

Stock Code: 2609



2020 Shareholders' Meeting Handbook

YANG MING MARINE TRANSPORT CORP.

June 17, 2020

This is a translation of the Chinese text and for reference only. If there is any discrepancy, the Chinese text governs.

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Meeting Procedures

Procedures for 2020 Shareholders' Meeting

- I. To Call the Meeting to Order
- II. Chairperson's Remarks
- III. Matters to Report
- IV. Matters for Recognition
- V. Election
- VI. Matters for Discussion
- VII. Extempore Motions
- VIII. Meeting Adjournment

Meeting Agenda

Agenda of 2020 Shareholders' Meeting

- I. Time: 09:00 a.m, June 17, 2020, Wednesday
- II. Place: No. 25, Dongsin St., Cidu Dist., Keelung City, Taiwan (R.O.C.)
(The Changsingli Community center)
- III. To Call the Meeting to Order
- IV. Chairperson's Remarks
- V. Matters to Report
 - i. 2019 Business Report
 - ii. 2019 Audit Committee's Review Report
 - iii. Report on the Issue of Domestic Corporate Bonds
- VI. Matters for Recognition
 - i. Adoption of 2019 Business Report and Financial Statements
 - ii. Adoption of 2019 Deficit Compensation Proposal
- VII. Election
 - i. The By-Election of the 19th Board Independent Director
- VIII. Matters for Discussion
 - i. Amendment to the Articles of Incorporation
 - ii. Amendment to the Rules of Procedure for Shareholders Meeting
 - iii. Amendment to the Handling Procedures for Acquisition and Disposal of Assets
 - iv. Please resolve the Company's private placement of preferred shares A.
- IX. Extempore Motions
- X. Meeting Adjournment

Matters to Report

I. 2019 Business Report

Explanation: Please refer to 2020 Shareholders' Meeting Handbook from page 9 to 15.

YANG MING MARINE TRANSPORT CORP.

2019 Business Report

The global container shipping industry remained in an oversupply situation in 2019 because of weak market demand. At the same time, carriers continued to face challenges of increased operating costs with the advent of IMO 2020 regulations. Looking ahead to 2020, while global GDP shows moderate and stable growth compared with 2019, there are still plenty of risks in the prospect of global economy and trade development tied to rising protectionism, concerns over increasing downward pressure in China, the subsequent impact after Brexit, and the coronavirus outbreak. Concerning the container shipping market, although the supply chain is affected by the coronavirus outbreak in the short-term, which weakens market demand, the supply-demand gap is expected to narrow down as a large number of ships undergo for scrubber installation. In the dry bulk market segment, it's expected to gradually recover. Furthermore, considering that the environmental issues in shipping industry is drawing more attention from the international community, and the EU and U.S. regulators have become more conservative about alliances, Yang Ming will respond prudently to future industrial development and continue to provide the best service as the highest principle by implementing the business philosophy of "teamwork, innovation, integrity, and pragmatism" to improve operating efficiency and endeavor to maintain Yang Ming's sustainable management and social responsibility, so as to meet the support and expectations of all shareholders and the community.

I. Operational Profile

Changes in the external environment

i. Overall Economic Prosperity

According to the World Bank and the International Monetary Fund (IMF), global GDP growth rates in 2019 were 2.4% and 2.9% respectively. According to the IMF, the Global Insight, and the World Bank, the growth rate of trade volume in 2019 was between 1.0% and 1.4%, which shows trade and geopolitical uncertainty worsened by rising international trade barriers, slowing economic growth momentum in Europe and the U.S., as well as the Brexit turmoil, have impacted global economic and trade. International crude oil prices, in 2019, affected by OPEC's production reduction measures, the U.S. sanctions on Iran, and tension in the Middle East,

ranged 57-64 US dollars per barrel, showing fluctuation with a downward trend.

ii. Industry Supply and Demand

According to Alphaliner, a professional shipping consultancy, the growth rate of container shipping demand in 2019 was 2.6%, which was 2.6 percentage points lower than the 5.2% in 2018. In terms of capacity supply, the 2019 growth rate was 4.0%, declining 1.8 percentage points compared with 5.8% in 2018. Although vessels retrofitting during the second half of 2019 in compliance with the IMO 2020 mandate offered some ease in supply growth, the overall market was still in supply-demand imbalance situation. In the dry bulk market, the average BDI in 2019 was 1,353 points, same as 2018. According to Clarksons' latest report, the demand growth rate of bulk shipping in 2019 was 0.7%, and the supply growth rate was 3.9%, indicating that the market remained oversupply.

II. Our Strategy

In order to cope with the more competitive industrial environment and enhance the overall strength, Yang Ming's main development plans are summarized as follows:

- i. Stable and conservative principle for service planning with fleet renewal to enhance competitiveness
 - (i) East-west alliance network: Strengthen the competitiveness through close cooperation within THE Alliance with a 10 year term as HMM becomes a member partner from April of 2020.
 - (ii) East-west non-alliance network: Cooperate with non-alliance carriers to develop niche markets (India / Northwest Europe and Eastern Mediterranean / US East Coast) in response to the Sino-US trade war and a shift in supply chain.
 - (iii) North-south network: Reduce the scale of under-performing services (India, Pakistan and Australia) and reinforce the market position in South America.
 - (iv) Intra-Asia network: Upgrade Intra-Asia services and accelerate regional network layout to cope with the delivery of 2,800 TEU newbuildings.

- ii. Operational process improvement: Employ customer-oriented service strategy to improve value and productivity.
- iii. Information system integration and upgrade: Promote IT application in light of the trend of digitalization.
- iv. Centralized management of the group
 - (i) Establish own agencies and plan to increase its equity in joint ventures to improve management control.
 - (ii) Evaluate and adjust the structure of holding company in order to reduce tax and streamline organization structure
- v. Investment strategy and application
 - (i) Focus on the maritime industry for vertical integration, and comprehensively review and track the performance of the reinvestment business.
 - (ii) Increase the equity in operated agencies to enhance management control and competitiveness, with a view to achieving profitability and disperse the risks of the maritime industry.
- vi. Operating cost control: Explicitly set targets for all agencies to increase revenue and reduce expenditures, and evaluate group performance on a monthly basis.

III. Implementation Results of Business Plans

In 2019, against the backdrop of slowdown in global economy and imbalance between supply and demand in the market, the volume of operations has reached 5.43 million TEUs, which was about 4% higher than the 5.23 million TEUs in 2018, driven by the active efforts to enhance utilization and expand customer base. The overall average freight rate slightly improved from 2018. The net loss after tax was NT\$4.31 billion and the loss per share was NT\$1.66

IV. Implementation Status of Operating Income and Expenses

i. Operating Revenue

By actively implementing various business strategies, the overall operating income has grown further. The consolidated operating income for 2019 was NT\$149.181 billion, an increase of NT\$7.348 billion or 5.18% from NT\$141.833 billion in 2018.

ii. Operating Cost and Expenses

The growth of cargo volume led to an increase in related operating costs such as terminal, container reposition and storage fees. The consolidated operating expenses for 2019 was NT\$149.721 billion, an increase of NT\$1.794 billion or 1.21% from NT\$147.927 billion in 2018.

V. Profitability Analysis

Although negatively affected by macroeconomic factors such as the U.S.-China trade war, the Company continued to enhance service competitiveness through fleet optimization and alliance cooperation to improve performance. The operating result was a net loss of NT\$4.31 billion after tax, an improvement of NT\$2.281 billion from 2018.

VI. Research and Development Status

i. Digital Development Strategy

- (i) Yang Ming has adhered to the concept of advancing with the times and continued to pay attention to technological innovation to promote management and upgrade services. In terms of digital development, we will firstly establish the customer-oriented service strategy and implement customer focus and centralization. Secondly, we will promote direct and digital introduction of customer service and develop an easy-to-use information system (Electronic & Easy to use). In view of the rapid development of e-commerce in recent years, in order to provide customers with convenient and efficient services, we joined Digital Container Shipping Association (DCSA) in the second quarter of 2019. By cooperating with international container carriers through this platform, it's expected we can promote digitalization, standardization, the use of innovative technologies, and optimize the operating mode of supply chain of the container shipping industry. It enables related parties to interact information more efficiently and provide more convenient and consistent services so that innovation and digital transformation of the container shipping industry can be achieved. In addition, the Company plans to develop a shipment overview platform and provide integrated services, facilitate customers to track cargo information and

develop online booking and quotation services. Also, we consider cooperating with third-party platform companies to provide comprehensive value-added services such as financing, insurance, customs declaration, and trailers services to connect logistic supply chain activities.

- (ii) In terms of technology introduction, RPA (Robot Process Automation) project began at the end of 2019 and will be used for import and export document operations in Taiwan. It's expected to reduce personnel redundancy and improve documentation efficiency and work value. As far as IOT (Internet of Things) is concerned, we use ship's existing equipment to track and control refrigerated containers at sea, in coordination with DCSA's recommendations, and continue to work with manufacturers to develop more advanced monitoring technology on reefer containers. For the smart ship project, we continue to implement the ship broad-band network with secured cyber security system, combined with weather navigation for voyage planning simulation and fuel cost cross-comparison with actual data, to save costs.
- (iii) To popularize professional knowledge, internal training on new-generation data analysis tools was conducted at the end of 2019, with the aim of making it easier for employees to equip with professional skills in technology and improve work value.

ii. Environment-friendly Fleet

(i) Environment-friendly fleet expansion plan

In 2019, two new 14,000 TEU-class vessels, "YM Warranty" and "YM Wellspring", joined the fleet. Yang Ming's fleet consists of twenty 14,000 TEU mega container vessels, and ten 2,800 TEU-class vessels along with fourteen 11,000 TEU-class vessels. These are energy-saving and environment-friendly ships, are scheduled for delivery starting from 2020. New ships with higher efficiency are expected to reduce NOx and CO2 emissions to meet the latest energy efficiency (EEDI) standards of the International Maritime Organization (IMO) and to reduce operating costs.

(ii) Smart Ship Notations for 2,800 TEU Vessels

- a. Yang Ming's 2,800 TEU vessels, "YM Celebrity", "YM Continent", "YM Certainty", "YM Credibility" and "YM Continuity" will be the first batch of vessels to be awarded ABS Smart notations in the world. The notations include Smart INF (Data INFrastructure for Smart Function implementation) & Smart SHM (Structural Health Monitoring). The recognition denotes that these vessels are equipped with smart information infrastructure of big data acquisition and cloud transmission which enables the ships to be monitored on their structure endurance and future structural health awareness through ABS's customized analysis program to ensure sailing safety.
 - b. In addition to these intelligent vessels, their sister vessels - "YM Centennial," "YM Capacity" and "YM Cooperation" - will be the first ones to receive DNV GL SmartShip notations in Taiwan. The notations, including SmartShip OE (Operating Enhancement) and PE (Performance Enhancement), mean that these vessels are equipped with advanced technologies such as improved container load flexibility with route specific container stowage and fuel saving with trim optimization. The technologies will greatly enhance vessel performance and effectively reduce GHG (GreenHouse Gas).
- (iii) Systematic Phase: Yang Ming is determined to strengthen the ship safety and environmental management system. It's our mission to achieve safety for ships, crew, cargoes and environment.
- (iv) Operational Phase: The Company promoted the implementation of Ship Energy Efficiency Management Plan (SEEMP) and Energy Efficiency Operational Indicator (EEOI) in operating fleet. We adopted the "best trim" green operation measure through inter-department cooperation by using the optimal sailing attitude, adjusting water ballast and draft of the ships in order to achieve energy-saving navigation. Meantime, monitoring on ship energy efficiency is continuously carried out for large vessels. This is to observe the energy saving effect for timely operation improvement. Meanwhile, we cooperated with WNI Company to develop a fuel efficiency management system and establish schedule monitoring module to reduce greenhouse gas emissions and waste.

iii. Awards & Performance

Yang Ming is committed to the pursuit of the sustainability of the Company. We continuously optimize our service network and fleet management. We adhere to the excelsior and constantly refine our services in local markets to better serve clients globally. To fulfill our responsibility as an Earth citizen, we strictly comply with the international environmental laws and regulations in hopes of contributing to marine environmental protection and achieving our corporate social responsibility goals.

(i) Selected the best shipping line for intra-Asia service

Yang Ming is once again selected as the "Best Shipping Line - Intra-Asia" by the readers of Asia Cargo News, a well-known shipping media company. The award was presented at the "2019 Asian Freight, Logistics & Supply Chain Awards" (AFLAS). Yang Ming has been continuously honored with the award since 2016 which affirms its efforts to enhance intra-Asia service network.

(ii) Received the recognition from the U.S. Coast Guard for participating in AMVER program

Yang Ming received the recognition from the U.S. Coast Guard for its vessels "YM MANDATE" & "YM MILESTONE" participating in Automated Mutual Assistance Vessel Rescue (AMVER) program. The award highlights Yang Ming's commitment to safety at sea as well its willingness to offer emergency assistance to the ships in need.

(iii) Awarded appreciation plaque from Liberian Registry for YM EXCELLENCE's rescue operation

On May 19th, 2019, Yang Ming's containership "YM EXCELLENCE" successfully rescued two Australians who were spotted fleeing out of a flaming yacht. Liberian Registry presented Yang Ming and the captain of YM EXCELLENCE with an appreciation plaque to acknowledge the vessel's swift rescue operation as well as Yang Ming's commitment to compliance with regulations and humanitarian assistance.

II. 2019 Audit Committee's Review Report

Explanation: Please refer to 2020 Shareholders' Meeting Handbook on page 17.

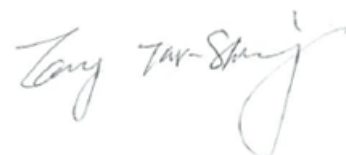
Audit Committee's Review Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2019 business report, stand-alone and consolidated financial statements, and deficit compensation proposal of the year ending on December 31, 2019. 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 Securities and Exchange Act and Article 219 of Company Act, the undersigned hereby certifies the business report and stand-alone and consolidated financial statements of the year ending on December 31, 2019 after thorough examination.

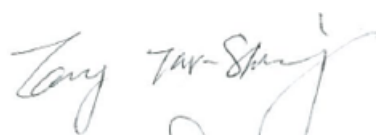
To: 2020 Annual Shareholders' Meeting

YANG MING MARINE TRANSPORT CORP.

Chairman of the Audit Committee: Tar-Shing Tang



Independent Director: Tar-Shing Tang



Independent Director: Tze-Chun Wang



May 6, 2020

III. Report on the Issue of Domestic Corporate Bonds

Explanation: Please refer to 2020 Shareholders' Meeting Handbook pages 19 and 20.

Issue of Domestic Secured Bond Report

In order to refinance the loan of bank, the BOD of the Company approved 18th Domestic Secured Bond dated May 14, 2019. The funding was completed on Nov. 28, 2019.

Item	Yang Ming Marine Transport Corporation's 18 th Domestic Secured Bond Date of issuance: Nov. 28, 2019
Total Amount of Issue	NTD 5,000 million. Coupon A: NTD 1,000 million, Coupon B: NTD 1,500 million, Coupon C: NTD 1,000 million, Coupon D: NTD 1,000 million, Coupon E: NTD 500 million.
Par Value	NTD 10 million
Terms of Reimbursement	5 years
Issuance Price	100% of par value
Interest Rate	0.74%
Distribution of Interest	Since the issuing date, based on the coupon rate interest has been distributed once a year with simple interest-bearing based on the coupon rate.
Way of Reimbursement	50% respectively for the 4 th and 5 th year.
The form of bonds	Issued as non physical bonds
Guarantor	Coupon A : Bank of Taiwan Coupon B : Taiwan Cooperative Bank Coupon C : Hua Nan Bank Coupon D : Chang Hwa Bank Coupon E : Lank Bank of Taiwan

Issue of Domestic Secured Convertible Bond Report

In order to refinance the loan of bank, the BOD of the Company approved the 5th Domestic Secured Convertible Bond dated Mar. 26, 2018. The funding was completed on May 29, 2018.

Item	Yang Ming Marine Transport Corporation's 5 th Domestic Secured Convertible Bond Date of issuance: May 29, 2018
Total Amount of Issue	NTD 7,600 million.
Par Value	NTD 100 thousand
Terms of Reimbursement	5 years
Issuance Price	101% of par value
Interest Rate	0%
Conversion premium rate	110%
Conversion price at issue	NTD 10.4
Period of Conversion	Aug. 30, 2018 ~ May 29, 2023
Sell-Back Conditions	YTP (3 years) 0%
Guarantor	Bank of Taiwan, Mega International Commercial Bank, Taiwan Cooperative Bank, Agricultural Bank of Taiwan, Chang Hwa Ban, Hua Nan Ban, Taipei Fubon Bank.

Matters for Recognition

I. Adoption of 2019 Business Report and Financial Statements

Explanation:

- i. The 2019 consolidated and stand-alone financial statements have been duly audited by the Certified Public Accountants, Chin-Tsung Cheng and Yu-Mei Hung of Deloitte & Touche. Also, the 2019 business report and the aforementioned financial statements have been examined by the Audit Committee. ^[]_[SEP]
- ii. The 2019 business report can be referred to 2020 Shareholders' Meeting Handbook from page 9 to page 15 and the 2019 consolidated and stand-alone financial statements can be referred to 2020 Shareholders' Meeting Handbook from page 23 to page 43.

Resolution:

INDEPENDENT AUDITORS' REPORT

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 (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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 independent auditors (refer to the Other Matter paragraph below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) are 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 based on our audits and the report of other independent auditors.

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, 2019. 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 for the year ended December 31, 2019 are as follows:

Assessment of the Impairment of Tangible Assets (Not Including Investment Properties) Right-of-Use Assets and Intangible Assets

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$130,149,676 thousand. The amount was material to the consolidated financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Group. The Group's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Group's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matters.

The assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets included critical accounting judgments and key sources of estimation uncertainty disclosed in Note 5 to the accompanying consolidated financial statements.

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

Audit of the Percentage-of-completion

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

The recognition depends on the expected time frame for the completion of the voyage. The judgment of the percentage-of-completion estimation may lead to an incorrect calculation of revenue recognized or an inconsistency in revenue recognition.

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 28 to the accompanying consolidated financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information on voyages, berthing reports, sailing schedules and report of the estimation of the bill of landing revenue, we reviewed the basis of estimates and verified the validity of the voyage dates calculated by Group's management and of the revenue resulting from voyages.

Other Matters

We did not audit the financial statements of Yes Logistics Company Ltd. and Yang Ming Line Holding Co., and some other subsidiaries like Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line B.V., as of and for the year ended December 31, 2018. The financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts for these subsidiaries included in the accompanying consolidated financial statements, is based solely on the reports of other auditors. The combined asset of these subsidiaries was NT\$5,388,236 thousand, representing 3.85% of the Group's total consolidated assets as of December 31, 2018. The combined operating revenue of these subsidiaries was NT\$561,174 thousand, representing 0.40% of the Group's total consolidated operating revenue for the year ended December 31, 2018. Also, we did not audit the financial statements of the associates and joint ventures, which were accounted for by the equity method and are listed 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) Company Limited, Corstor Ltd., Chang Ming Logistics Company Limited, YES LIBERAL Logistics Corp., LogiTrans Technology Private Limited, PT. Formosa Sejati Logistics and YES AND HQL LOGISTICS COMPANY for the year ended December 31, 2018. The financial statements of these associates and joint ventures were audited by other auditors. The carrying amount of these associates and joint ventures was NT\$1,485,082 thousand, representing 1.06% of the Group's total consolidated assets as of December 31, 2018. The amount of profit or loss recognized on investments accounted for by the equity method was NT\$187,273 thousand, representing 3.01% of the Group's total comprehensive income for the year ended December 31, 2018. 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 as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion with an Other Matters paragraph.

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 endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as the 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 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, 2019 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 Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 36)	\$ 17,177,339	9	\$ 17,399,750	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	327,451	-	262,576	-
Financial assets at amortized cost - current (Notes 4, 9, 36 and 37)	685,687	1	651,187	1
Contract assets, net (Notes 4, 28 and 36)	1,788,138	1	1,747,637	1
Notes receivable, net (Notes 4 and 10)	4,792	-	7,534	-
Trade receivables, net (Notes 4 and 10)	9,965,606	5	8,203,538	6
Trade receivables from related parties (Notes 4, 10 and 36)	145,741	-	248,268	-
Finance lease receivables, net (Notes 4 and 11)	19,675	-	-	-
Shipping fuel (Notes 4 and 12)	3,790,096	2	4,082,616	3
Prepayments (Notes 3, 4, 18 and 36)	581,419	-	725,586	1
Prepayments to shipping agents (Note 36)	81,315	-	18,608	-
Other current assets (Notes 30 and 36)	1,250,826	1	1,292,173	1
Total current assets	<u>35,818,085</u>	<u>19</u>	<u>34,639,473</u>	<u>25</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,772,893	1	1,701,701	1
Financial assets at amortized cost - non-current (Notes 4, 9, 25, 36 and 37)	3,024,270	2	3,254,132	2
Investments accounted for using equity method (Notes 4 and 14)	7,956,320	4	8,031,722	6
Property, plant and equipment (Notes 3, 4, 5, 15 and 37)	72,258,682	38	78,371,995	56
Right-of-use assets (Notes 3, 4, 5, 16 and 36)	57,376,769	30	-	-
Investment properties (Notes 4, 17 and 37)	6,313,320	3	6,272,493	5
Other intangible assets (Notes 4 and 5)	122,234	-	98,222	-
Deferred tax assets (Notes 4 and 30)	5,569,855	3	5,324,506	4
Prepayments for equipment (Notes 4, 5 and 38)	391,991	-	1,279,519	1
Refundable deposits	141,737	-	451,572	-
Non-current finance lease receivables (Notes 4 and 11)	167,158	-	-	-
Other financial assets - non-current (Note 4)	71,323	-	63,447	-
Long-term prepayments for leases (Notes 3, 4, 5, 18 and 36)	-	-	473,417	-
Other non-current assets	17,202	-	10,900	-
Total non-current assets	<u>155,183,754</u>	<u>81</u>	<u>105,333,626</u>	<u>75</u>
TOTAL	<u>\$ 191,001,839</u>	<u>100</u>	<u>\$ 139,973,099</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 36)	\$ 4,621,034	2	\$ 4,756,377	4
Short-term bills payable (Note 19)	13,485,840	7	9,601,979	7
Financial liabilities at FVTPL - current (Notes 4 and 7)	67,549	-	37,460	-
Financial liabilities for hedging - current (Notes 3, 4, 16 and 35)	7,002,378	4	-	-
Contract liabilities - current (Notes 4, 28 and 36)	121,826	-	120,736	-
Notes payable (Note 36)	18,393	-	29,763	-
Trade payables (Note 21)	12,266,509	6	12,965,069	9
Trade payables to related parties (Notes 21 and 36)	471,425	-	571,016	1
Other payables (Notes 23 and 36)	3,890,141	2	3,296,101	2
Current tax liabilities (Notes 4 and 30)	132,733	-	179,271	-
Lease liabilities - current (Notes 3, 4, 16 and 36)	2,894,785	2	-	-
Provisions - current (Notes 4 and 24)	1,032,332	1	478,622	-
Current portion of long-term liabilities (Notes 3, 4, 19, 20, 22, 25, 36 and 37)	14,502,721	8	14,715,685	11
Other advance account (Note 3)	193,696	-	204,546	-
Other current liabilities	547,942	-	540,003	-
Total current liabilities	<u>61,249,304</u>	<u>32</u>	<u>47,496,628</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 3, 4, 16 and 35)	41,888,032	22	-	-
Bonds payable (Notes 4, 20, 36 and 37)	12,210,456	7	13,164,195	9
Long-term borrowings (Notes 19, 36 and 37)	44,109,520	23	46,929,208	34
Provisions - non-current (Notes 3, 4 and 24)	1,444	-	297,007	-
Deferred tax liabilities (Notes 4 and 30)	1,723,839	1	1,696,647	1
Lease liabilities - non-current (Notes 3, 4, 16 and 36)	7,343,146	4	-	-
Finance lease payables - non-current (Notes 3, 4 and 22)	-	-	3,834,330	3
Other advance account - non-current (Note 3)	150,163	-	765,068	1
Other financial liabilities - non-current (Notes 4, 20 and 25)	2,454,039	1	2,697,493	2
Net defined benefit liabilities - non-current (Notes 4 and 26)	2,503,671	1	2,557,552	2
Other non-current liabilities	286,026	-	240,227	-
Total non-current liabilities	<u>112,670,336</u>	<u>59</u>	<u>72,181,727</u>	<u>52</u>
Total liabilities	<u>173,919,640</u>	<u>91</u>	<u>119,678,355</u>	<u>86</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	26,013,357	14	23,230,248	17
Capital surplus	1,939,381	1	4,739,792	3
Accumulated deficits	(11,462,514)	(6)	(7,131,851)	(5)
Other equity	(26,690)	-	(1,010,181)	(1)
Total equity attributable to owners of the Company	16,463,534	9	19,828,008	14
NON-CONTROLLING INTERESTS				
Total equity	<u>17,082,199</u>	<u>9</u>	<u>20,294,744</u>	<u>14</u>
TOTAL	<u>\$ 191,001,839</u>	<u>100</u>	<u>\$ 139,973,099</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 28 and 36)	\$ 149,181,262	100	\$ 141,832,929	100
OPERATING COSTS (Notes 4, 12, 29 and 36)	<u>143,106,496</u>	<u>96</u>	<u>141,790,706</u>	<u>100</u>
GROSS PROFIT	<u>6,074,766</u>	<u>4</u>	<u>42,223</u>	<u>-</u>
OPERATING EXPENSES (Notes 10, 16, 29 and 36)				
Selling and marketing expenses	5,526,339	4	5,346,019	4
General and administrative expenses	747,390	1	793,717	-
Expected credit loss (reversed)	<u>341,063</u>	<u>-</u>	<u>(3,155)</u>	<u>-</u>
Total operating expenses	<u>6,614,792</u>	<u>5</u>	<u>6,136,581</u>	<u>4</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 16 and 29)	<u>(474,659)</u>	<u>-</u>	<u>427,966</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(1,014,685)</u>	<u>(1)</u>	<u>(5,666,392)</u>	<u>(4)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 29 and 36)				
Other income	385,101	-	291,812	-
Other gains and losses	872,138	1	(38,761)	-
Finance costs	(3,982,954)	(3)	(1,829,511)	(1)
Share of profit or loss of associates and joint ventures	<u>152,585</u>	<u>-</u>	<u>162,644</u>	<u>-</u>
Total non-operating income and expenses	<u>(2,573,130)</u>	<u>(2)</u>	<u>(1,413,816)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(3,587,815)	(3)	(7,080,208)	(5)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 30)	<u>(410,081)</u>	<u>-</u>	<u>773,852</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(3,997,896)</u>	<u>(3)</u>	<u>(6,306,356)</u>	<u>(4)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 26, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,747)	-	(219,875)	-
Unrealized gain on investments in equity instruments at FVTOCI	69,658	-	86,968	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	\$ (6,324)	-	\$ 11,600	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>688</u>	<u>-</u>	<u>61,879</u>	<u>-</u>
	<u>59,275</u>	<u>-</u>	<u>(59,428)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(331,128)	-	148,885	-
Gain on hedging instruments	1,218,522	1	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,712</u>	<u>-</u>	<u>2,233</u>	<u>-</u>
	<u>891,106</u>	<u>1</u>	<u>151,118</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>950,381</u>	<u>1</u>	<u>91,690</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (3,047,515)</u>	<u>(2)</u>	<u>\$ (6,214,666)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (4,309,957)	(3)	\$ (6,590,955)	(4)
Non-controlling interests	<u>312,061</u>	<u>-</u>	<u>284,599</u>	<u>-</u>
	<u>\$ (3,997,896)</u>	<u>(3)</u>	<u>\$ (6,306,356)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (3,330,571)	(2)	\$ (6,473,151)	(4)
Non-controlling interests	<u>283,056</u>	<u>-</u>	<u>258,485</u>	<u>-</u>
	<u>\$ (3,047,515)</u>	<u>(2)</u>	<u>\$ (6,214,666)</u>	<u>(4)</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Total	Non-controlling Interests (Note 27)	Total Equity
	Share Capital (Notes 4 and 27)		Capital Surplus (Notes 4 and 27)	Accumulated Deficits (Note 27) Deficit to be Compensated	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 27)	Other Equity				
	Shares (In Thousands)	Amount				Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other (Notes 4 and 27)	Gain on Hedging Instruments (Notes 4 and 27)			
BALANCE AT JANUARY 1, 2018	2,323,025	\$ 23,230,248	\$ 5,571,490	\$ (1,527,607)	\$ (85,841)	\$ (1,201,784)	\$ -	\$ 25,986,506	\$ 475,987	\$ 26,462,493
Equity component of convertible bonds issued by the Company	-	-	308,765	-	-	-	-	308,765	-	308,765
Capital surplus used to offset accumulated deficits	-	-	(1,146,351)	1,146,351	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2018	-	-	-	(6,590,955)	-	-	-	(6,590,955)	284,599	(6,306,356)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	(159,640)	178,191	99,253	-	117,804	(26,114)	91,690
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(6,750,595)	178,191	99,253	-	(6,473,151)	258,485	(6,214,666)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	-	5,718	-	-	-	-	5,718	(17,632)	(11,914)
Change in percentage of ownership interests in subsidiaries	-	-	170	-	-	-	-	170	2	172
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(250,106)	(250,106)
BALANCE AT DECEMBER 31, 2018	2,323,025	23,230,248	4,739,792	(7,131,851)	92,350	(1,102,531)	-	19,828,008	466,736	20,294,744
Effect of retrospective application and retrospective restatement	-	-	-	(29,138)	-	-	-	(29,138)	(437)	(29,575)
BALANCE AT JANUARY 1, 2019 AS RESTATED	<u>2,323,025</u>	<u>23,230,248</u>	<u>4,739,792</u>	<u>(7,160,989)</u>	<u>92,350</u>	<u>(1,102,531)</u>	-	<u>19,798,870</u>	<u>466,299</u>	<u>20,265,169</u>
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)	312,061	(3,997,896)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(4,104)	(298,296)	63,264	1,218,522	979,386	(29,005)	950,381
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)	283,056	(3,047,515)
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 32)	-	-	23	(4,788)	-	-	-	(4,765)	4,788	23
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(135,478)	(135,478)
BALANCE AT DECEMBER 31, 2019	<u>2,601,336</u>	<u>\$ 26,013,357</u>	<u>\$ 1,939,381</u>	<u>\$ (11,462,514)</u>	<u>\$ (205,946)</u>	<u>\$ (1,039,266)</u>	<u>\$ 1,218,522</u>	<u>\$ 16,463,534</u>	<u>\$ 618,665</u>	<u>\$ 17,082,199</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FORM OPERATING ACTIVITIES		
Loss before income tax	\$ (3,587,815)	\$ (7,080,208)
Adjustments for:		
Depreciation expenses	16,818,918	6,471,883
Amortization expenses	51,891	35,148
Expected credit loss recognized (reversed)	341,063	(3,155)
Net (gain) loss on fair value change of financial assets/liabilities at FVTPL	(47,069)	61,468
Finance costs	3,982,954	1,829,511
Interest income	(202,253)	(155,192)
Dividend income	(98,847)	(52,515)
Share of profit of associates and joint ventures	(152,585)	(162,644)
Gain on disposal of property, plant and equipment	(492,738)	(309,201)
(Reversal of) write-downs of shipping fuel	(133,789)	91,276
Impairment loss recognized on right-of-use assets	193,524	-
Impairment loss recognized on associates using equity method	14,839	-
Net (gain) loss on foreign currency exchange	(604,743)	261,130
Net loss on repurchase of bonds payable	-	466
(Gain) loss on changes in fair value of investment properties	(40,827)	19,540
Gain on right-of-use assets sublease	(57,732)	-
Gain on lease modification	(27)	-
Amortization of long-term prepayments for leases	-	31,572
Recognized (reversal) of provisions	1,079,417	(59,320)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	16,745	16,656
Contract assets	(45,392)	661,954
Notes receivable	2,742	448
Trade receivables	(1,781,924)	(2,599,552)
Trade receivables from related parties	102,527	14,071
Shipping fuel	454,449	(1,402,890)
Prepayments	145,527	44,441
Prepayments to shipping agents	(62,707)	281,617
Other current assets	(9,823)	(94,534)
Financial liabilities held for trading	(4,504)	-
Notes payable	(11,370)	(1,966)
Trade payables	(698,560)	716,641
Trade payables to related parties	(99,591)	23,437
Other payables	326,263	184,854
Contract liabilities	1,090	5,104
Other advance account	164,133	(129,674)
Other current liabilities	(5,131)	126,794
Net defined benefit liabilities	(58,628)	4,989
Cash generated from (used in) operations	15,500,027	(1,167,851)
Interest received	196,511	147,799
Dividends received	304,523	331,732

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Interest paid	\$ (4,144,242)	\$ (1,872,869)
Income tax paid	<u>(663,244)</u>	<u>(536,100)</u>
Net cash generated from (used in) operating activities	<u>11,193,575</u>	<u>(3,097,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction and withdrawal of shares of financial assets at FVTOCI	1,412	784
Purchase of financial assets at amortized cost	(506,106)	(505,164)
Proceeds from sale of financial assets at amortized cost	730,971	373,687
Acquisition of associates and joint ventures	-	(112,631)
Proceeds from capital reduction of associates	-	60,331
Payments for property, plant and equipment	(2,448,890)	(4,182,445)
Proceeds from disposal of property, plant and equipment	977,934	470,858
(Increase) decrease in refundable deposits	(1,031)	249,442
Payments for intangible assets	(77,895)	(27,695)
Acquisition of investment properties	-	(5,915)
Decrease in financial lease receivables	19,416	-
Increase in other financial assets	(7,876)	(9,912)
(Increase) decrease in other non-current assets	(7,276)	49,165
Increase in prepayments for equipment	<u>(161,331)</u>	<u>(755,743)</u>
Net cash used in investing activities	<u>(1,480,672)</u>	<u>(4,395,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(135,343)	286,211
Proceeds from short-term bills payable	3,902,000	2,400,000
Repurchase of bonds payable	-	(149,200)
Proceeds from issuance of bonds payable	5,000,000	7,676,000
Repayments of bonds payable	(6,024,000)	(1,275,952)
Proceeds from long-term borrowings	32,585,640	29,353,066
Repayments of long-term borrowings	(35,062,922)	(25,424,533)
Payments for obligations under finance leases	-	(318,966)
Repayments of the principal portion of lease liabilities	(10,351,341)	-
Decrease in other financial liabilities	(278,689)	(247,704)
Increase in other non-current liabilities	45,799	60,617
Acquisition of subsidiaries (Note 32)	-	(11,914)
Net change in non-controlling interests	<u>(135,478)</u>	<u>(250,106)</u>
Net cash (used in) generated from financing activities	<u>(10,454,334)</u>	<u>12,097,519</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>519,020</u>	<u>(11,864)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (222,411)	\$ 4,593,128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,399,750</u>	<u>12,806,622</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 17,177,339</u>	<u>\$ 17,399,750</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

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, 2019 and 2018, 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 independent auditors (refer to the Other Matter paragraph below), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 based on our audits and the reports of other independent auditors.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. 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 for the year ended December 31, 2019 are as follows:

Assessment of the Impairment of Tangible Assets (Not Including Investment Properties), Right-of-Use Assets and Intangible Assets

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$111,335,180 thousand, and the subsidiaries' carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$18,814,496 thousand, which amounted to NT\$130,149,676 thousand in total. The amount was material to the financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Company. The Company's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Company's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matter.

The assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets included critical accounting judgments and key sources of estimation uncertainty disclosed in Note 5 to the accompanying financial statements.

We took indicators of impairment of the tangible, right-of-use and intangible assets into consideration and focused on the performance of each component. When the indicator of impairment exists, we 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.

Audit of the Percentage-of-completion

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

The recognition depends on the expected time frame for the completion of the voyage. The judgment of the percentage-of-completion estimation may lead to an incorrect calculation of revenue recognized or an inconsistency in revenue recognition.

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 26 to the accompanying financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information on voyages, berthing report, sailing schedule, and report of the estimation of the bill of landing revenue, we reviewed the basis of estimates and verified the validity of the voyage dates calculated by the Company's management and of the revenue resulting from voyages.

Other Matters

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, 2018. 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 are expressed herein, insofar as it relates to these subsidiaries, associates and joint ventures included in the accompanying financial statements. This is based solely on the reports of other auditors. The carrying amount of these investments was NT\$3,905,758 thousand, representing 3.34% of the Company's total assets as of December 31, 2018. The amount of profit or loss recognized on investments accounted for by equity method was NT\$644,583 thousand, representing 9.96% of the Company's total comprehensive income or loss for the year ended December 31, 2018.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 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 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, 2019 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 Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

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 DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 11,561,085	7	\$ 12,444,370	11
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,955	-	70	-
Financial assets at amortized cost - current (Notes 4, 9 and 34)	-	-	500,000	-
Contract assets, net (Notes 4, 26 and 34)	3,516,865	2	3,083,823	3
Trade receivables, net (Notes 4, 10 and 26)	4,074,570	3	3,188,356	3
Trade receivables from related parties (Notes 4, 10, 26 and 34)	1,973,519	1	2,171,269	2
Financial lease receivables (Notes 3, 4, 11 and 34)	74,296	-	-	-
Other receivables from related parties (Notes 4 and 34)	30,363	-	90,981	-
Shipping fuel (Notes 4 and 12)	3,310,791	2	3,408,746	3
Prepayments (Notes 3, 4, 17 and 34)	332,494	-	409,987	-
Prepayments to shipping agents (Note 34)	125,688	-	80,616	-
Other current assets (Note 28)	531,367	-	489,925	-
Total current assets	<u>25,535,993</u>	<u>15</u>	<u>25,868,143</u>	<u>22</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,767,493	1	1,695,305	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	623	-	5,469	-
Investments accounted for using equity method (Notes 4, 5 and 13)	17,745,298	10	17,958,987	15
Property, plant and equipment (Notes 4, 5, 14 and 35)	34,649,013	20	34,537,154	30
Right-of-use assets (Notes 3, 4, 15 and 34)	76,223,022	45	-	-
Investment properties (Notes 4, 16 and 35)	6,761,116	4	6,720,305	6
Other intangible assets (Notes 4 and 5)	78,223	-	57,220	-
Deferred tax assets (Notes 4 and 28)	5,460,334	3	5,213,029	5
Prepayments for equipment (Note 36)	384,922	-	1,171,074	1
Refundable deposits	360,630	-	361,756	-
Financial lease receivable - non-current (Notes 3, 4, 11 and 34)	878,176	1	-	-
Long-term prepayments for leases (Notes 3, 4, 5, 17 and 34)	-	-	473,417	-
Long-term receivables from related parties (Note 34)	1,535,210	1	22,731,797	20
Total non-current assets	<u>145,844,060</u>	<u>85</u>	<u>90,925,513</u>	<u>78</u>
TOTAL	<u>\$ 171,380,053</u>	<u>100</u>	<u>\$ 116,793,656</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 2,050,000	1	\$ 3,000,000	2
Short-term bills payable (Notes 18 and 34)	13,087,347	8	9,302,823	8
Financial liabilities at FVTPL - current (Notes 4, 7 and 19)	67,549	-	37,460	-
Financial liabilities for hedging - current (Notes 4, 15 and 33)	7,002,378	4	-	-
Contract liabilities - current (Notes 4 and 26)	84,699	-	41,439	-
Trade payables (Note 20)	9,124,328	5	10,018,091	9
Trade payables to related parties (Notes 20 and 34)	2,876,319	2	3,153,913	3
Other payables (Note 21)	2,077,063	1	1,912,943	2
Other payables to related parties (Note 34)	645,146	-	257,844	-
Provision - current (Notes 4 and 22)	1,032,332	1	1,896	-
Lease liabilities - current (Notes 3, 4, 15 and 34)	930,911	1	-	-
Current portion of long-term liabilities (Notes 4, 18, 19, 23, 34 and 35)	12,535,831	7	10,644,157	9
Other advance account	99,551	-	167,116	-
Other current liabilities	213,191	-	168,339	-
Total current liabilities	<u>51,826,645</u>	<u>30</u>	<u>38,706,021</u>	<u>33</u>
NON-CURRENT LIABILITIES				
Lease liabilities for hedging - non-current (Notes 4, 15 and 33)	41,888,032	24	-	-
Bonds payable (Notes 4, 19, 34 and 35)	12,210,456	7	13,164,195	11
Long-term borrowings (Notes 18, 34 and 35)	38,705,152	23	40,330,163	35
Deferred tax liabilities (Notes 4 and 28)	1,601,498	1	1,596,411	1
Lease liabilities - non-current (Notes 3, 4, 15 and 34)	6,132,344	4	-	-
Other advance account - non-current	150,163	-	765,068	1
Net defined benefit liabilities - non-current (Notes 4 and 24)	2,334,579	1	2,352,923	2
Other non-current liabilities	67,650	-	50,867	-
Total non-current liabilities	<u>103,089,874</u>	<u>60</u>	<u>58,259,627</u>	<u>50</u>
Total liabilities	<u>154,916,519</u>	<u>90</u>	<u>96,965,648</u>	<u>83</u>
EQUITY				
Share capital - ordinary shares	26,013,357	15	23,230,248	20
Capital surplus	1,939,381	1	4,739,792	4
Accumulated deficits	(11,462,514)	(6)	(7,131,851)	(6)
Other equity	(26,690)	-	(1,010,181)	(1)
Total equity	<u>16,463,534</u>	<u>10</u>	<u>19,828,008</u>	<u>17</u>
TOTAL	<u>\$ 171,380,053</u>	<u>100</u>	<u>\$ 116,793,656</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 26 and 34)	\$ 129,368,247	100	\$ 119,440,265	100
OPERATING COSTS (Notes 4, 12, 27 and 34)	<u>129,299,112</u>	<u>100</u>	<u>124,346,683</u>	<u>104</u>
GROSS PROFIT (LOSS)	<u>69,135</u>	<u>-</u>	<u>(4,906,418)</u>	<u>(4)</u>
OPERATING EXPENSES (Notes 27 and 34)				
Selling and marketing expenses	1,476,556	1	1,446,803	1
General and administrative expenses	321,122	1	349,940	-
Expected credit loss	<u>17,489</u>	<u>-</u>	<u>2,811</u>	<u>-</u>
Total operating expenses	<u>1,815,167</u>	<u>2</u>	<u>1,799,554</u>	<u>1</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 15 and 27)	<u>(520,180)</u>	<u>-</u>	<u>370,713</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(2,266,212)</u>	<u>(2)</u>	<u>(6,335,259)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 27 and 34)				
Other income	329,332	-	591,629	1
Other gains and losses	639,933	-	132,469	-
Finance costs	(3,153,480)	(2)	(1,088,641)	(1)
Share of profits or loss of subsidiaries and associates	<u>146,505</u>	<u>-</u>	<u>(948,125)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(2,037,710)</u>	<u>(2)</u>	<u>(1,312,668)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(4,303,922)	(4)	(7,647,927)	(6)
INCOME TAX BENEFIT (EXPENSE) (Notes 4, 5 and 28)	<u>(6,035)</u>	<u>-</u>	<u>1,056,972</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(4,309,957)</u>	<u>(4)</u>	<u>(6,590,955)</u>	<u>(5)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(54,444)	-	(209,853)	-
Unrealized gain on investments in equity instruments at FVTOCI	72,188	-	86,868	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	\$ 30,527	-	\$ 3,660	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>10,889</u>	<u>-</u>	<u>58,938</u>	<u>-</u>
	<u>59,160</u>	<u>-</u>	<u>(60,387)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(302,008)	-	175,958	-
Gain on hedging instruments	1,218,522	1	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,712</u>	<u>-</u>	<u>2,233</u>	<u>-</u>
	<u>920,226</u>	<u>1</u>	<u>178,191</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>979,386</u>	<u>1</u>	<u>117,804</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (3,330,571)</u>	<u>(3)</u>	<u>\$ (6,473,151)</u>	<u>(5)</u>
LOSS PER SHARE (Note 29)				
Basic	<u>\$(1.66)</u>		<u>\$(2.53)</u>	
Diluted	<u>\$(1.66)</u>		<u>\$(2.53)</u>	

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Share Capital (Note 25)		Capital Surplus (Notes 25 and 30)	Accumulated Deficits (Note 25) Deficit to Be Compensated	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 25)	Other Equity		Total Equity
	Shares (In Thousands)	Amount				Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 25)	Gain on Hedging Instruments (Notes 4 and 25)	
BALANCE AT JANUARY 1, 2018	2,323,025	\$ 23,230,248	\$ 5,571,490	\$ (1,527,607)	\$ (85,841)	\$ (1,201,784)	\$ -	\$ 25,986,506
Equity component of convertible bonds issued by the Company	-	-	308,765	-	-	-	-	308,765
Capital surplus used to offset accumulated deficits	-	-	(1,146,351)	1,146,351	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	(6,590,955)	-	-	-	(6,590,955)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	(159,640)	178,191	99,253	-	117,804
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(6,750,595)	178,191	99,253	-	(6,473,151)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 30)	-	-	5,718	-	-	-	-	5,718
Change in percentage of ownership interests in subsidiaries	-	-	170	-	-	-	-	170
BALANCE AT DECEMBER 31, 2018	2,323,025	23,230,248	4,739,792	(7,131,851)	92,350	(1,102,531)	-	19,828,008
Effect of retrospective application and retrospective restatement	-	-	-	(29,138)	-	-	-	(29,138)
BALANCE AT JANUARY 1, 2019, AS RESTATED	2,323,025	23,230,248	4,739,792	(7,160,989)	92,350	(1,102,531)	-	19,798,870
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(4,104)	(298,296)	63,264	1,218,522	979,386
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	23	(4,788)	-	-	-	(4,765)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-
BALANCE AT DECEMBER 31, 2019	<u>2,601,336</u>	<u>\$ 26,013,357</u>	<u>\$ 1,939,381</u>	<u>\$(11,462,514)</u>	<u>\$ (205,946)</u>	<u>\$ (1,039,266)</u>	<u>\$ 1,218,522</u>	<u>\$ 16,463,534</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FORM OPERATING ACTIVITIES		
Loss before income tax	\$ (4,303,922)	\$ (7,647,927)
Adjustments for:		
Depreciation expenses	13,503,568	2,822,932
Amortization expenses	29,073	18,815
Expected credit loss	17,489	2,811
Net loss on fair value change of financial assets/liabilities at FVTPL	23,754	6,937
Finance costs	3,153,480	1,088,641
Interest income	(143,393)	(448,367)
Dividend income	(92,721)	(50,237)
Share of profit (loss) of subsidiaries and associates	(146,505)	948,125
Gain on disposal of property, plant and equipment	(470,339)	(304,001)
Loss on disposal of associates	-	1,260
(Reversal of) write-down of shipping fuel	(119,399)	98,349
Net gain on foreign currency exchange	(72,432)	-
Net loss on repurchase of bonds payable	-	466
(Gain) loss on change in fair value of investment properties	(40,811)	17,289
Amortization of long-term prepayments for leases	-	31,572
Gain on right-of-use assets sublease	(57,732)	-
Recognition of provisions	1,079,405	1,896
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	5,954	15,172
Contract assets	(437,713)	(809,109)
Trade receivables	(895,053)	(1,612,026)
Trade receivables from related parties	197,750	793,274
Other receivables from related parties	60,618	23,719
Shipping fuel	217,354	(1,149,972)
Prepayments	45,921	55,959
Prepayments to shipping agents	(45,072)	264,741
Other current assets	(45,255)	(702,866)
Financial liability held for trading	(4,504)	-
Contract liabilities	43,260	41,439
Trade payables	(893,763)	1,051,532
Trade payables to related parties	(277,594)	(309,563)
Other payables	225,222	111,093
Other payables to related parties	51,001	(60,613)
Other advances account	107,418	(197,643)
Other current liabilities	31,759	79,918
Net defined benefit liabilities	(72,788)	11,619
Cash generated from (used in) operations	10,674,030	(5,804,765)
Interest received	144,763	920,212
Dividend received	504,905	496,119
Interest paid	(3,289,525)	(1,173,966)
Income tax paid	(235,188)	(183,603)
Net cash generated from (used in) operating activities	<u>7,798,985</u>	<u>(5,746,003)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ 504,846	\$ 351,230
Acquisition of associates	-	(103,802)
Proceeds from capital reduction of associates	-	60,331
Net cash inflow from liquidation of subsidiaries	642,320	-
Payments for property, plant and equipment	(2,099,954)	(2,828,197)
Proceeds from disposal of property, plant and equipment	917,755	511,870
Decrease in refundable deposits	1,126	254,455
(Increase) decrease in long-term receivables from related parties	(3,252,683)	682,461
Payments for intangible assets	(50,076)	-
Payments for investment properties	-	(5,915)
Increase in financial lease receivables	(98,176)	-
Increase in prepayments for equipment	<u>(262,621)</u>	<u>(1,149,551)</u>
Net cash used in investing activities	<u>(3,697,463)</u>	<u>(2,227,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(950,000)	-
Proceeds from short-term bills payable	3,802,000	2,200,000
Repurchase of bonds payable	-	(149,200)
Proceeds from bonds payable	5,000,000	7,676,000
Repayments of bonds payable	(6,024,000)	(1,275,952)
Proceeds from long-term borrowings	32,128,500	27,700,000
Repayments of long-term borrowings	(31,723,009)	(23,074,970)
Payments for obligations under finance leases	-	(40,201)
Repayments of the principal portion of lease liabilities	(6,221,491)	-
Decrease in other financial liabilities	(13,896)	(52,566)
Increase in other non-current liabilities	16,783	696
Acquisition of subsidiaries	<u>(999,694)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(4,984,807)</u>	<u>12,983,807</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(883,285)	5,010,686
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,444,370</u>	<u>7,433,684</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,561,085</u>	<u>\$ 12,444,370</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

II. Adoption of 2019 Deficit Compensation Proposal

Explanation:

- i. The initial balance of accumulated deficits is NT\$7,114,525,795. After adjustment for the recognition of the increased IFRS16 opening effects of NT\$29,137,412, and the actuarial loss of NT\$4,104,556 arising from the defined benefit plans, and the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition-plus of NT\$4,787,900, and the disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income of NT\$649, plus the net loss of NT\$4,309,956,837, the ending balance of accumulated deficits is NT\$11,462,513,149. Statement of deficit compensated of the year ending on December 31, 2019, can be referred to 2020 Shareholders' Meeting Handbook page 45.
- ii. It is proposed not to distribute any dividends for the year ending on December 31, 2019.

Resolution:

YANG MING CORP.
Statement of Deficit Compensated
2019

Unit : NT\$

Item	Amount
Beginning deficit to be compensated	(7,114,525,795)
Retroactive adjustments of using IFRS16	(29,137,412)
Actuarial gain (loss) arising from defined benefit plans	(4,104,556)
Difference between consideration received and the carrying amount of the subsidiaries' net assets during actual acquisition	(4,787,900)
Disposal of Investments in Equity Instruments at Fair Value through Other Comprehensive Income	(649)
Beginning deficit to be compensated after adjusted	(7,152,556,312)
Net Loss after tax for 2019	(4,309,956,837)
Deficit to be compensated	<u>(11,462,513,149)</u>
Compensation Item	
Capital surplus - Issuance of ordinary shares	1,630,592,630
Capital surplus - Changes in percentage of ownership interests in subsidiaries	23,103
Total	<u>1,630,615,733</u>
Ending Balance of Un-appropriated Retained Earnings	<u>(9,831,897,416)</u>

In accordance with Article 239 of the Company Act

Election

I. By-Election of Independent Director to the 19th Board

Explanation:

- i. The term of 19th Board is from June 22, 2018 to June 21, 2021. Independent director Mr. Ming-Sheu Tsai gave notice of resignation effective from April 16, 2020 to the Company on March 21 2020; hence pursuant to the Securities and Exchange Act, a by-election shall be held at 2020 shareholders meeting to fill the vacancy when the number of independent directors falls below that required. The term of new independent director is from June 17, 2020, after the by-election effectively, to June 21, 2021.
- ii. Elections of both directors and independent directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Corporation's articles of incorporation. No shareholders who hold more than 1% shares of the Corporation shall nominate an independent director during the nomination period from April 10, 2020 to April 20 2020. The Board election proposal has been approved and the nomination list has been reviewed by the meeting of the board of directors. Please refer to page 48 for the nomination list.

Resolution:

The nomination list of independent directors

Nominee	The board of directors of Yang Ming Marine Transportation Corporation
Name	Jeii-Fuu Chen
Holding shares	0
Education and Experience (including present employment)	<ul style="list-style-type: none"> ● Ph.D., Department of Information Management, National Taiwan University ● M.B.A., National Taiwan University ● MS., Department of Electrical Engineering University of Southern California ● Adjunct Professor at Department and Graduate Institute of Business Administration, National Taiwan University ● Visiting Professor at Institute for Integrated Cell-Material Sciences (iCeMS), Kyoto University, Japan ● Adjunct Professor at Department of Information Management and Finance, National Chiao Tung University ● Visiting Scholar, Department of Biomedical Data Science, School of Medicine, Stanford University ● Adjunct Professor at Graduate Institute of Management, National Taiwan Normal University Distinguished Consultant of Southern Taiwan Industry Interdisciplinary Innovation Center of Industrial Technology Research Institute ● President of NTNU Innovation Investment Holding Company ● Chief Investment Officer for Acer Inc.

Matters for Discussion

I. Amendment to the Articles of Incorporation (Proposed by the Board)

Explanation: Amending the Article of Incorporation to fulfill the requirements of issuing preferred shares A in compliance with amendments of the Remuneration Committee Charter. The comparison table of the provisions can be referred to 2020 Shareholders' Meeting Handbook from page 51 to page 56.

Resolution:

Article of Incorporation of Yang Ming Marine Transport
Corporation
Cross-Reference table

New	Now	Remark
<p>Article 1</p> <p>This company is organized according to the provisions for a limited liability company set forth in the Company Act of the Republic of China and is named <u>陽明海運股份有限公司</u> <u>in Chinese and Yang Ming Marine Transport Corporation in English.</u></p>	<p>Article 1</p> <p>This company is organized according to the provisions for a limited liability company set forth in the Company Act of the Republic of China and is named Yang Ming Marine Transport Corporation.</p>	<p>Add the company's English name according to Article 392-1 (1) of the Company Act "A company may apply for registration of corporate name in a foreign language to the competent authority and the authority shall register such foreign name in accordance with the foreign name indicated in the Articles of Incorporation."</p>
<p>Article 5</p> <p>The total capitalization of this company is NT\$ 45 billion, divided into 4.5 billion shares, NT\$10 <u>par value each share. The board of directors is authorized to issue them in installments depending on the actual requirements of the company, whereas a portion of the shares may be issued as preferred shares.</u></p>	<p>Article 5</p> <p>The total capitalization of this company is NT\$ 45 billion, divided into 4.5 billion shares, NT\$10 each, to be issued in installments.</p>	<p>In order to conform to the needs of capital for business development and operation scale expansion, the company's capital, where a portion of the shares may be in the form of preferred shares.</p>
<p>Article 6-1</p> <p><u>The rights, obligation, and other important issuance terms of the Company's preferred shares are as follows:</u></p> <p><u>A. The fiscal year-end earnings of the company shall be applied to the following uses in</u></p>	<p>Article 6-1</p> <p>added.</p>	<p>This Article is added. According to Article 157 of the Company Act, rights, obligations, and other important issue conditions of preferred shares</p>

New	Now	Remark
<p><u>order: payments of taxes, making-up of accumulated deficit, legal reserve, special reserve by law. If there are needs for increasing the equipment of transportation or improving financial structure, the Company may set aside or rotate a special reserve. If the above legal duties are fulfilled, the remaining earnings may be first distributed to preferred shareholders as the current year's dividends.</u></p> <p><u>B. The dividends of preferred shares are capped at 8% per annum on the issue price. Cash dividends will be distributed annually in arrears. Once the company's financial reports have been acknowledged in the regular meeting of shareholders, the board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remain outstanding in that year.</u></p> <p><u>C. The company has discretion over the dividend distribution of preferred shares. The company may decide not to distribute dividends of preferred shares if no earnings are posted in a fiscal year or earnings posted are insufficient to distribute dividends of preferred shares, the preferred shareholders shall not object.</u></p>		<p>shall be regulated in Articles of Incorporation.</p>

New	Now	Remark
<p><u>The undistributed dividends or the deficit of dividends are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or deficit dividends in the subsequent years where there are earnings.</u></p> <p><u>D.Except for the dividends prescribed in subparagraph 2 of this paragraph, shareholders of preferred shares shall not participate in the distribution of cash and stock dividends of the common shares derived from earnings or capital reserve.</u></p> <p><u>E. Preferred shareholders have the same share options for new shares as shareholders of common shares when the company issues new shares in cash.</u></p> <p><u>F. Preferred shareholders have priority over holders of common shares for distribution of the company’s residual property. All preferred shareholders’ ranks are equal with each other for repayment, but subordinate to the holders of debts. The repayment of preferred shares shall be capped at the issue price.</u></p> <p><u>G. Preferred shareholders do not have the voting rights or suffrage in shareholders’ meeting, but have the right to be elected as a director. Preferred shareholders have voting rights at preferred shareholders’ meeting and at shareholders’ meeting with respect to agendas related to the rights and obligations of preferred shareholders.</u></p> <p><u>H. Preferred shares cannot be converted to common shares and preferred shareholders do not have the right to request the company to redeem preferred shares they hold.</u></p> <p><u>I. Preferred shares are perpetual. They may be redeemed in whole or in part at issue price anytime after 5th anniversary of preferred shares issuance at the option of the company. Unredeemed preferred shares shall remain to</u></p>		

New	Now	Remark
<p><u>have the rights and obligations of issuance terms prescribed in this Articles 6-1. In the year of redemption of preferred shares, if the company resolves to distribute preferred share dividends, dividends to be distributed until the redemption date shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.</u></p> <p><u>J. The distribution of the preferred share dividends shall be determined according to the order in which preferred shares were issued.</u></p> <p><u>The board of directors is authorized to resolve preferred share matters including names, issuance date, and other pragmatic issuance terms based on capital market circumstances and willingness of investors and in accordance with the Charter and related laws and regulations.</u></p>		
<p><u>Article 7</u></p> <p>Shareholder’s meetings of this company consist of regular and special meetings. Unless otherwise stipulated in the Company Act or the relevant laws and regulations of the Republic of China, such meetings shall all be convened by the board of directors. <u>The preferred shareholders’ meeting may be convened when it is deemed necessary in accordance with related laws and regulations.</u></p>	<p><u>Article 7</u></p> <p>Shareholder’s meetings of this company consist of regular and special meetings. Unless otherwise stipulated in the Company Act or the relevant laws and regulations of the Republic of China, such meetings shall all be convened by the board of directors.</p>	<p>Add wording for the preferred shareholders’ meeting to be convened when it deemed necessary in accordance with applicable laws and regulations.</p>
<p><u>Article 8</u></p> <p>Shareholders of this Company shall have one vote for each share they hold, except non-vote or <u>exercise restriction</u> stipulated by Laws of the Republic of China and <u>the Charter</u>.</p>	<p><u>Article 8</u></p> <p>Shareholders of this company shall have one vote for each share they hold, except non-vote stipulated by Laws of the Republic of China or exercise restrict by Laws of the Republic of China.</p>	<p>Comply with update of Article 6-1.</p>
<p>Article 15</p> <p>From the 17th term of board of directors, this</p>	<p>Article 15</p> <p>From the 17th term of board of directors, this</p>	<p>Comply with the update of</p>

New	Now	Remark
<p>company shall establish an Audit Committee, which shall be composed of independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations of the Republic of China.</p> <p>This Remuneration Committee, composed of all independent directors, propose the following matters and then submit its recommendation to the board of directors for deliberation.</p> <p><u>A. Periodically review the Remuneration Committee Charter and making recommendations for amendments.</u></p> <p>B. <u>Establish</u> and periodically <u>review</u> the <u>standards, annual and long-term goals of performance of directors and managers</u> and the remuneration policy, system, standards, and structure.</p> <p><u>C. Periodically assess the achievement of performance goals by the directors and managers, and set the details and amounts of their individual remuneration in accordance with the performance review.</u></p> <p>This company may set up all kinds of functional committees resolved by the board of directors according to the laws, regulations or principles or due to business needs. Functional committees shall adopt an organizational charter to be resolved by the board of directors and be responsible to the board of directors.</p>	<p>company shall establish an Audit Committee, which shall be composed of independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations of the Republic of China.</p> <p>This Remuneration Committee, composed of all independent directors, propose the following matters and then submit its recommendation to the board of directors for deliberation.</p> <p>A. Prescribe and periodically evaluate the performance review and remuneration policy, system, standards, and structure for directors and managers.</p> <p>B. Periodically evaluate and prescribe the remuneration of directors and managers.</p> <p>C. Others in connection with remuneration assigned by the board of directors.</p> <p>This company may set up all kinds of functional committees resolved by the board of directors according to the laws, regulations or principles or due to business needs. Functional committees shall adopt an organizational charter to be resolved by the board of directors and be responsible to the board of directors.</p>	<p>Remuneration Committee Charter and revise Article 15</p>
<p>Article 18-1</p> <p>If there is current net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for</p>	<p>Article 18-1</p> <p>If there is current net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for disbursing</p>	<p>To be consistent with new added Article 6-1 for the preferred shares dividends.</p>

New	Now	Remark
<p>disbursing the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for increasing the equipment of transportation and improving financial structure, the company may set aside or rotate a special reserve, <u>and may distribute preferred share dividends</u>. If there are more surpluses, plus the undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% <u>for common share dividends</u> and work out an allocation proposal for approval by the shareholders' meeting.</p> <p>The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The <u>common share</u> dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.</p>	<p>the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for increasing the equipment of transportation and improving financial structure, the company may set aside or rotate a special reserve. If there are more surpluses, plus the undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% and work out an allocation proposal for approval by the shareholders' meeting.</p> <p>The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.</p>	
<p>Article 21</p> <p>his Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. ...The 29th amendment was approved on June 22, 2016. The 30th amendment was approved on June 22, 2018. <u>The 31st amendment was approved on June 17, 2020.</u></p>	<p>Article 21</p> <p>This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. ...The 29th amendment was approved on June 22, 2016. The 30th amendment was approved on June 22, 2018.</p>	

II. Amendment to the Rules of Procedure for Shareholders Meeting (Proposed by the Board)

Explanation: Amending the Rules of Procedure for Shareholders Meeting according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221). The comparison table of the provisions can be referred to 2020 Shareholders' Meeting Handbook from page 58 to page 77.

Resolution:

The Amendment to the Rules of Procedure for Shareholders Meeting of
Yang Ming Marine Transport Corporation

New	Now	Remark
<p><u>Article 1</u> <u>To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings and strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for Taiwan Stock Exchange Corporation/GreTai Securities Market (TWSE/GTSM) Listed Companies.</u></p>		Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)
<p><u>Article 2</u> The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules</p>	<p>Article 1 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.</p>	Amend article number
	<p><u>Article 2</u> <u>Shareholders as stated in the Rules shall be the shareholder himself/herself or the proxy who is delegated by the shareholder to attend the meeting.</u></p>	Combine with Article 6
<p><u>Article 3</u> <u>Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification,</u></p>		Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)

New	Now	Remark
<p><u>matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) no later than 30 days prior to the date of a regular shareholders meeting or no later than 15 days prior to the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS no later than 21 days prior to the date of the regular shareholders meeting or no later than 15 days prior to the date of the special shareholders meeting. In addition, no later than 15 days prior to the date of the shareholders meeting, this Corporation shall also prepare the shareholders meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</u></p> <p><u>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</u></p> <p><u>Election or dismissal of directors,</u></p>		

New	Now	Remark
<p><u>amendments to the articles of incorporation, capital reduction, application of terminating public offering, releasing directors from non-competition restrictions, capital increasing by retained earnings, capital increasing by additional paid-in capital (APIC), the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out in the notice with the reasons and the main content for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The main content may be posted on the website of competent securities authority the Corporation appoints and the website address shall be given in the meeting notice.</u></p> <p><u>If the overall re-election of directors and the effective date have been specified in the reasons for convening a shareholders meeting, after the overall re-election of directors, the effective date of directors shall not be changed by an extraordinary motion on the shareholders meeting or by other means in the same meeting.</u></p> <p><u>A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written-proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing</u></p>		

New	Now	Remark
<p><u>more than one item will be included in the meeting agenda. A proposal proposed for urging this Corporation to promote public interests or fulfill its social responsibilities may be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</u></p> <p><u>Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p> <p><u>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who has submitted proposals of the proposal scrutiny results, and shall list in the meeting notice the proposals that conform to</u></p>		

New	Now	Remark
<p><u>the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for not including any shareholder proposals in the agenda.</u></p>		
<p><u>Article 4</u> <u>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.</u> <u>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation no later than 5 days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u> <u>After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation no later than 2 days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		<p>Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)</p>
<p><u>Article 5</u> The venue for a shareholders meeting</p>	<p><u>Article 3</u> The venue for a shareholders</p>	<p>Amend article number and</p>

New	Now	Remark
<p>shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting time may begin no earlier than 9 a.m. and no later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</u></p>	<p>meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting time may begin no earlier than 9 a.m. and no later than 3 p.m.</p>	<p>partial content</p>
<p><u>Article 6</u> <u>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</u> <u>The time of the shareholder attendance registrations is to be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the beginning of the meeting. The place where the attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.</u> <u>Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders.</u> Solicitors soliciting proxy forms shall also bring identification documents for</p>	<p><u>Article 4</u> <u>The attending shareholders shall hand in a sign-in card in lieu of signing in.</u> Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>verification.</p> <p><u>This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</u></p> <p><u>This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials.</u></p> <p><u>Where there is an election of directors, pre-printed ballots shall also be furnished.</u></p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>		
<p><u>Article 7</u></p> <p>If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.</p> <p><u>When a director serves as chair, as referred to in the preceding paragraph,</u></p>	<p><u>Article 5</u></p> <p>If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.</p> <p>If a shareholder meeting is convened</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p><u>the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company.</u> <u>The same shall be true for a representative of a juristic person director that serves as chair.</u> <u>It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee.</u> <u>The attendance shall be recorded in the meeting minutes.</u></p> <p>If a shareholder meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.</p> <p>This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.</p>	<p>by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.</p> <p>This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.</p>	
<p><u>Article 8</u> This Corporation, <u>beginning from the time it accepts shareholder attendance registrations,</u> shall make an <u>uninterrupted</u> audio or video recording of the <u>registration procedure,</u> the proceedings of the shareholders</p>	<p><u>Article 6</u> This Corporation shall make an audio or video recording of the proceedings of the shareholders meeting, and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	
<p>Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending</p>	<p>Article 7 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the</p>	<p>Amend article number</p>

New	Now	Remark
<p>shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p><u>Article 10</u></p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Related proposals (including extraordinary motions and amendments to the original proposals) shall be voted on separately.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of</p>	<p><u>Article 8</u></p> <p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors <u>shall promptly assist the attending shareholders in electing</u> a new chair <u>in accordance with statutory procedures</u>, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, <u>call for a vote and provide ample time for voting.</u></p>	<p>motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p><u>In addition, after the meeting is adjourned, the shareholders shall not continue the meeting to be presided over by the other chairman at the same place or other place.</u></p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>	
<p><u>Article 11</u></p> <p>Before speaking, a shareholder <u>in attendance</u> must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have</p>	<p><u>Article 9</u></p> <p>Before speaking, a shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p>Discussion of the motions, Chairman may pronounce the end of discussion discretionally, or, may have the discussion suspended if it is necessary and ask to decide by vote.</p>	<p>have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one of the representatives so appointed may speak on the same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p>Discussion of the motions, Chairman may pronounce the end of discussion discretionally, or, may have the discussion suspended if it is necessary and ask to decide by vote.</p>	
<p><u>Article 12</u></p> <p>Voting at a shareholders meeting shall be calculated based the number of</p>	<p><u>Article 10</u></p> <p>Voting at a shareholders meeting shall be calculated based the number</p>	<p>Amend article number</p>

New	Now	Remark
<p>shares.</p> <p>With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</p> <p>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.</p> <p>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</p> <p>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>	<p>of shares.</p> <p>With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</p> <p>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.</p> <p>The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.</p> <p>With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p>	

New	Now	Remark
<p><u>Article 13</u></p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p><u>When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholders meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that this Corporation avoids the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or</u></p>	<p><u>Article 11</u></p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</p> <p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall announce the total number of voting rights represented by the attending shareholders.</p> <p><u>If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its effect shall be the same as the voting resolution.</u></p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p data-bbox="172 255 683 1816"> <u>electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation no later than 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation by the same means by which the voting rights have been exercised no later than 2 days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u> </p> <p data-bbox="172 1832 683 2009"> Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an </p>	<p data-bbox="707 255 1193 712"> proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting shall be conducted in public at the place of the shareholders meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote. </p>	

New	Now	Remark
<p>affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall <u>first</u> announce the total number of voting rights represented by the attending shareholders, <u>followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u> When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.</p> <p>Vote counting <u>for shareholders meeting proposals or elections</u> shall be conducted in public at the place of the shareholders meeting. <u>Immediately after vote counting has been completed,</u> the results of the voting, <u>including the statistical tallies of the</u></p>		

New	Now	Remark
<p><u>numbers of votes</u>, shall be announced on-site at the meeting, and a record made of the vote.</p>		
<p><u>Article 14</u> <u>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</u> <u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u></p>		<p>Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)</p>
<p><u>Article 15</u> <u>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</u> <u>This Corporation may distribute the</u></p>		<p>Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)</p>

New	Now	Remark
<p><u>meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u></p> <p><u>The meeting minutes shall accurately record the date, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the statistical tallies of the numbers of votes). Where there is an election of directors, the numbers of votes each candidate director has received shall be disclosed. And the record shall be retained for the duration of the existence of this Corporation.</u></p>		
<p><u>Article 16</u></p> <p><u>On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</u></p> <p><u>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under TWSE (or GTSM) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.</u></p>		<p>Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd, 2020 (Ref. No.:Tai-Jheng-Jhieh-Li-Zih-Di 1080024221)</p>

<p><u>Article 17</u></p> <p>Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband <u>or an identification card</u> bearing the word "Proctor."</p> <p><u>In the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.</u></p> <p>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	<p><u>Article 12</u></p> <p>Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."</p> <p>When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	<p>Amend article number and partial content</p>
<p><u>Article 18</u></p> <p>When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</p> <p>If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have</p>	<p><u>Article 13</u></p> <p>When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. <u>When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the</u></p>	<p>Amend article number and partial content</p>

<p>been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</p>	<p><u>meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u></p> <p>If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.</p> <p>A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</p>	
<p><u>Article 19</u> These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p><u>Article 14</u> These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p>Amend article number</p>

III. Amendment to the Handling Procedures for Acquisition and Disposal of Assets (Proposed by the Board)

Explanation: Amend the provisions of the Handling Procedures for Acquisition and Disposal of Assets according to the Regulations Governing the Acquisition and Disposal of Assets issued by Financial Supervisory Commission. The comparison table of the provisions can be referred to 2020 Shareholders' Meeting Handbook from page 79 to page 85.

Resolution:

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

New	Now	Remark
<p>Article 8 Procedures for engaging in derivatives</p> <p>There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time.</p> <p>"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.</p> <p>The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging.</p> <p>The quota for engaging in derivatives is as follows:</p> <p>1. Hedging transactions:</p> <p>(1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.</p> <p>(2). The maximum loss limits: Either estimated loss of each individual contract exceed 1% of the Company's paid-up capital for two successive months or the estimated loss of total contracts exceeds 2% of the</p>	<p>Article 8 Procedures for engaging in derivatives</p> <p>There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time.</p> <p>"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.</p> <p>The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging.</p> <p>The quota for engaging in derivatives is as follows:</p> <p>1. Hedging transactions:</p> <p>(1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.</p> <p>(2). The maximum loss limits: Either estimated loss of each individual contract exceed 1% of the Company's paid-up capital for two successive months or estimated loss of total contracts exceed 2% of the Company's</p>	<p>Amend wording according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies Article 21</p>

New	Now	Remark
<p>Company's paid-up capital for two successive months, the measures of controlling the losses shall be reported to the next board of directors.</p> <p>2. Trading transactions:</p> <p>(1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.</p> <p>(2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.</p> <p>(3). The losses for each transaction should not exceed USD1 million in the same fiscal year.</p> <p>The authority and responsibility for the Company engaging in derivatives is as follows:</p> <p>1. The Head of Finance Department should give information including product types, trading amount, trading purpose and strategy, and the maximum amount of losses should be submitted to the audit committee for approval by the board of directors when the Company engages in derivatives.</p> <p>2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows:</p> <p>(1). Control the authorized quota by the board of directors.</p> <p>(2). Confirm the transaction.</p> <p>(3). Appoint and remove dealers.</p> <p>3. When the Company engages in derivatives, the authority and responsibility for dealers is as follows:</p>	<p>paid-up capital for two successive months, the measures of controlling the losses shall report to the next board of directors.</p> <p>2. Trading transactions:</p> <p>(1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.</p> <p>(2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.</p> <p>(3). The losses for each transaction should not exceed USD1 million in the same fiscal year.</p> <p>The authority and responsibility for the Company engaging in derivatives is as follows:</p> <p>1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives.</p> <p>2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows:</p> <p>(1). Control the authorized quota by the board of directors.</p> <p>(2). Confirm the transaction.</p> <p>(3). Appoint and remove dealers.</p> <p>3. When the Company engages in derivatives, the authority and responsibility for dealers is as follows:</p>	

New	Now	Remark
<p>(1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility.</p> <p>(2). Draw up trading strategy and negotiate transaction terms with counterparties.</p> <p>(3). Prepare transaction reports.</p> <p>4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows:</p> <p>(1). Open accounts.</p> <p>(2). Provide transaction documents immediately.</p> <p>(3). Complete the settlement of the transaction.</p> <p>5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement.</p> <p>The procedures for risk management when the Company engages in derivatives are as follows:</p> <p>1. Scope of risk management</p> <p>(1). Credit risks</p> <p style="padding-left: 40px;">Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.</p> <p>(2). Market risks</p> <p style="padding-left: 40px;">The Company shall control the market risk derived from the volatility of interest rate,</p>	<p>(1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility.</p> <p>(2). Draw up trading strategy and negotiate transaction terms with counterparties.</p> <p>(3). Prepare transaction reports.</p> <p>4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows:</p> <p>(1). Open accounts.</p> <p>(2). Provide transaction documents immediately.</p> <p>(3). Complete the settlement of the transaction.</p> <p>5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement.</p> <p>The procedures for risk management when the Company engages in derivatives are as follows:</p> <p>1. Scope of risk management</p> <p>(1). Credit risks</p> <p style="padding-left: 40px;">Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.</p> <p>(2). Market risks</p> <p style="padding-left: 40px;">The Company shall control the market risk derived from the volatility of interest rate,</p>	

New	Now	Remark
<p>exchange rate or other factors.</p> <p>(3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.</p> <p>(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.</p> <p>(5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.</p> <p>(6). Legal risks Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance.</p> <p>2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and</p>	<p>exchange rate or other factors.</p> <p>(3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.</p> <p>(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.</p> <p>(5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.</p> <p>(6). Legal risks Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance.</p> <p>2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and</p>	

New	Now	Remark
<p>control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.</p> <p>Measures of periodic evaluation and handling irregular circumstances:</p> <ol style="list-style-type: none"> 1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: <ol style="list-style-type: none"> (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following 	<p>control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.</p> <p>Measures of periodic evaluation and handling irregular circumstances:</p> <ol style="list-style-type: none"> 1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: <ol style="list-style-type: none"> (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following 	

New	Now	Remark
<p>principles:</p> <p>(1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures.</p> <p>(2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion.</p> <p><u>The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</u></p> <p>Internal audit system:</p> <p>1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.</p> <p>2. The company shall file the audit report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC(hereinafter “SFB”)</p>	<p>principles:</p> <p>(1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures.</p> <p>(2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion.</p> <p>Internal audit system:</p> <p>1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.</p> <p>2. The company shall file the audit report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC(hereinafter “SFB”) before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May.</p> <p>The Company engaging in derivatives shall establish a log book and the product types,</p>	

New	Now	Remark
<p>before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May.</p> <p>The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.</p>	<p>trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.</p>	

IV. Please resolve the Company's private placement of preferred shares A.

Explanation:

- I. Aiming to improve the financial structure and increase net value in order to facilitate long-term operation and development, the Company plans to issue preferred shares A within the limit of 300,000,000 shares for private placement.
- II. According to Article 43-6 of the Securities and Exchange Act, the private placement to be carried out shall include the following items:
 - i. The basis for setting the price: The basis for setting the preferred shares A for private placement shall be no lower than 80% of the theoretical price. Theoretical price refers to a securities price calculated based on an appropriate pricing model that is selected in consideration of the various rights under the terms of issuance. The pricing model shall act as a whole encompass, and include and consider the various rights included in the terms of issuance. Any right not included for consideration within the model shall be excluded from the terms of issuance.
 - ii. The rationale for the setting of the price: The setting of issue price will be authorized to the Board by the annual general meeting of the shareholders considering the regulations, specific persons and market conditions, within the range of value as resolved by the annual general meeting of the shareholders. Considering the timing of transfer, transferee and quantity of private placement of marketable securities are strictly regulated, with additional factors such as a three-year limit on listing and poorer liquidity, the price of this private placement of preferred shares A shall be deemed as reasonable.
 - iii. The means and purpose of selecting specified persons:
The targets of this private placement are limited to specific persons who meet the requirements of Articles 43-6 of the Securities and Exchange Act. Potential placees include juristic persons or institutions, strategic investors, insiders or related

parties in the banking, securities, trust, insurance industries or other juristic persons/institutions approved by the competent authority. Currently there is no agreed investors.

- (i) If the placers are strategic investors, the Company will choose an individual or legal entity that can provide assistance in reducing cost, increasing efficiency, or enlarging the market by vertical or horizontal integration in the industry or joint effort in market development using their own experience, skills, knowledge, brand, or channels. This will help reduce cost, increase efficiency and enlarge the market and is deemed necessary for increasing the Company's long-term competitiveness. The relevant qualifications of the strategic investors are to be reviewed by the authorized Board of Directors.
- (ii) If the placers are insiders or related parties, the Company will choose operators who have a good understanding of the Company's operations and can benefit the Company in the long run, in order to strengthen the shareholder structure and support the Company's long-term development, while improving the Company's financial structure, increasing solvency and reducing operational risks. The list of candidates for placers who are insiders or related parties is as follows, except the list is comprised of potential placers, and does not mean that these insiders or related parties have already obtained information or agreed to subscribe to the private placement of preferred shares A.

Possible place list of insiders or related parties:

Name of Placee	Relationship with the Company
Ministry of Transportation and Communications	Director of the Board and shareholders holding more than 10% of the Company
National Development Fund , Executive Yuan	Director of the Board and shareholders holding more than 10% of the Company
Taiwan International Ports Corporation	Director of the Board of the Company
Taiwan Navigation CO.,LTD.	Director of the Board of the Company
Chunghwa Post	Affiliated company belonging to Director of the Board of the Company
Bank of Taiwan	Government relationship
Chang Hwa Commercial Bank	Government relationship

Possible insiders or related parties who are legal persons should disclose matters:

Name of Placee	Name of top ten shareholders	Shareholding ratio	Relationship with the company
Ministry of Transportation and Communications	Executive Yuan	100%	Government relationship
National Development Fund , Executive Yuan	Executive Yuan	100%	Government relationship
Taiwan Nnigation CO.,LTD.	MOTC	26.46%	Director of the Board and shareholders holding more than 10% of the Company
	Yang Ming Marine Transport Corp.	16.96%	The company
	Chinese Maritime Transport Ltd.	7.46%	None
	Fuwang investment	2.95%	None
	Yunn Wang Investment	2.42%	The company related person

	Yongyuxing Enterprise	2.29%	None
	Jackia Investment	1.36%	None
	China Trust trust account held by Taiwan Navigation employees	1.35%	None
	Chen Chang-hong	0.65%	None
	Su Xing-gan	0.61%	None
Chunghwa Post	M.O.T.C	100%	Director of the Board and shareholders holding more than 10% of the Company
Bank of Taiwan	Taiwan Financial Holdings Co., Ltd	100%	Government relationship
Chang Hwa Commercial Bank	Taishin Financial Holding Co., Ltd.	22.55%	None
	Ministry of Finance	12.19%	Government relationship
	Lungyen Life Service Corporation, Ltd.	3.92%	None
	First Commercial Bank	2.87%	Government relationship
	EXCEL CHEMICAL CORPORATION	2.78%	None
	National Development Fund , Executive Yuan	2.75%	Director of the Board and shareholders holding more than 10% of the Company
	CHENG CHANG INVESTMENT CO.	1.84%	None
	Chunghwa Post	1.73%	Affiliated companies of the company's directors
	Vangaard Emerging Markets Stock Index Fund Investment Account	1.02%	None

- iv. Reasons for the necessity for conducting the private placement: Considering the timeliness, convenience and issue costs of

raised capital, the Company intends to adopt private placement of preferred shares.

v. Quota of preferred shares A for private placement:

The number of shares to be issued shall not exceed 300,000,000 preferred shares, and the Board of Directors shall be authorized to issue 1-3 times closings within one year from the date of the resolution of the annual general meeting of the shareholders.

vi. Use of the funds raised by the private placement and the anticipated benefits:

The private placement funds will be used to enrich working capital and pay for capital expenditures. It is expected that the use of funds will be completed within one year after the completion of the private placement, which will reduce the Company's operating risks and strengthen the industry's position to enhance long-term competitiveness.

The expected amount of private placements, the use of funds and the expected benefits of each division:

The expected issued times	The expected amount of each division	The use of funds	The expected benefits of each division
1ST	Amount of private placement within 300,000,000 number of preferred shares A	Enrich working capital and pay for capital expenditures	Improve the financial structure, reduce the company's operational risks, and strengthen the industrial position to enhance long-term competitiveness.

2ND	Within 300,000,000 number of preferred shares A , the amount raised for the amount insufficient for the previous private placement	Enrich working capital and pay for capital expenditures	Improve the financial structure, reduce the company's operational risks, and strengthen the industrial position to enhance long-term competitiveness.
3RD	Within 300,000,000 number of preferred shares A, the amount raised for the amount insufficient for the previous private placement	Enrich working capital and pay for capital expenditures	Improve the financial structure, reduce the company's operational risks, and strengthen the industrial position to enhance long-term competitiveness.

III. The rights and obligation of the Company's private placement of preferred shares A are as follows:

i. Dividend distribution:

- (i) The fiscal year-end earnings of the Company shall be applied to uses in the following order: payments of taxes, making up of deficit, special capital reserve by law, and the remaining shall be paid to holders of these preferred shares as the current year's dividends.
- (ii) The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares in the following circumstances: (1) there are no earnings in a fiscal year; (2) the earnings are insufficient to distribute dividends of preferred shares. The cancellation of dividend payment should not constitute an event of default.
- (iii) The preferred shares are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or omitted dividends in the future.

- (iv) Cash dividends shall be distributed annually in arrears. Once the Company's Audited Financial Reports have been acknowledged in the annual general meeting of the shareholders, the Board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares has remained outstanding in that year.
- ii. Excess dividend distribution: In addition to aforementioned dividend distributed, these preferred shares are not entitled to the cash and capital allocation with regard to earnings and capital reserves as dividend distribution of common shares.
- iii. Redemption of the preferred shares: Preferred shares may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company, provided the Notice of Redemption of Preferred Shares with a period of 30 days has been announced or sent to the shareholders of preferred shares. Unredeemed preferred shares shall continue to have the aforementioned rights and obligations of issuance terms. The distribution of the payable dividends until redemption date shall be calculated based on the actual number of days the preferred shares remained outstanding in that year as the Company resolved on dividend distribution.
- iv. Order of claim for distribution of property: The priority of claim for distribution of property is given to ordinary shares. The claim of all series of preferred shareholders are equal, but subordinate to the holders of debts. The repayment shall be capped at the respective issue amount of preferred shares upon liquidation.
- v. Voting rights and suffrage: Preferred shareholders do not have voting rights or suffrage, but have the right to be elected as

director. However, they have voting rights with respect to agendas related to 42 Amended version Original version Reason the rights and obligations of preferred shares in shareholders' meetings.

- vi. Conversion to common shares: Preferred shares cannot be converted to common shares and holders do not have the right to request the Company to redeem preferred shares.
 - vii. Preferred shareholders have the same share options for new shares as shareholders of ordinary shares when the Company issue new shares in cash.
- IV. Within three years from delivery, these preferred shares shall not be traded unless transferred in accordance with Articles 43-8 of the Securities and Exchange Act. After three years from the delivery date, the Board of Directors may be authorized to obtain the approval letter from TWSE for fulfilling listing requirements. An application for undergoing IPO process will be subsequently submitted to the Financial Supervisory Commission for conducting listed transactions.
- V. The main details of the preferred shares A for private placement (including but not limited to the actual issue price, rate of dividend, planned items, amount, scheduled progress, potential benefits and all other matters) shall be adjusted, formulated and executed in accordance with the laws and regulations depending on market conditions within the scope of authorization by the Board of Directors, granted by the annual general meeting of the shareholders. If change is mandated in the future by the competent authority, due to operational needs or circumstances, the Board of Directors is also authorized to handle the matter at its own discretion within the aforementioned scope of authorization in accordance with relevant regulations.
- VI. The subject will be submitted for discussion by this year's annual general meeting of the shareholders with the approval from the

Board of Directors. The Board will be authorized to issue 1-3 times closings within one year from the date of resolution by the annual general meeting of the shareholders in accordance with the Company's needs and the financial market conditions at that time.

- VII. For the private placement of preferred shares A, the annual general meeting of the shareholders is requested to authorize the Chairman or his designated person to sign and negotiate all documents as well as handle all relevant matters at his discretion on behalf of the Company.
- VIII. This private placement had been approved by the 345th meeting of BOD of the Company.

Resolution:

Extempore Motions

Meeting Adjournment

Appendix

Appendix I

Article of Incorporation

(The 30th Amendment)

Chapter 1 General Provisions

- Article 1 This company is organized according to the provisions for a limited liability company set forth in the Company Act of the Republic of China and is named Yang Ming Marine Transport Corporation.
- Article 2 The line of business of this company is as follows:
- A. Domestic and overseas marine shipment service
 - B. Domestic and overseas marine passenger service
 - C. Warehouse, pier, tug boat, barge, container freight station and terminal operations
 - D. Maintenance and repairs, chartering, sales and purchase of ships
 - E. Maintenance and repairs, lease, sales and purchase of containers as well as chassis
 - F. Shipping agency
 - G. G402011 Ocean freight forwarding service
 - H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The head office of this company is located in Keelung City, Taiwan, Republic of China. If necessary, it may establish branch or representative offices at other domestic or overseas locations.
- Article 4 This company may provide guarantee for other entities.
The total amount of investment made by this company is not restricted by Clause 13 of the Company Act of the Republic of China.

Chapter 2 Shares and Certificate

- Article 5 The total capitalization of this company is NT\$ 45 billion, divided into 4.5 billion shares, NT\$10 each, to be issued in installments.
- Article 6 The share certificates of this company shall carry the holder's full name and the way of their printing shall abide by the provisions of the Company Act of the Republic of China. The company may be exempted from printing any share certificate but the shares must be registered with Central Securities Depository Institution.
The securities affairs of this company shall be handled pursuant to the "Rules Governing Securities-related Matters of Publicly Listed

Companies” promulgated by the competent authority, and other related laws and regulations of the Republic of China.

Chapter 3 Shareholders’ Meeting

Article 7 Shareholder’s meetings of this company consist of regular and special meetings. Unless otherwise stipulated in the Company Act or the relevant laws and regulations of the Republic of China, such meetings shall all be convened by the board of directors.

Article 8 Shareholders of this company shall have one vote for each share they hold, except non-vote stipulated by Laws of the Republic of China or exercise restricted by Laws of the Republic of China.

Chapter 4 Directors and managers

Article 9 This company shall have 7 to 11 directors to be elected by the shareholders’ meeting according to the laws and regulations of the Republic of China. The aforesaid Board of Directors shall have three independent directors.

This company adopts candidates’ nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination and election of the directors shall comply with Company Act and related laws and regulations of Republic of China. The election of independent directors and non-independent directors shall be held together, however, the number of independent directors and non-independent directors elected shall be calculated respectively and those candidates receiving more voting rights shall be elected as independent directors and non-independent directors.

Article 10 All capable persons are eligible to be elected directors.

In case the government or a juristic person is a shareholder, they may be elected director, provided that a natural person be designated as its proxy for the exercise of duties. In case the government or juristic person is a shareholder, their representative may be elected director on their behalf. In case there are several representatives, all of them may be separately elected.

The representatives referred to in the preceding two paragraphs may, on account of their respective duties, be replaced by other designated persons to fulfill their unfinished terms.

Article 11 The term of office for both directors is 3 years and they are eligible for re-election.

Article 11-1 The board of directors is authorized to determine the remuneration to the board chairman and directors according to the extent of their participation in daily operations, contributions to business achievements, and the payment standards of other marine companies.

To disperse the risks and enhance corporate governance, this company may buy policy of “Directors & Officers Liability Insurance” for all its directors, and representatives and for those who are assigned to be the directors or supervisors of its invested companies for the period of their term of duty.

Article 12 The directors shall elect a chairman of the board from among themselves by a resolution adopted by a majority of the directors at a meeting attended by at least 2/3 of the directors.

Article 13 The board of directors shall meet as least once quarterly and, if necessary, may hold special meetings. All such meetings shall be convened and presided over by the chairman of the board. If the chairman of the board cannot attend the meeting, the directors shall elect one of them as the chairperson.

The company may use a written notice, e-mail, or facsimile to inform the directors on the holding of a meeting.

A director may appoint another director to represent him or her if he or she is unable to attend the meeting.

Article 14 The duties of the board of directors are as follows:

- A. Reviewing business guidelines
- B. Reviewing budget and financial reports
- C. Scrutinizing important rules and contracts
- D. Appointing and discharging important personnel
- E. Establishing and removing branch offices
- F. Proposing to the meeting of shareholders revision of the Charter, change of capitalization, and dissolution or merger of this company
- G. Proposing to the meeting of shareholders allocation of profits and making up for losses
- H. Determining other important matters

Article 15 From the 17th term of board of directors, this company shall establish an Audit Committee, which shall be composed of independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations of the Republic of China.

This Remuneration Committee, composed of all independent directors, proposes the following matters and then submit its recommendation to the board of directors for deliberation.

- A. Prescribe and periodically evaluate the performance review and remuneration policy, system, standards, and structure for directors and managers.
- B. Periodically evaluate and prescribe the remuneration of directors and managers.
- C. Address other matters in connection with remuneration assigned by the board of directors.

This company may set up all kinds of functional committees resolved by the board of directors according to the laws, regulations or principles or business needs. Functional committees shall adopt an organizational charter to be resolved by the board of directors and be responsible to the board of directors.

Article 16 This company shall have a president.

The board of directors may, through a resolution, install a chief executive officer if it deems the position is needed for the functioning of the company. The position shall be held concurrently by the chairman of this company. The job of the chief executive officer is to lead, in keeping with the decisions of the board of directors, and is responsible for formulating the major policies for the company and its related companies.

The appointment, relief of duty, and remuneration for the chief executive officer and president should be made in accordance with Article 29 of the Company Act the Republic of China.

Chapter 5 Financial Matters

Article 17 At the end of each fiscal year, the board of directors of this company shall prepare the following statements and records of accounts for examination by the Audit Committee of this company and submit a report 30 days before the opening of the regular meeting for approval:

- A. Business report
- B. Financial report
- C. Proposal for allocation of profits or making up losses

Article 18 If there is net profit at the year-end, it shall appropriate 1% to 5% of the profits as employees' bonus and no more than 2% for the directors. But if there is an accumulated loss, it shall first keep the amount for making up the losses.

The employees' bonus shall be distributed in stocks or cash.

The distribution of bonus for employees and directors shall be determined by the board of directors and reported at the shareholders' meeting.

Article 18-1 If there is net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for disbursing the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for increasing the equipment of transportation and improving financial structure, the company may set aside or rotate a special reserve. If there are more surpluses, plus the undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% and work out an allocation proposal for approval by the shareholders' meeting.

The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.

Chapter 6 Addendum

Article 19 The organic rules of this company shall be separately stipulated.

Article 20 Matters not stipulated in this Charter shall be handled according to the Company Act and related laws and regulations of the Republic of China.

Article 21 This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. The 2nd amendment was made on Mar. 28, 1979. The 3rd amendment was made on June 28, 1979. The 4th amendment was made on Jan. 24, 1980. The 5th amendment was made on June 12, 1981. The 6th amendment was made on Feb. 28, 1983. The 7th amendment was made on Apr. 17, 1985. The 8th amendment was made on June 2, 1988. The 9th amendment was made on Dec. 26, 1990. The 10th amendment was made on Mar. 10, 1992. The 11th amendment was made on Sep. 30, 1992. The 12th amendment was made on Nov. 23, 1994. The 13th amendment was made on Nov. 25, 1995. The 14th amendment was made on Sep. 21, 1996. The 15th amendment was made on Dec. 6, 1997. The 16th amendment was made on Dec. 18, 1998. The 17th amendment was made on June 3, 2000. The 18th amendment was made on June 20, 2001. The 19th amendment was approved on June 21, 2002. The 20th amendment was approved on June 20, 2003. The 21th amendment was approved on June 23, 2005. The 22th amendment was approved on June 23, 2006. The 23th amendment was approved on June 27, 2007. The 24th amendment was approved on June 18, 2009. The 25th amendment was approved on

June 18, 2010. The 26th amendment was approved on June 15, 2012. The 27th amendment was approved on June 14, 2013. The 28th amendment was approved on June 18, 2014. The 29th amendment was approved on June 22, 2016. The 30th amendment was approved on June 22, 2018.

Appendix II

Rules of Procedure for Shareholders Meetings of Yang Ming Marine Transport Corporation

Created on June 21, 2002

Amendment was made on June 18, 2009

- Article 1 The rules of procedures for this Corporation's shareholders meetings, except otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2 Shareholders as stated in the Rules shall be the shareholder himself/herself or the proxy who is delegated by the shareholder to attend the meeting.
- Article 3 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting time may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 4 The attending shareholders shall hand in a sign-in card in lieu of signing in. Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 5 If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholder meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- Article 6 This Corporation shall make an audio or video recording of the proceedings of the shareholders meeting, and the recorded materials shall be retained for at least

1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 7 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

In addition, after the meeting is adjourned, the shareholders shall not continue the meeting to be presided over by the other chairman at the same place or other place.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 9 Before speaking, a shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Discussion of the motions, Chairman may pronounce the end of discussion discretionally, or, may have the discussion suspended if it is necessary and ask to decide by vote.

Article 10 Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise

voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 11 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall announce the total number of voting rights represented by the attending shareholders.

If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its effect shall be the same as the voting resolution.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting shall be conducted in public at the place of the shareholders meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 12 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 13 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 14 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix III

Rules for Election of Directors of Yang Ming Marine Transport Corporation

Approved by the shareholders meeting on June 21, 2002

Amendment was made on June 18, 2009

Amendment was made on June 14, 2013

- Article 1 Except as otherwise provided by law and regulation or by the articles of incorporation of this company, the elections of directors shall be conducted in accordance with these Rules.
- Article 2 The cumulative voting method shall be used for election of the directors at this company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The directors of this company shall be elected by adopting candidates nomination system, the election of independent and non-independent directors shall be held together; however, the number of independent and non-independent directors elected shall be calculated separately.
- Article 3 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 4 The number of directors will be as specified in this company's articles of incorporation, with voting rights separately calculated for non-independent and independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the company and

publicly checked by the vote monitoring personnel before voting commences.

Article 6 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 7 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
7. The requested information is not completely entered in Article 6.
8. The number of the candidates entered in the ballot exceeding the number of the seats to be elected.
9. The total votes cast by the voter exceeding the total voting rights of such voter.

Article 8 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, shall be announced by the chair on the site.

Article 9 The board of directors of this company shall issue notifications to the persons elected as directors.

Article 10 These Rules, and any amendments hereto, shall be implemented after approval by

a shareholders meeting.

Appendix IV

Handling Procedures for Acquisition and Disposal of Assets

Article 1 Purpose

The Procedures are prescribed to protect shareholders' equity and investors' benefits, implement the information disclosure and enhance property management when the Company acquiring and disposing assets.

Article 2 Basis

The Procedures are handled in accordance with Article 36-1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made by Financial Supervisory(hereinafter "FSC").

Article 3 Scope of Assets

1. Investment in stocks(including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call(put) warrants, beneficial interest securities and asset-backed securities
2. Real property(including land, houses and buildings, investment property)
3. Memberships
4. Patents, copyrights, trademarks, franchises and other intangible assets
5. Equipment(including but not limited to vessels, containers, chassis, machinery, computer hardware and peripherals)
6. Right-of-use asset
7. Derivatives
8. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws
9. Other assets

Article 4 Defined terms

"Derivatives" means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements.

"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws" means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares") under Article 156-3 of R.O.C. Company Act.

"Related parties" means related parties defined in Statements of International Accounting Standard No. 24.

"Subsidiaries" means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28.

"Professional appraisers" means real property appraisers or other persons duly authorized by laws to engage in the value appraisal of real property, equipment or other assets.

"Date of occurrence" means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply.

"Investments in Mainland China" means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C..

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 acquiring non-business real property or right-of-use assets thereof shall not exceed 40% 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 property, equipment and other assets or right-of-use assets thereof besides right-of-use of vessels for the purpose of conducting business The amount for each transaction is within TWD100 million.
 - (3). Right-of-use assets of vessels for the purpose of conducting business: The amount for each transaction is within TWD 600 million. If there are special timeliness considerations, the amount is TWD 800 million.
 - (4). Non-business real property and right-of-use assets thereof
The amount for each transaction is within TWD10 million.
 - (5). Memberships and intangible assets and right-of-use assets thereof
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.

Article 6 Assessment procedures for acquiring or disposing assets

The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter “CPA”) of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or TWD300 million, the Company shall also engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by ROC Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC.

If the amount of the Company acquiring or disposing real property, equipment, other assets or right-of-use asset thereof is over and above 20% of the Company’s paid-in capital or TWD300 million unless transacting with domestic government institutions, engaging others to build on its own land or acquiring or disposing business

equipments or right-of-use asset thereof, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent changes to the terms and conditions of the transaction.
2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained.
3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply:
 - (1). The discrepancy between the appraisal result and the transaction amount is over and above 20%.
 - (2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount.
4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser.

If the amount of the Company acquiring or disposing intangible assets or right-of-use asset thereof or memberships is over and above 20% of the Company's paid-in capital or TWD300 million, except in transactions with a domestic government agency, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done 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 for which an appraisal report from a

professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion.

The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall meet the following requirement.

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 7 Related Party Transactions

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 Article 7, 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 shall be made in accordance with paragraph 4 of Article 6 herein.

The Company that intends to acquire or dispose of real property or right-of-use assets thereof (regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, may not proceed with the transaction until the followings were 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 or right-of-use assets thereof 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 property the original counterparties and its relationship between the Company and related parties.
5. Monthly cash flow forecasts for a year commencing from the predetermined-signing 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 types of transactions listed below, when to be conducted between

the company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, 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.

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

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 shall evaluate the rationality of the transaction costs by the following means when acquiring real property or right-of-use assets thereof from related parties. Where land and structures thereupon are combined as a single property purchased or leased 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 that acquires real property or right-of-use assets thereof form a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.

If one of the following circumstances exists when the Company acquiring real property or right-of-use assets thereof 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 property or right-of-use assets thereof through inheritance or as a gift.
2. The time when the related party signs the contract to obtain the real property or right-of-use assets thereof is more than five years earlier than the date for signing the transaction.
3. The real property 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.
4. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

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:
 - (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 sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
3. Completed transactions involving 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 or obtainment of the right-of-use assets thereo

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 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 or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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.

Article 8 Procedures for engaging in derivatives

There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time.

"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.

The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging.

The quota for engaging in derivatives is as follows:

1. Hedging transactions:
 - (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.
 - (2). The maximum loss limits: Either estimated loss of each individual contract exceed 1% of the Company's paid-up capital for two successive months or estimated loss of total contracts exceed 2% of the Company's paid-up capital for two successive months, the measures of controlling the losses shall report to the next board of directors.
2. Trading transactions:
 - (1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.
 - (2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.
 - (3). The losses for each transaction should not exceed USD1 million in the same fiscal year.

The authority and responsibility for the Company engaging in derivatives is as follows:

1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives.
2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows:
 - (1). Control the authorized quota by the board of directors.
 - (2). Confirm the transaction.
 - (3). Appoint and remove dealers.
3. When the Company engages in derivatives, the authority and responsibility for dealers is as follows:
 - (1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility.
 - (2). Draw up trading strategy and negotiate transaction terms with counterparties.
 - (3). Prepare transaction reports.
4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows:
 - (1). Open accounts.
 - (2). Provide transaction documents immediately.
 - (3). Complete the settlement of the transaction.
5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement.

The procedures for risk management when the Company engages in derivatives are as follows:

1. Scope of risk management
 - (1). Credit risks
Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.
 - (2). Market risks
The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.
 - (3). Liquidity risks
The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.

(4). Cash flow risks

The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.

(5). Operational risks

The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.

(6). Legal risks

Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance.

2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.

Measures of periodic evaluation and handling irregular circumstances:

1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles:
 - (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times.
 - (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company.
3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
 - (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures.

- (2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion.

Internal audit system:

1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.
2. The company shall file the audit report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC(hereinafter “SFB”) before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May.

The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.

Article 9 Procedures for merger, split-up, tender offer or transfer of shares

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. 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.

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 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.
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 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 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, split-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.

Article 10 Public disclosure of information

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 property or right-of-use assets thereof from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real property or right-of-use assets thereof 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 TWD 300 million; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic 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 or right-of-use assets thereof 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 furthermore the transaction counterparty is not a related party, 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, 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 domestic government bonds.
 - (2). Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

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 acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof 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 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 within

two days counting inclusively from the date of knowing of such error or omission. 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.

Article 11 Procedures for control and management of the acquisition and disposal of assets by subsidiaries

The Company's subsidiaries should set up its own handling procedures of acquisition and disposal of assets in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by 'SFC, the 'Procedures and its business and management requirements. Subsidiaries' handling procedures should be submitted to its board of directors and shareholders' meeting for approval and then submitted to the Company for reference. The amendments hereof shall be subjected to the same.

Each subsidiary shall set up its own authorized quota for purchasing non-business real property or right-of-use assets thereof and securities.

Information required to be reported in accordance with the provisions of Article 10 on acquisitions and disposals of assets by the Company's subsidiaries that are not domestic public companies in R.O.C. shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 10.

Article 12 Penalty

The Company acquiring and disposing assets should be pursuant to the Procedures and the Company's internal control system. If irregular circumstances are found, it shall be considered as violation of the Company's internal stipulation and the related undertakers shall be punished.

Article 13 Others

For the calculation of 10 percent of total assets under the procedure, the total assets stated in the most recent parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Anything that is not specified in the Procedures shall follow the related regulations, the Company's internal control system and operation procedures.

Article 14 Enforcement

The Procedures shall be first implemented upon approval by audit committee and then submitted to the board of directors and shareholders' meeting for approval. The amendments hereof shall be subjected to the same.

Appendix V

Shareholding of Current Directors

The minimum required combined shareholding of all directors by law on the book closure date, April 19, 2020: 62,432,058 shares (2.4%).

Position	Name	shareholding on the book closure date
Chairman / Board of Directors	Corporate Representatives of MOTC: Chih-Chien Hsieh	467,682,372
Director	Corporate Representatives of MOTC: Kun-Ching Liao	467,682,372
Director	Corporate Representatives of MOTC: Ping-Jen Tseng	467,682,372
Director	Corporate Representative of NDF: Cheng-mount Cheng	460,000,000
Director	Corporate Representative of NDF: Shao-Yuan Chang	460,000,000
Director	Corporate Representative of NDF: Chien-Yi Chang	460,000,000
Director	Corporate Representative of TIPC: N/A	311,453,284
Director	Corporate Representative of TNC: Wen-Ching Liu	41,889,858
Independent Director	N/A(Note 2)	—
Independent Director	Tar-Shing Tang	0
Independent Director	Tze-Chun Wang	0
The combined shareholding of all directors (excluding independent directors)		1,281,025,517

Note 1: According to the Article 26 of Securities and Exchange Act, the minimum required combined shareholding of all directors by law excludes the shareholding of independent directors.

Note 2: Independent director Mr. Ming-Sheu Tsai gave notice of resignation effective from April 16, 2020 to the Company on March 21 2020.