

Minutes of the 2020 Shareholders' Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m., June 17, 2020, Wednesday

Place: No. 25, Dongsin St., Cidu Dist., Keelung City, Taiwan (R.O.C.)
(The Changsingli Community Center)

Number of shares represented: 1,604,664,224 (including 811,387,640 shares using electronic voting), or 61.68% of the total 2,601,335,728 shares issued

Directors present: Chih-Chien Hsieh, Cheng-Mount Cheng, Kun-Ching Liao, Shao-Yuan Chang, Ping-Jen Tseng, Shao-Liang Chen, and Tze-Chun Wang (Independent Director)

Attendees: Chin-Tsung Cheng (Accountant) and Salina Chen (Lawyer)

Chairman: Chih-Chien Hsieh

Minute Taker: Tina Lu

I. The Chairman calls the 2020 Shareholders' Meeting of Yang Ming Marine Transport Corporation to order and delivers his opening address. (omitted)

II. Matters to Report:

Report I. 2019 Business Report

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

Shareholders Nos.485373 raised the concern about the reasons of operating loss and the configuration and utilization of current service network.

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

Report II. 2019 Audit Committee's Review Report

Explanation: Please refer to Appendix 1.

Report III. Report on the Issue of Domestic Corporate Bonds

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

III. Matters for Recognition:

Proposal I. Adoption of 2019 Business Report and Financial Statements (Proposed by the Board)

Explanation: A. 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.

B. 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 Appendix 2.

Shareholders Nos.115127 raised the concern about the sale-leaseback arrangement, the number of Yang Ming's subsidiary companies, the capital increase of the subsidiary company, fleet renewal and deployment, and the cost-effectiveness for installing scrubbers.

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

Resolution: The eligible shares for voting are 1,604,664,224 with 1,576,460,389 shares (including 786,792,202 electronic votes) voting for the proposal, 1,271,696 shares (including 1,271,696 electronic votes) voting against it, 26,932,139 shares (including 23,323,742 electronic votes) abstaining, and there are no invalid shares. With 98.24% of the eligible shares voting for this proposal, this motion is approved as proposed.

**Proposal II. Adoption of 2019 Deficit Compensation Proposal
(Proposed by the Board)**

Explanation: A. 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 Appendix 3.

B. It is proposed not to distribute any dividends for the year ending on December 31, 2019.

Resolution: The eligible shares for voting are 1,604,664,224 with 1,578,226,200 shares (including 788,558,013 electronic votes) voting for the proposal, 1,654,534 shares (including 1,654,534 electronic votes) voting against it, 24,783,490 shares (including 21,175,093 electronic votes) abstaining, and there are no invalid shares. With 98.35% of the eligible shares voting for this proposal, this motion is approved as proposed.

IV. Election

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

Explanation: A. 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.

B. 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.

Voting Result:

The List of Independent Directors Elected

Shareholder/ Personal ID Number	Name	Votes
A1207XXXXX	Jei-Fuu Chen	1,454,524,183

V. Matters for Discussion:

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

Explanation: The Article of Incorporation is amended 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 Appendix 4.

Resolution: The eligible shares for voting are 1,604,664,224 with 1,578,574,139 shares (including 788,905,952 electronic votes) voting for the proposal, 1,131,656 shares (including 1,131,656 electronic votes) voting against it, 24,958,429 shares (including 21,350,429 electronic votes) abstaining, and there are no invalid shares. With 98.37% of the eligible shares voting for this proposal, this motion is approved as proposed.

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

Explanation: The Rules of Procedure for Shareholders Meeting are amended in accordance with 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 Appendix 5.

Resolution: The eligible shares for voting are 1,604,664,224 with 1,578,586,275 shares (including 788,918,088 electronic votes) voting for the proposal, 1,123,541 shares (including 1,123,541 electronic votes) voting against it, 24,954,408 shares (including 21,346,011 electronic votes) abstaining, and there are no invalid shares. With 98.37% of the eligible shares voting for this proposal, this motion is approved as proposed.

Proposal 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 Appendix 6.

Resolution: The eligible shares for voting are 1,604,664,224 with 1,578,558,342 shares (including 788,890,155 electronic votes) voting for the proposal, 1,153,474 shares (including 1,153,474 electronic votes) voting against it, 24,952,408 shares (including 21,344,011 electronic votes) abstaining, and there are no invalid shares. With 98.37% of the eligible shares voting for this proposal, this motion is approved as proposed.

Proposal IV. Please resolve the Company's private placement of preferred shares A (Proposed by the Board)

Explanation: A. 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.

B. According to Article 43-6 of the Securities and Exchange Act, the private placement to be carried out shall include the following items:

1. 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.

2. 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.
3. 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 places 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 are no agreed investors.
 - (a) 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.
 - (b) 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

4. Reasons for the necessity of conducting the private placement:
Considering the timeliness, convenience and issue costs of raised capital, the Company intends to adopt private placement of preferred shares.
5. 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.
6. 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 shares 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 shares 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.

- C. The rights and obligation of the Company's private placement of preferred shares A are as follows:
7. Dividend distribution:
 - (c) 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.
 - (d) 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.
 - (e) 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.
 - (f) 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.
 8. 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.
 9. 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.
 10. 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 amount of issue of preferred shares upon liquidation.
 11. 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.
 12. 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.
 13. Preferred shareholders have the same share options for new shares as shareholders of ordinary shares when the Company issue new shares in cash.
- D. 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.

- E. 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.
- F. 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.
- G. 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 handling all relevant matters at his discretion on behalf of the Company.
- H. This private placement had been approved by the 345th meeting of BOD of the Company.

Resolution: The eligible shares for voting are 1,604,664,224 with 1,572,954,399 shares (including 783,286,212 electronic votes) voting for the proposal, 5,766,753 shares (including 5,766,753 electronic votes) voting against it, 25,943,072 shares (including 22,334,675 electronic votes) abstaining, and there are no invalid shares. With 98.02% of the eligible shares voting for this proposal, this motion is approved as proposed.

VI. Extempore Motions:

According to the requirements mentioned in the letter from the Securities and Futures Investor Protection Center, Yang Ming hereby explained the main contents of the private placement of preferred shares A as follows:

- A. The operating capital of Yang Ming's consolidated financial statements for the first quarter of 2020 was negative. Considering the capital expenditure plans for both fleet and container renewal from 2020 to 2021, private placement of preferred shares A will be a necessary and reasonable action to enrich operating capital and deal with capital expenditures.
- B. The price of the private placement of preferred shares A shall be no lower than 80% of the theoretical price, which is the final figure basing on an appropriate and considered pricing model and taking various rights under the terms of issuance into account. This private placement of preferred shares A cannot be converted into ordinary shares, hence its issue price is decoupled and different from the common stock price. In the light of this, the issue price of private placement of preferred shares A per share will not be lower than the par value of the common stock, nor affect common shareholders' right.
- C. There is no agreed investors at this stage, and the potential investors in the future shall include but not limited to the Government related units, strategic investors and financial investors, etc. The government's shareholding shall have the leading power and a certain degree of influence on this project. The list of possible applicants as insiders or related parties has been announced on M.O.P.S. Any party mentioned in this list are potential but

unconfirmed investments. As of April 30, 2020, the government's shareholding ratio was 47.63%. The number of 11 directors in the Company includes 8 non-independent directors who are taking order from the Government and 3 independent directors. With careful and thoughtful consideration of the future investors of this private placement of preferred shares A, there will be no concern or possibility of any major changes in current operating rights.

Shareholders No. 485373, No.271715 and No. 115127 raised their concerns about the possibility of merger and acquisition, benefit assessment and timing for fleet renewal, the risk of Fuel Oil Futures, and the business model between Yang Ming and the Subsidiary.

The Chairman, or persons designated by the Chairman, clarified these problems raised by the two shareholders.

VII. Adjournment: 10:53 a.m.

Chairman: Chih-Chien Hsieh

Minute Taker: Tina Lu

The minutes of this shareholders' meeting only record the major issues and the outcomes of the proposals. The actual progress, procedures, and the statement of the shareholders' meeting should be based on the audio and video recording of the meeting.

This translated document of the Chinese text is for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version prevails.

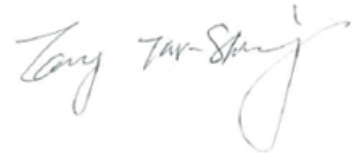
Audit Committee's Review Report

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.

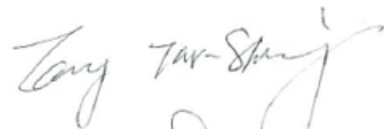
To: 2020 Annual Shareholders' Meeting

YANG MING MARINE TRANSPORT CORP.

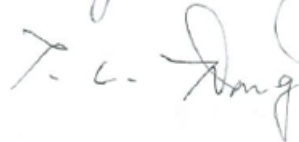
Chairman of the Audit Committee: Tar-Shing Tang



Independent Director: Tar-Shing Tang



Independent Director: Tze-Chun Wang



May 6, 2020

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>
LOSS PER SHARE (Note 31)				
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 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)

ANG 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	(262,621)	(1,149,551)
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	(999,694)	-
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)

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

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

New	Now	Remark
<p>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 <u>陽明海運股份有限公司 in Chinese and Yang Ming Marine Transport Corporation in English.</u></p>	<p>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.</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 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 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 <u>The rights, obligation, and other important issuance terms of the Company's preferred shares are as follows:</u> <u>A. The fiscal year-end earnings of the company shall be applied to the following uses in 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</u></p>	<p>Article 6-1 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 shall be regulated in Articles of Incorporation.</p>

New	Now	Remark
<p><u>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><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>		

New	Now	Remark
<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 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</u></p>		

New	Now	Remark
<p><u>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 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</p>	<p>Article 15</p> <p>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.</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</p>	<p>Comply with the update of Remuneration Committee Charter and revise Article 15</p>

New	Now	Remark
<p>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>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>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 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>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 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>To be consistent with new added Article 6-1 for the preferred shares dividends.</p>

New	Now	Remark
<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>	

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, matters for deliberation, or the election or dismissal of directors, and upload them to the</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>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. 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, amendments to the articles of incorporation, capital reduction, application of terminating public offering, releasing directors from non-competition restrictions, capital increasing by retained earnings.</u></p>		

New	Now	Remark
<p><u>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 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,</u></p>		

New	Now	Remark
<p><u>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 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></p> <p><u>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation</u></p>		<p>Amend according to the letter issued by the Taiwan Stock Exchange dated January 2nd,</p>

New	Now	Remark
<p><u>and stating the scope of the proxy's authorization.</u></p> <p><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.</u></p> <p><u>When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u></p> <p><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>		2020 (Ref. No.:Tai-Jheng-Jhih-Li-Zih-Di 1080024221)
<p><u>Article 5</u></p> <p>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. <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><u>Article 3</u></p> <p>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.</p>	Amend article number and partial content
<p><u>Article 6</u></p> <p><u>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place</u></p>	<p><u>Article 4</u></p> <p><u>The attending shareholders shall hand in a sign-in card in lieu of signing in.</u></p> <p>Shareholders shall attend</p>	Amend article number and partial content

New	Now	Remark
<p><u>to register for attendance, and other matters for attention.</u></p> <p><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></p> <p><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></p> <p>Solicitors soliciting proxy forms shall also bring identification documents for 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. 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</p>	<p>shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance.</p> <p>Solicitors soliciting proxy forms shall also bring identification documents for verification.</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>	

New	Now	Remark
<p>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> 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, 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. The same shall be true for a representative of a juristic person director that serves as chair. 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. 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</p>	<p><u>Article 5</u> 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 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>Amend article number and partial content</p>

New	Now	Remark
<p>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.</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 meeting, and the <u>voting and vote counting procedures</u>. <u>The recorded materials of the preceding paragraph</u> 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><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 lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>Amend article number and partial content</p>
<p><u>Article 9</u> 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</p>	<p><u>Article 7</u> 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</p>	<p>Amend article number</p>

New	Now	Remark
<p>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.</p> <p>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.</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>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.</p> <p>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.</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</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</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>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. 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 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 a new chair 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>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 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</p>	

New	Now	Remark
	<p>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> 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. 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</p>	<p><u>Article 9</u> 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</p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p>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.</p>	<p>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.</p>	
<p><u>Article 12</u> 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</p>	<p><u>Article 10</u> 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</p>	<p>Amend article number</p>

New	Now	Remark
<p>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>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.</p>	
<p><u>Article 13</u> 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. <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</u></p>	<p><u>Article 11</u> 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. <u>If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is</u></p>	<p>Amend article number and partial content</p>

New	Now	Remark
<p><u>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 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.</u></p> <p><u>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</u></p>	<p><u>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 proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.</p> <p>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><u>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>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 <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</p>		

New	Now	Remark
<p>shareholders meeting. <u>Immediately after vote counting has been completed</u>, the results of the voting, <u>including the statistical tallies of the 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 meeting minutes of the preceding</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>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-Jhih-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</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>Amend article number and partial content</p>

New	Now	Remark
<p>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>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><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 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</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 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</p>	<p>Amend article number and partial content</p>

New	Now	Remark
with Article 182 of the Company Act.	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.	
<u>Article 19</u> These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.	<u>Article 14</u> These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.	Amend article number

**The Amendment to the
Handling Procedures for Acquisition and Disposal of Assets
Yang Ming Marine Transport Corporation 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 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</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 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</p>	<p>Amend wording according to Regulations Governing the Acquisition and Disposal of Assets by Public Companies Article 21</p>

<p>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> <ol style="list-style-type: none"> 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. 2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>The procedures for risk management when</p>	<p>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> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>The procedures for risk management when</p>	
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<p>the Company engages in derivatives are as follows:</p> <p>1. Scope of risk management</p> <p>(1). Credit risks</p> <p>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>The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.</p> <p>(3). Liquidity risks</p> <p>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</p> <p>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</p> <p>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</p> <p>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 control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not</p>	<p>the Company engages in derivatives are as follows:</p> <p>1. Scope of risk management</p> <p>(1). Credit risks</p> <p>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>The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.</p> <p>(3). Liquidity risks</p> <p>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</p> <p>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</p> <p>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</p> <p>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 control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for</p>	
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<p>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 principles: <ol style="list-style-type: none"> (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. <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>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 principles: <ol style="list-style-type: none"> (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. <p>Internal audit system:</p> <ol style="list-style-type: none"> 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 	
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<p>Internal audit system:</p> <ol style="list-style-type: none"> 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. <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>	<ol style="list-style-type: none"> 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>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>	
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