Minutes of the 2017 Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m. on Thursday, June 22, 2017

Venue: Victoria Hall of Armed Forces Officer's Club at No.142, Yanping S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Number of shares represented: 841,108,108 (including 178,027,668 shares using electronic voting), or 53.74% of the total 1,565,271,349 shares issued

Directors attending: Chih-Chien Hsieh, Leung Wing Kong Joseph, Ping-Jen Tseng and Heng-Chih Chou (independent directors)

Others attending: Chin-Tsung Cheng, (an accountant) and Salina Chen(a lawyer)

Chairman: Chih-Chien Hsieh   Minute Taker: Tina Lu

I. The Chairman announces opening of the 2017 Shareholders Meeting of Yang Ming Marine Transport Corporation and delivers his opening address. (omitted)

II. Management Report:

Report1. 2016 Business Report. (Please refer to Handbook pages 5-7)

Shareholder No.115127, No.626932, No.530114, No.586760, No.377979 and No.232 raise the concern for the business and vessel plan, cost saving, capital reduction ratio, performance of the subsidiaries, and market demand and supply.

The Chairman, or persons designated by the Chairman, clarifies the concerns raised by said Shareholders.

Report2. Audit Committee's Review Report on the 2016 Financial Statements. (See Appendix 1)

Report3. Report on the Execution Status of Capital Reduction Plan in 2016.
Explanation:
1. The Company's capital reduction plan to offset company losses was approved by 2016 1st special shareholders' meeting on December 22, 2016.
   (1)Reason for capital reduction: For the purpose of strengthening financial structure, and business development.
   (2)Total shares and amount of capital reduction: 1,600,498,786 shares, and NT$16,004,987,860.
   (3)Capital reduction ratio: 53.271115%.
   (4)Common capital after reduction: NT$14,039,413,490.
2. The execution status of capital reduction plan:
   (1)The capital reduction plan was approved by the Financial Supervisory

Commission with the document number 1050054452 on January 18, 2017.

(2)The record date of the capital reduction is February 20, 2017. The Company got the approval for the capital amendment registration from the Ministry of Economic Affairs with the document number 10601027640 on March 16, 2017. The Company’s book value per share has been enhanced after the capital reduction.

(3)To enhance working capital and capital needs, the issuance of common shares in private placement was approved by 2016 1st special shareholders’ meeting on December 22, 2016. The Company has issued 161,330,000 common shares in private placement on February 21, 2017. The Company would issue common shares in private placement in terms of actual needs and market conditions continually by December 22, 2017.

(4)In order to improve the operation performance, the Company adopted measures and cost-saving plans including business, planning, operation, information technology, and administration. To make sure the Company could achieve the annual budget guideline, the operation performance has been improved since 2016 Q4.

Report4. Report on the Execution Status of Private Placement Common Shares.

Explanation:
To enrich working capital, improve financial structure and enhance net value, the 1st special shareholders' meeting has mandated the Company to issue private placement common shares on December 22, 2016. Please refer to the related terms and conditions listed in the tables as Appendix 2.

Shareholder No. 604753 raises the concern for the feasibility of public offering.

The Chairman, or persons designated by the Chairman, clarifies the concerns raised by said Shareholders.

III. Matters for Recognition:

Proposal 1. Adoption of the 2016 Business Report and Financial Statements. (Proposed by the Board)

Explanation:
Yang Ming Marine Transport Corporation’s 2016 consolidated and individual Financial Statements have been duly audited by the Certified Public Accountants, Cheng Chin Tsung and Chen Chin Hsiang of Deloitte & Touche. Also, the Business Report and the aforementioned Financial Statements have been examined by the audit committees. (See Appendix 3)

Resolution:
The eligible shares for voting are 841,108,108 with 810,215,891 shares (including 166,719,302 electronic votes) voting for the proposal, 872,574 shares (including 872,574 electronic votes) voting against it, 30,019,643 shares (including 10,435,792 shares in electronic votes) abstaining, and there are no invalid shares. With 96.32% of the eligible shares voting voted for this proposal, this motion is approved as proposed.

Proposal 2. Adoption of the Proposal for 2016 Deficit Compensation. (Proposed by the Board)

Explanation:

1. The beginning balance of accumulated deficits of the Company is NT$ 2, after plus the actuarial gain arising from defined benefit plans NT$236,902,034, and the net loss NT$1,889,022,340 (FY2016 net loss NT$14,912,059,720 deducted NT$13,023,037,380, the accumulated loss of the first three quarters of 2016, which has been written off), the ending balance of accumulated deficits is NT$1,652,120,308. The 2016 statement of Deficit Compensation is attached as Appendix 4.
2. It is proposed not to distribute dividend for 2016.

Resolution:

The eligible shares for voting are 841,108,108 with 812,021,694 shares (including 168,538,836 electronic votes) voting for the proposal, 1,118,154 shares (including 1,118,154 electronic votes) voting against it, 27,968,260 shares (including 8,370,678 shares in electronic votes) abstaining, and there are no invalid shares. With 96.54% of the eligible shares voting voted for this proposal, this motion is approved as proposed.

IV. Matters for Discussion:

Proposal 1. Amendment to the Handling Procedures for Acquisition and Disposal of Assets, please proceed to discuss. (Proposed by the Board)

Explanation:

1. In order to comply with the revisions of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Company's business requirement, the company here by proposed to amend the Handling Procedures for Acquisition and Disposal of Asset.
2. The amended articles has been approved by the 319th meeting of the board of directors, please refer to Appendix 5 for details.

Resolution:

The eligible shares for voting are 841,108,108 with 812,165,191 shares (including 168,682,333 electronic votes) voting for the proposal, 1,026,096 shares (including 1,026,096 electronic votes) voting against it, 27,916,821 shares (including 8,319,239 shares in electronic votes) abstaining, and there are no invalid shares. With 96.55% of the eligible shares voting voted for this proposal, this motion is approved as proposed.

V. Election:

Proposal 1. The Election of Independent Director, please proceed to elect. (Proposed by the Board)

Explanation:

1. The term of 18th Board is from June 22, 2016 to June 21, 2019. Independent director Mr. Kuen-Mu Chen resigned on March 15, 2017 with effective from June 21, 2017. Accordingly, the company proposes to elect a new independent director at this year's annual meeting of shareholders, the term of new independent director is from June 22, 2017 to June 21, 2019.
2. There are no shareholders who hold more than 1% shares of the Company

nominating the independent director's nominee during the nomination period from April 14, 2017 to April 24, 2017.

3. The Board election proposal has been approved by the 319th meeting of the board of directors, and the nomination list has been reviewed by the 320th meeting of the board of directors. Please refer to page 60 of Handbook for the nomination list.

Shareholder No. 232 raises the concern for the qualifications of the candidate.

The Chairman, or persons designated by the Chairman, clarifies the concerns raised by said Shareholders.

Voting Results:

Elected list	Name	Votes
Independent Director	Ming-Sheu Tsai	805,856,535

VI. Other Matters:

Proposal 1. Proposal for Relieving the Prohibition on Directors from Participation in Competitive Business, please proceed to discuss.
(Proposed by the Board)

Explanation:

1. According to Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. Under the circumstance that there is no harm to the company, the Board proposes for relieving the prohibition on directors from participation in competitive business if the director does anything for himself or on behalf of another person as the provision.
3. The list of relieve the prohibition on directors is attached as Appendix 6.

Resolution:
For releasing the prohibition on Chih-Chien Hsieh from participation in competitive business, the shares eligible for voting are 841,108,108 with 812,531,738 shares(including 167,871,313 electronic votes) voting for the proposal, 2,098,604 shares(including 2,098,604 electronic votes) against it, 26,477,766 shares(including 8,057,751 shares in electronic votes) abstaining, and zero invalid shares. With 96.60% of share eligible for voting voted for this proposal, this motion is approved as proposed.

For releasing the prohibition on Ming-Sheu Tsai from participation in competitive business, the shares eligible for voting are 841,108,108 with 812,509,374 shares(including 167,848,949 electronic votes) voting for the proposal, 2,119,564 shares(including 2,119,564 electronic votes) against it, 26,479,170 shares(including 8,059,155 shares in electronic votes) abstaining, and zero invalid shares. With 96.59% of share eligible for voting voted for this proposal, this motion is approved as proposed.

VII. Extempore Motions:

Shareholder No.187 and No.115127 raise the concern for the pension and business Strategies.

The Chairman, or persons designated by the Chairman, clarifies the concerns raised by the Shareholders.

VIII. Adjournment: 11:15 a.m.

Chairman: Chih-Chien Hsieh Minute Taker: Tina Lu

The minutes of this general shareholders' meeting only record the major issues and the outcomes of the proposals. The actual progress, procedures, and the statement of the general shareholders' meeting should be based on the audio and video recording of the meeting.
This translated document of the Chinese text and for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version governs.

Appendix 1

Audit Committee’s Review Report

The Board of Directors has prepared and submitted to the Audit Committee the Company’s 2016 Business Report, individual and consolidated Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2016. The CPA firm of Deloitte & Touche, Taiwan, was retained to audit Yang Ming Marine Transport Corporation’s Financial Statements and has issued an Independent Auditors’ Report relating to the Financial Statements. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, the undersigned hereby certifies the Business Report, Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2016 after thorough examination.

To: 2017 Shareholders Meeting
YANG MING MARINE TRANSPORT CORP.

Independent director: Chen, Kuen-Mu

Independent director: Yen, Jin-Ru

Independent director: Chou, Heng-Chih

March 24, 2017

Appendix 2

Item	The first private placement common shares in 2017. Issue date (Stock issue date): April 10, 2017 Stock shares: 161,330,000 shares
Type of private placement security	Common shares
The date and amount determined by the Shareholders' Meeting	The 1st special shareholders' meeting on December 22, 2016 approved the Company to issue common shares no more than 1,000,000,000 in private placement, which shall be processed once or in batches within one year from the date of the determination of the 1st special shareholders' meeting.
Basis and reasonableness for determination of the price	The date of pricing is February 7, 2017. According to the resolution of the 1st special shareholders' meeting on December 22, 2016, the basis for the calculation of reference price is based on the higher one of the following two reference prices: A. the simple arithmetical average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, of which the price is NT$13.10. B. the simple arithmetical average closing price of the common shares of the Company for the thirty consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, of which the price is NT$11.06. According to the above-mentioned calculations, the reference price is NT$13.10, the subscription price per share is set at NT$10.48, which is 80.00% of the reference price and in the range resolved by the 1st special shareholders' meeting, and the total amount is NT$1,690,738,400. In compliance with Securities and Exchange Act, there is a three-year transfer limit for private placement securities and the qualification of the applicant is also regulated. In addition, the subscription price should be reasonable in favor of the Company's future operation, consideration of the effect of shareholders' equity and the recognition of the applicant.
The method to determine specific parties	In accordance with Article 43-6 of the Securities and Exchange Law.
The necessity of the private placement	Considering the time, convenience and cost of issue of raised capital, the Company intends to adopt private placement.
Payment date	February 21, 2017

(continued)

<table>
<tr><td rowspan="7">Investors’ data</td><td>Investor</td><td>Qualification</td><td>Amount (NT$)</td><td>Relationship with the Company</td><td>Business situation of participated company</td></tr>
<tr><td>National Development Fund, Executive Yuan</td><td>Article 43-6, paragraph 1, subparagraph 2 of the Securities and Exchange Law.</td><td>1,048,000,000</td><td>Government related party</td><td>N.A.</td></tr>
<tr><td>Taiwan Navigation Co., Ltd.</td><td>Article 43-6, paragraph 1, subparagraph 2 of the Securities and Exchange Law.</td><td>199,989,840</td><td>Government related party</td><td>N.A.</td></tr>
<tr><td>Taiwan Chinachem Investment Co Ltd.</td><td>Article 43-6, paragraph 1, subparagraph 3 of the Securities and Exchange Law.</td><td>266,998,960</td><td>The director of the Company</td><td>N.A.</td></tr>
<tr><td>T3EX Global Holdings Corp.</td><td>Article 43-6, paragraph 1, subparagraph 2 of the Securities and Exchange Law.</td><td>104,800,000</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Mercuries Life Insurance Co., Ltd.</td><td>Article 43-6, paragraph 1, subparagraph 1 of the Securities and Exchange Law.</td><td>49,989,600</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Superstar Investment Co.,Ltd.</td><td>Article 43-6, paragraph 1, subparagraph 2 of the Securities and Exchange Law.</td><td>20,960,000</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Actual subscription (or conversion) price</td><td colspan="5">NT$10.48</td></tr>
<tr><td>The difference between the actual subscription (or conversion) price and reference price</td><td colspan="5">The subscription price per share is set at NT$10.48, which is 80.00% of the reference price NT$13.10.</td></tr>
<tr><td>The impact of shareholders’ equity in private placement</td><td colspan="5">In compliance with Securities and Exchange Act, there is a three-year transfer limit for private placement securities and the qualification of the applicant is also regulated, so there is certain protection for shareholders. After the Company increases capital, the financial structure will be improved, and it is benefitial to the Company’s long-term development and is positive to shareholders’ equity.</td></tr>
<tr><td>The use of fund and progress of project implementation</td><td colspan="5">NT$ 1,690,738,400 has been fully used to replenish working capital.</td></tr>
<tr><td>Benefit in private placement</td><td colspan="5">It will increase the cash position of the Company, effectively improve the Company’s financial structure and enhance net value.</td></tr>
</table>

Appendix 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying financial statements of Yang Ming Marine Transport Corporation (the Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements of the Company are as follows:

Assessment of the impairment of tangible (not including investment properties) and intangible assets

The carrying value of tangible (not including investment properties) and intangible assets in the aggregate is NT$37,790,152 thousand. Not only is the amount material to the financial statements, but also the economic trend of the industry influences the assessment of impairment reached by the management of the Company. The Company's management evaluates amount of impairment by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration of the basis of assessment. Since the impairment involves judgment of critical estimation from the Company's management, we deemed that the assessment of impairment of the tangible (not including investment properties) and intangible assets is a key audit matter.

The assessment of impairment of the tangible (not including investment properties) and intangible assets is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5.

We took indicators of impairment of the tangible and intangible assets into consideration and focused on the performance of each component. When the indicators of impairment exists, we will test the assumption of impairment assessment model used by the Company's management – the test covers the forecast of cash flow and the discount rate.

We measured the accuracy of the Company's historical forecast by verifying the data, together with the documentation, provided by the Company's management in comparison with those of the industry.

Evaluation of the impairment of deferred tax assets generated from tax loss carryforward

The carrying value of deferred tax assets generated from tax loss carryforward is NT$3,198,319 thousand. Not only is amount material for the financial statements, but also the recognition of deferred tax assets is based on the prediction of future taxable income. Since the impairment involves judgment of critical estimation from the Company's management, we deemed that the impairment of deferred tax assets generated from tax loss carryforward is a key audit matter.

The evaluation of impairment of deferred tax assets generated from tax loss carryforward is included in the critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 28.

We gained the understanding on the assumption and obtained related data for the estimation of the future realized taxable income, assessed the appropriateness of the prediction and assumption, and evaluated the calculation of the recoverable amount of deferred tax assets.

We tested the prediction of future profit stream, compared the forecast data with historical data, and assessed whether the prediction would reflect the plan of management of the Company.

Evaluation of the provisions for onerous contracts from subsidiaries using the equity method

According to IAS 37, the subsidiaries using the equity method have to estimate the provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. The supply and demand market of the charter-in hire affects the rental revenue. Since the provisions involves judgment of critical estimation from the Company's management, we deemed that the evaluation of provisions for onerous contracts from subsidiaries using the equity method is a key audit matter.

The evaluation of provisions for onerous contracts from subsidiaries accounted for by the equity method is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5.

We gained understanding of the rationale of the evaluation of the Company's management, reviewed the documentation of the assumption used, and verified the details on rental to assess the appropriateness of the rental revenue recognition.

Audit of the percentage-of-completion

Since the recognition of the cargo revenue is material and complex, we deemed that the percentage-of-completion is a key audit matter.

The recognition depends on the expected completed voyage. The judgment of the percentage-of-completion estimation may lead to incorrect calculation or different methodology for the revenue recognition.

The judgment of cargo revenue is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 26.

We tested the accuracy of the timing of the revenue recognition. Through the subsequent information of voyage, berthing report, sailing schedule, bill of lading and documentation regarding freight rate, we verified the validity of the voyage date calculated by Company's management and of the revenue resulting from voyage.

Other Matter

We did not audit the financial statements of some subsidiaries, associates and joint ventures of Yang Ming Line (Singapore) Pte. Ltd, Yang Ming Line Holding Co., some subsidiaries, associates and joint ventures of Yes Logistics Company Ltd., and some subsidiaries and associates of Yang Ming Line (B.V.I) Holding Co. Ltd. as of and for the year ended December 31, 2016; and some subsidiaries, associates and joint ventures of Yang Ming Line (Singapore) Pte. Ltd, Yang Ming Line Holding Co., and some subsidiaries, associates and joint ventures of Yes Logistics Company Ltd. as of and for the year ended December 31, and 2015. The financial statements of these subsidiaries, associates and joint ventures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries, associates and joint ventures included in the accompanying financial statements, is based solely on the reports of other auditors. The carrying values of these investments were 3.05% (NT$3,344,553 thousand) and 2.57% (NT$3,233,303 thousand) of the total assets as of December 31, 2016 and December 31, 2015 respectively. The comprehensive income recognized by investments accounted for using equity method was (0.20%) (NT$29,435 thousand) and (3.05%) (NT$259,027 thousand) of the total comprehensive income, for the years ended December 31, 2016 and 2015, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Tsung Cheng and Chin-Hsiang Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March, 24, 2017

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2016 Amount	%	December 31, 2015 Amount	%
CURRENT ASSETS				
Cash and cash equivalents	$ 7,376,749	7	$ 16,439,781	13
Financial assets at fair value through profit or loss - current	2,975	-	170,442	-
Trade receivable, net	3,663,726	3	3,043,385	3
Trade receivable from related parties	2,948,863	3	2,211,666	2
Other receivable from related parties	169,477	-	224,715	-
Shipping fuel	1,677,948	2	1,432,976	1
Prepayments	538,925	1	514,745	-
Prepayments to shipping agents	307,233	-	918,134	1
Other financial assets - current	-	-	12,000	-
Other current assets	355,194	-	175,843	-
Total current assets	17,041,090	16	25,143,687	20
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	870,326	1	976,464	1
Financial assets measured at cost - non-current	477,188	-	477,188	-
Debt investments with no active market - non-current	1,000,000	1	1,000,000	1
Investments accounted for using equity method	18,078,465	17	21,873,700	17
Property, plant and equipment	37,071,633	34	39,648,516	32
Investment properties	6,635,170	6	8,363,761	7
Other intangible assets	102,742	-	32,943	-
Deferred tax assets	3,609,273	3	2,743,448	2
Refundable deposits	317,910	-	1,450,368	1
Long-term prepayments for lease	536,561	-	568,133	-
Long-term receivables from related parties	23,749,554	22	23,657,081	19
Other non-current assets	52,551	-	61,994	-
Total non-current assets	92,501,373	84	100,853,596	80
TOTAL	$ 109,542,463	100	$ 125,997,283	100

LIABILITIES AND EQUITY

	December 31, 2016 Amount	%	December 31, 2015 Amount	%
CURRENT LIABILITIES				
Short-term borrowings	$ 3,110,000	3	$ 2,410,000	2
Short-term bills payable	1,299,829	1	-	-
Financial liabilities at fair value through profit or loss - current	-	-	89,105	-
Trade payables	10,489,128	10	10,520,380	9
Trade payables to related parties	4,881,132	5	5,195,555	4
Payables on equipment	7,096	-	615,616	1
Other payables	1,798,541	2	1,688,850	1
Other payables to related parties	352,631	-	200,205	-
Current tax liabilities	4,540	-	14,182	-
Current portion of long-term liabilities	11,956,467	11	11,386,948	9
Advance from customers	203,055	-	167,368	-
Other current liabilities	177,471	-	172,168	-
Total current liabilities	34,279,890	32	32,460,377	26
NON-CURRENT LIABILITIES				
Bonds payable	13,299,123	12	19,891,948	16
Long-term borrowings	41,343,939	38	37,027,266	29
Deferred tax liabilities	1,606,338	1	1,887,173	1
Finance lease payables - non-current	43,512	-	173,298	-
Advance from customers - non-current	1,100,788	1	1,029,248	1
Other financial liabilities - non-current	66,463	-	117,481	-
Net defined benefit liabilities - non-current	1,945,727	2	2,257,398	2
Other non-current liabilities	47,845	-	114,384	-
Total non-current liabilities	59,453,735	54	62,498,196	49
Total liabilities	93,733,625	86	94,958,573	75
EQUITY				
Share capital - ordinary shares	30,044,401	27	30,044,401	24
Capital surplus	4,425,139	4	5,500,037	4
Accumulated deficits				
Legal reserve	-	-	41,137	-
Special reserve	-	-	4,098,535	3
Accumulated deficits	(17,657,109)	(16)	(8,005,152)	(6)
Total accumulated deficits	(17,657,109)	(16)	(3,865,480)	(3)
Other equity	(1,003,593)	(1)	(640,248)	-
Total equity	15,808,838	14	31,038,710	25
TOTAL	$ 109,542,463	100	$ 125,997,283	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Years Ended December 31			
	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE	$96,844,267	100	$ 106,245,724	100
OPERATING COSTS	108,326,363	112	110,564,175	104
GROSS LOSS	(11,482,096)	(12)	(4,318,451)	(4)
OPERATING EXPENSES				
Selling and marketing expenses	1,454,631	2	1,513,306	2
General and administrative expenses	348,805	-	366,601	-
Total operating expenses	1,803,436	2	1,879,907	2
OTHER OPERATING INCOME AND EXPENSES	341,152	-	340,618	1
LOSS FROM OPERATIONS	(12,944,380)	(14)	(5,857,740)	(5)
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	586,912	-	191,543	-
Share of profits or loss of subsidiaries and associates	(2,825,158)	(3)	(1,859,294)	(2)
Other income	622,459	1	706,933	1
Finance costs	(1,323,894)	(1)	(1,203,868)	(1)
Total non-operating income and expenses	(2,939,681)	(3)	(2,164,686)	(2)
LOSS BEFORE INCOME TAX	(15,884,061)	(17)	(8,022,426)	(7)
INCOME TAX BENEFIT	(972,001)	(1)	(300,670)	-
NET LOSS FOR THE YEAR	(14,912,060)	(16)	(7,721,756)	(7)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	238,383	-	(413,336)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	39,044	-	(25,717)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Years Ended December 31			
	2016		2015	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ (40,525)	-	$ 72,256	-
	236,902	-	(366,797)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(272,341)	-	264,526	-
Unrealized loss on available-for-sale financial assets	(106,138)	-	(562,528)	(1)
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(6,891)	-	(40,147)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	22,025	-	(64,851)	-
	(363,345)	-	(403,000)	(1)
Other comprehensive income (loss) for the year, net of income tax	(126,443)	-	(769,797)	(1)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$(15,038,503)	(16)	$ (8,491,553)	(8)
LOSS PER SHARE				
From continuing operation				
Basic	$(9.22)		$(4.80)	
Diluted	$(9.22)		$(4.80)	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings (Accumulated Deficits)			Other Equity		
	Shares (In Thousand)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Available-for Foreign Assets	Total Equity
BALANCE AT JANUARY 1, 2015	2,856,380	$ 28,563,800	$ 4,899,288	$ -	$ -	$ 4,223,073	$ 490,379	$ (727,627)	$ 37,448,913
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	-	3,719,463	(3,719,463)	-	-	-
Appropriation of 2014 earnings									
Legal reserve	-	-	-	41,137	-	(41,137)	-	-	-
Special reserve	-	-	-	-	379,072	(379,072)	-	-	-
Convertible bonds converted to ordinary shares	148,060	1,480,601	515,288	-	-	-	-	-	1,995,889
Arising from donations	-	-	50,308	-	-	-	-	-	50,308
Net loss for the year ended December 31, 2015	-	-	-	-	-	(7,721,756)	-	-	(7,721,756)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(366,797)	199,675	(602,675)	(769,797)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(8,088,553)	199,675	(602,675)	(8,491,553)
Change in percentage of ownership interest in subsidiaries	-	-	35,153	-	-	-	-	-	35,153
BALANCE AT DECEMBER 31, 2015	3,004,440	30,044,401	5,500,037	41,137	4,098,535	(8,005,152)	690,054	(1,330,302)	31,038,710
Legal reserve used to offset accumulated deficits	-	-	-	(41,137)	-	41,137	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	-	(4,098,535)	4,098,535	-	-	-
Capital surplus used to offset accumulated deficits	-	-	(1,074,898)	-	-	1,074,898	-	-	-
Net loss for the year ended December 31, 2016	-	-	-	-	-	(14,912,060)	-	-	(14,912,060)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	236,902	(250,316)	(113,029)	(126,443)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	(14,675,158)	(250,316)	(113,029)	(15,038,503)
Change in percentage of ownership interest in subsidiaries	-	-	-	-	-	(191,369)	-	-	(191,369)
BALANCE AT DECEMBER 31, 2016	3,004,440	$ 30,044,401	$ 4,425,139	$ -	$ -	$ (17,657,109)	$ 439,738	$ (1,443,331)	$ 15,808,838

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (15,884,061)	$ (8,022,426)
Adjustments for:		
Depreciation expenses	2,790,038	2,858,235
Amortization expenses	30,336	19,608
Impairment loss recognized on trade receivables	5,051	1,258
Net (gain) loss on fair value change of financial assets/liabilities at fair value through profit and loss	(74,383)	166,653
Finance costs	1,323,894	1,203,868
Interest income	(472,370)	(540,971)
Dividend income	(16,231)	(46,732)
Share of loss of subsidiaries and associates	2,825,158	1,859,294
Gain on disposal of property, plant and equipment	(211,891)	(277,773)
Gain on disposal of available-for-sale financial assets	(6,055)	(9,327)
Write-down (reversal) of shipping fuel	129,400	(25,714)
Net loss on repurchase of bonds payable	58,970	-
Gain on change in fair value of investment properties	(390,458)	(64,785)
Amortization of long-term prepayments for lease	31,572	31,572
Amortization of advance from customers	(167,141)	(47,872)
Changes in operating assets and liabilities		
Financial assets held for trading	(42,373)	(158,815)
Trade receivable	(625,392)	926,497
Trade receivable from related parties	(737,197)	438,707
Other receivable from related parties	55,238	(114,208)
Shipping fuel	(374,372)	1,045,933
Prepayments	(121,053)	3,427
Prepayments to shipping agents	610,901	(224,009)
Other current assets	194,469	223,333
Trade payables	(31,252)	(693,687)
Trade payables to related parties	(314,423)	1,833,016
Other payables	83,203	135,212
Other payables to related parties	152,426	105,547
Advance from customers	274,368	(23,218)
Other current liabilities	74,970	(2,309)
Net defined benefit liabilities	(73,288)	6,943
Cash generated from (used in) operations	(10,900,011)	607,257
Dividend received	554,751	762,205
Interest received	100,086	193,615
Interest paid	(1,400,351)	(1,127,037)
Income tax paid	(204,337)	(137,478)
Net cash generated from (used in) operating activities	(11,851,797)	298,562

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	$ (390,914)	$ (2,407,456)
Proceeds from sale of financial assets designated as at fair value through profit or loss	586,032	3,278,715
Purchase of available-for-sale financial assets	(23,684,000)	(19,200,000)
Proceeds from sale of available-for-sale financial assets	23,690,055	19,209,327
Payments for property, plant and equipment	(911,392)	(3,628,839)
Proceeds from disposal of property, plant and equipment	328,814	373,910
Proceeds from disposal of investment properties	2,119,049	-
(Increase) decrease in refundable deposits	1,132,458	(908,288)
Increase in long-term receivables from related parties	(92,473)	(714,873)
Payments for intangible assets	(100,135)	(35,506)
Decrease in other financial assets	12,000	973,696
(Increase) decrease in other non-current assets	9,443	(14,923)
Net cash generated from (used in) investing activities	2,698,937	(3,074,237)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	700,000	2,410,000
Proceeds from short-term bills payable	1,300,000	-
Proceeds from issuance of bonds	-	4,000,000
Repurchase of bonds payable	(1,807,900)	-
Repayments of bonds payable	(6,559,000)	(5,924,000)
Proceeds from long-term borrowings	24,822,764	24,465,153
Repayments of long-term borrowings	(18,125,114)	(18,899,148)
Payments for obligations under finance leases	(124,880)	(101,260)
Decrease in other financial liabilities	(49,503)	(48,201)
Decrease in other non-current liabilities	(66,539)	(93,582)
Acquisition of subsidiaries	-	(1,943,491)
Net cash generated from financing activities	89,828	3,865,471
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (9,063,032)	$ 1,089,796
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,439,781	15,349,985
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 7,376,749	$ 16,439,781

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017)

INDEPENDENT AUDITORS' REPOR

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group are as follows:

<u>Assessment of the impairment of tangible (not including investment properties) and intangible assets</u>

The carrying value of tangible (not including investment properties) and intangible assets in the aggregate is NT$87,065,689 thousand. Not only is the amount material to the consolidated financial statements, but also the economic trend of the industry influences the assessment of impairment reached by the management of the Group. The Group's management evaluates the amount of impairment by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration for forming the basis of assessment. Since the impairment involves judgment of critical estimation from the Group's management, we deemed that the assessment of impairment of the tangible (not including investment properties) and intangible assets is a key audit matter.

The assessment of the impairment of the tangible (not including investment properties) and intangible assets is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Note 5.

We took the indicators of impairment of the tangible and intangible assets into consideration and focused on the performance of each component. When the indicators of impairment exists, we will test the assumption of impairment assessment model used by the Group's management – the test covers the forecast of cash flow and the discount rate.

We measured the accuracy of the Group's historical forecast by verifying the data, together with the documentation, provided by the Group's management in comparison with those of the industry.

Evaluation of the impairment of deferred tax assets generated from tax loss carryforward

The carrying value of deferred tax assets generated from tax loss carryforward is NT$3,198,319 thousand. Not only is the amount material to the consolidated financial statements, but also the recognition of deferred tax assets is based on the prediction of future taxable income. Since the impairment involves judgment of critical estimation from the Group's management, we deemed that the impairment of deferred tax assets generated from tax loss carryforward is a key audit matter.

The evaluation of the impairment of deferred tax assets generated from tax loss carryforward is included in the critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 29.

We gained the understanding on the assumption and obtained related data for the estimation of the future realized taxable income, assessed the appropriateness of the prediction and assumption, and evaluated the calculation of the recoverable amount of deferred tax assets.

We tested the prediction of future profit stream, compared the data of the forecast with historical data, and assessed whether the prediction would reflect the plan of the management of the Group.

Evaluation of the provisions for onerous contracts

According to IAS 37, the Group has to estimate the provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. The supply and demand market of the charter-in hire affects the rental revenue. Since the provisions involves judgment of critical estimation from the Group's management, we deemed that the evaluation of provisions for onerous contracts is a key audit matter.

The evaluation of provisions for onerous contracts is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 23.

We gained understanding of the rationale of the evaluation of the Group's management, reviewed the documentation of the assumption used, and verified the details on rental to assess the appropriateness of the rental revenue recognition.

Audit of the percentage-of-completion

Since the recognition of the cargo revenue is material and complex, we deemed that the percentage-of-completion is a key audit matter.

The recognition depends on the expected completed voyage. The judgment of the percentage-of-completion estimation may lead to incorrect calculation or inconsistency for the revenue recognition.

The judgment of cargo revenue is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 27.

We tested the accuracy of the timing of the revenue recognition. Through the subsequent information of voyage, berthing report, sailing schedule, bill of lading and documentation regarding freight rate, we verified the validity of the voyage date calculated by Group's management and of the revenue resulting from voyage.

Other Matter

We did not audit the financial statements of some subsidiaries of Yes Logistics Company Ltd., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte. Ltd., and Yang Ming Line B.V. as of and for the year ended December 31, 2016; and some subsidiaries of Yes Logistics Company Ltd., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte. Ltd. as of and for the year ended December 31, and 2015. The financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries included in the accompanying financial statements, is based solely on the reports of other auditors. The combined total assets of these subsidiaries were 3.58% (NT$4,873,184 thousand) and 2.87% (NT$4,449,056 thousand) of the total consolidated assets as of December 31, 2016 and 2015 respectively. The combined total operating revenues of these subsidiaries were 1.02% (NT$1,175,242 thousand) and 0.81% (NT$1,031,866 thousand) of the total consolidated operating revenues for the years ended December 31, 2016 and 2015, respectively. Also, we did not audit the financial statements of the associates and joint ventures accounted for by the equity-method as follows: Yang Ming (U.A.E.) Ltd., Yang Ming Shipping (Egypt) S.A.E, West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited, Sino-YES Tianjin Cold Chain Logistics Company Limited, YES LIBERAL Logistics Corp. and LogiTrans Technology Private Limited for the year ended December 31, 2016, and Yang Ming (U.A.E.) Ltd., Yang Ming Shipping (Egypt) S.A.E, West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited, ANSHIP-YES Logistics Corporation Limited, Sino-YES Tianjin Cold Chain Logistics Company Limited, YES LIBERAL Logistics Corp. and LogiTrans Technology Private Limited for the year ended December 31, 2015; these associates and joint ventures had been audited by other auditors. The carrying values of these associates and joint ventures were 1.12% (NT$1,519,483 thousand) and 1.14% (NT$1,761,049 thousand) of the total consolidated assets as of

December 31, 2016 and 2015 respectively. The amounts of profit or loss recognized on investments accounted for by the equity method was 1.26% (NT$(189,084) thousand) and (1.37%) (NT$117,764 thousand) of the total comprehensive income for the years ended December 31, 2016 and 2015, respectively. The financial statements of these associates and joint ventures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount of these associates and joint ventures included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation Company as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Tsung Cheng and Chin-Hsiang Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2017

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	$ 11,937,376	9	$ 23,749,249	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	687,130	1	847,046	1
Available-for-sale financial assets - current (Notes 4 and 8)	1,148	-	2,365	-
Notes receivable, net (Notes 4 and 10)	214,020	-	218,416	-
Trade receivables, net (Notes 4 and 10)	7,298,578	5	5,967,345	4
Trade receivables from related parties (Notes 4, 10 and 35)	295,378	-	319,935	-
Shipping fuel (Notes 4 and 11)	1,988,651	2	1,730,036	1
Prepayments (Notes 5, 16 and 35)	783,813	1	754,290	-
Prepayments to shipping agents (Note 35)	299,404	-	780,717	1
Other financial assets - current (Notes 4, 17 and 36)	533,205	-	82,700	-
Other current assets (Notes 29 and 35)	1,250,539	1	1,119,364	1
Total current assets	25,289,242	19	35,571,463	23
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	870,326	1	976,464	1
Financial assets measured at cost - non-current (Notes 4 and 9)	492,082	-	494,597	-
Investments accounted for using equity method (Notes 4 and 13)	8,243,086	6	8,630,101	6
Property, plant and equipment (Notes 4, 5, 14, 35 and 36)	85,713,353	63	90,573,485	58
Investment properties (Notes 4, 15 and 36)	6,205,216	5	7,942,862	5
Other intangible assets (Notes 4 and 5)	118,595	-	50,623	-
Deferred tax assets (Notes 4, 5 and 29)	3,698,372	3	2,813,823	2
Prepayments for equipment (Notes 5 and 35)	665,608	-	1,065,059	1
Refundable deposits (Notes 32 and 36)	401,341	-	1,556,487	1
Other financial assets - non-current (Notes 4, 17, 24, 35 and 36)	3,758,242	3	4,719,728	3
Long-term prepayments for lease (Notes 5 and 16)	536,561	-	568,133	-
Other non-current assets	51,402	-	13,276	-
Total non-current assets	110,754,184	81	119,404,638	77
TOTAL	$ 136,043,426	100	$ 154,976,101	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 5,786,088	4	$ 4,949,787	3
Short-term bills payable (Note 18)	1,399,769	1	99,872	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	89,105	-
Notes payable	54,282	-	53,624	-
Trade payables (Note 20)	13,927,633	10	13,561,068	9
Trade payables to related parties (Notes 20 and 35)	895,899	1	1,165,804	1
Payables on equipment	7,141	-	624,378	-
Other payables (Notes 22 and 35)	3,139,883	2	3,063,322	2
Current tax liabilities (Notes 4 and 29)	191,052	-	149,392	-
Provisions-current (Notes 4, 5 and 23)	1,260,418	1	741,512	1
Current portion of long-term liabilities (Notes 18, 19, 21, 24, 35 and 36)	15,149,025	11	15,176,994	10
Advance from customers	267,533	-	245,709	-
Other current liabilities	471,412	1	553,471	-
Total current liabilities	42,550,135	31	40,474,038	26
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 35)	13,299,123	10	19,891,948	13
Long-term borrowings (Notes 4, 18, 35 and 36)	50,642,222	37	47,389,835	31
Provisions - non-current (Notes 4 and 23)	103,710	-	158,425	-
Deferred tax liabilities (Notes 4 and 29)	1,778,163	1	2,039,154	1
Finance lease payables - non-current (Notes 4 and 21)	4,687,524	3	5,183,473	3
Advance from customers - non-current	1,100,788	1	1,029,248	1
Other financial liabilities - non-current (Notes 4, 19 and 24)	3,355,599	3	4,399,379	3
Net defined benefit liabilities - non-current (Notes 4 and 25)	2,160,622	2	2,522,877	2
Other non-current liabilities	87,035	-	156,392	-
Total non-current liabilities	77,214,786	57	82,770,731	54
Total liabilities	119,764,921	88	123,244,769	80
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	30,044,401	22	30,044,401	19
Capital surplus	4,425,139	3	5,500,037	4
Accumulated deficits				
Legal reserve	-	-	41,137	-
Special reserve	-	-	4,098,535	2
Accumulated deficits	(17,657,109)	(13)	(8,005,152)	(5)
Total accumulated deficits	(17,657,109)	(13)	(3,865,480)	(3)
Other equity	(1,003,593)	-	(640,248)	-
Total equity attributable to owners of the Company	15,808,838	12	31,038,710	20
NON-CONTROLLING INTERESTS	469,667	-	692,622	-
Total equity	16,278,505	12	31,731,332	20
TOTAL	$ 136,043,426	100	$ 154,976,101	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 5, 27 and 35)	$115,400,150	100	$127,559,424	100
OPERATING COSTS (Notes 4, 11, 28 and 35)	124,463,909	108	128,350,817	100
GROSS LOSS	(9,063,759)	(8)	(791,393)	-
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing expenses	5,229,841	4	5,164,866	4
General and administrative expenses	862,716	1	856,882	1
Total operating expenses	6,092,557	5	6,021,748	5
OTHER OPERATING INCOME AND EXPENSES (Note 28)	434,887	-	352,347	-
LOSS FROM OPERATIONS	(14,721,429)	(13)	(6,460,794)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 28 and 35)				
Other gains and losses	851,218	1	(186,336)	-
Share of profit or loss of associates and joint ventures	(113,451)	-	134,045	-
Other income	278,145	-	383,434	-
Finance costs	(1,990,057)	(2)	(1,812,876)	(1)
Total non-operating income and expenses	(974,145)	(1)	(1,481,733)	(1)
LOSS BEFORE INCOME TAX	(15,695,574)	(14)	(7,942,527)	(6)
INCOME TAX BENEFIT (Notes 4, 5 and 29)	(806,075)	(1)	(154,036)	-
NET LOSS FOR THE YEAR	(14,889,499)	(13)	(7,788,491)	(6)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	286,445	-	(442,817)	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(491)	-	(450)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ (48,696)	-	$ 75,279	-
	237,258	-	(367,988)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(305,124)	-	245,015	-
Unrealized loss on available-for-sale financial assets	(105,508)	-	(562,811)	(1)
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(7,521)	-	(39,864)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	22,025	-	(64,851)	-
	(396,128)	-	(422,511)	(1)
Other comprehensive loss for the year, net of income tax	(158,870)	-	(790,499)	(1)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$(15,048,369)	(13)	$ (8,578,990)	(7)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$(14,912,060)	(13)	$ (7,721,756)	(6)
Non-controlling interests	22,561	-	(66,735)	-
	$(14,889,499)	(13)	$ (7,788,491)	(6)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	$(15,038,503)	(13)	$ (8,491,553)	(7)
Non-controlling interests	(9,866)	-	(87,437)	-
	$(15,048,369)	(13)	$ (8,578,990)	(7)
LOSS PER SHARE (Note 30)				
From continuing operations				
Basic	$ (9.22)		$ (4.80)	
Diluted	$ (9.22)		$ (4.80)	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital (Notes 4 and 26)			Retained Earnings (Accumulated Deficits) (Note 26)			Other Equity				
	Shares (In Thousand)	Amount	Capital Surplus (Notes 4 and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Loss on Available-for-sale Financial Assets (Notes 4 and 26)	Total	Non-controlling Interests (Note 26)	Total Equity
BALANCE AT JANUARY 1, 2015	2,856,380	$ 28,563,800	$ 4,899,288	$ -	$ -	$ 4,223,073	$ 490,379	$ (727,627)	$ 37,448,913	$ 997,493	$ 38,446,406
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	-	3,719,463	(3,719,463)	-	-	-	-	-
Appropriation of 2014 earnings											
Legal reserve	-	-	-	41,137	-	(41,137)	-	-	-	-	-
Special reserve	-	-	-	-	379,072	(379,072)	-	-	-	-	-
Convertible bonds converted to ordinary shares	148,060	1,480,601	515,288	-	-	-	-	-	1,995,889	-	1,995,889
Arising from donations	-	-	50,308	-	-	-	-	-	50,308	-	50,308
Net loss for the year ended December 31, 2015	-	-	-	-	-	(7,721,756)	-	-	(7,721,756)	(66,735)	(7,788,491)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(366,797)	199,675	(602,675)	(769,797)	(20,702)	(790,499)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(8,088,553)	199,675	(602,675)	(8,491,553)	(87,437)	(8,578,990)
Changes in percentage of ownership interest in subsidiaries (Note 31)	-	-	35,153	-	-	-	-	-	35,153	(35,153)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(182,281)	(182,281)
BALANCE AT DECEMBER 31, 2015	3,004,440	30,044,401	5,500,037	41,137	4,098,535	(8,005,152)	690,054	(1,330,302)	31,038,710	692,622	31,731,332
Legal reserve used to offset accumulated deficits	-	-	-	(41,137)	-	41,137	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	-	(4,098,535)	4,098,535	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	-	(1,074,898)	-	-	1,074,898	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2016	-	-	-	-	-	(14,912,060)	-	-	(14,912,060)	22,561	(14,889,499)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	236,902	(250,316)	(113,029)	(126,443)	(32,427)	(158,870)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	(14,675,158)	(250,316)	(113,029)	(15,038,503)	(9,866)	(15,048,369)
Change in percentage of ownership interest in subsidiaries (Note 31)	-	-	-	-	-	(191,369)	-	-	(191,369)	(59,442)	(250,811)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(153,647)	(153,647)
BALANCE AT DECEMBER 31, 2016	3,004,440	$ 30,044,401	$ 4,425,139	$ -	$ -	$ (17,657,109)	$ 439,738	$ (1,443,331)	$ 15,808,838	$ 469,667	$ 16,278,505

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$(15,695,574)	$ (7,942,527)
Adjustments for:		
Depreciation expenses	6,425,913	6,330,124
Amortization expenses	45,238	29,414
Impairment loss recognized on trade receivables	60,054	7,030
Net (gain) loss on fair value change of financial assets/liabilities at fair value through profit and loss	(70,905)	165,423
Finance costs	1,990,057	1,812,876
Interest income	(123,105)	(218,342)
Dividend income	(21,117)	(50,915)
Share of (profit) loss of associates and joint ventures	113,451	(134,045)
Gain on disposal of property, plant and equipment	(254,081)	(290,484)
Gain on disposal of available-for-sale financial assets and financial assets measured at cost	(7,896)	(9,327)
Write-down of shipping fuel	124,580	24,675
Net (gain) loss on foreign currency exchange	(177,541)	462,318
Net loss on repurchase of bonds payable	58,970	-
Gain on change in fair value of investment properties	(381,403)	(46,040)
Amortization of long-term prepayments for lease	31,572	31,572
Amortization of advance from customers	(167,141)	(47,872)
Provision for liabilities	1,263,957	854,579
Changes in operating assets and liabilities		
Financial assets held for trading	(56,179)	(303)
Notes receivable	4,022	146,214
Trade receivable	(1,389,908)	1,512,322
Trade receivable from related parties	24,557	47,521
Shipping fuel	(383,195)	1,444,552
Prepayments	3,709	73,223
Prepayments to shipping agents	481,313	(180,999)
Other current assets	(119,209)	(34,021)
Notes payable	658	3,473
Trade payables	366,565	(523,127)
Trade payables to related parties	(269,905)	81,297
Other payables	76,582	184,383
Provisions	(786,195)	(700,699)
Advance from customers	260,505	(147,168)
Other current liabilities	(12,392)	146,799
Net defined benefit liabilities	(75,810)	727
Cash generated from (used in) operations	(8,659,853)	3,032,653
Dividend received	207,926	245,912
Interest received	125,255	224,834

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Interest paid	$ (2,090,838)	$ (1,782,876)
Income tax paid	(376,555)	(351,269)
Net cash generated from (used in) operating activities	(10,794,065)	1,369,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	(1,625,755)	(2,407,456)
Proceeds from sale of financial assets designated as at fair value through profit or loss	1,809,843	3,278,715
Purchase of available-for-sale financial assets	(23,684,000)	(20,079,606)
Proceeds from disposal of available-for-sale financial assets	23,691,427	20,088,933
Proceeds from disposal of financial assets measured at cost	4,831	-
Purchase of associates and joint ventures accounted for using equity method	-	(25,000)
Payments for property, plant and equipment	(1,808,962)	(9,844,229)
Proceeds from disposal of property, plant and equipment	376,564	393,106
Proceeds from disposal of investment properties	2,119,049	-
(Increase) decrease in refundable deposits	1,155,146	(920,291)
Payments for intangible assets	(109,705)	(40,982)
(Increase) decrease in other financial assets	(239,975)	1,028,336
(Increase) decrease in other non-current assets	(42,179)	10,455
Increase in prepayments for equipment	(410,783)	(558,008)
Net cash generated from (used in) investing activities	1,235,501	(9,076,027)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	836,301	4,002,762
Proceeds from short-term bills payable	1,300,000	99,872
Proceeds from issuance of bonds	-	4,000,000
Repurchase of bonds payable	(1,807,900)	-
Repayments of bonds payable	(6,559,000)	(5,924,000)
Proceeds from long-term borrowings	26,593,042	30,109,509
Repayments of long-term borrowings	(21,333,240)	(21,798,660)
Payments for obligations under finance leases	(378,902)	(347,692)
Decrease in other financial liabilities	(321,043)	(153,460)
Decrease in other non-current liabilities	(69,357)	(79,164)
Acquisition of subsidiaries (Note 31)	(250,811)	-
Net change in non-controlling interests	(153,647)	(182,281)
Net cash generated from (used in) financing activities	(2,144,557)	9,726,886

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	$ (108,752)	$ 45,581
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,811,873)	2,065,694
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,749,249	21,683,555
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,937,376	$ 23,749,249

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 24, 2017) (Concluded)

Appendix 4

YANG MING MARINE TRANSPORT CORP.

Statement of Deficit Compensation

2016

Unit：NT$

Item	Amount
Beginning deficit to be compensated[R1]	(2)
Actuarial gain (loss) arising from defined benefit plans	236,902,034
Beginning deficit to be compensated after adjusted	236,902,032
Net Loss after tax for 2016[R2]	(1,889,022,340)
Deficit to be compensated	(1,652,120,308)

R1: After the deficit compensation and capital reduction were approved by the 1st special shareholders' meeting on December 22, 2016.

R2: Net loss after tax in fourth quarter.

Appendix 5

The Amendment to the Handling Procedures for Acquisition and Disposal of Assets of Yang Ming Marine Transport Corporation

New	Now	Remark
Article 5 Operation procedures for acquiring or disposing assets The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments. 1. Authorized quota for the Company (1). The total amount of purchasing non-business real estate shall not exceed 30% of the Company's paid-in capital. (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed **100%** of the Company's paid-in capital. 2. Authorized quota for the management (1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit. (2). Real estate, equipment and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million. (3). Non-business real estate The amount for each transaction is within TWD10 million. (4). Memberships and intangible assets	Article 5 Operation procedures for acquiring or disposing assets The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments. 1. Authorized quota for the Company (1). The total amount of purchasing non-business real estate shall not exceed 30% of the Company's paid-in capital. (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed **50%** of the Company's paid-in capital. 2. Authorized quota for the management (1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit. (2). Real estate, equipment and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million. (3). Non-business real estate The amount for each transaction is within TWD10 million. (4). Memberships and intangible assets	Adjust authorized quota for the Company to comply with business requirements

New	Now	Remark
The amount for each transaction is within TWD10 million. 3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.	The amount for each transaction is within TWD10 million. 3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.	
<u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company’s paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>**repurchase**</u> of <u>**money market funds issued by domestic securities investment trust enterprises**</u>, may not proceed with the transaction until the followings were	<u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company’s paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>**redemption**</u> of <u>**domestic money market funds**</u>, may not proceed with the transaction until the followings were passed by audit committee and reported to board of	Amend wording according to February 9, 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission

New	Now	Remark
passed by audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article. 4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties. 5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article. 7. Restrictive covenants and other important stipulations associated with the transaction. With respect to the acquisition or disposal of business-use machinery and equipment between	directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article. 4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties. 5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article. 7. Restrictive covenants and other important stipulations associated with the transaction. With respect to the acquisition or disposal of business-use machinery and equipment between	

New	Now	Remark
the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.	the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.	

New	Now	Remark
The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties. If one of the following circumstances exists when the Company acquiring real estates from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs. 1. Related party acquires the real estate through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties. If one of the following circumstances exists when the Company acquiring real estates from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs. 1. Related party acquires the real estate through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:	

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(1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3). Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated	(1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3). Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated	

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parties within the preceding year. 3. Completed transactions for neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the	parties within the preceding year. 3. Completed transactions for neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the	

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provisions of Article 218 of Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.	provisions of Article 218 of Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.	
<u>Article 9 Procedures for merger, split-up, tender offer or transfer of shares</u> The Company that conducts a merger, split-up, tender offer or transfer of shares, prior to the board of directors resolution, shall engage a CPA, attorney, or securities underwriter to give an opinion on the rationality of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board of directors for deliberation and passage. <u>**However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.**</u>	<u>Article 9 Procedures for merger, split-up, tender offer or transfer of shares</u> The Company that conducts a merger, split-up, tender offer or transfer of shares, prior to the board of directors resolution, shall engage a CPA, attorney, or securities underwriter to give an opinion on the rationality of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board of directors for deliberation and passage. The Company participating in a merger, split-up, tender offer or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, split-up or tender offer prior to the shareholders' meeting and include it along with the experts' opinion referred to in preceding paragraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the	Amend wording according to February 9, 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission

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The Company participating in a merger, split-up, tender offer or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, split-up or tender offer prior to the shareholders' meeting and include it along with the experts' opinion referred to in preceding paragraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, split-up or tender offer. Provided, where a provision of another act exempts the Company from convening the shareholders' meeting to approve the merger, split-up or tender offer, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, split-up or tender offer fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, split-up or tender offer shall immediately publicly explain the reason, the follow-up measures and the preliminary date of the next shareholders' meeting. The Company participating in a merger, split-up or tender shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, split-up or tender off, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or FSC is notified in advance of extraordinary	merger, split-up or tender offer. Provided, where a provision of another act exempts the Company from convening the shareholders' meeting to approve the merger, split-up or tender offer, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, split-up or tender offer fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, split-up or tender offer shall immediately publicly explain the reason, the follow-up measures and the preliminary date of the next shareholders' meeting. The Company participating in a merger, split-up or tender shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, split-up or tender off, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent. Every person participating in or privy to the plan for merger, split-up, tender offer or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, split-up,	

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circumstances and grants consent. Every person participating in or privy to the plan for merger, split-up, tender offer or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, split-up, tender offer or transfer of shares. The Company participating in a merger, split-up, tender offer or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances and shall stipulate the circumstances permitting alteration in the contract for the merger, split-up, tender offer or transfer of shares: 1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities. 2. An action such as a disposal of major assets that affects the Company's financial operations. 3. An event such as a major disaster or major change in technology that affects shareholders equity or share prices. 4. An adjustment where any of the companies participating in the merger, split-up, tender offer or transfer of shares from another company buys back treasury stocks. 5. An increase or decrease in the number of entities or companies participating in the merger, split-up, tender offer or transfer of shares.	tender offer or transfer of shares. The Company participating in a merger, split-up, tender offer or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances and shall stipulate the circumstances permitting alteration in the contract for the merger, split-up, tender offer or transfer of shares: 1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities. 2. An action such as a disposal of major assets that affects the Company's financial operations. 3. An event such as a major disaster or major change in technology that affects shareholders equity or share prices. 4. An adjustment where any of the companies participating in the merger, split-up, tender offer or transfer of shares from another company buys back treasury stocks. 5. An increase or decrease in the number of entities or companies participating in the merger, split-up, tender offer or transfer of shares. 6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The contract for participation by the Company in a merger, split-up, tender offer or transfer of shares shall record the rights and obligations of the companies participating in the merger, split-up, tender offer or transfer of shares and shall also record the following: 1. Handling of breach of contract.	

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6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. The contract for participation by the Company in a merger, split-up, tender offer or transfer of shares shall record the rights and obligations of the companies participating in the merger, split-up, tender offer or transfer of shares and shall also record the following: 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is split-up. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion and relevant procedures. After public disclosure of the information, if the Company participating in the merger, split-up, tender offer or transfer of shares intends further to carry out a merger, split-up, tender offer or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, split-up, tender offer or transfer of shares; except that where the number of participating	2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is split-up. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion and relevant procedures. After public disclosure of the information, if the Company participating in the merger, split-up, tender offer or transfer of shares intends further to carry out a merger, split-up, tender offer or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, split-up, tender offer or transfer of shares; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew. When participating in a merger, split-up, tender offer or transfer of shares, the Company shall prepare a full written record of the following	

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companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew. When participating in a merger, split-up, tender offer or transfer of shares, the Company shall prepare a full written record of the following information and retain it for five years for reference: 1. Basic identification data for personnel including the occupational titles, names and national ID numbers(or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split-up, tender offer or transfer shares prior to disclosure of the information. 2. Dates of material events including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract and the convening of a board of directors meeting. 3. Important documents and minutes including merger, split-up, tender offer and plans for transfer of shares, any letter of intent or memorandum of understanding, material contracts and minutes of board of directors meetings. When participating in a merger, split-up, tender offer or transfer of shares, the Company shall, within two days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the	information and retain it for five years for reference: 1. Basic identification data for personnel including the occupational titles, names and national ID numbers(or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split-up, tender offer or transfer shares prior to disclosure of the information. 2. Dates of material events including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract and the convening of a board of directors meeting. 3. Important documents and minutes including merger, split-up, tender offer and plans for transfer of shares, any letter of intent or memorandum of understanding, material contracts and minutes of board of directors meetings. When participating in a merger, split-up, tender offer or transfer of shares, the Company shall, within two days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in the first and second subparagraphs of the preceding paragraph to FSC for recordation. Where any of the companies participating in a merger, split-up, tender offer or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such companies whereby the latter is required to abide by the provisions of the eighth and ninth	

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information set out in the first and second subparagraphs of the preceding paragraph to FSC for recordation. Where any of the companies participating in a merger, split-up, tender offer or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such companies whereby the latter is required to abide by the provisions of the eighth and ninth paragraphs of this Article. Where any of the companies participating in a merger, spilt-up, tender offer or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the third, fourth, seventh, eighth and ninth paragraphs of this Article.	paragraphs of this Article. Where any of the companies participating in a merger, spilt-up, tender offer or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the third, fourth, seventh, eighth and ninth paragraphs of this Article.	
<u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>**repurchase**</u> of <u>**money market funds issued by domestic**</u>	<u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>**redemption**</u> of <u>**domestic money market funds**</u>.	Amend wording according to February 9, 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission

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securities investment trust enterprises. 2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. **4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount reaches TWD1 billion or more.** **5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches TWD500 million or more.** **6**. Where an asset transaction other than any of those referred to in the preceding **five** subparagraphs, a disposal of receivables by financial institutions, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances: (1). Trading of government bonds. (2). Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets**, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic**	2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. **4**. Where an asset transaction other than any of those referred to in the preceding **three** subparagraphs, a disposal of receivables by financial institutions, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances: (1). Trading of government bonds. (2). Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets. (3). Trading of bonds under repurchase/resale agreements, or subscription or **redemption** of **domestic money market funds**. **(4). The amount of acquiring or disposing business equipment that the counterparties are not related parties is less than TWD500 million.** **(5). Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and the amount the Company expects to invest in the transaction is less than TWD500 million.** The amount of transactions above shall be calculated as follows: 1. The amount of each transaction.	

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<u>primary market</u>. (3). Trading of bonds under repurchase/resale agreements, or subscription or **<u>repurchase</u>** of **<u>money market funds issued by domestic securities investment trust enterprises</u>**. The amount of transactions above shall be calculated as follows: 1. The amount of each transaction. 2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year. 4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact: 1. Change, termination or rescission of a contract signed in regard to the original	2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year. 4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact: 1. Change, termination or rescission of a contract signed in regard to the original transaction. 2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any	

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transaction. 2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety **<u>within two days counting inclusively from the date of knowing of such error or omission</u>**. The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.	subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.	

Appendix 6

List of relieve the prohibition on directors

Name	Company	Job Title
Chih-Chien Hsieh	Young-Carrier Company Ltd.	Director
Ming-Sheu Tsai	T3EX Global Holdings	Independent Director