

Minutes of the 2019 Shareholders' Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m. on Tuesday, June 25, 2019

Venue: 2F., No. 181, Xin 1st Rd., Zhongzheng Dist., Keelung City, Taiwan (R.O.C.)
(The First Conference Room of Keelung Cultural Center)

Number of shares represented: 1,466,109,437 (including 1,220,438,645 shares using electronic voting), or 63.11% of the total 2,323,024,791 shares issued

Directors present: Chih-Chien Hsieh, Kun-Ching Liao, Shao-Yuan Chang, Ping-Jen Tseng, and Ming-Sheu Tsai (Independent Director)

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

Chairman: Chih-Chien Hsieh

Minute Taker: Tina Lu

I. The Chairman calls the 2019 Shareholders' Meeting of Yang Ming Marine Transport Corporation to order and delivers his opening address. (omitted)

II. Matters to Report:

Report I. 2018 Business Report

Explanation: Please refer to 2019 Shareholders' Meeting Handbook from page 9 to 15.

Report II. 2018 Audit Committee's Review Report

Explanation: Please refer to Appendix 1.

Report III. Execution Status of the Sound Business Plan for Public Offering in 2018

Explanation: i. The Company issued 500 million ordinary shares of NT\$12 per share and with a par value of NT\$10 per share. The total issue amount is NT\$6 billion.
ii. According to the letter issued by the Financial Supervisory Commission dated September 1, 2017 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-10600301161), execution status of a sound business plan for public offering shall be reported to the annual shareholders' meeting.
iii. The Execution Status of the Sound Business Plan for Public Offering in 2018 can be referred to 2019 Shareholders' Meeting Handbook from page 19 to 20.

Matters for Recognition:

**Proposal I. Adoption of 2018 Business Report and Financial Statements
(Proposed by the Board)**

Explanation: i. 2018 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, 2018 business report and the aforementioned financial statements have been examined by the Audit Committee.
ii. 2018 business report can be referred to 2019 Shareholders' Meeting Handbook from page 9 to 15 and 2018 consolidated and stand-alone financial statements can be referred to Appendix 2.

Resolution: The eligible shares for voting are 1,466,109,437 with 1,440,213,491 shares (including

1,196,496,359 electronic votes) voting for the proposal, 833,584 shares (including 833,584 electronic votes) voting against it, 25,062,362 shares (including 23,108,702 electronic votes) abstaining, and there are no invalid shares. With 98.23% of the eligible shares voting for this proposal, this motion is approved as proposed.

**Proposal II. Adoption of 2018 Deficit Compensation Proposal
(Proposed by the Board)**

- Explanation:** i. The initial balance of accumulated deficits is NT\$418,798,099. After adjustment for the recognition of the increased IFRS9 opening effects of NT\$37,542,536, and the actuarial loss of NT\$159,640,281 arising from the defined benefit plans, plus the net loss of NT\$6,590,955,319, the ending balance of accumulated deficits is NT\$7,131,851,163. Statement of deficit compensated of the year ending on December 31, 2018, can be referred to Appendix 3.
- ii. It is proposed not to distribute any dividends for the year ending on December 31, 2018.

Resolution: The eligible shares for voting are 1,466,109,437 with 1,442,369,004 shares (including 1,198,651,872 electronic votes) voting for the proposal, 1,047,780 shares (including 1,047,780 electronic votes) voting against it, 22,692,653 shares (including 20,783,993 electronic votes) abstaining, and there are no invalid shares. With 98.38% of the eligible shares voting for this proposal, this motion is approved as proposed.

III. Matters for Discussion:

**Proposal I. The Amendment to the Handling Procedures for Acquisition and Disposal of Assets
(Proposed by the Board)**

Explanation: Due to business needs and according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1070341072), to amend the provisions of the Handling Procedures for Acquisition and Disposal of Assets, the comparison table of the provisions can be referred to Appendix 4.

Resolution: The eligible shares for voting are 1,466,109,437 with 1,442,355,987 shares (including 1,198,638,855 electronic votes) voting for the proposal, 954,708 shares (including 954,708 electronic votes) voting against it, 22,798,742 shares (including 20,845,082 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. The Amendment to the Principles for the Loaning Funds to Others
(Proposed by the Board)**

Explanation: According to the letter issued by the Financial Supervisory Commission dated March 7, 2019(Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826), to amend the provisions of the Principles for the Loaning Funds to Others, the comparison table of the provisions can be referred to Appendix 5.

Resolution: The eligible shares for voting are 1,466,109,437 with 1,442,307,511 shares (including 1,198,590,379 electronic votes) voting for the proposal, 1,001,920 shares (including 1,001,920 electronic votes) voting against it, 22,800,006 shares (including 20,846,346 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. The Amendment to the Principles Governing Endorsements and Guarantees
(Proposed by the Board)**

Explanation: According to the letter issued by the Financial Supervisory Commission dated March 7,

2019(Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826), to amend the provisions of the Principles Governing Endorsements and Guarantees, the comparison table of the provisions can be referred to Appendix 6.

Resolution: The eligible shares for voting are 1,466,109,437 with 1,442,289,770 shares (including 1,198,572,638 electronic votes) voting for the proposal, 1,021,024 shares (including 1,021,024 electronic votes) voting against it, 22,798,643 shares (including 20,844,983 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.

IV. Extempore Motions:

Shareholders No. 115127 and No. 269406 raised their concerns for the Company's operation status, related regulation of private placement, situation of capital increase in marine industry, reason of deficit and the increase of debt ratio.

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

V. Adjournment: 10:19 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 2018 business report, stand-alone and consolidated financial statements, and deficit compensation proposal of the year ending on December 31, 2018. 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, stand-alone and consolidated financial statements, and deficit compensation proposal of the year ending on December 31, 2018 after thorough examination.

To: 2019 Annual Shareholders' Meeting

YANG MING MARINE TRANSPORT CORP.

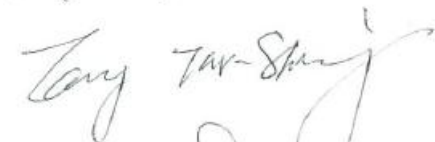
Chairman of the Audit Committee: Ming-Sheu Tsai



Independent Director: Ming-Sheu Tsai



Independent Director: Tar-Shing Tang



Independent Director: Tze-Chun Wang



March 25, 2019

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, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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, 2018. 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, 2018 are as follows:

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

The carrying amount of tangible assets (not including investment properties) and intangible assets in the aggregate was NT\$80,254,725 thousand. The amount was material to the consolidated financial statements. Furthermore, but also 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 for forming 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) and intangible assets as a key audit matter.

The assessment of impairment of the tangible assets (not including investment properties) 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 and intangible assets into consideration and focused on the performance of each component. When the indicators of impairment exists, we will test the assumption of impairment assessment model used by the Group's management, and the test covers the forecast of cash flow and the discount rate.

Evaluation of the Impairment of Deferred Tax Assets Generated from Tax Loss Carryforwards

The carrying amount of deferred tax assets generated from tax loss carryforwards was NT\$4,688,658 thousand. The amount was material to the consolidated financial statements. Furthermore, the recognition of deferred tax assets is based on the prediction of future taxable income. Since the impairment involves judgment of critical estimation from the Group's management, we deemed the impairment of deferred tax assets generated from tax loss carryforwards as a key audit matter.

The evaluation of the impairment of deferred tax assets generated from tax loss carryforwards included the critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 31 to the accompanying consolidated financial statements.

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

Evaluation of the Provisions for Onerous Contracts

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

The evaluation of provisions for onerous contracts included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 25 to the accompanying consolidated financial statements.

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

Audit of the Percentage-of-completion

Since the recognition of the cargo revenue is material and complex, we deemed the percentage-of-completion method of revenue recognition is 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 29 to the accompanying consolidated financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information of 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 Matter

We did not audit the financial subsidiaries, namely Yes Logistics Company Ltd. and Yang Ming Line Holding Co., and some subsidiaries, namely Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line B.V., as of and for the years ended December 31, 2018 and 2017. 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 assets of these subsidiaries were NT\$5,388,236 thousand and NT\$4,740,569 thousand, representing 3.85% and 3.57% of the Group's total consolidated assets as of December 31, 2018 and 2017, respectively. The combined operating revenue of these subsidiaries were NT\$561,174 thousand and NT\$701,728 thousand, representing 0.40% and 0.54% of the Group's total consolidated operating revenue for the years ended December 31, 2018 and 2017, respectively. Also, we did not audit the financial statements of the associates and joint ventures, which were accounted for by the equity-method, 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, and Yang Ming (U.A.E.) Ltd., Yang Ming Shipping (Egypt) S.A.E., West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Company Limited, Corstor Ltd., Chang Ming Logistics Company Limited, Sino-YES Tianjin Cold Chain Logistics Company Limited, YES LIBERAL Logistics Corp., LogiTrans Technology Private Limited, Sino Trans PFS Cold Chain Logistics Co., Ltd. and Shanghai United Cold Chain Logistics Co., Ltd. for the year ended December 31, 2017. The financial statements of these associates and joint ventures were audited by other auditors. The carrying amounts of these associates and joint ventures were NT\$1,485,082 thousand and NT\$1,543,832 thousand, representing 1.06% and 1.16% of the Group's total consolidated assets as of December 31, 2018 and 2017, respectively. The amounts of profit or loss recognized on investments accounted for by the equity method were NT\$187,273 thousand and NT\$(109,783) thousand, representing (3.01%) and (166.08%) of the Group's total comprehensive income for the years ended December 31, 2018 and 2017, respectively. The financial statements of these associates and joint ventures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount of these associates and joint ventures included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion with an Other Matter 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 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 25, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 37)	\$ 17,399,750	12	\$ 12,806,622	10
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	262,576	-	317,796	-
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	1,475	-
Financial assets at amortized cost - current (Notes 4, 9 and 37)	651,187	1	-	-
Contract assets, net (Notes 4, 29 and 37)	1,747,637	1	-	-
Notes receivable, net (Notes 4 and 12)	7,534	-	7,982	-
Trade receivables, net (Notes 4 and 12)	8,203,538	6	7,965,350	6
Trade receivables from related parties (Notes 4, 12 and 37)	248,268	-	324,938	-
Shipping fuel (Notes 4 and 13)	4,082,616	3	2,772,425	2
Prepayments (Notes 4, 18 and 37)	725,586	1	770,906	1
Prepayments to shipping agents (Note 37)	18,608	-	300,225	-
Other financial assets - current (Notes 4, 19, 37 and 38)	-	-	318,790	-
Other current assets (Notes 31 and 37)	1,292,173	1	1,300,816	1
Total current assets	34,639,473	25	26,887,325	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,701,701	1	-	-
Available-for-sale financial assets - non-current (Notes 4, 10 and 38)	-	-	1,174,587	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	3,254,132	2	-	-
Financial assets measured at cost - non-current (Notes 4 and 11)	-	-	488,037	-
Investments accounted for using equity method (Notes 4 and 15)	8,031,722	6	7,994,209	6
Property, plant and equipment (Notes 4, 5, 16 and 38)	78,371,995	56	80,987,285	61
Investment properties (Notes 4, 17 and 38)	6,272,493	5	6,286,118	5
Other intangible assets (Notes 4 and 5)	98,222	-	106,454	-
Deferred tax assets (Notes 4, 5 and 31)	5,324,506	4	4,044,294	3
Prepayments for equipment (Notes 4 and 5)	1,279,519	1	50,997	-
Refundable deposits (Note 34)	451,572	-	701,014	1
Other financial assets - non-current (Notes 4, 19, 26 and 38)	63,447	-	3,597,979	3
Long-term prepayments for leases (Notes 4, 5, 18 and 37)	473,417	-	504,989	-
Other non-current assets	10,900	-	53,122	-
Total non-current assets	105,333,626	75	105,989,085	80
TOTAL	\$ 139,973,099	100	\$ 132,876,410	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 37)	\$ 4,756,377	4	\$ 4,470,166	3
Short-term bills payable (Note 20)	9,601,979	7	7,212,281	6
Financial liabilities at FVTPL - current (Notes 4 and 7)	37,460	-	-	-
Contract liabilities - current (Notes 4 and 29)	120,736	-	-	-
Notes payable (Note 37)	29,763	-	31,729	-
Trade payables (Note 22)	12,965,069	9	12,248,428	9
Trade payables to related parties (Notes 22 and 37)	571,016	1	547,579	1
Other payables (Notes 24 and 37)	3,296,101	2	3,114,868	2
Current tax liabilities (Notes 4 and 31)	179,271	-	223,423	-
Provisions - current (Notes 4, 5 and 25)	478,622	-	791,602	1
Current portion of long-term liabilities (Notes 20, 21, 23, 26, 37 and 38)	14,715,685	11	15,037,430	11
Other advance account	204,546	-	282,742	-
Other current liabilities	540,003	-	380,454	-
Total current liabilities	47,496,628	34	44,340,702	33
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 21, 37 and 38)	13,164,195	9	11,892,879	9
Long-term borrowings (Notes 20, 37 and 38)	46,929,208	34	37,805,130	29
Provisions - non-current (Notes 4, 5 and 25)	297,007	-	24,672	-
Deferred tax liabilities (Notes 4 and 31)	1,696,647	1	1,798,614	1
Finance lease payables - non-current (Notes 4 and 23)	3,834,330	3	4,010,269	3
Other advance account - non-current	765,068	1	932,178	1
Other financial liabilities - non-current (Notes 4, 21 and 26)	2,697,493	2	3,050,068	2
Net defined benefit liabilities - non-current (Notes 4 and 27)	2,557,552	2	2,332,688	2
Other non-current liabilities	240,227	-	179,610	-
Total non-current liabilities	72,181,727	52	62,026,108	47
Total liabilities	119,678,355	86	106,366,810	80
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	23,230,248	17	23,230,248	18
Capital surplus	4,739,792	3	5,571,490	4
Accumulated deficits	(7,131,851)	(5)	(1,565,150)	(1)
Other equity	(1,010,181)	(1)	(1,203,023)	(1)
Total equity attributable to owners of the Company	19,828,008	14	26,033,565	20
NON-CONTROLLING INTERESTS	466,736	-	476,035	-
Total equity	20,294,744	14	26,509,600	20
TOTAL	\$ 139,973,099	100	\$ 132,876,410	100

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 29 and 37)	\$ 141,832,929	100	\$ 131,077,812	100
OPERATING COSTS (Notes 4, 13, 30 and 37)	<u>141,790,706</u>	<u>100</u>	<u>124,582,587</u>	<u>95</u>
GROSS PROFIT	<u>42,223</u>	<u>-</u>	<u>6,495,225</u>	<u>5</u>
OPERATING EXPENSES (Notes 30 and 37)				
Selling and marketing expenses	5,346,019	4	5,183,941	4
General and administrative expenses	793,717	-	835,270	1
Expected credit loss reversed	<u>(3,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>6,136,581</u>	<u>4</u>	<u>6,019,211</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4 and 30)	<u>427,966</u>	<u>-</u>	<u>298,772</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(5,666,392)</u>	<u>(4)</u>	<u>774,786</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 30 and 37)				
Other income	291,812	-	182,120	-
Other gains and losses	(38,761)	-	1,453,356	1
Finance costs	(1,829,511)	(1)	(1,811,454)	(1)
Share of profit or loss of associates and joint ventures	<u>162,644</u>	<u>-</u>	<u>35,982</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,413,816)</u>	<u>(1)</u>	<u>(139,996)</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(7,080,208)	(5)	634,790	-
INCOME TAX BENEFIT (EXPENSE) (Notes 4, 5 and 31)	<u>773,852</u>	<u>1</u>	<u>(142,924)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(6,306,356)</u>	<u>(4)</u>	<u>491,866</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 27, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at FVTOCI	86,968	-	-	-
Remeasurement of defined benefit plans	(219,875)	-	(255,378)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	\$ 11,600	-	\$ 291	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>61,879</u>	<u>-</u>	<u>43,414</u>	<u>-</u>
	<u>(59,428)</u>	<u>-</u>	<u>(211,673)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	148,885	-	(577,119)	-
Unrealized gain on available-for-sale financial assets	-	-	304,588	-
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	-	-	21,561	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,233</u>	<u>-</u>	<u>36,881</u>	<u>-</u>
	<u>151,118</u>	<u>-</u>	<u>(214,089)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>91,690</u>	<u>-</u>	<u>(425,762)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (6,214,666)</u>	<u>(4)</u>	<u>\$ 66,104</u>	<u>-</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (6,590,955)	(4)	\$ 320,849	-
Non-controlling interests	<u>284,599</u>	<u>-</u>	<u>171,017</u>	<u>-</u>
	<u>\$ (6,306,356)</u>	<u>(4)</u>	<u>\$ 491,866</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (6,473,151)	(4)	\$ (90,971)	-
Non-controlling interests	<u>258,485</u>	<u>-</u>	<u>157,075</u>	<u>-</u>
	<u>\$ (6,214,666)</u>	<u>(4)</u>	<u>\$ 66,104</u>	<u>-</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
EARNING (LOSS) PER SHARE (Note 32)				
From continuing operations				
Basic	<u>\$ (2.53)</u>		<u>\$ 0.17</u>	
Diluted	<u>\$ (2.53)</u>		<u>\$ 0.17</u>	

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Equity Attributable to Owners of the Company				Other Equity			Total	Non-controlling Interests (Note 28)	Total Equity
	Share Capital (Notes 4 and 28)		Capital Surplus (Notes 4 and 28)	Accumulated Deficits (Note 28) Deficit to be Compensated	Exchange Differences on Translating Foreign Operations Reserve (Notes 4 and 28)	Unrealized Gain/Loss from Available-for-sale Financial Assets (Notes 4 and 28)	Unrealized Gain/Loss on Financial Assets at Fair Value Through Other (Notes 4 and 28)			
Shares (In Thousands)	Amount									
BALANCE AT JANUARY 1, 2017	3,004,440	\$ 30,044,401	\$ 4,425,139	\$ (17,657,109)	\$ 439,738	\$ (1,443,331)	\$ -	\$ 15,808,838	\$ 469,667	\$ 16,278,505
Donations from shareholders	-	-	7	-	-	-	-	7	-	7
Changes in accumulated deficits from investments in associates accounted for using equity method	-	-	-	(90)	-	-	-	(90)	90	-
Net profit for the year ended December 31, 2017	-	-	-	320,849	-	-	-	320,849	171,017	491,866
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	(212,390)	(525,579)	326,149	-	(411,820)	(13,942)	(425,762)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	108,459	(525,579)	326,149	-	(90,971)	157,075	66,104
Issuance of ordinary shares for cash	919,084	9,190,835	1,123,833	-	-	-	-	10,314,668	-	10,314,668
Share-based payments	-	-	22,511	-	-	-	-	22,511	-	22,511
Capital reduction used to offset accumulated deficits	(1,600,499)	(16,004,988)	-	16,004,988	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 33)	-	-	-	(21,398)	-	-	-	(21,398)	21,398	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(172,195)	(172,195)
BALANCE AT DECEMBER 31, 2017	2,323,025	23,230,248	5,571,490	(1,565,150)	(85,841)	(1,117,182)	-	26,033,565	476,035	26,509,600
Effect of retrospective application and retrospective restatement	-	-	-	37,543	-	1,117,182	(1,201,784)	(47,059)	(48)	(47,107)
BALANCE AT JANUARY 1, 2018 AS RESTATED	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 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 33)	-	-	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	<u>2,323,025</u>	<u>\$ 23,230,248</u>	<u>\$ 4,739,792</u>	<u>\$ (7,131,851)</u>	<u>\$ 92,350</u>	<u>\$ -</u>	<u>\$ (1,102,531)</u>	<u>\$ 19,828,008</u>	<u>\$ 466,736</u>	<u>\$ 20,294,744</u>

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FORM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (7,080,208)	\$ 634,790
Adjustments for:		
Depreciation expenses	6,471,883	6,412,932
Amortization expenses	35,148	38,335
Impairment loss recognized on trade receivables	-	25,818
Expected credit loss reversed on trade receivables	(3,155)	-
Net loss (gain) on fair value change of financial assets/liabilities at FVTPL	61,468	(57,375)
Finance costs	1,829,511	1,811,454
Interest income	(155,192)	(95,971)
Dividend income	(52,515)	(2,831)
Compensation costs of employee share options	-	22,511
Share of profit of associates and joint ventures	(162,644)	(35,982)
Gain on disposal of property, plant and equipment	(309,201)	(194,242)
Gain on disposal of available-for-sale financial assets and financial assets measured at cost	-	(6,542)
Impairment loss recognized on financial assets	-	140
(Reversal of) write-downs of shipping fuel	91,276	(230,430)
Net loss (gain) on foreign currency exchange	261,130	(753,107)
Net loss on repurchase of bonds payable	466	-
Loss (gain) on changes in fair value of investment properties	19,540	(73,884)
Amortization of long-term prepayments for leases	31,572	31,572
Reversal of provisions	(59,320)	(481,380)
Recognition of donations	-	(1,542)
Changes in operating assets and liabilities		
Financial assets held for trading	-	428,181
Financial assets mandatorily classified as at FVTPL	16,656	-
Contract assets	661,954	-
Notes receivable	448	(1,039)
Trade receivables	(2,599,552)	(463,675)
Trade receivables from related parties	14,071	(29,560)
Shipping fuel	(1,402,890)	(553,344)
Prepayments	44,441	9,073
Prepayments to shipping agents	281,617	(821)
Other current assets	(94,534)	(120,553)
Notes payable	(1,966)	(22,553)
Trade payables	716,641	(1,679,205)
Trade payables to related parties	23,437	(348,320)
Other payables	184,854	(21,011)
Contract liabilities	5,104	-
Other advance account	(129,674)	(153,401)
Other current liabilities	126,794	(123,878)
Net defined benefit liabilities	4,989	(83,312)
Cash generated from (used in) operations	(1,167,851)	3,880,848

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Interest received	\$ 147,799	\$ 105,606
Dividends received	331,732	246,442
Interest paid	(1,872,869)	(2,001,269)
Income tax paid	<u>(536,100)</u>	<u>(315,588)</u>
Net cash generated from (used in) operating activities	<u>(3,097,289)</u>	<u>1,916,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction and withdrawal of shares of financial assets at FVTOCI	784	-
Purchase of financial assets at amortized cost	(505,164)	-
Proceeds from sale of financial assets at amortized cost	373,687	-
Purchase of available-for-sale financial assets	-	(1,700,000)
Proceeds from disposal of available-for-sale financial assets	-	1,700,161
Proceeds from disposal of financial assets measured at cost	-	10,286
Acquisition of associates and joint ventures	(112,631)	(44,950)
Net cash inflow on disposal of associates	60,331	13,255
Payments for property, plant and equipment	(4,182,445)	(1,552,495)
Proceeds from disposal of property, plant and equipment	470,858	241,306
Decrease (increase) in refundable deposits	249,442	(299,673)
Payments for intangible assets	(27,695)	(25,491)
Acquisition of investment properties	(5,915)	(5,476)
Decrease (increase) in other financial assets	(9,912)	687,896
Decrease (increase) in other non-current assets	49,165	(2,038)
Increase in prepayments for equipment	<u>(755,743)</u>	<u>(403,189)</u>
Net cash used in investing activities	<u>(4,395,238)</u>	<u>(1,380,408)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	286,211	(1,315,922)
Proceeds from short-term bills payable	2,400,000	5,828,000
Repurchase of bonds payable	(149,200)	-
Proceeds from issuance of bonds payable	7,676,000	-
Repayments of bonds payable	(1,275,952)	(6,585,000)
Proceeds from long-term borrowings	29,353,066	17,163,891
Repayments of long-term borrowings	(25,424,533)	(23,862,897)
Payments for obligations under finance leases	(318,966)	(381,650)
Decrease in other financial liabilities	(247,704)	(580,498)
Increase in other non-current liabilities	60,617	92,575
Issuance of ordinary shares for cash	-	10,314,668
Acquisition of subsidiaries (Note 33)	(11,914)	-
Net change in non-controlling interests	<u>(250,106)</u>	<u>(172,195)</u>
Net cash generated from financing activities	<u>12,097,519</u>	<u>500,972</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	\$ <u>(11,864)</u>	\$ <u>(167,357)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,593,128	869,246
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,806,622</u>	<u>11,937,376</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 17,399,750</u>	<u>\$ 12,806,622</u>

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

(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 (collectively referred to as the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, 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 matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. 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, 2018 are as follows:

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

The carrying amount of tangible assets (not including investment properties) and intangible assets in the aggregate was NT\$36,270,437 thousand. 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 for forming 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) and intangible assets as a key audit matter.

The assessment of impairment of the tangible assets (not including investment properties) 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 and intangible assets into consideration and focused on the

performance of each component. When the indicators of impairment exists, we will test the assumption of impairment assessment model used by the Company's management, and the test covers the forecast of cash flow and the discount rate.

Evaluation of the Impairment of Deferred Tax Assets Generated From Tax Loss Carryforwards

The carrying amount of deferred tax assets generated from tax loss carryforwards was NT\$4,688,658 thousand. The amount was material for the financial statements. Furthermore, the recognition of deferred tax assets is based on the prediction of future taxable income. Since the impairment involves judgment of critical estimation from the Company's management, we deemed the impairment of deferred tax assets generated from tax loss carryforwards as a key audit matter.

The evaluation of impairment of deferred tax assets generated from tax loss carryforwards included the critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 29 to the Company's financial statements.

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

Evaluation of the Provisions for Onerous Contracts from Subsidiaries Using the Equity Method

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

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

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

Audit of the Percentage-of-completion

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

The recognition depends on the expected time frame for the completed 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 included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 27 to the Company's financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information of 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 Company's management and of the revenue resulting from voyages.

Other Matter

We did not audit the financial statements of some subsidiaries, associates and joint ventures of Yang Ming Line (Singapore) Pte. Ltd, Yang Ming Line Holding Co., some subsidiaries, associates and joint ventures of Yes Logistics Company Ltd., and some subsidiaries and associates of Yang Ming Line (B.V.I) Holding Co. Ltd. as of and for the years ended December 31, 2018 and 2017. The financial statements of these subsidiaries, associates and joint ventures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries, associates and joint ventures included in the accompanying financial statements, is based solely on the reports of other auditors. The carrying amount of these investments were NT\$3,905,758 thousand and NT\$3,539,594 thousand, representing 3.34% and 3.24% of the Company's total assets as of December 31, 2018 and 2017 respectively. The amount of profit or loss recognized on investments accounted for by equity method were NT\$644,583 thousand and NT\$229,573 thousand, representing (9.96%) and (252.36%) of the Company's total comprehensive income for the years ended December 31, 2018 and 2017, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 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 25, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 12,444,370	11	\$ 7,433,684	7
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	70	-	71	-
Financial assets at amortized cost - current (Notes 4, 9 and 35)	500,000	-	-	-
Contract assets, net (Notes 4, 27 and 35)	3,083,823	3	-	-
Debt investments with no active market - current (Notes 4, 12 and 35)	-	-	300,000	-
Trade receivables, net (Notes 4, 13 and 27)	3,188,356	3	3,853,855	4
Trade receivables from related parties (Notes 4, 13, 27 and 35)	2,171,269	2	2,964,543	3
Other receivables from related parties (Notes 4 and 35)	90,981	-	114,700	-
Shipping fuel (Notes 4 and 14)	3,408,746	3	2,357,123	2
Prepayments (Notes 4, 18 and 35)	409,987	-	490,911	1
Prepayments to shipping agents (Note 35)	80,616	-	345,357	-
Other current assets (Note 29)	489,925	-	323,255	-
Total current assets	<u>25,868,143</u>	<u>22</u>	<u>18,183,499</u>	<u>17</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,695,305	1	-	-
Available-for-sale financial assets - non-current (Notes 4, 10 and 36)	-	-	1,174,587	1
Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 36)	5,469	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 11)	-	-	477,188	-
Debt investments with no active market - non-current (Notes 4, 12 and 35)	-	-	500,000	-
Investments accounted for using equity method (Notes 4, 5 and 15)	17,958,987	15	19,128,998	18
Property, plant and equipment (Notes 4, 5, 16 and 36)	34,537,154	30	34,632,559	32
Investment properties (Notes 4, 17 and 36)	6,720,305	6	6,731,679	6
Other intangible assets (Notes 4 and 5)	57,220	-	76,035	-
Deferred tax assets (Notes 4, 5 and 29)	5,213,029	5	3,952,165	4
Prepayments for equipment (Note 37)	1,171,074	1	-	-
Refundable deposits (Note 32)	361,756	-	616,211	1
Long-term prepayments for leases (Notes 4, 5, 18 and 35)	473,417	-	504,989	-
Long-term receivables from related parties (Note 35)	22,731,797	20	23,414,258	21
Other non-current assets (Note 36)	-	-	56,699	-
Total non-current assets	<u>90,925,513</u>	<u>78</u>	<u>91,265,368</u>	<u>83</u>
TOTAL	<u>\$ 116,793,656</u>	<u>100</u>	<u>\$ 109,448,867</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 35)	\$ 3,000,000	2	\$ 3,000,000	3
Short-term bills payable (Note 19)	9,302,823	8	7,112,324	6
Financial liabilities at FVTPL - current (Notes 4, 17 and 20)	37,460	-	-	-
Contract liabilities - current (Notes 4 and 27)	41,439	-	-	-
Trade payables (Note 21)	10,018,091	9	8,966,559	8
Trade payables to related parties (Notes 21 and 35)	3,153,913	3	3,463,476	3
Other payables (Note 23)	1,912,943	2	1,814,084	2
Other payables to related parties (Note 35)	257,844	-	318,457	-
Current portion of long-term liabilities (Notes 4, 19, 20, 22, 24, 35 and 36)	10,644,157	9	12,702,077	12
Other advance account	167,116	-	197,649	-
Other current liabilities	170,235	-	55,494	-
Total current liabilities	<u>38,706,021</u>	<u>33</u>	<u>37,630,120</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 20 and 35)	13,164,195	11	11,892,879	11
Long-term borrowings (Notes 19 and 36)	40,330,163	35	29,133,793	27
Deferred tax liabilities (Notes 4 and 29)	1,596,411	1	1,630,814	1
Other advance account - non-current	765,068	1	932,178	1
Other financial liabilities - non-current (Notes 4, 20 and 24)	-	-	13,896	-
Net defined benefit liabilities - non-current (Notes 4 and 25)	2,352,923	2	2,131,451	2
Other non-current liabilities	50,867	-	50,171	-
Total non-current liabilities	<u>58,259,627</u>	<u>50</u>	<u>45,785,182</u>	<u>42</u>
Total liabilities	<u>96,965,648</u>	<u>83</u>	<u>83,415,302</u>	<u>76</u>
EQUITY				
Share capital - ordinary shares	23,230,248	20	23,230,248	21
Capital surplus	4,739,792	4	5,571,490	5
Accumulated deficits	(7,131,851)	(6)	(1,565,150)	(1)
Other equity	(1,010,181)	(1)	(1,203,023)	(1)
Total equity	<u>19,828,008</u>	<u>17</u>	<u>26,033,565</u>	<u>24</u>
TOTAL	<u>\$ 116,793,656</u>	<u>100</u>	<u>\$ 109,448,867</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 27 and 35)	\$ 119,440,265	100	\$ 110,458,769	100
OPERATING COSTS (Notes 4, 14, 28 and 35)	<u>124,346,683</u>	<u>104</u>	<u>108,796,309</u>	<u>98</u>
GROSS PROFIT (LOSS)	<u>(4,906,418)</u>	<u>(4)</u>	<u>1,662,460</u>	<u>2</u>
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing expenses	1,446,803	1	1,517,164	2
General and administrative expenses	349,940	-	342,554	-
Expected credit loss reversed	<u>2,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,799,554</u>	<u>1</u>	<u>1,859,718</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>370,713</u>	<u>-</u>	<u>257,448</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(6,335,259)</u>	<u>(5)</u>	<u>60,190</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 28 and 35)				
Other income	591,629	1	574,832	-
Other gains and losses	132,469	-	643,577	1
Finance costs	(1,088,641)	(1)	(1,155,818)	(1)
Share of profits or loss of subsidiaries and associates	<u>(948,125)</u>	<u>(1)</u>	<u>91,833</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,312,668)</u>	<u>(1)</u>	<u>154,424</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(7,647,927)	(6)	214,614	-
INCOME TAX BENEFIT (Notes 4, 5 and 29)	<u>1,056,972</u>	<u>1</u>	<u>106,235</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(6,590,955)</u>	<u>(5)</u>	<u>320,849</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 25, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at FVTOCI	86,868	-	-	-
Remeasurement of defined benefit plans	(209,853)	-	(231,652)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ 3,660	-	\$ (20,119)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>58,938</u>	<u>-</u>	<u>39,381</u>	<u>-</u>
	<u>(60,387)</u>	<u>-</u>	<u>(212,390)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	175,958	-	(562,460)	-
Unrealized gain on available-for-sale financial assets	-	-	304,261	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	-	-	21,888	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,233</u>	<u>-</u>	<u>36,881</u>	<u>-</u>
	<u>178,191</u>	<u>-</u>	<u>(199,430)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>117,804</u>	<u>-</u>	<u>(411,820)</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (6,473,151)</u>	<u>(5)</u>	<u>\$ (90,971)</u>	<u>-</u>
EARNING (LOSS) PER SHARE (Note 30)				
From continuing operations				
Basic	<u>\$(2.53)</u>		<u>\$0.17</u>	
Diluted	<u>\$(2.53)</u>		<u>\$0.17</u>	

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	<u>Share Capital (Note 26)</u>		<u>Capital Surplus (Notes 26 and 31)</u>	<u>Accumulated Deficits (Note 26)</u>	<u>Other Equity</u>			<u>Total Equity</u>
	<u>Shares (In Thousands)</u>	<u>Amount</u>			<u>Exchange Differences on Translating Foreign Operations (Notes 4 and 26)</u>	<u>Unrealized Loss on Available-for-sale Financial Assets (Notes 4 and 26)</u>	<u>Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 26)</u>	
BALANCE AT JANUARY 1, 2017	3,004,440	\$ 30,044,401	\$ 4,425,139	\$(17,657,109)	\$ 439,738	\$ (1,443,331)	\$ -	\$ 15,808,838
Donations from shareholders	-	-	7	-	-	-	-	7
Changes in accumulated deficits from investments in associates accounted for using equity method	-	-	-	(90)	-	-	-	(90)
Net profit for the year ended December 31, 2017	-	-	-	320,849	-	-	-	320,849
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	(212,390)	(525,579)	326,149	-	(411,820)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	108,459	(525,579)	326,149	-	(90,971)
Issuance of ordinary shares for cash	919,084	9,190,835	1,123,833	-	-	-	-	10,314,668
Share-based payments	-	-	22,511	-	-	-	-	22,511
Capital reduction used to offset accumulated deficits	(1,600,499)	(16,004,988)	-	16,004,988	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	(21,398)	-	-	-	(21,398)
BALANCE AT DECEMBER 31, 2017	2,323,025	23,230,248	5,571,490	(1,565,150)	(85,841)	(1,117,182)	-	26,033,565
Effect of retrospective application and retrospective restatement	-	-	-	37,543	-	1,117,182	(1,201,784)	(47,059)
BALANCE AT JANUARY 1, 2018 AS RESTATED	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 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 31)	-	-	5,718	-	-	-	-	5,718
Change in percentage of ownership interests in subsidiaries	-	-	170	-	-	-	-	170
BALANCE AT DECEMBER 31, 2018	<u>2,323,025</u>	<u>\$ 23,230,248</u>	<u>\$ 4,739,792</u>	<u>\$ (7,131,851)</u>	<u>\$ 92,350</u>	<u>\$ -</u>	<u>\$ (1,102,531)</u>	<u>\$ 19,828,008</u>

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FORM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (7,647,927)	\$ 214,614
Adjustments for:		
Depreciation expenses	2,822,932	2,734,186
Amortization expenses	18,815	26,707
Impairment loss recognized on trade receivables	-	20,852
Expected credit loss reversed on trade receivables	2,811	-
Net gain on fair value change of financial assets/liabilities at FVTPL	(129,063)	(18,360)
Finance costs	1,088,641	1,155,818
Interest income	(448,367)	(482,844)
Dividend income	(50,237)	(614)
Compensation costs of employee share options	-	22,511
Share of profit (loss) of subsidiaries and associates	948,125	(91,833)
Gain on disposal of property, plant and equipment	(304,001)	(193,952)
Loss on disposal of associates	1,260	-
Gain on disposal of available-for-sale financial assets	-	(161)
(Reversal of) write-down of shipping fuel	98,349	(251,497)
Net loss on repurchase of bonds payable	466	-
Loss (gain) on change in fair value of investment properties	17,289	(89,491)
Amortization of long-term prepayments for leases	31,572	31,572
Recognition of donations	-	(1,542)
Changes in operating assets and liabilities		
Financial assets held for trading	151,172	21,264
Contract assets	(809,109)	-
Trade receivables	(1,612,026)	(210,981)
Trade receivables from related parties	793,274	(15,680)
Other receivables from related parties	23,719	54,777
Shipping fuel	(1,149,972)	(427,678)
Prepayments	55,959	12,889
Prepayments to shipping agents	264,741	(38,124)
Other current assets	(702,866)	(490,289)
Contract liabilities	41,439	-
Trade payables	1,051,532	(1,522,569)
Trade payables to related parties	(309,563)	(1,417,656)
Other payables	111,093	52,951
Other payables to related parties	(60,613)	(34,174)
Advances from customers	(197,643)	(174,016)
Other current liabilities	81,814	(154,897)
Net defined benefit liabilities	11,619	(45,928)
Cash used in operations	(5,804,765)	(1,314,145)
Interest received	920,212	1,010,323
Dividend received	496,119	455,286
Interest paid	(1,936,142)	(1,582,936)
Income tax paid	(183,603)	(145,710)
Net cash used in operating activities	<u>(6,508,179)</u>	<u>(1,577,182)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ 351,230	\$ -
Proceeds from expiration of debt investments with no active market	-	200,000
Purchase of available-for-sale financial assets	-	(1,700,000)
Acquisition of associates	(103,802)	-
Proceeds from disposal of available-for-sale financial assets	-	1,700,161
Payments for property, plant and equipment	(2,828,197)	(267,445)
Proceeds from disposal of property, plant and equipment	511,870	239,573
Increase (decrease) in refundable deposits	254,455	(298,301)
Decrease in long-term receivables from related parties	682,461	335,296
Acquisition of investment properties	(5,915)	(5,476)
Increase in other non-current assets	-	(4,148)
Increase in prepayments for equipment	<u>(1,149,551)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>(2,287,449)</u>	<u>199,660</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	-	(110,000)
Proceeds from short-term bills payable	2,200,000	5,828,000
Repayments of bonds payable	(1,275,952)	(6,585,000)
Proceeds from bonds payable	7,676,000	-
Repurchase of bonds payable	(149,200)	-
Proceeds from long-term borrowings	28,200,000	15,539,000
Repayments of long-term borrowings	(22,812,794)	(21,372,232)
Payments for obligations under finance leases	(40,201)	(135,735)
Decrease in other financial liabilities	(52,566)	(51,019)
Decrease in other non-current liabilities	696	2,326
Issuance of ordinary shares for cash	-	10,314,668
Acquisition of subsidiaries	-	(2,397,176)
Proceeds from capital reduction of subsidiaries	<u>60,331</u>	<u>401,625</u>
Net cash generated from financing activities	<u>13,806,314</u>	<u>1,434,457</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,010,686	56,935
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,433,684</u>	<u>7,376,749</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,444,370</u>	<u>\$ 7,433,684</u>

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

(With Deloitte & Touche auditors' report dated March 25, 2019)

(Concluded)

YANG MING CORP.
Statement of Deficit Compensated
2018

	Unit : NT\$
Item	Amount
Beginning deficit to be compensated	(418,798,099)
Initial recognition in accordance with IFRS 9	37,542,536
Actuarial gain (loss) arising from defined benefit plans	(159,640,281)
Beginning deficit to be compensated after adjusted	(540,895,844)
Net Loss after tax for 2018	(6,590,955,319)
Deficit to be compensated	(7,131,851,163)
Compensation Item	
Capital surplus - Treasury stock trading	1,146,351,679
Capital surplus - changes in percentage of ownership interest in subsidiaries	170,553
Capital surplus - Difference between equity price and book value of Subsidiaries	5,718,187
Total	17,325,368
Ending deficit to be compensated	(7,114,525,795)

In accordance with Article 239 of the Company Act

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

New	Now	Remark
<p><u>Article 3 Scope of Assets</u></p> <ol style="list-style-type: none"> 1. Investment in stocks(including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call(put) warrants, beneficial interest securities and asset-backed securities 2. Real <u>property</u>(including land, houses and buildings, investment property) 3. Memberships 4. Patents, copyrights, trademarks, franchises and other intangible assets 5. Equipment(including but not limited to vessels, containers, chassis, machinery, computer hardware and peripherals) 6. <u>Right-of-use asset.</u> 7. Derivatives 8. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws 9. Other assets 	<p><u>Article 3 Scope of Assets</u></p> <ol style="list-style-type: none"> 1. Investment in stocks(including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call(put) warrants, beneficial interest securities and asset-backed securities 2. Real estate(including land, houses and buildings, investment property, <u>rights to use land, and construction enterprise inventory</u>) 3. Memberships 4. Patents, copyrights, trademarks, franchises and other intangible assets 5. Equipment(including but not limited to vessels, containers, chassis, <u>leased assets</u>, machinery, computer hardware and peripherals) 6. Derivatives 7. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws 8. Other assets 	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1070341072)</p>
<p><u>Article 4 Defined terms</u></p> <p>"Derivatives" means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, <u>whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements.</p> <p>"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws" means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other</p>	<p><u>Article 4 Defined terms</u></p> <p>"Derivatives" means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts <u>and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements.</p> <p>"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws" means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares")</p>	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1070341072)</p>

New	Now	Remark
<p>R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares") under Article 156-3 of R.O.C. Company Act.</p> <p>"Related parties" means related parties defined in Statements of International Accounting Standard No. 24.</p> <p>"Subsidiaries" means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28.</p> <p>"Professional appraisers" means real <u>property</u> appraisers or other persons duly authorized by laws to engage in <u>the value appraisal of real property</u>, equipment or other assets.</p> <p>"Date of occurrence" means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply.</p> <p>"Investments in Mainland China" means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C..</p>	<p>under <u>paragraph 8 of Article 156 of R.O.C. Company Act.</u></p> <p>"Leased assets" means <u>leased assets defined in Statement of International Accounting Standard No. 17.</u></p> <p>"Related parties" means related parties defined in Statements of International Accounting Standard No. 24.</p> <p>"Subsidiaries" means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28.</p> <p>"Professional appraisers" means real estate appraisers or other persons duly authorized by laws to engage in appraising real estate, equipment or other assets.</p> <p>"Date of occurrence" means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply.</p> <p>"Investments in Mainland China" means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C..</p>	
<p><u>Article 5 Operation procedures for acquiring or disposing assets</u></p> <p>The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.</p> <p>1. Authorized quota for the Company</p> <p>(1). The total amount of <u>acquiring non-business real property or right-of-use assets thereof</u> shall not exceed <u>40%</u> of the Company's paid-in capital.</p> <p>(2). The total amount of investments in securities shall not exceed 200% of the</p>	<p><u>Article 5 Operation procedures for acquiring or disposing assets</u></p> <p>The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.</p> <p>1. Authorized quota for the Company</p> <p>(1). The total amount of <u>purchasing non-business real estate</u> shall not exceed 30% of the Company's paid-in capital.</p> <p>(2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total</p>	<p>Adjust some authorization amount due to business needs</p>

New	Now	Remark
<p>Company's paid-in capital and the total amount of investments in each security shall not exceed 100% of the Company's paid-in capital.</p> <p>2. Authorized quota for the management</p> <p>(1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit.</p> <p>(2). Real <u>property</u>, equipment, other assets <u>or right-of-use assets thereof besides right-of-use of vessels</u> for the purpose of conducting business The amount for each transaction is within TWD100 million.</p> <p>(3). <u>Right-of-use assets of vessels for the purpose of conducting business</u> <u>The amount for each transaction is within TWD600 million. If there are special timeliness considerations, the amount is TWD 800 million.</u></p> <p>(4). Non-business real <u>property and right-of-use assets thereof</u> The amount for each transaction is within TWD10 million.</p> <p>(5). Memberships and intangible assets <u>and right-of-use assets thereof</u> The amount for each transaction is within TWD10 million.</p> <p>3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.</p>	<p>amount of investments in each security shall not exceed 100% of the Company's paid-in capital.</p> <p>2. Authorized quota for the management</p> <p>(1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit.</p> <p>(2). Real estate, equipment and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million.</p> <p>(3). Non-business real estate The amount for each transaction is within TWD10 million.</p> <p>(4). Memberships and intangible assets The amount for each transaction is within TWD10 million.</p> <p>3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.</p>	
<p><u>Article 6 Assessment procedures for acquiring or disposing assets</u> The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter "CPA") of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or</p>	<p><u>Article 6 Assessment procedures for acquiring or disposing assets</u> The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter "CPA") of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or</p>	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November</p>

New	Now	Remark
<p>TWD300 million, the Company shall also engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by ROC Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC.</p> <p>If the amount of the Company acquiring or disposing real <u>property</u>, equipment, other assets <u>or right-of-use asset thereof</u> is over and above 20% of the Company's paid-in capital or TWD300 million unless transacting with <u>domestic</u> government institutions, engaging others to build on its own land or acquiring or disposing business equipments <u>or right-of-use asset thereof</u>, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted <u>for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u> 2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained. 3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply: 	<p>TWD300 million, the Company shall also engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by ROC Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC.</p> <p>If the amount of the Company acquiring or disposing real estate, equipment or other assets is over and above 20% of the Company's paid-in capital or TWD300 million unless transacting with government institutions, engaging others to build on its own land or acquiring or disposing business equipments, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted to the board of directors in advance for approval and the same procedure shall be followed <u>for any future changes to the terms and conditions of the transaction.</u> 2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained. 3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply: <p>(1). The discrepancy between the appraisal</p>	<p>26, 2018 (Ref. No.: Jin-Guan-Zh eng-Fa-Zi-1 070341072)</p>

New	Now	Remark
<p>(1). The discrepancy between the appraisal result and the transaction amount is over and above 20%.</p> <p>(2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount.</p> <p>4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser.</p> <p>If the amount of the Company acquiring or disposing intangible assets <u>or right-of-use asset thereof or memberships</u> is over and above 20% of the Company's paid-in capital or TWD300 million, except in transactions with a <u>domestic government agency</u>, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event.</p> <p>The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion.</p> <p>The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall <u>meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to</u></p>	<p>result and the transaction amount is over and above 20%.</p> <p>(2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount.</p> <p>4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser.</p> <p>If the amount of the Company acquiring or disposing memberships or intangible assets is over and above 20% of the Company's paid-in capital or TWD300 million, except in transactions with a government agency, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion.</p> <p>The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall not be the related parties to the Company.</p>	

New	Now	Remark
<p><u>imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have</u></p>		

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<p><u>complied with applicable laws and regulations.</u></p>		
<p><u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real <u>property or right-of-use assets thereof</u> (regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real <u>property or right-of-use assets thereof</u> from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, may not proceed with the transaction until the followings were passed by audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real 	<p><u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, may not proceed with the transaction until the followings were passed by audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of 	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1070341072)</p>

New	Now	Remark
<p>property or right-of-use assets thereof from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article.</p> <p>4. The original date and price for related parties acquiring real <u>property</u> the original counterparties and its relationship between the Company and related parties.</p> <p>5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</u></p> <p>1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>2. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real <u>property or right-of-use assets thereof</u> from related parties. Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer.</p>	<p>transaction terms according to the fourth and the fifth paragraphs of this Article.</p> <p>4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties.</p> <p>5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</u></p> <p>The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by</p>	

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<p>"Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.</p> <p><u>The company that acquires real property or right-of-use assets thereof form a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.</u></p> <p>If one of the following circumstances exists when the Company acquiring real <u>property or right-of-use assets thereof</u> from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs.</p> <ol style="list-style-type: none"> 1. Related party acquired the real <u>property or right-of-use assets thereof</u> through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real <u>property or right-of-use assets thereof</u> is more than five years earlier than the date for signing the transaction. 3. The real <u>property</u> is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 4. <u>The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100</u> 	<p>the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.</p> <p><u>The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties.</u></p> <p>If one of the following circumstances exists when the Company acquiring real estates from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs.</p> <ol style="list-style-type: none"> 1. Related party acquires the real estate through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. <p>When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <p>(1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of</p>	

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<p><u>percent of the issued shares or authorized capital.</u></p> <p>When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real <u>property</u> appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> (1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices. 2. Where the Company acquiring real <u>property, or obtaining real property right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving</u> neighboring or closely valued parcels of land of a similar size by unrelated parties 	<p>the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <ol style="list-style-type: none"> (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3). <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u> 2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions <u>completed for the acquisition of</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 3. Completed transactions for neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. <p>Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this</p>	

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<p>within the preceding year.</p> <p>3. Completed transactions <u>involving</u> neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets thereof.</u></p> <p>Where the Company acquires real <u>property or right-of-use assets thereof</u> from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the provisions of Article 218 of Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not 	<p>Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the provisions of Article 218 of Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent. 	

New	Now	Remark
<p>utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, <u>or</u> adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p>		
<p><u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real <u>property or right-of-use assets thereof</u> from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real <u>property or right-of-use assets thereof</u> from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. 2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. 4. Where the type of asset acquired or disposed is equipment/machinery <u>or right-of-use assets thereof</u> for business use, the trading counterparty is not a related party, and the transaction amount reaches TWD1 billion or more. 5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of 	<p><u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. 2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. 4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount reaches TWD1 billion or more. 5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in 	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1070341072)</p>

New	Now	Remark
<p>ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction reaches TWD500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances:</p> <p>(1). Trading of <u>domestic</u> government bonds.</p> <p>(2). Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of <u>real property or right-of-use assets thereof</u> within the same development project within one year. 4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. <p>Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact:</p> <ol style="list-style-type: none"> 1. Change, termination or rescission of a 	<p>the transaction reaches TWD500 million or more.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, <u>a disposal of receivables by financial institutions</u>, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> (1). Trading of government bonds. (2). <u>Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market.</u> (3). Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year. 4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. <p>Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within</p>	

New	Now	Remark
<p>contract signed in regard to the original transaction.</p> <p>2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p> <p>The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.</p>	<p>two days commencing immediately from the date from the day of occurrence of the fact:</p> <p>1. Change, termination or rescission of a contract signed in regard to the original transaction.</p> <p>2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3. Change to the originally publicly announced and reported information.</p> <p>The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.</p>	
<p><u>Article 11 Procedures for control and management of the acquisition and disposal of assets by subsidiaries</u></p> <p>The Company's subsidiaries should set up its own handling procedures of acquisition and disposal of assets in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by 'SFC, the 'Procedures and its business and management requirements. Subsidiaries' handling procedures should be submitted to its board of directors and shareholders' meeting for approval and then submitted to the Company for reference. The amendments hereof shall be subjected to the same. Each subsidiary shall set up its own authorized quota for purchasing non-business real property or right-of-use assets thereof and</p>	<p><u>Article 11 Procedures for control and management of the acquisition and disposal of assets by subsidiaries</u></p> <p>The Company's subsidiaries should set up its own handling procedures of acquisition and disposal of assets in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by 'SFC, the 'Procedures and its business and management requirements. Subsidiaries' handling procedures should be submitted to its board of directors and shareholders' meeting for approval and then submitted to the Company for reference. The amendments hereof shall be subjected to the same. Each subsidiary shall set up its own authorized quota for purchasing non-business real estates and securities.</p>	<p>Amend wording according to the letter issued by the Financial Supervisory Commission dated November 26, 2018 (Ref. No.: Jin-Guan-Zheng-Fa-Zi-1 070341072)</p>

New	Now	Remark
<p>securities.</p> <p>Information required to be reported in accordance with the provisions of Article 10 on acquisitions and disposals of assets by the Company's subsidiaries that are not domestic public companies in R.O.C. shall be reported by the Company.</p> <p>The paid-in capital or total assets of the Company shall be the standard <u>applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 10.</u></p>	<p>Information required to be reported in accordance with the provisions of Article 10 on acquisitions and disposals of assets by the Company's subsidiaries that are not domestic public companies in R.O.C. shall be reported by the Company.</p> <p>The paid-in capital or total assets of the Company shall be the standard for determining whether subsidiaries under the preceding paragraph is subject to the fifth subparagraph of the first paragraph of Article 10 requiring public announcements and filing with the authorities in the event the type of transaction specified therein is over and above 10% of the Company's paid-in capital.</p>	

**The Amendment to the Principles for Loaning Funds to Others of
Yang Ming Marine Transport Corporation**

New	Now	Remark
<p><u>Article 8 Internal Control</u> The Company's internal auditors shall audit the procedures for loaning funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found <u>and provide the plan improved the violation of the regulations.</u> The Company shall follow these Principles for loaning funds. In case there are material violations, the person in charge and the manager should be punished according to internal procedures.</p>	<p><u>Article 8 Internal Control</u> The Company's internal auditors shall audit the procedures for loaning funds and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found. The Company shall follow these Principles for loaning funds. In case there are material violations, the person in charge and the manager should be punished according to internal procedures.</p>	Amend wording according to the letter issued by the Financial Supervisory Commission dated March 7, 2019 (Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826)
<p><u>Article 10 Procedures for controlling and managing funds loaned by subsidiaries</u> Where the Company's subsidiaries intend to loan funds to others, such subsidiaries shall formulate its own procedures in compliance with the Governing Regulations, comply with the procedures when loaning funds to others and report to the Company's Finance Department for consolidation and record. Funds loaned between subsidiaries should be submitted to and resolved upon by its' board of directors, if the character of the loaning of funds is a short term financing, the board of directors could authorize the chairman of the board to loan funds in many times or revolve the loan within the limit resolved by the board of directors and one year for the same borrower. The limit in the preceding paragraph shall be in accordance with this Article, paragraph 4. The authorized amount of funds loaned by the subsidiaries to a single company shall not exceed 10% of the net value of the Company's latest audited or reviewed financial reports. Where the foreign subsidiaries the Company holds, directly or indirectly, 100% of the voting shares may loan funds to each other due to needs arising from short-term financial facilities <u>or the foreign subsidiaries the Company holds directly or indirectly, 100% of the voting shares may loan funds to the Company.</u> The total amount of funds loaned shall not exceed <u>10%</u> of the net value of the</p>	<p><u>Article 10 Procedures for controlling and managing funds loaned by subsidiaries</u> Where the Company's subsidiaries intend to loan funds to others, such subsidiaries shall formulate its own procedures in compliance with the Governing Regulations, comply with the procedures when loaning funds to others and report to the Company's Finance Department for consolidation and record. Funds loaned between subsidiaries should be submitted to and resolved upon by its' board of directors, if the character of the loaning of funds is a short term financing, the board of directors could authorize the chairman of the board to loan funds in many times or revolve the loan within the limit resolved by the board of directors and one year for the same borrower. The limit in the preceding paragraph shall be in accordance with this Article, paragraph 4. The authorized amount of funds loaned by the subsidiaries to a single company shall not exceed 10% of the net value of the Company's latest audited or reviewed financial reports. Where the foreign subsidiaries the Company holds, directly or indirectly, 100% of the voting shares may loan funds to each other due to needs arising from short-term financial facilities. The total amount of funds loaned shall not exceed 5% of the net value of the Company's latest audited or reviewed financial reports and the period for borrowing should not be longer than ten years.</p>	Amend wording according to the letter issued by the Financial Supervisory Commission dated March 7, 2019 (Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826) and adjust the cap amount due to business needs.

New	Now	Remark
Company's latest audited or reviewed financial reports and the period for borrowing should not be longer than ten years.		
<p><u>Article 12 Effect and Amendment</u> These Principles should be approved by <u>more than one-half of all members of the</u> audit committee and be passed by the board of directors, these Principles will take effect after the Company submits to and be approved by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles. <u>If the above-mentioned is unapproved by more than one-half of all members of the audit committee, more than two-thirds of all directors can agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.</u> <u>All members of the audit committee and all directors shall be counted as actual incumbents.</u></p>	<p><u>Article 12 Effect and Amendment</u> These Principles should approve by audit committee and pass by the board of directors, these Principles will take effect after the Company submits to and be approved by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles.</p>	Amend wording according to the letter issued by the Financial Supervisory Commission dated March 7, 2019 (Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826)

**The Amendment to the Principles Governing Endorsements and Guarantees of
Yang Ming Marine Transport Corporation**

New	Now	Remark
<p><u>Article 7 Internal Control</u> The Company's internal auditors shall audit the procedures for endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found <u>and provide the plan improved the violation of the regulations.</u> The Company shall follow these Principles for endorsements/guarantees. In case there are material violations, the person in charge and the manager should be punished according to internal procedures.</p>	<p><u>Article 7 Internal Control</u> The Company's internal auditors shall audit the procedures for endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found. The Company shall follow these Principles for endorsements/guarantees. In case there are material violations, the person in charge and the manager should be punished according to internal procedures.</p>	Amend wording according to the letter issued by the Financial Supervisory Commission dated March 7, 2019 (Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826)
<p><u>Article 12 Effect and Amendment</u> These Principles should be approved by <u>more than one-half of all members of the audit committee</u> and be passed by the board of directors, these Principles will take effect after the Company submits to and be approved by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles. <u>If the above-mentioned is unapproved by more than one-half of all members of the audit committee, more than two-thirds of all directors can agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting.</u> <u>All members of the audit committee and all directors shall be counted as actual incumbents.</u></p>	<p><u>Article 12 Effect and Amendment</u> These Principles should be approved by audit committee and be passed by the board of directors, these Principles will take effect after the Company submits to and be approved by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles.</p>	Amend wording according to the letter issued by the Financial Supervisory Commission dated March 7, 2019 (Ref. No.: Jin-Guan-Zheng-Shen-Zi-1080304826)