,780,690</u>	<u>20</u>	<u>71,252,182</u>	<u>20</u>	<u>69,369,273</u>	<u>20</u>	
								36XX	Non-controlling interests (notes 6(i) and 6(t))	7,014,390	2	6,889,834	2	6,640,858	2	
									<b>Total equity</b>	<u>73,795,080</u>	<u>22</u>	<u>78,142,016</u>	<u>22</u>	<u>76,010,131</u>	<u>22</u>	
<b>Total assets</b>		<u>\$ 339,357,670</u>	<u>100</u>	<u>356,251,694</u>	<u>100</u>	<u>352,869,236</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 339,357,670</u>	<u>100</u>	<u>356,251,694</u>	<u>100</u>	<u>352,869,236</u>	<u>100</u>	

See accompanying notes to consolidated financial statements.

**Reviewed Only, not audited in accordance with generally accepted auditing standards****EVA AIRWAYS CORP. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)**

	For the three months ended March 31, 2020		For the three months ended March 31, 2019	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(w) and 7)</b>	\$ 30,233,098	100	44,312,727	100
5000 <b>Operating costs (notes 6(c), 6(f), 6(j), 6(k), 6(m), 6(p), 6(r), 6(x), 7 and 9)</b>	<u>(27,573,330)</u>	<u>(91)</u>	<u>(37,309,824)</u>	<u>(84)</u>
<b>Gross profit from operations</b>	2,659,768	9	7,002,903	16
6000 <b>Operating expenses (notes 6(d), 6(j), 6(k), 6(m), 6(p), 6(r), 6(x) and 7)</b>	<u>(3,104,609)</u>	<u>(10)</u>	<u>(3,449,026)</u>	<u>(8)</u>
<b>Net operating income (loss)</b>	<u>(444,841)</u>	<u>(1)</u>	<u>3,553,877</u>	<u>8</u>
<b>Non-operating income and expenses (notes 6(c), 6(h), 6(p), 6(q), 6(y) and 7):</b>				
7010 Other income	139,558	-	217,548	1
7020 Other gains and losses	272,742	1	203,356	-
7050 Finance costs	(1,316,643)	(4)	(1,332,539)	(3)
7060 Shares of profit of associates accounted for using equity method	<u>51,055</u>	<u>-</u>	<u>31,890</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>(853,288)</u>	<u>(3)</u>	<u>(879,745)</u>	<u>(2)</u>
7900 <b>Profit (loss) before tax</b>	(1,298,129)	(4)	2,674,132	6
7950 <b>Income tax benefit (expenses) (note 6(s))</b>	<u>203,547</u>	<u>-</u>	<u>(571,642)</u>	<u>(1)</u>
<b>Profit (loss)</b>	<u>(1,094,582)</u>	<u>(4)</u>	<u>2,102,490</u>	<u>5</u>
8300 <b>Other comprehensive income (notes 6(c), 6(h), 6(s) and 6(t)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(194,950)	-	127,800	-
8317 Gains (losses) on hedging instruments that will not be reclassified to profit or loss	14,878	-	23,306	-
8349 Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(3,155)</u>	<u>-</u>	<u>(4,865)</u>	<u>-</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(183,227)</u>	<u>-</u>	<u>146,241</u>	<u>-</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss:</b>				
8361 Exchange differences on translation of foreign financial statements	(1,162)	-	13,056	-
8368 Gains (losses) on hedging instruments	(2,331,640)	(8)	(117,670)	-
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	10,739	-	853	-
8399 Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	<u>466,328</u>	<u>(2)</u>	<u>23,534</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(1,855,735)</u>	<u>(6)</u>	<u>(80,227)</u>	<u>-</u>
8300 <b>Other comprehensive income, net of tax</b>	<u>(2,038,962)</u>	<u>(6)</u>	<u>66,014</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ (3,133,544)</u>	<u>(10)</u>	<u>2,168,504</u>	<u>5</u>
<b>Profit (loss), attributable to:</b>				
8610 Owners of parent	\$ (1,220,628)	(4)	1,909,949	5
8620 Non-controlling interests	<u>126,046</u>	<u>-</u>	<u>192,541</u>	<u>-</u>
<b>Profit (loss), attributable to:</b>	<u>\$ (1,094,582)</u>	<u>(4)</u>	<u>2,102,490</u>	<u>5</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ (3,258,100)	(10)	1,974,399	4
8720 Non-controlling interests	<u>124,556</u>	<u>-</u>	<u>194,105</u>	<u>1</u>
<b>Comprehensive income attributable to:</b>	<u>\$ (3,133,544)</u>	<u>(10)</u>	<u>2,168,504</u>	<u>5</u>
<b>Earnings per share (note 6(v))</b>				
9750 <b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.25)</u>		<u>0.40</u>	
9850 <b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ (0.25)</u>		<u>0.37</u>	

See accompanying notes to consolidated financial statements.

**Reviewed Only, not audited in accordance with generally accepted auditing standards**

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to owners of parent												
	Retained earnings						Other equity interest						
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance on January 1, 2019</b>	\$ 43,821,215	230,642	6,751,945	1,566,450	10,777,932	12,344,382	(3,760)	547,201	(109,356)	434,085	63,582,269	6,537,466	70,119,735
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	90,713	-	-	-	-	-	-	-	90,713	-	90,713
Profit	-	-	-	-	1,909,949	1,909,949	-	-	-	-	1,909,949	192,541	2,102,490
Other comprehensive income	-	-	-	-	-	-	12,354	127,587	(75,491)	64,450	64,450	1,564	66,014
Total comprehensive income	-	-	-	-	1,909,949	1,909,949	12,354	127,587	(75,491)	64,450	1,974,399	194,105	2,168,504
Issue of shares	3,000,000	(180,980)	900,000	-	-	-	-	-	-	-	3,719,020	-	3,719,020
Conversion of convertible bonds	-	2,055	817	-	-	-	-	-	-	-	2,872	-	2,872
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(90,713)	(90,713)
<b>Balance on March 31, 2019</b>	<b>\$ 46,821,215</b>	<b>51,717</b>	<b>7,743,475</b>	<b>1,566,450</b>	<b>12,687,881</b>	<b>14,254,331</b>	<b>8,594</b>	<b>674,788</b>	<b>(184,847)</b>	<b>498,535</b>	<b>69,369,273</b>	<b>6,640,858</b>	<b>76,010,131</b>
<b>Balance on January 1, 2020</b>	\$ 48,535,695	-	7,849,700	2,221,732	9,895,516	12,117,248	(42,773)	722,495	2,069,817	2,749,539	71,252,182	6,889,834	78,142,016
Appropriation of prior year's earnings:													
Cash dividends of ordinary share	-	-	-	-	(1,213,392)	(1,213,392)	-	-	-	-	(1,213,392)	-	(1,213,392)
Profit (loss)	-	-	-	-	(1,220,628)	(1,220,628)	-	-	-	-	(1,220,628)	126,046	(1,094,582)
Other comprehensive income	-	-	-	-	-	-	10,103	(194,165)	(1,853,410)	(2,037,472)	(2,037,472)	(1,490)	(2,038,962)
Total comprehensive income	-	-	-	-	(1,220,628)	(1,220,628)	10,103	(194,165)	(1,853,410)	(2,037,472)	(3,258,100)	124,556	(3,133,544)
<b>Balance on March 31, 2020</b>	<b>\$ 48,535,695</b>	<b>-</b>	<b>7,849,700</b>	<b>2,221,732</b>	<b>7,461,496</b>	<b>9,683,228</b>	<b>(32,670)</b>	<b>528,330</b>	<b>216,407</b>	<b>712,067</b>	<b>66,780,690</b>	<b>7,014,390</b>	<b>73,795,080</b>

See accompanying notes to consolidated financial statements.

**Reviewed Only, not audited in accordance with generally accepted auditing standards**

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ (1,298,129)	2,674,132
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Expected credit loss	-	30,000
Depreciation expense	6,792,050	6,509,556
Amortization expense	109,656	111,673
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	22,160	(318)
Interest expense	1,316,643	1,332,539
Interest income	(133,682)	(211,166)
Shares of profit of associates accounted for using equity method	(51,055)	(31,890)
Gains on disposal of property, plant and equipment	(32,894)	(148,559)
Gains on disposal of non-current assets classified as held for sale	(89,784)	-
Unrealized foreign exchange losses	32,745	52,424
Others	(33,451)	(9,062)
Total adjustments to reconcile profit	7,932,388	7,635,197
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Contract assets	(346,397)	(607,613)
Notes receivable, net	599,034	(102,098)
Accounts receivable, net	6,438,994	(4,565,431)
Notes and accounts receivable — related parties	307,746	6,086,208
Inventories	(183,249)	512,938
Other current assets	(157,087)	(296,923)
Total changes in operating assets	6,659,041	1,027,081
Changes in operating liabilities:		
Contract liabilities	(9,706,307)	838,476
Notes and accounts payable	(5,367,214)	(779,484)
Accounts payable — related parties	(15,004)	26,130
Other payables	(1,508,625)	(357,908)
Other current liabilities	(1,346,809)	345,352
Net defined benefit liabilities — non-current	(515,092)	(183,646)
Other non-current liabilities	3,273	21,751
Total changes in operating liabilities	(18,455,778)	(89,329)
Total changes in operating assets and liabilities	(11,796,737)	937,752
Total adjustments	(3,864,349)	8,572,949
Cash inflow (outflow) generated from operations	(5,162,478)	11,247,081
Income taxes paid	(146,129)	(4,152)
<b>Net cash flows from (used in) operating activities</b>	<b>(5,308,607)</b>	<b>11,242,929</b>

See accompanying notes to consolidated financial statements.



**Reviewed Only, not audited in accordance with generally accepted auditing standards****EVA AIRWAYS CORP. AND SUBSIDIARIES****Consolidated Statements of Cash Flows (continued)****For the three months ended March 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(61)
Acquisition of financial assets at amortized cost	(721,558)	-
Acquisition of financial assets at fair value through profit or loss	(680,000)	(140,000)
Proceeds from disposal of financial assets at fair value through profit or loss	170,009	80,010
Proceeds from disposal of non-current assets classified as held for sale	680,980	-
Acquisition of property, plant and equipment	(489,012)	(744,054)
Proceeds from disposal of property, plant and equipment	51,812	500,248
Acquisition of intangible assets	(53,165)	(60,607)
Increase in other non-current assets	(41,472)	(7,505)
Increase in prepayments for business facilities	(1,120,962)	(2,143,773)
Interest received	149,333	205,323
Dividends received	24,088	6,166
<b>Net cash flows used in investing activities</b>	<b><u>(2,029,947)</u></b>	<b><u>(2,304,253)</u></b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,300,000	600,000
Decrease in short-term borrowings	(100,000)	(600,000)
Proceeds from long-term borrowings	4,040,000	6,651,700
Repayments of long-term borrowings	(4,873,824)	(6,079,427)
Payments of lease liabilities	(3,062,497)	(2,873,953)
Increase (decrease) in other non-current liabilities	(14,372)	15,488
Proceeds from issuing shares	-	3,719,020
Interest paid	(1,099,806)	(1,098,520)
<b>Net cash flows from (used in) financing activities</b>	<b><u>(3,810,499)</u></b>	<b><u>334,308</u></b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b><u>(6,379)</u></b>	<b><u>5,249</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(11,155,432)</b>	<b>9,278,233</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>51,534,519</u></b>	<b><u>48,278,874</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 40,379,087</u></b>	<b><u>57,557,107</u></b>

See accompanying notes to consolidated financial statements.

Reviewed Only, not audited in accordance with generally accepted auditing standards

**EVA AIRWAYS CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2020 and 2019**

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

**(1) Company history**

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

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

- (a) civil aviation transportation and general aviation business;
- (b) maintenance of aircraft, engine and parts, and manufacture of aircraft parts;
- (c) ground service at airports;
- (d) catering service;
- (e) air cargo entrepot;
- (f) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

The details are disclosed in note 14.

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

The consolidated financial statements were authorized for issuance by the Company’s Board of Directors as of May 13, 2020.

**(3) New standards, amendments and interpretations adopted**

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

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

(Continued)

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

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

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Those which may be relevant to the Group are set out below:

<u>Issue Date</u>	<u>New Standards and Amendments</u>	<u>Main Amendments</u>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>

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

**(4) Summary of significant accounting policies**

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

(Continued)

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Principal activity	Shareholding percentage			Note
			2020.3.31	2019.12.31	2019.3.31	
The Company	Evergreen Aviation Technologies Corp.	Maintenance of aircraft, engine and parts, and manufacture of aircraft parts	79.42 %	79.42 %	79.42 %	-
The Company	Evergreen Airline Services Corp.	Ground service at airport	56.33 %	56.33 %	56.33 %	Note 2
The Company	Evergreen Sky Catering Corp.	Catering service	49.80 %	49.80 %	49.80 %	Note 1, Note 2
The Company	Evergreen Air Cargo Services Corp.	Air cargo entrepot	60.625 %	60.625 %	60.625 %	Note 2
The Company	Hsiang Li Investment Corp.	Investing business	100.00 %	100.00 %	100.00 %	-
The Company	Sky Castle Investment Ltd.	Investing business	100.00 %	100.00 %	100.00 %	-
The Company	Evergreen Airways Service (Macau) Ltd.	Investing business	99.00 %	99.00 %	99.00 %	-
The Company	PT Perdana Andalan Air Service	Traveling agency	51.00 %	51.00 %	51.00 %	Note 2
The Company	EVA Flight Training Academy	Flight training	100.00 %	100.00 %	100.00 %	-

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

Note 2: This is a non-significant subsidiary. Its financial statements have not been reviewed by independent auditor.

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

(c) Government grants

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

(d) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(Continued)

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

(e) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period. However, the Company incurs a pretax loss for interim reporting period and anticipates having a tax benefit for the full year when the management estimates its effective annual tax rate. An amount of deferred income tax benefit is recognized by multiplying pretax loss for the interim reporting period with the effective annual tax rate. Deferred income tax assets are adjusted relatively.

Temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and their respective tax bases which were recognized directly in equity or in other comprehensive income as tax expense shall be measured based on the tax rates that have been enacted or substantively enacted at the time when the asset or liability is realized or settled.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

**(6) Explanation of significant accounts**

Except for the following disclosure, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2019.

(a) Cash and cash equivalents

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Cash on hand	\$ 89,931	85,221	87,593
Cash in bank	40,234,156	51,349,298	56,591,077
Short-term notes	<u>55,000</u>	<u>100,000</u>	<u>878,437</u>
	<u>\$ 40,379,087</u>	<u>51,534,519</u>	<u>57,557,107</u>

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

(Continued)

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

(b) Financial assets and liabilities

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
<b>Financial assets mandatorily measured at fair value through profit or loss:</b>			
Money market funds	\$ <u>1,472,763</u>	<u>961,356</u>	<u>830,039</u>
	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
<b>Financial liabilities mandatorily measured at fair value through profit or loss:</b>			
Convertible bonds with embedded derivatives	\$ <u>26,850</u>	<u>3,274</u>	<u>6,924</u>

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

(ii) Financial assets at amortized cost

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Time deposits over three months	\$ <u>722,086</u>	<u>-</u>	<u>-</u>

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
<b>Equity investments at fair value through other comprehensive income:</b>			
Publicly traded stocks	\$ 988,686	1,076,109	986,027
Non-publicly traded stocks	<u>1,462,697</u>	<u>1,570,214</u>	<u>1,544,836</u>
	<u>\$ 2,451,383</u>	<u>2,646,323</u>	<u>2,530,863</u>

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

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

(v) The aforementioned financial assets were not pledged.

(Continued)

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

(c) Financial instruments used for hedging

The details of financial assets and liabilities for hedging were as follows:

**Cash flow hedge:**

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Financial assets for hedging:			
Fuel swap and option agreements	\$ -	37,428	40,881
Forward exchange contracts	<u>5,187</u>	<u>-</u>	<u>23,114</u>
Total	<u>\$ 5,187</u>	<u>37,428</u>	<u>63,995</u>
Current	<u>\$ 5,187</u>	<u>37,428</u>	<u>63,995</u>
	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Financial liabilities for hedging:			
Fuel swap and option agreements	\$ 1,414,707	-	-
Forward exchange contracts	1,952	11,643	-
Foreign currency component of non-derivative lease liabilities	<u>100,697,656</u>	<u>98,291,070</u>	<u>100,484,166</u>
Total	<u>\$ 102,114,315</u>	<u>98,302,713</u>	<u>100,484,166</u>
Current	\$ 13,425,484	11,558,692	11,367,774
Non-current	<u>88,688,831</u>	<u>86,744,021</u>	<u>89,116,392</u>
	<u>\$ 102,114,315</u>	<u>98,302,713</u>	<u>100,484,166</u>

(i) Fuel swap and option agreements

The Group needs fuel for operating. However, cash flow risk will occur if the future cash flows for fuel fluctuate due to the floating market prices. The Group evaluates the risk as significant, and thus, hedges the risk by signing fuel swap and option agreements. The cash flow hedged items and derivative financial hedging instruments were as follows:

Hedged item	Hedging instrument	Fair value of assigned hedging instrument			Period when cash flows are expected to occur	Period when profit or loss is affected
		2020.3.31	2019.12.31	2019.3.31		
Floating price of fuel	Fuel swap agreements	\$ (552,395)	-	40,881	2019~2020	2019~2020
Floating price of fuel	Option agreements	<u>(862,312)</u>	<u>37,428</u>	<u>-</u>	2019~2020	2019~2020
		<u>\$ (1,414,707)</u>	<u>37,428</u>	<u>40,881</u>		

(Continued)

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

(ii) Forward exchange contracts

The Group's strategy is to use the forward exchange contracts to hedge its estimated foreign currency exposure in respect of forecasted purchases transactions. When actual purchase occurs, the amount accumulated in gains (losses) on the effective portion of cash flow hedge under other equity interest will be reclassified to non-current assets in the same period. The terms of forward foreign exchange contract are coordinated with the hedged item. The unexpired forward exchange contracts held by the Group were as follows:

		<b>2020.3.31</b>			
		<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased		USD\$ <u>53,000</u>	TWD to USD	2020/04/01~2020/10/05	USD29.6~30.7
		<b>2019.12.31</b>			
		<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased		USD\$ <u>31,000</u>	TWD to USD	2020/04/01~2020/10/05	USD29.7~30.7
		<b>2019.3.31</b>			
		<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased		USD\$ <u>174,000</u>	TWD to USD	2019/05/02~2019/05/15	USD30.3~30.8

(iii) The foreign currency component of non-derivative lease liabilities

The Group uses the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from aviation transportation revenue with a highly probable forecast transaction. As of March 31, 2020, December 31 and March 31, 2019, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

<b>Hedged item</b>	<b>Hedging instrument</b>	<b>Lease liabilities of assigned hedging instrument</b>			<b>Period when cash flows are expected to occur</b>	<b>Period when profit or loss is affected</b>
		<b>2020.3.31</b>	<b>2019.12.31</b>	<b>2019.3.31</b>		
Foreign currency of aviation transportation revenue	Foreign currency of lease liabilities	\$ <u>100,697,656</u>	<u>98,291,070</u>	<u>100,484,166</u>	2019~2032	2019~2032

(Continued)



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

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

<u>Account Item</u>	<u>For the three months ended March 31, 2020</u>	<u>For the three months ended March 31, 2019</u>
Recognized in other comprehensive income during the period	\$ <u>(2,316,762)</u>	<u>(94,364)</u>
Reclassification from equity to operating costs (income) for the period	\$ <u>225,265</u>	<u>(9,278)</u>
Reclassification from equity to exchange losses (gains) for the period	\$ <u>(72,978)</u>	<u>14,328</u>

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

- (d) Notes and accounts receivable

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Notes receivable (including related parties)	\$ 292,917	1,031,714	1,035,828
Accounts receivable (including related parties)	11,317,690	17,925,514	13,845,208
Less: allowance for impairment	<u>(241,235)</u>	<u>(241,563)</u>	<u>(251,836)</u>
	<u>\$ 11,369,372</u>	<u>18,715,665</u>	<u>14,629,200</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

	<u>2020.3.31</u>		
	<u>Notes and accounts receivable (including related parties) carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	\$ 9,619,208	0.45%	43,371
Overdue within 30 days	1,907,737	6.20%	118,226
Overdue 31~60 days	45,393	96.46%	43,784
Overdue over 60 days but less than one year	20,427	88.18%	18,012
Overdue more than one year	<u>17,842</u>	100%	<u>17,842</u>
	<u>\$ 11,610,607</u>		<u>241,235</u>

(Continued)



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

## (e) Other receivables

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Other receivables – related parties	\$ 411,176	294,096	270,645
Others	48,929	139,143	336,727
Less: allowance for impairment	-	-	-
	<u>\$ 460,105</u>	<u>433,239</u>	<u>607,372</u>

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

There is no change on the movement in the allowance for other receivables for the three months ended March 31, 2020 and 2019.

## (f) Inventories

## (i) The components were as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Aircraft spare parts	\$ 528,680	563,428	2,043,440
Consumables for use and merchandise for in-flight sales	1,283,186	1,270,042	1,302,861
Fuel for aircraft and others	<u>1,720,691</u>	<u>1,518,888</u>	<u>1,072,286</u>
	<u>\$ 3,532,557</u>	<u>3,352,358</u>	<u>4,418,587</u>

## (ii) Except for cost of goods sold and inventories recognized as expenses, the gains or losses which were recognized as operating costs were as follows:

	<u>For the three months ended March 31, 2020</u>	<u>For the three months ended March 31, 2019</u>
Losses on valuation of inventories and obsolescence (reversal of write-downs of inventories)	\$ (543,433)	109,967
Unallocated fixed manufacturing overhead	70,398	68,544
Proceeds from disposal of scraps	<u>(464)</u>	<u>(648)</u>
Total	<u>\$ (473,499)</u>	<u>177,863</u>

As of March 31, 2020, December 31 and March 31, 2019, these inventories were not pledged.

(Continued)

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

(g) Non-current assets or disposal group classified as held for sale

A part of the office building in Los Angeles was presented as non-current assets or disposal group classified as held for sale following the expectation of the Group's management to sell part of the building. The efforts to sell the disposal group have commenced, and sales are expected in 2020. As of March 31, 2020 and December 31, 2019, the non-current assets or disposal group classified as held for sale comprised assets amounting to \$642,628 and \$1,233,824, respectively, and liabilities amounting to \$38,489 and \$140,810, respectively. The components were as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>
Reclassification from investment property – Land	\$ <u>71,504</u>	<u>137,703</u>
Reclassification from investment property – Building and structures	\$ <u>571,124</u>	<u>1,096,121</u>
Liabilities related to non-current assets or disposal group classified as held for sale	\$ <u>38,489</u>	<u>140,810</u>

As of March 31, 2020 and December 31, 2019, the non-recurring fair value measurements for non-current assets or disposal group classified as held for sale of \$757,036 and \$1,511,710, respectively (before costs to sell amounted to \$40,135 and \$78,050, respectively) have been categorized as a Level 2 fair value based on the observable inputs with settled deals.

There was no such transaction as of March 31, 2019.

(h) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Associates	\$ <u>2,090,894</u>	<u>2,055,220</u>	<u>741,991</u>

(i) Associate which is material to the Group consisted of the followings:

Name of the associate	Nature of relationship with the Group	Principal place of business or country of incorporation of the associate	The proportion of shareholding and voting rights		
			<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
GE Evergreen Engine Services Corp.	Maintenance, manufacturing, and sales of aircraft, engine and engine components	Taiwan	49.00 %	49.00 %	19.90 %

Note: In December 2019, the Group acquired the shares of GE Evergreen Engine Services Corp. in cash amounting to \$1,942,363. The Group's shareholding percentage in GE Evergreen Engine Services Corp. has increased from 19.9% to 49%. Therefore, it became an associate which is material to the Group.

(Continued)

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

The summarized financial information of the abovementioned associate which is material to the Group is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associate have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Current assets	\$ 6,711,874	2,124,562	1,120,222
Non-current assets	2,787,093	2,867,427	279,337
Current liabilities	5,027,203	598,647	492,670
Non-current liabilities	<u>221,227</u>	<u>228,388</u>	<u>-</u>
Net assets	<u>\$ 4,250,537</u>	<u>4,164,954</u>	<u>906,889</u>
Net assets attributable to the Group	<u>\$ 2,082,763</u>	<u>2,040,827</u>	<u>180,471</u>
		<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Operating revenues		<u>\$ 3,838,699</u>	<u>978,099</u>
Profit (loss)		\$ 63,665	(6,159)
Other comprehensive income		21,918	2,622
Comprehensive income		<u>\$ 85,583</u>	<u>(3,537)</u>
Comprehensive income attributable to the Group		<u>\$ 41,936</u>	<u>(704)</u>
		<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Share of net assets of the associate as of January 1		\$ 2,040,827	181,175
Comprehensive income attributable to the Group		<u>41,936</u>	<u>(704)</u>
Share of net assets of the associate as of March 31		2,082,763	180,471
Less : downstream transaction unrealized gain		<u>(619,969)</u>	<u>(10,775)</u>
Carrying amount of the associate equity as of March 31		<u>\$ 1,462,794</u>	<u>169,696</u>

(Continued)

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

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

	<b>2020.3.31</b>	<b>2019.12.31</b>	<b>2019.3.31</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 628,100</b>	<b>643,360</b>	<b>572,295</b>
		<b>For the three months ended</b>	<b>For the three months ended</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
Attributable to the Group:			
Profit	\$ 10,860		32,789
Other comprehensive income	-		-
Comprehensive income	<b>\$ 10,860</b>		<b>32,789</b>

In 2019, the Group gradually acquired the shares of EverFun Travel Service Corp. (hereinafter referred to as EverFun) in cash. The Group's shareholding percentage in EverFun has been increased from 0.05% to 26.48%. Therefore, the Group has significant influence on EverFun.

- (iii) The aforementioned investments accounted for using equity method were not pledged.
- (iv) The unreviewed financial statements of investments accounted for using equity method

Except for GE Evergreen Engine Services Corp., investments were accounted for using equity method, and the share of profit or loss as well as other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed by independent auditor.

- (i) Subsidiaries with material non-controlling interests

The subsidiaries that have non-controlling interests which are material to the Group were listed as follows:

<b>Name of the subsidiary</b>	<b>Principal place of business or country of incorporation of the subsidiary</b>	<b>The proportion of ownership interests and voting rights held by non-controlling interests</b>		
		<b>2020.3.31</b>	<b>2019.12.31</b>	<b>2019.3.31</b>
Evergreen Sky Catering Corp.	Taiwan	50.2 %	50.2 %	50.2 %
Evergreen Aviation Technologies Corp.	Taiwan	20.58 %	20.58 %	20.58 %

The summarized financial information of the abovementioned subsidiaries is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associate have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies. The amounts in the summarized financial information shall be the amounts before the inter-company eliminations.

(Continued)

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

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Current assets	\$ 1,323,528	1,042,871	1,402,227
Non-current assets	5,794,368	5,830,540	5,797,061
Current liabilities	776,103	692,961	625,707
Non-current liabilities	<u>1,626,867</u>	<u>1,480,349</u>	<u>2,169,776</u>
Net assets	<u>\$ 4,714,926</u>	<u>4,700,101</u>	<u>4,403,805</u>
Carrying amounts of non-controlling interests	<u>\$ 2,366,893</u>	<u>2,359,450</u>	<u>2,210,710</u>

	<u>For the three months ended March 31, 2020</u>	<u>For the three months ended March 31, 2019</u>
Operating revenues	\$ <u>611,743</u>	<u>880,833</u>
Profit	\$ 14,824	173,697
Other comprehensive income	-	-
Comprehensive income	<u>\$ 14,824</u>	<u>173,697</u>
Profit attributable to non-controlling interests	<u>\$ 7,442</u>	<u>87,196</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 7,442</u>	<u>87,196</u>

	<u>For the three months ended March 31, 2020</u>	<u>For the three months ended March 31, 2019</u>
Cash flows from operating activities	\$ 248,152	239,138
Cash flows used in investing activities	(51,504)	(62,945)
Cash flows from (used in) financing activities	<u>389,539</u>	<u>(11,584)</u>
Net increase in cash and cash equivalents	<u>\$ 586,187</u>	<u>164,609</u>
Dividend paid for non-controlling interests	<u>\$ -</u>	<u>-</u>

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Current assets	\$ 19,859,786	22,152,488	22,578,034
Non-current assets	13,108,084	13,024,072	12,863,792
Current liabilities	6,107,425	9,037,773	8,696,516
Non-current liabilities	<u>12,424,933</u>	<u>12,325,710</u>	<u>13,545,815</u>
Net assets	<u>\$ 14,435,512</u>	<u>13,813,077</u>	<u>13,199,495</u>
Carrying amounts of non-controlling interests	<u>\$ 2,970,828</u>	<u>2,842,731</u>	<u>2,716,456</u>

(Continued)

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Operating revenues	<u>\$ 3,689,834</u>	<u>10,424,298</u>
Profit	\$ 611,695	361,734
Other comprehensive income	10,740	853
Comprehensive income	<u>\$ 622,435</u>	<u>362,587</u>
Profit attributable to non-controlling interests	<u>\$ 125,887</u>	<u>74,445</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 128,097</u>	<u>74,620</u>
	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Cash flows from operating activities	\$ 1,774,803	3,078,218
Cash flows used in investing activities	(296,098)	(326,443)
Cash flows from (used in) financing activities	146,032	(434,385)
Net increase in cash and cash equivalents	<u>\$ 1,624,737</u>	<u>2,317,390</u>
Dividend paid for non-controlling interests	<u>\$ -</u>	<u>-</u>

(j) Property, plant and equipment

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

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Leased improvements</u>	<u>Aircraft</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>							
Beginning balance as of January 1, 2020	\$ 5,444,102	23,070,177	30,622,782	1,729,011	141,170,870	924,544	202,961,486
Additions	-	109,554	232,368	3,261	-	115,600	460,783
Disposals	-	(42,963)	(578,047)	(10,661)	-	-	(631,671)
Reclassification (Note)	-	-	255,932	4,189	(15,047)	128,438	373,512
Effect of exchange rate changes	-	3,120	335	-	-	219	3,674
Balance as of March 31, 2020	<u>\$ 5,444,102</u>	<u>23,139,888</u>	<u>30,533,370</u>	<u>1,725,800</u>	<u>141,155,823</u>	<u>1,168,801</u>	<u>203,167,784</u>
Beginning balance as of January 1, 2019	\$ 5,525,424	21,500,306	30,441,456	30,790,131	122,341,091	2,475,062	213,073,470
Additions	-	23,782	372,702	-	-	364,049	760,533
Disposals	-	-	(135,818)	(15,088)	(2,345,111)	-	(2,496,017)
Reclassification (Note)	(27,829)	1,420,070	204,804	(28,375,972)	-	(1,405,418)	(28,184,345)
Effect of exchange rate changes	-	885	803	-	-	115	1,803
Balance as of March 31, 2019	<u>\$ 5,497,595</u>	<u>22,945,043</u>	<u>30,883,947</u>	<u>2,399,071</u>	<u>119,995,980</u>	<u>1,433,808</u>	<u>183,155,444</u>

(Continued)



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

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Leased improvements</u>	<u>Aircraft</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Accumulated depreciation:</b>							
Beginning balance as of January 1, 2020	\$ -	8,097,172	16,062,774	986,822	39,167,828	-	64,314,596
Depreciation expense	-	201,076	550,738	52,368	2,146,931	-	2,951,113
Disposals	-	(42,963)	(559,129)	(10,661)	-	-	(612,753)
Reclassification (Note)	-	-	(2,871)	-	-	-	(2,871)
Effect of exchange rate changes	-	304	(185)	-	-	-	119
Balance as of March 31, 2020	<u>\$ -</u>	<u>8,255,589</u>	<u>16,051,327</u>	<u>1,028,529</u>	<u>41,314,759</u>	<u>-</u>	<u>66,650,204</u>
Beginning balance as of January 1, 2019	\$ -	7,956,414	15,656,673	10,355,237	35,144,634	-	69,112,958
Depreciation expense	-	195,584	562,572	72,776	1,813,377	-	2,644,309
Disposals	-	-	(110,598)	(15,088)	(2,018,642)	-	(2,144,328)
Reclassification (Note)	-	-	(5,031)	(9,247,050)	-	-	(9,252,081)
Effect of exchange rate changes	-	73	346	-	-	-	419
Balance as of March 31, 2019	<u>\$ -</u>	<u>8,152,071</u>	<u>16,103,962</u>	<u>1,165,875</u>	<u>34,939,369</u>	<u>-</u>	<u>60,361,277</u>
<b>Carrying amounts:</b>							
Balance as of January 1, 2020	<u>\$ 5,444,102</u>	<u>14,973,005</u>	<u>14,560,008</u>	<u>742,189</u>	<u>102,003,042</u>	<u>924,544</u>	<u>138,646,890</u>
Balance as of March 31, 2020	<u>\$ 5,444,102</u>	<u>14,884,299</u>	<u>14,482,043</u>	<u>697,271</u>	<u>99,841,064</u>	<u>1,168,801</u>	<u>136,517,580</u>
Balance as of January 1, 2019	<u>\$ 5,525,424</u>	<u>13,543,892</u>	<u>14,784,783</u>	<u>20,434,894</u>	<u>87,196,457</u>	<u>2,475,062</u>	<u>143,960,512</u>
Balance as of March 31, 2019	<u>\$ 5,497,595</u>	<u>14,792,972</u>	<u>14,779,985</u>	<u>1,233,196</u>	<u>85,056,611</u>	<u>1,433,808</u>	<u>122,794,167</u>

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

(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets, please refer to note 6(k). The related restoration obligations are recognized as other current liabilities and other non-current liabilities and are amortized using interest method. Refer to note 6(q) for the movements of restoration obligations.

(ii) In 2015, the consolidated subsidiary, Evergreen Aviation Technologies Corp., (hereinafter refer to as EGAT), purchased a piece of agricultural land on Puxin, Dayuan Dist., Taoyuan City for car park lot amounting to \$60,558. The purchase was in the name of EGAT's director. The Group has implemented adequate safeguard procedures for the agricultural land mentioned above.

(iii) Pledge

As of March 31, 2020, December 31 and March 31, 2019, the Group's property, plant and equipment were used as pledge for long-term borrowings and lines of credit, and they are disclosed in note 8.

(iv) For the three months ended March 31, 2020 and 2019, the Group capitalized the interest expenses amounting to \$33,415 and \$36,585, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.10%~0.11% and 0.11%~0.13%, respectively.

(Continued)

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

(k) Right-of-use assets

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

	<u>Land</u>	<u>Building and structures</u>	<u>Aircraft</u>	<u>Machinery and equipment</u>	<u>Total</u>
<b>Cost:</b>					
Beginning balance as of January 1, 2020	\$ 4,973,028	1,309,624	131,719,814	92,342	138,094,808
Additions	3,419	123,255	4,896,672	5,362	5,028,708
Decrease	(47,750)	(6,620)	-	(1,241)	(55,611)
Effect of exchange rate changes	-	(819)	-	-	(819)
Balance as of March 31, 2020	<u>\$ 4,928,697</u>	<u>1,425,440</u>	<u>136,616,486</u>	<u>96,463</u>	<u>143,067,086</u>
Beginning balance as of January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	4,956,476	1,211,524	125,681,063	61,933	131,910,996
Balance as of January 1, 2019 after adjustments	4,956,476	1,211,524	125,681,063	61,933	131,910,996
Additions	-	44,210	4,407,646	3,816	4,455,672
Decrease	-	(275)	-	(128)	(403)
Balance as of March 31, 2019	<u>\$ 4,956,476</u>	<u>1,255,459</u>	<u>130,088,709</u>	<u>65,621</u>	<u>136,366,265</u>
<b>Accumulated depreciation:</b>					
Balance as of January 1, 2020	\$ 247,506	429,956	20,441,125	29,348	21,147,935
Depreciation expense	58,336	117,115	3,656,849	8,637	3,840,937
Decrease	-	(3,017)	-	(1,241)	(4,258)
Effect of exchange rate changes	-	(71)	-	-	(71)
Balance as of March 31, 2020	<u>\$ 305,842</u>	<u>543,983</u>	<u>24,097,974</u>	<u>36,744</u>	<u>24,984,543</u>
Beginning balance as of January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	-	-	9,247,050	-	9,247,050
Balance as of January 1, 2019 after adjustments	-	-	9,247,050	-	9,247,050
Depreciation expense	60,287	109,225	3,688,539	7,196	3,865,247
Decrease	-	(34)	-	(29)	(63)
Balance as of March 31, 2019	<u>\$ 60,287</u>	<u>109,191</u>	<u>12,935,589</u>	<u>7,167</u>	<u>13,112,234</u>
<b>Carrying amount:</b>					
Balance as of January 1, 2020	<u>\$ 4,725,522</u>	<u>879,668</u>	<u>111,278,689</u>	<u>62,994</u>	<u>116,946,873</u>
Balance as of March 31, 2020	<u>\$ 4,622,855</u>	<u>881,457</u>	<u>112,518,512</u>	<u>59,719</u>	<u>118,082,543</u>
Balance as of January 1, 2019	\$ -	-	-	-	-
Balance as of March 31, 2019	<u>\$ 4,896,189</u>	<u>1,146,268</u>	<u>117,153,120</u>	<u>58,454</u>	<u>123,254,031</u>

(Continued)

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

(l) Investment property

The movements in cost of investment property were as follows:

	<u>Land</u>	<u>Unfinished construction</u>	<u>Total</u>
<b>Cost:</b>			
Balance as of January 1, 2019	\$ 56,381	126,673	183,054
Reclassification from property, plant and equipment	<u>27,829</u>	<u>122,026</u>	<u>149,855</u>
Balance as of March 31, 2019	<u>\$ 84,210</u>	<u>248,699</u>	<u>332,909</u>
<b>Carrying amounts:</b>			
Balance as of January 1, 2019	<u>\$ 56,381</u>	<u>126,673</u>	<u>183,054</u>
Balance as of March 31, 2019	<u>\$ 84,210</u>	<u>248,699</u>	<u>332,909</u>
<b>Fair value:</b>			
Balance as of January 1, 2019			<u>\$ 592,137</u>
Balance as of March 31, 2019			<u>\$ 933,538</u>

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The Group's management also assessed the settled deals by using the valuation method. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

The investment property was not pledged. There was no such transaction for the three months ended March 31, 2020.

(m) Intangible assets

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

	<u>Operating concession</u>	<u>Computer software</u>	<u>Total</u>
<b>Cost:</b>			
Beginning balance as of January 1, 2020	\$ 3,423,792	1,427,405	4,851,197
Additions	-	53,165	53,165
Disposals	<u>-</u>	<u>(32,448)</u>	<u>(32,448)</u>
Balance as of March 31, 2020	<u>\$ 3,423,792</u>	<u>1,448,122</u>	<u>4,871,914</u>
Beginning balance as of January 1, 2019	\$ 3,423,792	1,371,114	4,794,906
Additions	-	60,607	60,607
Disposals	<u>-</u>	<u>(26,517)</u>	<u>(26,517)</u>
Balance as of March 31, 2019	<u>\$ 3,423,792</u>	<u>1,405,204</u>	<u>4,828,996</u>

(Continued)

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

	<u>Operating concession</u>	<u>Computer software</u>	<u>Total</u>
<b>Accumulated amortization:</b>			
Beginning balance as of January 1, 2020	\$ 2,204,082	669,838	2,873,920
Amortization expense	33,574	76,082	109,656
Disposals	-	(32,448)	(32,448)
Balance as of March 31, 2020	<u>\$ 2,237,656</u>	<u>713,472</u>	<u>2,951,128</u>
Beginning balance as of January 1, 2019	\$ 2,069,786	601,351	2,671,137
Amortization expense	33,574	78,099	111,673
Disposals	-	(26,517)	(26,517)
Balance as of March 31, 2019	<u>\$ 2,103,360</u>	<u>652,933</u>	<u>2,756,293</u>
<b>Carrying amounts:</b>			
Balance as of January 1, 2020	<u>\$ 1,219,710</u>	<u>757,567</u>	<u>1,977,277</u>
Balance as of March 31, 2020	<u>\$ 1,186,136</u>	<u>734,650</u>	<u>1,920,786</u>
Balance as of January 1, 2019	<u>\$ 1,354,006</u>	<u>769,763</u>	<u>2,123,769</u>
Balance as of March 31, 2019	<u>\$ 1,320,432</u>	<u>752,271</u>	<u>2,072,703</u>

## (i) Amortization

For the three months ended March 31, 2020 and 2019, the amortization of intangible assets is included under operating costs and operating expenses in the consolidated statements of comprehensive income.

## (ii) Pledge

The aforementioned intangible assets were not pledged.

## (n) Other current assets and other non-current assets

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Prepaid expense	\$ 462,052	348,765	573,644
Other receivables (including related parties)	460,105	433,239	607,372
Others	353,794	237,606	325,719
Total	<u>\$ 1,275,951</u>	<u>1,019,610</u>	<u>1,506,735</u>

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

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Prepayments for business facilities	\$ 11,225,555	10,539,207	11,962,663
Refundable deposits	1,492,115	1,451,823	1,476,765
Pledged time deposits	86,818	86,467	117,616
Others	6,976	4,237	4,162
Total	<u>\$ 12,811,464</u>	<u>12,081,734</u>	<u>13,561,206</u>

(Continued)

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

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

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

<b>2020.3.31</b>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured short-term loans	TWD	0.98%~1.25%	2020/06/20~2020/09/26	\$ 1,150,000
Secured short-term loans	TWD	1.15%	2020/05/26~2020/06/15	<u>200,000</u>
Subtotal				<u>\$ 1,350,000</u>
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	\$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	<u>6,344,702</u>
Subtotal				14,844,702
Less: Current portion (included in current portion of long-term liabilities)				<u>(10,594,702)</u>
Total				<u>\$ 4,250,000</u>
Unsecured loans	TWD	0.91%~2.01%	2020/04/20~2025/03/13	\$ 27,253,385
Secured loans	TWD	0.99%~1.37%	2020/04/30~2034/10/31	<u>56,823,728</u>
Subtotal				84,077,113
Less: Current portion				<u>(15,444,648)</u>
Total				<u>\$ 68,632,465</u>
<b>2019.12.31</b>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured short-term loans	TWD	0.98%	2020/06/20	\$ 50,000
Secured short-term loans	TWD	1.15%	2020/03/17	<u>100,000</u>
Subtotal				<u>\$ 150,000</u>
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	\$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	<u>6,325,180</u>
Subtotal				14,825,180
Less: Current portion (included in current portion of long-term liabilities)				<u>(10,575,180)</u>
Total				<u>\$ 4,250,000</u>
Unsecured loans	TWD	1.12%~2.01%	2020/01/21~2024/11/14	\$ 25,222,304
Secured loans	TWD	1.15%~1.52%	2020/01/14~2034/10/31	<u>59,687,457</u>
Subtotal				84,909,761
Less: Current portion				<u>(14,292,818)</u>
Total				<u>\$ 70,616,943</u>

(Continued)

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

<b>2019.3.31</b>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Secured bonds payable	TWD	1.07%	2020/12/29~2021/12/29	\$ 8,500,000
Unsecured convertible bonds	TWD	-	2022/10/27	<u>6,625,449</u>
Subtotal				15,125,449
Less: Current portion (included in current portion of long-term liabilities)				<u>-</u>
Total				<u>\$ 15,125,449</u>
Unsecured loans	TWD	1.12%~2.01%	2019/04/03~2023/12/27	\$ 25,706,180
Secured loans	TWD	1.11%~1.53%	2019/04/01~2032/02/23	<u>55,540,149</u>
Subtotal				81,246,329
Less: Current portion				<u>(14,693,494)</u>
Total				<u>\$ 66,552,835</u>

The details of convertible bonds were as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Total convertible bonds issued	\$ 7,000,000	7,000,000	7,000,000
Less: Unamortized discounted bonds payable	(204,198)	(223,720)	(298,051)
Cumulative converted amount	<u>(451,100)</u>	<u>(451,100)</u>	<u>(76,500)</u>
Convertible bonds issued balance	<u>\$ 6,344,702</u>	<u>6,325,180</u>	<u>6,625,449</u>
Embedded derivatives – put/call options (included in financial liabilities at fair value through profit or loss)	<u>\$ 26,850</u>	<u>3,274</u>	<u>6,924</u>
Equity components – conversion options (included in capital surplus – share options)	<u>\$ 376,948</u>	<u>376,948</u>	<u>398,510</u>

The equity instruments and liability instruments were included in the abovementioned convertible bonds. The equity instruments were recognized in capital surplus. The liability instruments were measured at an initial effective rate 1.23%. Please refer to note 6(y) for the valuation loss/profit of embedded derivatives – put/call options, which were recognized in net gains/losses on financial liabilities at fair value through profit or loss, and the related interest expenses for the convertible bonds.

As of March 31, 2020, December 31 and March 31, 2019, the conversion price was \$13.7, \$13.7 and \$14.6 per share, respectively. In addition, corporate bonds with a converted face value of \$451,100, \$451,100 and \$76,500 has been converted to 30,829, 30,829 and 5,171 thousand shares of ordinary shares, respectively.

There were no issues and repurchases of convertible bonds for the three months ended March 31, 2020 and 2019. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2019.

(Continued)

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

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

<u>Year due</u>	<u>Amount</u>
2020.4.1~2021.3.31	\$ 26,039,350
2021.4.1~2025.3.31	47,935,732
2025.4.1 and thereafter	<u>24,946,733</u>
	<u><u>\$ 98,921,815</u></u>

Information on the Group's exposure to interest rate risk, currency risk and liquidity risk is disclosed in note 6(z).

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of March 31, 2020, December 31 and March 31, 2019, the unused credit lines for short-term and long-term borrowings amounted to \$6,235,569, \$8,304,161 and \$11,909,298, respectively.

(p) Lease liabilities

The components of lease liabilities were as follow:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Financial liabilities for hedging – current	\$ <u>12,008,825</u>	<u>11,547,049</u>	<u>11,367,774</u>
Financial liabilities for hedging – non-current	\$ <u>88,688,831</u>	<u>86,744,021</u>	<u>89,116,392</u>
Lease liabilities – current	\$ <u>373,470</u>	<u>387,924</u>	<u>855,299</u>
Lease liabilities – non-current	\$ <u>4,747,854</u>	<u>4,851,030</u>	<u>5,069,088</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Interest on lease liabilities	<u>\$ 839,223</u>	<u>846,998</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,660</u>	<u>3,487</u>
Revenue of subleasing right-of-use assets	<u>\$ 17</u>	<u>-</u>
Expenses relating to short-term leases	<u>\$ 48,127</u>	<u>48,141</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,822</u>	<u>4,866</u>

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Total cash outflow for leases	<u>\$ 3,946,674</u>	<u>3,708,729</u>

(i) The leases of the Group

The Group leases land, building and structures as well as aircraft for its office space and operating needs. The leases of building and structures typically run for a period of 1 to 10 years, and of aircraft for 12 years. The Group's lease contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term or extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors, in which the leases are not reasonably certain to be used as an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The Group also leases its offices and vehicles equipment with lease terms ranging from 1 to 5 years. These leases are short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(ii) Sale and leaseback

The Group leased aircraft under sale and leaseback arrangements. The unrealized gain on sale and leaseback is recorded as a reduction of depreciation expenses over the lease term. As of March 31, 2020, December 31 and March 31, 2019, the unrealized gains from sale and leaseback amounted to \$0, \$0 and \$32,628, respectively, which were recognized as other non-current liabilities.

(Continued)



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

(q) Restoration obligations

The movements of the restoration obligations were as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Beginning balance as of January 1	\$ 19,807,987	19,576,977
Additions	625,145	645,507
Decreases	(66,216)	-
Effect of exchange rate changes	<u>103,511</u>	<u>38,096</u>
Balance as of March 31	<u><u>\$ 20,470,427</u></u>	<u><u>20,260,580</u></u>

The estimated recovery costs are incurred through the lease of aircraft. The Group's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Group's restoration obligations are included in other current liabilities and other non-current liabilities.

(r) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Operating costs and expenses	\$ <u>72,676</u>	<u>76,069</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Operating costs and expenses	\$ <u>199,773</u>	<u>191,077</u>

(Continued)

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

(s) Income tax

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Income tax benefit (expenses)	<u>\$ 203,547</u>	<u>(571,642)</u>

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Components of other comprehensive income that will not be reclassified to profit or loss:		
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	\$ (179)	(204)
Gains or losses on hedging instruments	<u>(2,976)</u>	<u>(4,661)</u>
	<u>\$ (3,155)</u>	<u>(4,865)</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	<u>\$ 466,328</u>	<u>23,534</u>

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

(t) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2020 and 2019. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2019.

(i) Ordinary shares

A resolution was passed during the Board of Directors' meeting held on August 13, 2018 for the issuance of ordinary shares for cash. Subsequently, a resolution was passed for the issuance of 300,000 thousand ordinary shares, with par value of \$10 per share, amounting to \$3,000,000. The date of capital increase was set on January 24, 2019, and all related registration procedures have been completed.

The bondholders of convertible bonds had requested to convert the bonds into 5,171 thousand common stocks as of March 31, 2019. The conversion of convertible bonds was recorded as capital collected in advance amounting to \$51,717 because the registration process has yet to be completed. There was no such transaction for three months ended March 31, 2020.

(Continued)

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

(ii) Capital surplus

The details of capital surplus were as follows:

	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Cash subscription in excess of par value of shares	\$ 5,118,825	5,118,825	5,118,825
Stock options granted to employees	697,600	697,600	697,600
Additional paid-in capital from bond conversion	1,561,585	1,561,585	1,437,555
Additional paid-in capital from conversion option	376,948	376,948	398,510
Changes in equity of associates accounted for using equity method	3,757	3,757	-
Difference between actual acquiring subsidiary's equity and carrying amount	<u>90,985</u>	<u>90,985</u>	<u>90,985</u>
	<u>\$ 7,849,700</u>	<u>7,849,700</u>	<u>7,743,475</u>

(iii) Retained earnings

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

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

(iv) Earnings distribution

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

The appropriation of 2018 earnings was approved at the shareholders' meeting on June 24, 2019. The cash dividends and stock dividends were amounting to \$2,343,647 and \$1,406,188, respectively.

(Continued)

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

(v) Other equity interest (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Non-controlling interests	Total
<b>Balance as of January 1, 2020</b>	\$ (42,773)	722,495	2,069,817	(3,867)	2,745,672
Exchange differences on translation of foreign financial statements	1,574	-	-	(2,736)	(1,162)
Exchange differences on associates accounted for using equity method	8,529	-	-	2,210	10,739
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(194,165)	-	(964)	(195,129)
Changes in fair value of hedging instrument	-	-	(1,975,239)	-	(1,975,239)
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	121,829	-	121,829
<b>Balance as of March 31, 2020</b>	<u>\$ (32,670)</u>	<u>528,330</u>	<u>216,407</u>	<u>(5,357)</u>	<u>706,710</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Non-controlling interests	Total
<b>Balance as of January 1, 2019</b>	\$ (3,760)	547,201	(109,356)	(4,216)	429,869
Exchange differences on translation of foreign financial statements	11,676	-	-	1,380	13,056
Exchange differences on associates accounted for using equity method	678	-	-	175	853
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	127,587	-	9	127,596
Changes in fair value of hedging instrument	-	-	(79,532)	-	(79,532)
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	4,041	-	4,041
<b>Balance as of March 31, 2019</b>	<u>\$ 8,594</u>	<u>674,788</u>	<u>(184,847)</u>	<u>(2,652)</u>	<u>495,883</u>

(u) Share-based payment

- (i) Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to March 31, 2019. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2019. There was no such transaction for the three months ended March 31, 2020.

(Continued)

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

(ii) The information related to the employee stock option plan was as follows:

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

(v) Earnings per share (“EPS”)

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

	<b>For the three months ended March 31, 2020</b>		
	<b>Amount net of tax</b>	<b>Weighted-average number of shares outstanding during the period (thousand shares)</b>	<b>Earnings per share (in dollars)</b>
Basic earnings per share:			
Loss attributable to ordinary equity holders	<u>\$ (1,220,628)</u>	<u>4,853,569</u>	<u>\$ (0.25)</u>
Diluted earnings per share:			
Loss attributable to ordinary equity holders	<u>\$ (1,220,628)</u>	<u>4,853,569</u>	<u>\$ (0.25)</u>
	<b>For the three months ended March 31, 2019</b>		
	<b>Amount net of tax</b>	<b>Weighted-average number of shares outstanding during the period (thousand shares)</b>	<b>Earnings per share (in dollars)</b>
Basic earnings per share:			
Profit attributable to ordinary equity holders	<u>\$ 1,909,949</u>	<u>4,748,021</u>	<u>\$ 0.40</u>
Diluted earnings per share:			
Profit attributable to ordinary equity holders	<u>\$ 1,909,949</u>	<u>4,748,021</u>	
Effect of the potentially dilutive ordinary shares			
Effect of employee compensation	\$ -	17,025	
Effect of conversion of convertible bonds	<u>16,869</u>	<u>474,212</u>	
Profit attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares	<u>\$ 1,926,818</u>	<u>5,239,258</u>	<u>\$ 0.37</u>

(Continued)

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

As of March 31, 2020, 23,815 thousand shares of employee compensation and 478,022 thousand shares of conversion of all convertible bonds have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

		<b>For the three months ended March 31, 2020</b>				
		<b>Aviation transportation segment</b>	<b>Aircraft maintenance and manufacture segment</b>	<b>Catering segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$	9,385,569	438,022	111,611	389,275	10,324,477
Asia		7,935,046	638,753	1,099	-	8,574,898
Europe		1,513,482	203,019	-	-	1,716,501
North America		7,779,404	1,572,972	191	-	9,352,567
Others		203,944	60,711	-	-	264,655
		<b><u>\$ 26,817,445</u></b>	<b><u>2,913,477</u></b>	<b><u>112,901</u></b>	<b><u>389,275</u></b>	<b><u>30,233,098</u></b>
Major products / services lines						
Aviation transportation revenue	\$	25,023,158	-	-	-	25,023,158
Services revenue		-	2,593,140	-	363,826	2,956,966
Others		1,794,287	320,337	112,901	25,449	2,252,974
		<b><u>\$ 26,817,445</u></b>	<b><u>2,913,477</u></b>	<b><u>112,901</u></b>	<b><u>389,275</u></b>	<b><u>30,233,098</u></b>
		<b>For the three months ended March 31, 2019</b>				
		<b>Aviation transportation segment</b>	<b>Aircraft maintenance and manufacture segment</b>	<b>Catering segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$	13,716,750	876,782	189,694	409,420	15,192,646
Asia		9,574,525	1,013,338	2,144	-	10,590,007
Europe		1,739,263	1,565	-	-	1,740,828
North America		9,053,087	6,900,840	165	-	15,954,092
Others		168,095	667,059	-	-	835,154
		<b><u>\$ 34,251,720</u></b>	<b><u>9,459,584</u></b>	<b><u>192,003</u></b>	<b><u>409,420</u></b>	<b><u>44,312,727</u></b>
Major products / services lines						
Aviation transportation revenue	\$	32,009,067	-	-	-	32,009,067
Services Revenue		-	8,859,007	-	387,406	9,246,413
Others		2,242,653	600,577	192,003	22,014	3,057,247
		<b><u>\$ 34,251,720</u></b>	<b><u>9,459,584</u></b>	<b><u>192,003</u></b>	<b><u>409,420</u></b>	<b><u>44,312,727</u></b>

(Continued)

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

(ii) Contract balances		<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Notes and accounts receivable (including related parties)	\$	11,610,607	18,957,228	14,881,036
Less: allowance for impairment		<u>(241,235)</u>	<u>(241,563)</u>	<u>(251,836)</u>
Total	\$	<u><b>11,369,372</b></u>	<u><b>18,715,665</b></u>	<u><b>14,629,200</b></u>
Contract assets-maintenance services	\$	<u><b>691,413</b></u>	<u><b>345,016</b></u>	<u><b>4,458,409</b></u>
Contract liabilities-tickets services, customer loyalty program and others	\$	<u><b>13,473,198</b></u>	<u><b>23,179,488</b></u>	<u><b>22,065,080</b></u>

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the three months ended March 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period was \$10,069,339 and \$11,487,214, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Other significant changes during the period are as follows:

	<u>For the three months ended March 31, 2020</u>	<u>For the three months ended March 31, 2019</u>
	<u>Contract liabilities</u>	<u>Contract liabilities</u>
Changes in an estimate of the transaction price	\$ <u><u>(266,496)</u></u>	<u><u>(149,905)</u></u>

(x) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company has annual earnings, a minimum of 1% will be distributed as employees' remuneration and a maximum of 2% will be allotted for directors' remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

For the three months ended March 31, 2020 and 2019, the Company accrued and recognized its employees' remuneration of \$0 and \$56,495, respectively, and the directors' remuneration of \$0 and \$2,375, respectively. These remunerations were included in the operating costs and operating expenses.

(Continued)

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

The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the aforementioned employees' remuneration and directors' remuneration of 2018. There were decreases of \$113,650 and \$0 between the actual amounts of \$170,475 and \$9,500, respectively, of remuneration to employees, and directors distributed for the year 2019 determined by the Board of Directors and the estimated amounts mainly due to the adjustment of the Board of Directors' resolution. The differences shall be accounted for as changes in accounting estimates and recognized in profit or loss for the year 2020. The related information can be found on Market Observation Post System website.

(y) Non-operating income and expenses

(i) Other income

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Interest income		
Interest income from bank deposits	\$ 131,550	210,515
Other interest	<u>2,132</u>	<u>651</u>
Total interest income	133,682	211,166
Others	<u>5,876</u>	<u>6,382</u>
	<b><u>\$ 139,558</u></b>	<b><u>217,548</u></b>

(ii) Other gains and losses

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Gains (losses) on disposal of property, plant and equipment	\$ 32,894	148,559
Foreign exchange gains (losses)	155,187	6,448
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(22,160)	318
Gain on disposal of non-current assets classified as held for sale	89,784	-
Others gains and losses	<u>17,037</u>	<u>48,031</u>
	<b><u>\$ 272,742</u></b>	<b><u>203,356</u></b>

(Continued)



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

(iii) Finance costs

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Interest expense		
Bank borrowings	\$ 257,202	265,047
Bonds Payable	42,259	43,132
Lease liabilities	839,223	846,998
Others	211,374	213,947
Less: capitalized interest	<u>(33,415)</u>	<u>(36,585)</u>
	<b><u>\$ 1,316,643</u></b>	<b><u>1,332,539</u></b>

(z) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets and contract assets.

2) Circumstances of concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer's financial situation and requires customers to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to notes 6(b), 6(e) and 6(n).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2019.

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>As of March 31, 2020</b>					
<b>Non-derivative financial liabilities</b>					
Short-term and long-term borrowings (including current portion of long-term liabilities)	\$ 85,427,113	89,121,165	17,686,229	45,705,019	25,729,917
Bonds payable	14,844,702	15,185,325	10,889,850	4,295,475	-
Lease liabilities and financial liabilities for hedging	105,818,980	120,807,319	15,625,418	57,306,575	47,875,326
Notes and accounts payable (including related parties)	4,343,264	4,343,264	4,343,264	-	-
Other payables (including related parties)	9,413,329	9,413,329	9,413,329	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	38,489	38,489	38,489	-	-
Subtotal	<u>219,885,877</u>	<u>238,908,891</u>	<u>57,996,579</u>	<u>107,307,069</u>	<u>73,605,243</u>
<b>Derivative financial liabilities</b>					
Convertible bonds with embedded derivatives	26,850	-	-	-	-
Fuel swap agreements and options for hedge purposes	1,414,707	1,414,707	1,414,707	-	-
Subtotal	<u>1,441,557</u>	<u>1,414,707</u>	<u>1,414,707</u>	<u>-</u>	<u>-</u>
Forward exchange contracts for hedge purposes:					
Outflow	1,952	635,762	635,762	-	-
Inflow	-	(633,810)	(633,810)	-	-
Subtotal	<u>1,952</u>	<u>1,952</u>	<u>1,952</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 221,329,386</u></b>	<b><u>240,325,550</u></b>	<b><u>59,413,238</u></b>	<b><u>107,307,069</u></b>	<b><u>73,605,243</u></b>
<b>As of December 31, 2019</b>					
<b>Non-derivative financial liabilities</b>					
Short-term and long-term borrowings (including current portion of long-term liabilities)	\$ 85,059,761	89,240,025	15,423,170	46,419,583	27,397,272
Bonds payable	14,825,180	15,185,325	10,889,850	4,295,475	-
Lease liabilities and financial liabilities for hedging	103,530,024	118,608,016	15,153,947	55,875,042	47,579,027
Notes and accounts payable (including related parties)	9,726,039	9,726,039	9,726,039	-	-
Other payables (including related parties)	7,703,853	7,703,853	7,703,853	-	-
Liabilities related to non-current assets or disposal group classified as held for sale	140,810	140,810	140,810	-	-
Subtotal	<u>220,985,667</u>	<u>240,604,068</u>	<u>59,037,669</u>	<u>106,590,100</u>	<u>74,976,299</u>
<b>Derivative financial liabilities</b>					
Convertible bonds with embedded derivatives	3,274	-	-	-	-
Forward exchange contracts for hedge purposes:					
Outflow	11,643	938,273	938,273	-	-
Inflow	-	(926,630)	(926,630)	-	-
Subtotal	<u>11,643</u>	<u>11,643</u>	<u>11,643</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 221,000,584</u></b>	<b><u>240,615,711</u></b>	<b><u>59,049,312</u></b>	<b><u>106,590,100</u></b>	<b><u>74,976,299</u></b>

(Continued)

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>As of March 31, 2019</b>					
<b>Non-derivative financial liabilities</b>					
Long-term borrowings (including current portion of long-term liabilities)	\$ 81,246,329	84,266,415	15,879,105	45,061,716	23,325,594
Bonds payable	15,125,449	15,650,875	90,950	15,559,925	-
Lease liabilities and financial liabilities for hedging	106,408,553	122,784,826	15,563,288	55,522,404	51,699,134
Notes and accounts payable (including related parties)	9,627,716	9,627,716	9,627,716	-	-
Other payables (including related parties)	<u>7,374,159</u>	<u>7,374,159</u>	<u>7,374,159</u>	<u>-</u>	<u>-</u>
Subtotal	<u>219,782,206</u>	<u>239,703,991</u>	<u>48,535,218</u>	<u>116,144,045</u>	<u>75,024,728</u>
<b>Derivative financial liabilities</b>					
Convertible bonds with embedded derivatives	<u>6,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 219,789,130</u></b>	<b><u>239,703,991</u></b>	<b><u>48,535,218</u></b>	<b><u>116,144,045</u></b>	<b><u>75,024,728</u></b>

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

(iii) Currency risk

1) Exposure to currency risk

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

	<u>2020.3.31</u>			<u>2019.12.31</u>			<u>2019.3.31</u>		
	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<b>Financial assets</b>									
<b>Monetary items</b>									
USD	\$ 693,812	USD/TWD= 30.23	20,970,465	\$ 1,126,880	USD/TWD= 29.98	33,783,853	\$ 1,078,538	USD/TWD= 30.82	33,240,551
EUR	3,980	EUR/TWD= 33.24	132,284	4,215	EUR/TWD= 33.59	141,594	7,861	EUR/TWD= 34.61	272,079
JPY	425,725	JPY/TWD= 0.2788	118,692	1,639,705	JPY/TWD= 0.2760	452,559	1,333,475	JPY/TWD= 0.2783	371,106
HKD	148,869	HKD/TWD= 3.8980	580,291	166,285	HKD/TWD= 3.8490	640,033	150,475	HKD/TWD= 3.9260	590,764
CNY	171,565	CNY/TWD= 4.2550	<u>730,010</u>	143,392	CNY/TWD= 4.3050	<u>617,301</u>	146,380	CNY/TWD= 4.5800	<u>670,419</u>
			<b><u>\$ 22,531,742</u></b>			<b><u>\$ 35,635,340</u></b>			<b><u>\$ 35,144,919</u></b>
<b>Non-monetary items</b>									
USD	\$ 41,671	USD/TWD= 30.23	1,259,495	\$ 41,918	USD/TWD= 29.98	1,256,691	\$ 43,354	USD/TWD= 30.82	1,336,177
CNY	68,585	USD/CNY= 7.1034	343,343	67,592	USD/CNY= 6.9640	342,280	63,663	USD/CNY= 6.7293	343,990
IDR	9,773,614	IDR/TWD= 0.0019	18,570	9,103,282	IDR/TWD= 0.0022	20,027	14,331,715	IDR/TWD= 0.0022	31,530
MOP	28,661	USD/MOP= 7.9851	<u>108,132</u>	35,032	USD/MOP= 8.0216	<u>130,927</u>	15,160	USD/MOP= 8.0856	<u>113,476</u>
			<b><u>\$ 1,729,540</u></b>			<b><u>\$ 1,749,925</u></b>			<b><u>\$ 1,825,173</u></b>
<b>Financial liabilities</b>									
<b>Monetary items</b>									
USD	\$ 3,856,492	USD/TWD= 30.23	116,562,469	\$ 3,932,535	USD/TWD= 29.98	117,897,391	\$ 3,777,337	USD/TWD= 30.82	116,417,531
EUR	11,012	EUR/TWD= 33.24	366,023	10,437	EUR/TWD= 33.59	350,594	11,824	EUR/TWD= 34.61	409,226
JPY	1,375,584	JPY/TWD= 0.2788	383,513	2,142,379	JPY/TWD= 0.2760	591,297	1,808,062	JPY/TWD= 0.2783	503,184
HKD	4,532	HKD/TWD= 3.8980	17,667	24,435	HKD/TWD= 3.8490	94,050	33,697	HKD/TWD= 3.9260	132,293
CNY	173,358	CNY/TWD= 4.2550	<u>737,640</u>	188,354	CNY/TWD= 4.3050	<u>810,866</u>	203,269	CNY/TWD= 4.5800	<u>930,972</u>
			<b><u>\$ 118,067,312</u></b>			<b><u>\$ 119,744,198</u></b>			<b><u>\$ 118,393,206</u></b>

(Continued)

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

2) Sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable (including related parties), financial assets at fair value through other comprehensive income, refundable deposits (included in other non-current assets), notes and accounts payable (including related parties), other payables (including related parties), lease liabilities and restoration obligations (included in other current liabilities and other non-current liabilities) that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the USD, EUR, JPY, HKD and CNY as of March 31, 2020 and 2019, would have changed the profit (loss) before tax by \$50,451 and \$171,062 and the equity by \$1,005,807 and \$1,003,545 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020 and 2019.

Due to the variety of the Group's functional currency, the Group discloses its exchange gains and losses of monetary items collectively. For the three months ended March 31, 2020 and 2019, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$155,187 and \$6,448, respectively.

(iv) Interest rate risk

The interest rate exposure of the Group's financial liabilities are illustrated in note 6(z) liquidity risk.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Group's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates by 1% to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases (decreases) by 1% with all other variable factors that remain constant, the profit (loss) before tax of the Group would have changed \$210,943 and \$203,906 for the three months ended March 31, 2020 and 2019, respectively due to the Group's floating-interest borrowings.

(v) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)





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

	2019.3.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liability)	81,246,329	-	81,247,566	-	81,247,566
Bonds payable	15,125,449	-	15,065,049	-	15,065,049
Lease liabilities	5,924,387	-	-	-	-
Notes and accounts payable (including related parties)	9,627,716	-	-	-	-
Other payables (including related parties)	7,374,159	-	-	-	-
Subtotal	<u>119,298,040</u>	<u>-</u>	<u>96,312,615</u>	<u>-</u>	<u>96,312,615</u>
Total	<u>\$ 219,789,130</u>	<u>-</u>	<u>96,319,539</u>	<u>-</u>	<u>96,319,539</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

For financial instruments traded in active markets, their fair values are listed below by types and attributes:

- The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from the fair value of similar financial instruments, the discounted cash flow method, or other valuation technique.

(Continued)

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

For financial instruments not traded in active markets, their fair values are listed below by types and attributes:

- Equity instruments with no quoted market prices: the Group takes the quote market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow and option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

For the three months ended March 31, 2020 and 2019, the fair value hierarchy levels of financial instruments were not transferred.

4) Movements in fair value measurements of financial assets in Level 3

The following table shows the reconciliation from the beginning balance to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance as of January 1, 2020	\$ 1,570,214
Total gains or losses:	
Recognized in other comprehensive income	(107,517)
Balance as of March 31, 2020	<b><u>\$ 1,462,697</u></b>
Balance as of January 1, 2019	\$ 1,469,255
Total gains or losses:	
Recognized in other comprehensive income	75,520
Purchased	61
Balance as of March 31, 2019	<b><u>\$ 1,544,836</u></b>

(Continued)



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

The amounts of total gains or losses for the periods were recognized in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. As of March 31, 2020 and 2019, the assets which were still held by the Group were as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ (107,517)	75,520

- 5) Quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3

The Group classified a partial of its financial assets at fair value through other comprehensive income investment in equity securities that do not have a quoted market price in an active market as Level 3 of the fair value hierarchy.

Most of the fair value measurements categorized within Level 3 use the significant unobservable inputs. The significant unobservable inputs are independent to each other.

The significant unobservable inputs were as follows:

Items	Valuation techniques	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income	Market approach—relevant information generated by publicly companies	<ul style="list-style-type: none"> <li>• Price-book ratio (as of March 31, 2020, December 31 and March 31, 2019 were 0.62~2.68 and 0.80~2.62 and 0.87~2.47, respectively)</li> <li>• Market liquidity discount rate (as of March 31, 2020, December 31 and March 31, 2019 were 80%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>

- 6) Sensitivity analysis for fair value measurements categorized within Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of March 31, 2020, December 31 and March 31, 2019, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

Inputs	Increase (decrease)	Effects of changes in fair value on other comprehensive income					
		Favorable			Unfavorable		
		2020.3.31	2019.12.31	2019.3.31	2020.3.31	2019.12.31	2019.3.31
Price-book ratio	5%	66,125	77,308	75,107	(78,670)	(78,850)	(77,812)
Market liquidity discount rate	5%	66,125	77,308	75,107	(78,670)	(78,850)	(77,812)

(Continued)

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

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(aa) Management of financial risk

There were no significant changes in the objectives and policies concerning the financial risk that the Group was exposed to. For the related information, please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2019.

(ab) Capital management

The Group's objectives, policies and processes of capital management were the same as those disclosed in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 6(ad) of the consolidated financial statements for the year ended December 31, 2019.

(ac) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the three months ended March 31, 2020 and 2019, were as follows:

	<u>2020.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2020.3.31</u>	
			<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>		
Short-term borrowings	\$ 150,000	1,200,000	-	-	-	1,350,000	
Bonds payable	14,825,180	-	19,522	-	-	14,844,702	
Long-term borrowings	84,909,761	(833,824)	1,176	-	-	84,077,113	
Lease liabilities and financial liabilities for hedging	<u>103,530,024</u>	<u>(3,893,065)</u>	<u>839,223</u>	<u>(73,643)</u>	<u>5,416,441</u>	<u>105,818,980</u>	
<b>Total liabilities from financing activities</b>	<b><u>\$ 203,414,965</u></b>	<b><u>(3,526,889)</u></b>	<b><u>859,921</u></b>	<b><u>(73,643)</u></b>	<b><u>5,416,441</u></b>	<b><u>206,090,795</u></b>	
	<u>2019.1.1</u>	<u>Effects of retrospective application</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2019.3.31</u>	
				<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
Bonds payable	\$ 15,107,923	-	-	20,394	-	(2,868)	15,125,449
Long-term borrowings	80,672,402	-	572,273	1,654	-	-	81,246,329
Lease liabilities (lease obligations payable) and financial liabilities for hedging	<u>2,204,904</u>	<u>104,857,015</u>	<u>(3,652,235)</u>	<u>846,998</u>	<u>14,328</u>	<u>2,137,543</u>	<u>106,408,553</u>
<b>Total liabilities from financing activities</b>	<b><u>\$ 97,985,229</u></b>	<b><u>104,857,015</u></b>	<b><u>(3,079,962)</u></b>	<b><u>869,046</u></b>	<b><u>14,328</u></b>	<b><u>2,134,675</u></b>	<b><u>202,780,331</u></b>

(Continued)

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

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship of related parties

The followings are entities that have transactions with the Group during the periods covered in the consolidated financial statements.

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Evergreen International S.A.	The Company's shareholder's major shareholder
Evergreen International Corp.	The Company's shareholder
Evergreen Marine Corp. (Taiwan) Ltd.	The Company's shareholder
Evergreen International Storage & Transport Corp.	The Company's shareholder
UNI Airways Corp.	The Company's shareholder's equity investment
Ever Accord Construction Corp.	The Company's shareholder's equity investment
Evergreen Steel Corp.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Europe) GMBH SP. Z.O.O.	The Company's shareholder's equity investment
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	The Company's shareholder's equity investment
Evergreen Shipping Agency (Japan) Corporation	The Company's shareholder's major shareholder's equity investment
EverFun Travel Services Corp. (Note)	The Company's equity investment
Evergreen Insurance Company Limited	The Company's shareholder's equity investment
Evergreen Security Corp.	The Company's equity investment
GE Evergreen Engine Services Corp.	The consolidated subsidiary's equity investment
SATS Ltd.	The consolidated subsidiary's shareholder
SATS Catering Private Limited	The consolidated subsidiary's shareholder's equity investment
SATS Airport Services Pte Ltd.	The consolidated subsidiary's shareholder's equity investment
Chang Yung-Fa Foundation	The Company's shareholder
Chang Yung-Fa Charity Foundation	The Company's shareholder

Note: The Group subscribed for its new shares contribution in April 2019, and has significant influence over its financial and operating policies. Please refer to note 6(h).

(Continued)

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

(c) Significant transactions with related parties

(i) Operating revenue

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Associates	\$ 90,354	872,843
Other related parties	<u>540,538</u>	<u>806,018</u>
	<b><u>\$ 630,892</u></b>	<b><u>1,678,861</u></b>

Related parties leased aircraft from the Group to operate cross-strait flights between Mainland China and Taiwan. The rental is charged by actual flight hours and recorded under operating revenue.

The Group provided maintenance and other services to related parties. The transactions with related parties that were made have no significant differences from those of the non-related parties.

The Group provided aviation transportation services. The transportation services and ticket prices provided to related party, which is travel agency, were the same as those provided to general travel agencies. The Group received collateralized notes for receivables from aforementioned related party. No expected credit loss was required after the assessment by the management.

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are usually within 1~3 months, which do not materially differ from those of third-party transactions. Besides aforementioned collateralized notes, receivables from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(ii) Operating costs

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Associates	\$ 31,949	32,367
Other related parties	<u>172,100</u>	<u>172,975</u>
	<b><u>\$ 204,049</u></b>	<b><u>205,342</u></b>

The prices for purchases from related parties transactions are not materially different from those of the third-party vendors. The payment terms are usually within 1~3 months, which do not materially differ from those of third-party transactions.

(Continued)

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

(iii) Operating expenses

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

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Associates	\$ 45,980	21,358
Other related parties	<u>54,199</u>	<u>105,384</u>
	<b><u>\$ 100,179</u></b>	<b><u>126,742</u></b>

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are usually within 1~3 months, which do not materially differ from those of third-party transactions.

(iv) Property transaction

1) Purchases of property, plant and equipment

The prices of property, plant and equipment purchased from related parties were summarized as follows:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Associates	\$ 3,842	487
Other related parties	<u>51,985</u>	<u>65,333</u>
	<b><u>\$ 55,827</u></b>	<b><u>65,820</u></b>

2) Disposals of property, plant and equipment

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

	<b>For the three months ended March 31, 2020</b>	
	<u>Disposal price</u>	<u>Gain from disposal</u>
Other related parties	<b><u>\$ 3,320</u></b>	<b><u>302</u></b>

There was no such transaction for the three months ended March 31, 2019.

(v) Construction commitment

In February 2017, EGAT, the consolidated subsidiary, entered into a contract with Ever Accord Construction Corp. amounting to \$786,058 for the purpose of the construction of its engine factory. The amount of contract price was corrected to \$813,750 due to changes of construction design in February 2020. As of March 31, 2020, December 31 and March 31, 2019, EGAT has partially paid the price of \$813,750, \$746,755 and \$665,791, respectively.

(Continued)

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

In October 2019, EGAT, the consolidated subsidiary, entered into a contract with Ever Accord Construction Corp. amounting to \$370,700 for the purpose of the construction of its component repair shop. As of March 31, 2020 and December 31, 2019, EGAT has partially paid the price of \$135,306 and \$31,880, respectively.

(vi) Leases

The Group rented its offices from other related enterprise. For the three months ended March 31, 2020 and 2019, the Group recognized the amount of \$586 and \$542, respectively, as interest expense. As of March 31, 2020, December 31 and March 31, 2019, the balance of lease liabilities amounted to \$85,129, \$52,104 and \$66,317, respectively.

(vii) Receivables from related parties

Receivables from related parties of the Group were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Accounts receivable	Associates	\$ 75,152	4,441	187,698
Accounts receivable	Other related parties	245,638	484,852	435,785
Notes receivable	Associates	48,641	188,403	-
Subtotal		<u>369,431</u>	<u>677,696</u>	<u>623,483</u>
	Associates			
Other receivables	GE Evergreen Engine Services Corp.	155,899	14,331	-
Other receivables	Other associates	288	120	18
	Other related parties			
Other receivables	UNI Airways Corp.	254,912	278,706	268,053
Other receivables	Other related parties	77	939	2,574
Subtotal		<u>411,176</u>	<u>294,096</u>	<u>270,645</u>
Total		<u>\$ 780,607</u>	<u>971,792</u>	<u>894,128</u>

(viii) Payables to related parties

Payables to related parties of the Group were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Accounts payable	Associates	\$ 17,284	13,870	11,590
Accounts payable	Other related parties	72,379	91,360	98,671
Subtotal		<u>89,663</u>	<u>105,230</u>	<u>110,261</u>
Other payables	Associates	17,542	16,327	14,547
Other payables	Other related parties	57,928	89,330	111,458
Subtotal		<u>75,470</u>	<u>105,657</u>	<u>126,005</u>
Total		<u>\$ 165,133</u>	<u>210,887</u>	<u>236,266</u>

(Continued)

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

(d) Key management personnel compensation

Key management personnel compensation comprised the following:

	<b>For the three months ended March 31, 2020</b>	<b>For the three months ended March 31, 2019</b>
Short-term employee benefits	\$ 37,320	41,424
Post-employment benefits	<u>1,581</u>	<u>2,112</u>
	<b><u>\$ 38,901</u></b>	<b><u>43,536</u></b>

**(8) Pledged assets**

The carrying amounts of the pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2020.3.31</u>	<u>2019.12.31</u>	<u>2019.3.31</u>
Property, plant, and equipment	Short-term and long-term borrowings	\$ 90,136,686	96,425,138	88,729,379
Time deposits – included in other non-current assets	Letters of credit, customs duty, and contract performance guarantees	<u>86,818</u>	<u>86,467</u>	<u>117,616</u>
		<b><u>\$ 90,223,504</u></b>	<b><u>96,511,605</u></b>	<b><u>88,846,995</u></b>

**(9) Significant contingent liabilities and unrecognized commitments**

(a) Significant contingent liabilities: None.

(b) Significant commitments:

- (i) In November 2015, the Company entered into aircraft purchase contracts amounting to US\$6,588,000 with Boeing Company for eighteen Boeing 787-10 aircraft. As of March 31, 2020, fifteen Boeing 787-10 aircraft had not yet been delivered by Boeing Company. The Company has partially paid the price of \$9,894,785, which was included in other non-current assets.
- (ii) In November 2015, the Company entered into engine purchase contracts amounting to US\$118,660 with General Electric Company for five Boeing 787 engines. As of March 31, 2020, three Boeing 787 engines had not yet been delivered by General Electric Company. The Company has partially paid the price of \$164,293, which was included in other non-current assets.
- (iii) The Company entered into a contract with DPR Construction, A General Partnership, for its Los Angeles land development case, with the approximate amount of US\$64,591, which was approved during the Board of Directors' meeting on May 10, 2017. As of March 31, 2020, the Company has partially paid the price of \$1,712,312, which was included in non-current assets classified as held for sale and property, plant and equipment.

(Continued)

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

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

	<b>2020.3.31</b>	<b>2019.12.31</b>	<b>2019.3.31</b>
Unused letters of credit	<b>\$ 2,628,875</b>	<b>2,598,100</b>	<b>2,506,821</b>

- (v) The consolidated subsidiary, Evergreen Air Cargo Services Corp. (hereinafter referred to as EGAC), entered into a contract – Contract of Building and Operating Phase II Air Cargo Terminal – with Civil Aeronautics Administration, Ministry of Transportation and Communications (hereinafter referred to as CAA) in 1999 to obtain the right to build and operate phase II of air cargo terminal at Taoyuan International Airport (hereinafter referred to as terminal) during the concession period and to run the business of warehousing of air cargo. Some details of this contract are as follows:

- 1) Concession period
  - a) Building period is less than 3 years starting from the date (i.e. April 1, 2000) when CAA delivered the terminal land to EGAC.
  - b) Operating period is 30 years starting from the initial date of operation (i.e. February 26, 2002) approved by CAA.
- 2) Right to build and operate
  - a) EGAC should complete building terminal and acquire necessary licenses to start operation after obtaining approval from CAA. EGAC has acquired the right to operate since the date of approval of operation and is not allowed to transfer the running of all the business to third-party. However, the running of part of the business can be transferred to third-party if CAA approves.
  - b) EGAC acquired an air cargo entrepot license issued by CAA on February 26, 2002 to obtain the right to operate terminal and start operations officially.

- 3) Royalty

EGAC should pay CAA royalties with the amount of a certain percentage (originally set at 6.00% before being adjusted to 6.10% on July 1, 2005 and adjusted subsequently to 6.00% in October 2008 until December 2020) of operating revenue, plus business tax, for each two-month period during the operating period. At the end of each accounting year, the adjustments will be made based on the differences between the amount of royalties EGAC has to pay, which is calculated as the total revenue (inclusive of operating revenue and non-operating income but exclusive of rental income from subletting operating facilities to Fedex) disclosed in the financial statements audited by the certified public accountants and multiplied by the aforementioned percentage, and adjusted by the amount of royalties EGAC has already paid during the same period. EGAC has to make up for the difference if the amount of royalties EGAC has to pay is more than those already paid; the difference will be deducted from the amount EGAC has to pay in the following period if the situation is the opposite.

(Continued)



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

4) Transfer of assets at the end of concession period

At the end of concession period, the lease agreement of the land is terminated and the land has to be returned to the government. EGAC is allowed to transfer with remuneration to the government the operating assets, in their status quo at the end of concession period, whose addition has been approved by CAA during the 5-year period before the expiration of concession period. The operating assets (in their status quo at the end of concession period, and acquired prior to the 5-year period before the expiration of concession period) have to be transferred without remuneration to the government, unless otherwise agreed. The transferred object consists of all the operating assets as well as other assets necessary to operations which were acquired by building and operating in accordance with the concession contract during the concession period.

5) Taoyuan International Airport of Civil Aeronautics Administration of the Ministry of transportation and Communications had been reorganized into Taoyuan International Airport Corporation (hereinafter refer to as TIAC) on November 1, 2010. The contracts that EGAC signed with CAA had been received by TIAC since the establishment. The royalty, penalty, and the commercial paper of land rent of the counterparty had been changed to TIAC. For the three months ended March 31, 2020, the estimated royalty amounted to \$20,714, which was recorded as operating costs.

Besides, as of March 31, 2020, the promissory notes for the performance of the concession contract issued by EGAC amounted to \$719,153.

- (vi) EGAS, the consolidated subsidiary, entered into equipment purchase contracts amounting to \$84,287. As of March 31, 2020, EGAS has partially paid the price of \$57,821, which was included in property, plant and equipment and other non-current assets.

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

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

**(12) Other**

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

By item	For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	3,380,377	1,464,748	4,845,125	3,548,066	1,500,218	5,048,284
Labor and health insurance	251,861	101,641	353,502	263,365	105,055	368,420
Pension	187,404	85,045	272,449	186,633	80,513	267,146
Remuneration of directors	-	8,494	8,494	-	12,620	12,620
Others	981,891	159,381	1,141,272	1,079,583	152,177	1,231,760
Depreciation (Note)	6,490,025	281,639	6,771,664	6,195,823	290,731	6,486,554
Amortization	36,374	73,282	109,656	37,286	74,387	111,673

(Continued)

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

Note: For the three months ended March 31, 2020 and 2019, the depreciation expenses recognized were \$6,792,050 and \$6,509,556, respectively, less deferred gains of \$4,082 and \$23,002, respectively, and government grants of \$16,304 and \$0, respectively.

(b) Seasonality or cyclicity of interim operations:

The Group's aviation transportation segment is subject to seasonal fluctuations as a result of consecutive holidays and summer vacations. The third quarter typically results in higher revenues performing outcome for this segment.

**(13) Other disclosures**

(a) Information on significant transactions

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2020:

- (i) Financings provided: None.
- (ii) Guarantee and Endorsement provided: None.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 1 attached.
- (iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (v) Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (vii) Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 2 attached.
- (viii) Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 3 attached.
- (ix) Derivative transactions: Please refer to note 6(c) for related information.
- (x) Business relationships and significant inter-company transactions: Please see Table 4 attached.

(b) Information on investees:

The followings are the information on investees for the three months ended March 31, 2020 (excluding investees in Mainland China): Please see Table 5 attached.

(Continued)

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

- (c) Information on investment in Mainland China : Please see Table 6 attached.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Evergreen Marine Corp. (Taiwan) Ltd.		776,541,111	16.00 %
Evergreen International Corp.		549,262,304	11.32 %
Falcon Investment Services Ltd.		516,492,482	10.64 %

**(14) Segment information**

The Group has three reportable segments: aviation transportation segment, the aircraft maintenance and manufacture segment as well as the catering segment. Aviation transportation segment is involved in aviation transportation of passengers and cargo. The aircraft maintenance and manufacture segment is involved in maintenance and manufacture of aircraft, engine, and aircraft parts. Catering segment is involved in catering services.

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

The Group's operating segment information and reconciliation are as follows:

	Aviation transportation segment	Aircraft maintenance and manufacture segment	Catering segment	Other segments	Reconciliation and elimination	Total
<b>For the three months ended March 31, 2020</b>						
<b>Revenue:</b>						
Revenue from external customers	\$ 26,817,445	2,913,477	112,901	393,664	(4,389)	30,233,098
Intersegment revenue	17,339	776,357	498,842	659,581	(1,952,119)	-
Total revenue	<u>\$ 26,834,784</u>	<u>3,689,834</u>	<u>611,743</u>	<u>1,053,245</u>	<u>(1,956,508)</u>	<u>30,233,098</u>
<b>Reportable segment profit or loss</b>	<u>\$ (1,070,439)</u>	<u>620,818</u>	<u>20,203</u>	<u>(14,531)</u>	<u>(892)</u>	<u>(444,841)</u>
<b>For the three months ended March 31, 2019</b>						
<b>Revenue:</b>						
Revenue from external customers	\$ 34,251,720	9,459,584	192,003	439,045	(29,625)	44,312,727
Intersegment revenue	53,280	964,714	688,829	786,922	(2,493,745)	-
Total revenue	<u>\$ 34,305,000</u>	<u>10,424,298</u>	<u>880,832</u>	<u>1,225,967</u>	<u>(2,523,370)</u>	<u>44,312,727</u>
<b>Reportable segment profit or loss</b>	<u>\$ 2,774,382</u>	<u>432,287</u>	<u>218,889</u>	<u>155,811</u>	<u>(27,492)</u>	<u>3,553,877</u>

(Continued)

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

Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)  
(March 31, 2020)

(in shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2020				Notes
				Shares/Units	Book value	Percentage of ownership	Fair value	
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	45,187,711	673,220	-	673,220	
"	FSITC Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss – current	9,754,004	150,057	-	150,057	
"	FSITC Money Market Fund	None	Financial assets at fair value through profit or loss – current	1,004,100	180,063	-	180,063	
Evergreen Air Cargo Services Corp.	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss – current	9,577,185	120,753	-	120,753	
"	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss – current	9,933,297	166,865	-	166,865	
"	Eastspring Investments Well Pool Money Market Fund	None	Financial assets at fair value through profit or loss – current	13,296,059	181,805	-	181,805	
					<b>1,472,763</b>		<b>1,472,763</b>	
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	231,580	18,655	2.11	18,655	
"	Shares of Trade-Van Information Services Co.	None	Financial assets at fair value through other comprehensive income – non-current	8,502,418	332,870	5.67	332,870	
"	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income – non-current	35,203,008	601,971	5.96	601,971	
"	Shares of UNI Airways Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income – non-current	36,510,949	381,174	9.98	381,174	
"	Shares of Evergreen Steel Corp.	The Company's shareholder's equity investment	Financial assets at fair value through other comprehensive income – non-current	38,201,625	1,021,129	9.56	1,021,129	
"	Shares of Chung Hwa Express Corp.	None	Financial assets at fair value through other comprehensive income – non-current	1,000,000	33,640	10.00	33,640	
"	Star Alliance Services GmbH	None	Financial assets at fair value through other comprehensive income – non-current	1	6,861	4.55	6,861	
Evergreen Airline Services Corp.	Shares of Evergreen Marine Corp.(Taiwan)Ltd.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income – non-current	557,349	5,156	0.01	5,156	
"	Shares of Evergreen International Storage & Transport Corp.	The Company's shareholder's shareholder	Financial assets at fair value through other comprehensive income – non-current	158,800	1,826	0.01	1,826	
Hsiang Li Investment Corp.	Shares of Central Reinsurance Corporation	None	Financial assets at fair value through other comprehensive income – non-current	2,740,542	46,863	0.46	46,863	
Evergreen Airways Service (Macau) Ltd.	Shares of Air Macau Co., Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	500	1,238	0.0207	1,238	
					<b>2,451,383</b>		<b>2,451,383</b>	

(Continued)

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

Table 2 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital  
(March 31, 2020)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Notes
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Accounts/Notes Receivable (Payable)	
The Company	UNI Airways Corp.	The company's shareholder's equity investment	Sales	377,745	1.41	60 days	-		112,680	2.72	
"	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	771,297	3.07	60 days	-		(559,858)	14.27	(Note)
"	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	498,438	1.99	60 days	-		(225,669)	5.75	(Note)
"	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	517,351	2.06	60 days	-		(289,165)	7.37	(Note)
Evergreen Airline Services Corp.	The Company	Parent company	Sales	517,351	78.68	60 days	-		302,084	82.00	(Note)
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	775,101	21.01	60 days	-		559,951	7.37	(Note)
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	498,438	81.48	60 days	-		228,878	90.04	(Note)

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

(Continued)

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

Table 3 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital  
(March 31, 2020)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate	Past - due Receivables from Related Party		Amounts Received in Subsequent Period	Allowances for Impairment Loss
					Amount	Action taken		
The Company	UNI Airways Corp.	The Company's shareholder's equity investment	367,225	(Note 1)	-		149,981	-
Evergreen Airline Services Corp.	The Company	Parent company	315,245	5.37 (Note 2)	-		315,245	-
Evergreen Sky Catering Corp.	The Company	Parent company	236,305	5.46 (Note 2)	-		169,713	-
Evergreen Aviation Technologies Corp.	The Company	Parent company	568,666	5.04 (Note 2)	-		568,067	-
"	GE Evergreen Engine Services Corp.	Equity investment	225,932	2.79	-		60,240	-

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

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

(Continued)

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

Table 4 Business relationships and significant inter-company transactions  
(March 31, 2020)

Number	Trader	Company Name	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount	Transaction Terms	Percentage of the Consolidated Net Revenue or Total Assets
0	The Company	Evergreen Aviation Technologies Corp.	1	Operating costs	771,297	as general transactions	2.55
0	"	Evergreen Sky Catering Corp.	1	Operating costs	498,438	as general transactions	1.65
0	"	Evergreen Airline Services Corp.	1	Operating costs	517,351	as general transactions	1.71
0	"	Evergreen Aviation Technologies Corp.	1	Accounts payable—related parties	559,858	as general transactions	0.16
0	"	Evergreen Sky Catering Corp.	1	Accounts payable—related parties	225,669	as general transactions	0.07
0	"	Evergreen Airline Services Corp.	1	Accounts payable—related parties	289,165	as general transactions	0.09

Note 1: The number is filled in as follows:

- 1.0 represents the parent company.
2. Subsidiaries are numbered sequentially by the number 1 according to the company.

Note 2: The types of relationships with the company are as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The section only discloses the information of parent company to subsidiaries transactions. The counter party is not disclosed due to duplicate.

(Continued)

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

Table 5 Information on investees (excluding investees in Mainland China)  
(For the three months ended March 31, 2020)

(in shares)

Name of investor	Name of investee	Location	Main Businesses and Products	Initial Investment Amount		Ending Balance			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Notes
				March 31, 2020	December 31, 2019	Shares	Ratio of Shares	Book Value			
The Company	Sky Castle Investment Ltd.	Maystar Chambers, P.O. Box 3269, Apia, Samoa	Investment business	179,173	179,173	5,500,000	100.00 %	345,531	4,001	4,001	(Note 1)
The Company	Evergreen Airways Service (Macau) Ltd.	398 Alameda Dr. Carlos D' Assumpcao.Edif CNAC 3 Andar K-M Macau	Investment business	327	327	None	99.00 %	199,870	458	454	(Note 1)
The Company	PT Perdana Andalan Air Service	10/F, Gedung Mega Plaza Jl. H.R Rasuna Said Kav. C-3 Jakarta 12920 Indonesia.	Traveling agency	5,086	5,086	40,800	51.00 %	18,570	2,760	1,408	(Note 1)
The Company	EVA Flight Training Academy	3745 Whitehead Street Mather, CA, 95655, USA	Flight training school	932,050	932,050	10,000,000	100.00 %	714,094	(6,089)	(6,089)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Harg-Jann S.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, engine and parts	3,200,450	3,200,450	518,440,696	79.42 %	11,296,576	611,695	485,808	(Note 1)
The Company	Evergreen Airline Services Corp.	No.608 Harg-Jann N.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Aviation grand service	111,180	111,180	34,459,973	56.33 %	831,087	(59,409)	(33,465)	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	The provision of in-flight meals in sky catering and the sales of food	498,000	498,000	72,912,180	49.80 %	2,348,033	14,824	7,382	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	No.8-1, Hang-Chin N. Rd.,Dayuan Dist., Taoyuan City, Taiwan	Air cargo entrepot	740,348	740,348	72,750,000	60.625 %	1,558,943	43,948	26,643	(Note 1)
The Company	Hsiang Li Investment Corp.	1F,No. 117,Sec. 2,Chang An E. Rd., Taipei 104 Taiwan	Investment business	25,000	25,000	2,680,000	100.00 %	55,613	(33)	(33)	(Note 1)
The Company	Evergreen Security Corp.	4-5F., No. 111, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	Security services	25,000	25,000	6,336,000	31.25 %	117,352	11,670	3,179	(Note 2)
The Company	EverFun Travel Services Corp.	3F., No. 100,Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei City 104, Taiwan(R.O.C)	Traveling agency	55,061	55,061	5,505,000	26.48 %	59,273	12,432	3,292	(Note 2)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No.8 Harg-Jann S.Rd.,Taiwan Taoyuan Int'L Airport, Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing,and sales of aircraft, engine and engine components	2,032,845	2,032,845	203,284,545	49.00 %	1,462,794	63,665	40,195	(Note 3)
Evergreen Airways Service (Macau) Ltd.	Menzies Macau Airport Services Ltd.	Airport Logistic Business Center Room 52 Macau International Airport Avenida do Aeroporito, Taipa, Macau	Ground handling	8,032	8,032	None	20.00 %	108,132	1,569	314	(Note 3)

Note1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note2: Investments were accounted for using equity method.

Note3: Investments of subsidiaries of the Company were accounted for using equity method.

(Continued)



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

Table 6 Information on investment in Mainland China  
(March 31, 2020)

1. Information on Investment in Mainland China:

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (CNY in Thousands)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2020	Net Income (Losses) of investee	Direct/Indirect Shareholding (%) by the Company	Share of Profits/Losses (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Inward Remittance of Earnings as of March 31, 2020
					Outflow	Inflow						
Airport Air Cargo Terminal(Xiamen) Co., Ltd.	Forwarding and storage of air cargo	CNY 254,480	2	138,784	-	-	138,784	11,063	14.00 %	1,549	224,861	106,670
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo, truck freight transportation, other transportation auxiliary industry	CNY 14,000	2	61,418	-	-	61,418	18,044	14.00 %	2,526	118,482	58,498

(Note 1) Ways to Invest in Mainland China:

1. Investment in Mainland China companies by remittance through a third region.
2. Investment in Mainland China companies through a company invested and established in a third region.
3. Investment in Mainland China companies through an existing company established in a third region.
4. Direct investment in Mainland China.
5. Other methods of investing in Mainland China. EX : Entrusted investment.

(Note 2) The financial statements of the investee company were not reviewed by the global accounting firm in a cooperation with R.O.C accounting firm. The Company recognized share of profit of associates accounted for using equity method by how many shares the Company holds.

(Note 3) The investment in Shanghai Airlines Cargo Intl.Co.,Ltd was authorized by the Investment Commission. The amount of investment was \$748,721 (USD23,361 thousand dollars). Shanghai Airlines Cargo Intl.Co., Ltd has completed liquidation process in July, 2014.

(Note 4) The investment in China Cargo Airlines Co.,Ltd was authorized by the Investment Commission. The amount of investment was \$1,453,728 (USD50,337 thousand dollars). China Cargo Airlines Co.,Ltd has completed shares transfer in January, 2016

2. Limitation on investment in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2020 (USD in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (Note) (USD in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NTD 2,402,651 (USD 79,781 )	NTD 2,456,862 (USD 80,562 )	40,068,414

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

3. Significant transactions : None.