

● From the Chairman

Looking back at 2020, the container shipping market in the first half of the year continued the growing trend of the supply of tonnage exceeding demand in recent years. Coupled with the impact of COVID-19 on global economic and trade development, the industrial supply chain had encountered unprecedented disruptions. The ensuing large-scale lockdown control further hit consumer demand, causing the container shipping industry, which is highly dependent on global economic and trade development, to face severe challenges in the first half of 2020. However, with the implementation of global pandemic prevention measures, the economy gradually recovered in the second half of 2020, and the demand for supply chain inventory replenishment has emerged within a short period of time, and the overall container shipping market has ushered in an unprecedented prosperity.

The drastic changes in market supply and demand brought by the pandemic made Yang Ming face severe operational challenges in 2020. With the persistence of our personnel, we actively adjusted the operating strategy and optimized the process, deployed a new fleet to replace the old ships to reduce operating costs, etc., and finally successfully survived adversity. Not only has business revenue significantly improved, the new 11,000TEU-class and 2,800TEU-class container fleets have also been put into shipping routes when market demand is strong. Business development has gained momentum, and the carbon emission intensity of Yang Ming's marine fleet has been further reduced, and financial performance has been significantly improved.

From crisis to turnaround in 2020, Yang Ming has re-established a solid foundation for sustainable development. Learning from the drastic changes in the operating environment in recent years, we are well aware of the continued fierce competition in the industry, the challenges of the global supply chain shift remain, global warming and extreme climates are getting worse, and the development of the pandemic is still difficult to effectively control. As a member of a global corporate citizen, Yang Ming's sustainable development strategy must take into account the sustainable development of business, finance, environment, and society. In addition, our core business role should echo the Sustainable Development Goals (SDGs) of the United Nations in order to achieve the vision of "becoming an excellent transportation group" in the foreseeable future.

While adhering to the concept of sustainable development of the Company, Yang Ming achieves environmental sustainability with energy conservation and emission reduction, strengthens corporate governance and integrity management, provides excellent transportation services, fulfills service commitments to our customers, strengthens employee care and talent cultivation, and enhances social participation. The concept of giving back to society is the strategic goal of Yang Ming to practice sustainable development. The sustainable management responsibility team was formed within the Company to set short-, medium- and long-term goals that should be implemented, and major issues such as climate change, compliance with laws and regulations, fleet deployment, financial stability, supplier sustainability risk assessment, niche market development, customer satisfaction improvement, information technology application, long-term social participation channel establishment, talent cultivation, and other issues have formed consensus through internal discussion and incorporated into corporate culture. We have also implemented operational decision-making in order to achieve the ideals of environmental sustainability, social prosperity, and perfect corporate governance.

Adhering to the business philosophy of teamwork, innovation, integrity, and pragmatism, Yang Ming has been operating for nearly 50 years, since 1972. Looking to the future, we hope to establish Yang Ming fleet operation size and competitive advantage in the container shipping market, strive for the confidence of stakeholders in Yang Ming, and demonstrate Yang Ming's efforts on the issue of climate change. This is not only the commitment of Yang Ming to fulfill the corporate social responsibility, but also the expectation that through the practice of sustainable business goals. Starting with the 50th anniversary, accumulating the energy of sustainable development, Yang Ming can more firmly move towards in the direction of a century-old enterprise.



Chairman

Cheng - Mut Cheng