

Stock Code: 2609



2023 Shareholders' Meeting Handbook

YANG MING MARINE TRANSPORT CORP.

May 26, 2023

This is a translation of the Chinese text and serves for the sole purpose of reference. Should there be any discrepancy, the Chinese version shall prevail.

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Meeting Procedures

Procedures for 2023 Shareholders' Meeting

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

Meeting Agenda

Agenda of 2023 Shareholders' Meeting

- I. Time: Friday, May 26, 2023, 09:00 a.m.
- II. Attendance: Hybrid shareholders meeting
- III. Place: No. 25, Dongsin St., Cidu Dist., Keelung City, Taiwan (R.O.C.)
(The Changsingli Community Center)
Virtual meeting platform: Taiwan Depository & Clearing Corporation
Stockvote Platform (<https://www.stockvote.com.tw/>)
- IV. Calling the Meeting to Order
- V. Chairperson's Remarks
- VI. Matters to Report
 - A. 2022 Business Report
 - B. 2022 Independent Director's Review Report
 - C. Report of Distribution on Employees' and Directors' Compensation in 2022
 - D. Report on the Amendment to the Ethical Corporate Management Best Practice Principles for the Company
 - E. Report on the Amendment to the Procedures for Ethical Management and Guidelines for Conduct for the Company
- VII. Matters for Recognition
 - A. Adoption of 2022 Business Report and Financial Statements
 - B. Adoption of 2022 Surplus Earnings Distribution Proposal
- VIII. Election
 - A. By-Election of 2 Independent Directors to the 20th Board
- IX. Matters for Discussion
 - A. Proposal to Release the Prohibition on Directors (including Independent Directors candidates) from Participation in Competitive Business
 - B. Amendment to the Handling Procedures for Acquisition and Disposal of Assets
- X. Extempore Motions
- XI. Meeting Adjournment

Matters to Report

I. 2022 Business Report

Explanation: Please refer to 2023 Shareholders' Meeting Handbook on page 9-15.

YANG MING MARINE TRANSPORT CORP.

2022 Business Report

The first half of 2022 saw significant growth in container freight. This was due to a booming global container shipping market and the somewhat compromised capacity caused by port congestion. As a result of the high inflation dragging down the consumer spending and the slowing down in the sales and new order in the second half of 2022, ocean freight rate continued to decline.

Looking ahead to 2023, the world economy may continue to remain unstable due to the war in Ukraine, global inflation, and rising interest rates, these are impeding the recovery of global economy. Considering the gradual mitigation of supply chain bottlenecks gradually, the normalization of deployed capacity and the delivery of numerous newly built containerships widening the gap between supply and demand, challenges in various aspects can be expected. In addition, the dry bulk market is also affected by the uncertainty of the global economic outlook, the balance between supply and demand could lead to equilibrium as the demand grows marginally. The Company will continue improving business capability and the quality of services. To achieve the goal of financial stability and sustainability, Yang Ming is committed to providing better and long-term services to customers. As to the growing attention to environmental issues globally, and the stricter scrutiny over alliances' cooperation efforts by regulators from major governments such as the U.S. Federal Maritime Commission and the EU, Yang Ming will continue to abide by the newest regulations in order to provide quality services. Upholding the principle of "teamwork, innovation, integrity, and pragmatism", Yang Ming will keep improving its operating efficiency, sustainable management and social responsibility, so as to meet the expectations of all the shareholders and the community.

I. Operational Profile

Changes in the external environment

i. Overall Economic Prosperity

According to the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF), the growth rate of global GDP in 2022 was 3.1% and 3.4% respectively, and the trade volume in 2022 grew by 5.4%. This significant decline was mainly due to the ongoing Russia-Ukraine war, inflation and interest rate hikes, and China's zero-covid policy. In addition, there is increasing uncertainty in the economic prospect as a result of the trade barriers between the U.S. and China, the geopolitical risk and persistently high inflationary. The international crude oil prices show in choppy trade through the sanctions on Russian oil and the oil production cut by OPEC both weakened global economic growth. The average oil price ranged between

US\$95 and US\$100 per barrel in 2022.

ii. Industry Supply and Demand

According to Alphaliner, a professional shipping consultancy, container shipping demand in 2022 grew by 0.1%, which was 6.6% lower than the 6.7% in 2021. In terms of capacity supply, the 2022 growth rate was 4.1%, contracted by 0.4% from 4.5% in 2021. The above figures all pointed to an imbalance between supply and demand in the shipping market. As the consumers' demand being threatened by high inflation, carriers are actively implementing corresponding measures such as service layout optimization and schedule recovery plan to meet market demand. In the dry bulk market, the average BDI in 2022 was 1,937 points, down 34% from 2021. According to Clarksons' latest report, market supply exceeds demand as the demand for bulk shipping contracted by 1.9% in 2022 while the supply growth rate was 2.8%.

II. Our Strategy

To increase overall corporate strength in an increasingly competitive industrial environment, Yang Ming is adjusting its business operations to improve profitability. The Company's main development plans are summarized as follows:

- i. Stable and conservative principle for service planning to provide steady capacity and meet business demand as well as to develop regional niche markets to diversify business operations.
- ii. Business development strategy:
 1. Increase revenue by developing various markets, maximizing loading factor and balancing the container flow.
 2. Enhance cost control by improving the operating efficiency and containers turnaround.
- iii. Information system integration and new application:
 1. Continue participation in DCSA projects, introduce digital standards for industry's operation and optimize the working procedure.
 2. Promote AI technology application and reinforce system integration and reliability.
- iv. Investment strategy and agent management:
 1. Continue to improve container fleet efficiency and development plan.
 2. Explore and assess industry-related investment opportunities such as terminals and depots.
 3. Improve revenue growth of subsidiaries, such as Kuang Ming Shipping Corp. and YES Logistics Corp. and seek other cooperation opportunities.
 4. Optimize Key Performance Indicator (KPI) and incentive system to

encourage agents to develop niche shipment.

III. Results of Implementing Business Plans

Undaunted by weakened demand brought about by the war in Ukraine, several waves of COVID-19 pandemic, supply chain bottlenecks, high inflation and interest rate hikes in 2022, the Company managed to implement various business strategies which led to successful outcomes. The net profit after tax was NT\$180.6 billion and the earning per share was NT\$51.71.

IV. Implementation of Operating Income and Expenses

i. Operating Revenue

The overall operating volume in 2022 increased by 4% year-on-year as heavy port congestion eased with reduced vessel waiting time and adopted services adjustment. Even though the industry was affected by global inflation and rising interest rates from the second half of 2022, the average freight rate was still higher than 2021. The consolidated operating income for 2022 was NT\$375.9 billion, an increase of NT\$42.2 billion or 13% from NT\$333.7 billion in 2021.

ii. Operating Cost

Given the rising international crude oil prices and overall operating volume, the consolidated operating cost for 2022 was NT\$145.7 billion, an increase of NT\$25.1 billion or 21% from NT\$120.6 billion in 2021.

V. Profitability Analysis

Although the consumer demand affected by inflation and rising interest rates was down in the second half of 2022, the Company adjusted its business strategies in response to market development. The operating result was a net profit of NT\$180.6 billion after tax, an improvement of NT\$15.3 billion from 2021.

VI. Research and Development

i. Digital Development Strategy

1. Digital Service Promotion:

Yang Ming continues to strengthen and promote e-service. The accomplishments in 2022:

Promotion of e-booking, resulted in 86% e-booking in 2022. The newly developed customer online rate inquiry platform was launched. This platform facilitates transparent quotation process by integrating customer's inquiry, agent's online quotation, rate negotiation and internal freight filing system. The upgraded mobile app was launched with a new look and enhanced functionalities. In addition to the original cargo tracking, vessel tracking, point-to-point schedule search and other query functions, it also enables online booking, fast tracking

of inquired items, inquiry of local detention and demurrage, as well as a customized menu.

E-service promotion plans for 2023:

Launch of online chat bot service to facilitate online text or voice query. Implementation of a new version of the online booking. In addition to online booking, the system integrated with agent's operating system and a new interface also enables integrated functions such as monitoring and tracking all bookings from various channels. Booking data, when submitted by customer, can be directly imported into agent's system to avoid repeating the same work for the agent. Discussions with related departments on the new design and functions of the official website in accordance with internal and external customers' requirements. Preparation for eBL compliant with DCSA will be completed by the end of 2023 and promotion of eBL will begin from 2024 with target of achieving 100% eBL adoption by 2030.

2. Technology application:
 - a. Strengthen information security and conduct the first red team drill - simulated hacker attack.
 - b. Follow the progress of the Digital Container Shipping Alliance P6 (Just-in-Time call) project, a standardized information exchange module for vessel and terminal to exchange information has been developed. Cooperation with DCSA, a PoC including Yang Ming, Kaohsiung KAO Ming terminal, and Kaohsiung Maritime and Port Bureau has also been completed.
 - c. Continue implementing robot applications.
 - (1) Electronic release of bill of lading is conducted online.
 - (2) Export booking automation is conducted online.
 - (3) Automatic matching of accounts receivable in Taiwan is implemented.
 - (4) Automatic input of terminal invoices is built.
 - (5) Automatic preparation of US CRCCF invoices is built.
 - (6) Automated processing for customs clearance and transshipment declaration is implemented.
 - d. The Siri 's customer service functionality is used to strengthen the intelligent customer service system and improve customer satisfaction.
 - (1) Point-to-point schedule search.
 - (2) Cargo tracking.
 - (3) Vessel tracking.
 - e. Complete the construction of IoT information platform for reefer containers and strengthen remote real-time monitoring.

- f. Cooperate with the TWSE (Taiwan Stock Exchange Corporation) to complete the XBRL reporting financial report and improve the efficiency of preparing financial statements.
- g. Release of the export telex release bill of lading is now online. Customers can download their telex release bills of lading online via the information reservation platform.
- h. The ITSM IT (Information Technology) service management system is launched. This enables computer service cases management tracking and the setting up of information situation room.
- i. Image AI recognition is implemented to monitor traffic congestion in Keelung counter yard.

ii. Environmentally-friendly Fleet

1. Environmentally-friendly fleet expansion plan:
In 2022, five new 11,000 TEU vessels “YM Trophy”, “YM Tutorial”, “YM Tranquility”, “YM Throne” and “YM Trillion” were delivered. In addition to reducing operating costs, these new ships will also reduce NOx and CO2 emissions to meet the latest energy efficiency (EEDI) standards of the International Maritime Organization (IMO).
2. Systematic Phase:
Yang Ming is committed to strengthening ship safety and environmental management system. It is our mission to safeguard our ships, crews, cargoes, and the environment.
3. Operational Phase:
The Company promoted the implementation of the Ship Energy Efficiency Management Plan (SEEMP) and the Carbon Intensity Indicator (CII) on operating fleet. We adopted the “best trim” green operation measure through inter-department cooperation by using the optimal sailing attitude, adjusting water ballast and draft of the ships in order to achieve energy-saving navigation. Meanwhile, monitoring on ship energy efficiency is consistently carried out for the large vessels. This is to improve the energy-saving efficiency. In addition, we partnered with WNI Company to develop a fuel efficiency management system and establish a schedule monitoring module to reduce greenhouse gas emissions and waste.
4. Carbon intensity reduced by 59.5%, fulfilling green promises:
In 2009, Yang Ming began planning the construction of an eco-friendly fleet to enhance vessel efficiency and reduce greenhouse gas emissions. In 2022, the average carbon intensity (CO2 emissions per transport work) of Yang Ming’s fleet was significantly reduced by 59.5% compared to that in 2008, or from 99.4g/teu-km to 40.2g/teu-km, thereby far-exceeding IMO’s target of at least 40% carbon intensity

reduction by 2030. The Company is fulfilling the goal of energy-saving and carbon reduction through improving vessel design.

iii. Awards & Performance

Yang Ming is always dedicated to sustainable operation. We are incessantly optimizing service network and fleet management. We also adhere to the excelsior and constantly improve services in local and global markets. To fulfill corporate and social responsibility, we comply with the international environmental laws and regulations to the betterment of marine environmental protection and fulfill corporate social responsibility goals.

1. Conferred the Gold award of Blue Whales and Blue Skies program by the National Oceanic and Atmospheric Administration (NOAA)

Yang Ming was conferred the Gold award by NOAA for achieving ship-speed reduction to 10 knots or less in the Southern California and San Francisco Bay area to protect blue whales and reduce air pollution.

2. Conferred the 19th National Brand Yu Shan Award for the Outstanding Enterprise

Yang Ming was conferred the Outstanding Enterprise award by National Brand Yu Shan Award Selection Committee, a recognition of the Company's operating performance and well-rounded sustainable practices.

3. Selected as the best shipping line - Intra Asia

Between 2016 and 2022, Yang Ming was selected as the "Best Shipping Line - Intra-Asia" by the readers of Asia Cargo News, a well-known shipping media company. This selection attests to the Company's comprehensive service network.

4. Awarded "Ship of the Year 2022"

YM Continuity was selected the "Ship of the Year 2022" by Taiwan Society of Naval Architects Marine Engineers (SNAM, Taiwan)". The ship not only meets EEDI requirements, but is equipped with enhanced loading capacity. It is also energy-saving and with low emission.

5. Conferred the "2022 National Sustainable Development Awards"

Yang Ming was conferred the "2022 National Sustainable Development Awards" by the National Councils for Sustainable Development (NCSD). This is a recognition of the Company's contribution to achieving sustainable development.

6. Conferred the "Taiwan Top 100 Sustainability Exemplary Awards" and

“Corporate Sustainability Report Award: Transportation Sector- Gold”

Yang Ming attended the “15th Taiwan Corporate Sustainability Awards (TCSA) 2022” hosted by the Taiwan Academy of Corporate Sustainability (TACS) to receive the “Taiwan Top 100 Sustainability Exemplary Awards” and “Corporate Sustainability Report Award: Transportation Sector - Gold.” These awards are a recognition of the Company’s achieving excellent performance for ESG criteria and Corporate Social Responsibility (CSR) goals.

7. Presented with the Certificate of Merit from the American Institute in Taiwan Kaohsiung

Yang Ming was presented with the certificate of merit from the Assistance Vessel Rescue (AMVER) program by the American Institute in Taiwan Kaohsiung. This is a recognition of the Company’s dedication to the automated mutual-assistance vessel rescue system in support of lifesaving in the world.

8. The 2nd Maritime and Port Big Data Creative Application Competition

Regarding digital transformation application, Yang Ming’s teams were awarded the second and third prizes for their application of digital tools for analysis through the big data-base of the Maritime and Port Bureau.

II. 2022 Independent Director's Review Report

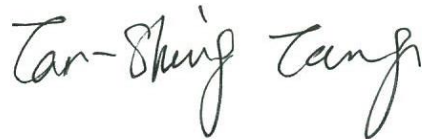
Explanation: Please refer to 2023 Shareholders' Meeting Handbook on page 17.

2022 Independent Director's Review Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2022 business report, stand-alone and consolidated financial statements, and proposal for distribution of earnings. 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 proposal for distribution of earnings after thorough examination.

To: 2023 Annual Shareholders' Meeting
YANG MING MARINE TRANSPORT CORP.

Independent Director: Tar-Shing Tang



March 9, 2023

III. Report of Distribution on Employees' and Directors' Compensation in 2022

Explanation:

1. In accordance with the Article 18 of Incorporation of Yang Ming Marine Transport Corporation, if there is a net profit at the year-end, about 1% to 5% of such profit shall be appropriated as employees' compensation and no more than 2% for the directors. But if there is an accumulated loss, the profit shall be used to make up for the losses. The distribution of compensation for employees and directors are as follows.
 - (1) Employees' compensation is 1% of the profits, NTD 2,328,972,723.
 - (2) Directors' compensation is NTD 80,000,000.
2. The above compensations were distributed by cash and approved by the Board of Directors on March 9, 2023.

IV. Report on the Amendment to the Ethical Corporate Management Best Practice Principles for the Company

Explanation:

1. Apply for an external corporate mailbox provided by Chunghwa Telecom (ymtarzantang88@hibox.biz) following the instructions and then obtain confirmation from the independent directors.
2. Please refer to the 2023 Shareholders' Meeting Handbook on page 20-21.

Yang Ming Marine Transport Corporation Comparison Table of Amended Articles of Ethical Corporate Management Best Practice Principles

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p><u>Article 23 Whistleblowing System</u></p> <p>Yang Ming provides reporting channels: independent director mailbox (ymtarzantang88@hibox.biz) and independent whistle-blower mailbox (conduct@yangming.com) for use by internal and external personnel of the company, and the identity of the whistleblower and the contents of the report should be kept confidential to protect the whistleblower from unfair retaliation or treatment for reporting matters, and anonymous reporting is permitted.</p> <p>The acceptance of a reported case, the investigation process, the investigation results, and the recording and preservation of relevant documents shall be handled in accordance with the following prescribed procedures: 1. Reporting cases submitted through the mailbox of independent directors (ymtarzantang88@hibox.biz) shall be in accordance with the regulations of the company's "Audit Committee's Measures for Accepting Suggestions and Complaints from Stakeholders".</p> <p>2. Whistle-blowing cases submitted through the independent whistle-blowing mailbox (conduct@yangming.com) should follow the "The Procedures of whistleblowing cases for Yang Ming Group Members "; if the whistleblower case involves directors or senior management, it should be reported to the independent directors or the audit committee .</p>	<p><u>Article 23 Whistleblowing System</u></p> <p>Yang Ming provides reporting channels: independent director mailbox (independentdirector@yangming.com) and independent whistle-blower mailbox (conduct@yangming.com) for use by internal and external personnel of the company, and the identity of the whistleblower and the contents of the report should be kept confidential to protect the whistleblower from unfair retaliation or treatment for reporting matters, and anonymous reporting is permitted.</p> <p>The acceptance of a reported case, the investigation process, the investigation results, and the recording and preservation of relevant documents shall be handled in accordance with the following prescribed procedures: 1. Reporting cases submitted through the mailbox of independent directors (independentdirector@yangming.com) shall be in accordance with the regulations of the company's "Audit Committee's Measures for Accepting Suggestions and Complaints from Stakeholders".</p> <p>2. Whistle-blowing cases submitted through the independent whistle-blowing mailbox (conduct@yangming.com) should follow the "The Procedures of whistleblowing cases for Yang</p>	<p>Apply for an external mailbox (ymtarzantang88@hibox.biz) following the instructions and then obtain confirmation from the independent directors.</p>

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>If major violations are found through investigation or the company is likely to suffer major damage, a report shall be made immediately, and the independent directors or the audit committee shall be notified in writing, and if necessary, it shall be reported to the competent authority or transferred to the judicial authority for investigation.</p>	<p>Ming Group Members "; if the whistleblower case involves directors or senior management, it should be reported to the independent directors or the audit committee .</p> <p>If major violations are found through investigation or the company is likely to suffer major damage, a report shall be made immediately, and the independent directors or the audit committee shall be notified in writing, and if necessary, it shall be reported to the competent authority or transferred to the judicial authority for investigation.</p>	

V. Report on the Amendment to the Procedures for Ethical Management and Guidelines for Conduct for the Company

Explanation:

1. Apply for an external corporate mailbox provided by Chunghwa Telecom (ymtarzantang88@hibox.biz) following the instructions and then obtain confirmation from the independent directors.
2. Please refer to 2023 Shareholders' Meeting Handbook on page 23-26.

Yang Ming Marine Transport Corporation Comparison Table of Amended Articles of Procedures for Ethical Management and Guidelines for Conduct

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>Article 23 (Handling of unethical conduct by personnel of this Corporation) As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>This Corporation shall internally establish and publish on its website the email address of independent director— (ymtarzantang88@hibox.biz) whereas an independent email is established (conduct@yangming.com), an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports.</p> <p>A whistleblower shall at least furnish the following information: 1.the whistleblower's name and I.D. number (whistleblowing reports may be submitted</p>	<p>Article 23 (Handling of unethical conduct by personnel of this Corporation) As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>This Corporation shall internally establish and publish on its website the email address of independent director— (independentdirector@yangming.com) whereas an independent email is established (conduct@yangming.com), an independent mailbox or hotline, for insiders and outsiders of this Corporation to submit reports.</p> <p>A whistleblower shall at least furnish the following information: 1.the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached. 2.the informed party's name or other information sufficient to distinguish its identifying features. 3.specific facts available for investigation.</p> <p>Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect</p>	<p>Apply for an external mailbox (ymtarzantang88@hibox.biz) following the instructions and then obtain confirmation from the independent directors.</p>

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>anonymously), and an address, telephone number and e-mail address where it can be reached.</p> <p>2.the informed party's name or other information sufficient to distinguish its identifying features.</p> <p>3.specific facts available for investigation.</p> <p>Personnel of this Corporation handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</p> <p>The email from whistleblower sending to ymtarzantang88@hibox.biz will be followed up by “Rules for the Audit Committee to handle Suggestions and Complaints from Stakeholders”. Whereas sending to conduct@yangming.com will be followed up by “The Procedures of Whistleblowing Cases” ◦</p> <p>The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:</p> <p>1.An information shall be</p>	<p>the whistleblowers from improper treatment due to their whistleblowing.</p> <p>The email from whistleblower sending to independentdirector@yangming.com will be followed up by “Rules for the Audit Committee to handle Suggestions and Complaints from Stakeholders”. Whereas sending to conduct@yangming.com will be followed up by “The Procedures of Whistleblowing Cases” ◦</p> <p>The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:</p> <p>1.An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</p> <p>2.The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3.If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>4.Documentation of case acceptance, investigation processes and</p>	

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</p> <p>2.The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3.If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>4.Documentation of case acceptance, investigation processes and investigation</p>	<p>investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5.With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6.The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	

Content of Article after Amendment	Content of Article before Amendment	Explanation
<p>results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>		

Matters for Recognition

**I. Adoption of 2022 Business Report and Financial Statements
(Proposed by the Board)**

Explanation:

1. The 2022 consolidated and stand-alone financial statements have been duly audited by the Certified Public Accountants, Cheng-Hsiu Yang and Yu-Mei Hung of Deloitte & Touche. The 2022 business report and the financial statements have been examined by the Independent Director.
2. The 2022 business report can be referenced on pages 9-15 of the 2023 Shareholders' Meeting Handbook and the 2022 consolidated and stand-alone financial statements can be referenced on pages 29-50 of the 2023 Shareholders' Meeting Handbook.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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, 2022 are as follows:

Audit of the Percentage-of-completion

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

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

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 25 to the accompanying consolidated financial statements.

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

Other Matter

We have audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of 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, 2022, 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 audits resulting in this independent auditors' report are Chen-Hsiu Yang and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 149,427,959	30	\$ 57,448,678	15
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,302,945	1	76,048	-
Financial assets at amortized cost - current (Notes 4, 9, 34 and 35)	133,484,952	26	136,068,631	35
Financial assets for hedging - current (Notes 4, 6, 33 and 34)	30,710,000	6	-	-
Contract assets, net (Notes 4, 25 and 34)	1,853,463	1	5,465,334	2
Notes receivable, net (Notes 4 and 10)	4,262	-	5,124	-
Trade receivables, net (Notes 4, 10 and 25)	10,298,914	2	21,642,929	6
Trade receivables from related parties (Notes 4, 10, 25, and 34)	339,219	-	412,055	-
Finance lease receivables, net (Notes 4 and 11)	766,403	-	20,204	-
Shipping fuel (Notes 4 and 12)	4,503,947	1	3,408,707	1
Prepayments (Notes 4 and 34)	746,081	-	545,143	-
Prepayments to shipping agents (Note 34)	542,406	-	462,440	-
Other current assets (Notes 4, 27 and 34)	1,598,472	-	1,001,626	-
Total current assets	<u>338,579,023</u>	<u>67</u>	<u>226,556,919</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 4 and 7)	353,165	-	13,871	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	506,847	-	497,931	-
Financial assets at amortized cost - non-current (Notes 4, 9, 34 and 35)	2,138,776	-	33,461	-
Investments accounted for using equity method (Notes 4 and 14)	8,742,640	2	11,081,905	3
Property, plant and equipment (Notes 4, 15, 34, 35 and 36)	75,777,886	15	73,895,469	19
Right-of-use assets (Notes 4, 16 and 34)	73,362,475	15	63,139,955	17
Investment properties (Notes 4, 17 and 34)	7,146,807	1	7,083,726	2
Other intangible assets (Note 4)	133,157	-	80,847	-
Deferred tax assets (Notes 4 and 27)	784,153	-	1,341,237	-
Prepayments for equipment	222,605	-	295,430	-
Refundable deposits	219,399	-	219,109	-
Finance lease receivables - non-current (Notes 4 and 11)	106,542	-	127,016	-
Other financial assets - non-current (Note 4)	23,744	-	21,704	-
Other non-current assets	51,561	-	27,304	-
Total non-current assets	<u>169,569,757</u>	<u>33</u>	<u>157,858,965</u>	<u>41</u>
TOTAL	<u>\$ 508,148,780</u>	<u>100</u>	<u>\$ 384,415,884</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 2,430,000	-	\$ 1,393,760	-
Short-term bills payable (Notes 18 and 34)	1,098,548	-	436,131	-
Financial liabilities for hedging - current (Notes 4, 16 and 33)	8,371,948	2	7,585,691	2
Contract liabilities - current (Notes 4 and 25)	532,259	-	903,453	-
Notes payable (Note 34)	35,317	-	33,852	-
Trade payables (Note 20)	15,571,592	3	19,106,729	5
Trade payables to related parties (Notes 20 and 34)	347,105	-	376,954	-
Other payables (Notes 21 and 34)	8,651,744	2	7,846,672	2
Current tax liabilities (Notes 4 and 27)	29,771,775	6	29,497,739	8
Provisions - current (Notes 4 and 22)	-	-	56,307	-
Lease liabilities - current (Notes 4, 16 and 34)	5,157,412	1	3,306,188	1
Current portion of long-term liabilities (Notes 4, 18, 19, 34 and 35)	2,560,364	1	1,400,430	1
Other advance account	178,512	-	218,711	-
Other current liabilities	1,223,639	-	1,074,266	-
Total current liabilities	<u>75,930,215</u>	<u>15</u>	<u>73,236,883</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 16 and 33)	36,816,306	7	33,835,186	9
Bonds payable (Notes 4, 19, 34 and 35)	8,351,220	2	10,822,014	3
Long-term borrowings (Notes 4, 18, 34 and 35)	305,070	-	5,068,879	1
Provisions - non-current (Notes 4 and 22)	3,559	-	1,348	-
Deferred tax liabilities (Notes 4 and 27)	10,787,845	2	6,143,436	2
Lease liabilities - non-current (Notes 4, 16 and 34)	28,824,524	6	17,236,619	4
Other advance account - non-current	56,287	-	84,431	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	1,971,067	-	2,828,346	1
Other non-current liabilities	1,316,724	-	836,076	-
Total non-current liabilities	<u>88,432,602</u>	<u>17</u>	<u>76,856,335</u>	<u>20</u>
Total liabilities	<u>164,362,817</u>	<u>32</u>	<u>150,093,218</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	34,921,043	7	34,921,043	9
Capital surplus	27,975,030	6	27,975,030	7
Retained earnings				
Legal reserve	16,907,064	3	166,092	-
Special reserve	3,713,230	1	1,494,827	-
Unappropriated earnings	259,456,948	51	167,409,719	44
Total retained earnings	280,077,242	55	169,070,638	44
Other equity	(13,577)	-	1,724,563	1
Total equity attributable to owners of the Company	342,959,738	68	233,691,274	61
NON-CONTROLLING INTERESTS	826,225	-	631,392	-
Total equity	<u>343,785,963</u>	<u>68</u>	<u>234,322,666</u>	<u>61</u>
TOTAL	<u>\$ 508,148,780</u>	<u>100</u>	<u>\$ 384,415,884</u>	<u>100</u>

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 16, 25 and 34)	\$ 375,899,874	100	\$ 333,687,395	100
OPERATING COSTS (Notes 4, 12, 16, 26 and 34)	<u>145,729,755</u>	<u>39</u>	<u>120,556,335</u>	<u>36</u>
GROSS PROFIT	<u>230,170,119</u>	<u>61</u>	<u>213,131,060</u>	<u>64</u>
OPERATING EXPENSES (Notes 4, 10, 16, 25, 26 and 34)				
Selling and marketing expenses	9,292,950	2	8,209,836	2
General and administrative expenses	2,160,903	1	1,615,424	1
Expected credit (gain) loss	<u>(78,035)</u>	<u>-</u>	<u>150,499</u>	<u>-</u>
Total operating expenses	<u>11,375,818</u>	<u>3</u>	<u>9,975,759</u>	<u>3</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 16 and 26)	<u>1,903,866</u>	<u>1</u>	<u>229,215</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>220,698,167</u>	<u>59</u>	<u>203,384,516</u>	<u>61</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16, 26 and 34)				
Interest income	4,032,635	1	308,249	-
Other income	86,800	-	94,730	-
Other gains and losses	9,967,164	3	(357,118)	-
Finance costs	(2,397,791)	(1)	(2,572,605)	(1)
Share of profit of associates and joint ventures	<u>1,233,739</u>	<u>-</u>	<u>1,518,973</u>	<u>1</u>
Total non-operating income and expenses	<u>12,922,547</u>	<u>3</u>	<u>(1,007,771)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	233,620,714	62	202,376,745	61
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(52,605,145)</u>	<u>(14)</u>	<u>(36,774,864)</u>	<u>(11)</u>
NET PROFIT FOR THE YEAR	<u>181,015,569</u>	<u>48</u>	<u>165,601,881</u>	<u>50</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 6, 16, 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	333,961	-	(58,881)	-
Unrealized gain on investments in equity instruments at FVTOCI	8,916	-	2,845,465	1

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	\$ (402,171)	-	\$ (170,960)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(66,407)</u>	<u>-</u>	<u>11,776</u>	<u>-</u>
	<u>(125,701)</u>	<u>-</u>	<u>2,627,400</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,526,896	1	(1,027,307)	(1)
(Loss) gain on hedging instruments	(3,365,547)	(1)	641,742	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>451,869</u>	<u>-</u>	<u>(456,534)</u>	<u>-</u>
	<u>(1,386,782)</u>	<u>-</u>	<u>(842,099)</u>	<u>(1)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,512,483)</u>	<u>-</u>	<u>1,785,301</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 179,503,086</u>	<u>48</u>	<u>\$ 167,387,182</u>	<u>50</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 180,591,942	48	\$ 165,268,628	50
Non-controlling interests	<u>423,627</u>	<u>-</u>	<u>333,253</u>	<u>-</u>
	<u>\$ 181,015,569</u>	<u>48</u>	<u>\$ 165,601,881</u>	<u>50</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 179,110,549	48	\$ 167,177,697	50
Non-controlling interests	<u>392,537</u>	<u>-</u>	<u>209,485</u>	<u>-</u>
	<u>\$ 179,503,086</u>	<u>48</u>	<u>\$ 167,387,182</u>	<u>50</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 51.71</u>		<u>\$ 48.73</u>	
Diluted	<u>\$ 51.15</u>		<u>\$ 48.28</u>	

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											Total Equity
	Share Capital (Notes 4, 19 and 24)		Capital Surplus (Notes 4, 19 and 24)	Retained Earnings (Note 24)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 24)	Other Equity		Gain (Loss) on Hedging Instruments (Notes 4 and 24)	Non-controlling Interests (Note 24)	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 24)	Total			
BALANCE AT JANUARY 1, 2021	3,167,662	\$ 31,676,622	\$ 384,106	\$ -	\$ -	\$ 1,660,919	\$ (713,510)	\$ (785,730)	\$ 3,455,825	\$ 35,678,232	\$ 656,620	\$ 36,334,852
Appropriation of 2020 earnings												
Legal reserve	-	-	-	166,092	-	(166,092)	-	-	-	-	-	-
Special reserve	-	-	-	-	1,494,827	(1,494,827)	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	165,268,628	-	-	-	165,268,628	333,253	165,601,881
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(47,336)	(540,488)	2,674,664	(177,771)	1,909,069	(123,768)	1,785,301
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	165,221,292	(540,488)	2,674,664	(177,771)	167,177,697	209,485	167,387,182
Issuance of ordinary shares for cash	160,000	1,600,000	27,520,000	-	-	-	-	-	-	29,120,000	-	29,120,000
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	-	-	-	-	-	-	1,663,972	-	1,663,972
Share-based payments (Note 29)	-	-	51,373	-	-	-	-	-	-	51,373	-	51,373
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by the Group, associates and joint ventures	-	-	-	-	-	2,188,427	-	(2,188,427)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(234,713)	(234,713)
BALANCE AT DECEMBER 31, 2021	3,492,104	34,921,043	27,975,030	166,092	1,494,827	167,409,719	(1,253,998)	(299,493)	3,278,054	233,691,274	631,392	234,322,666
Appropriation of 2021 earnings												
Legal reserve	-	-	-	16,740,972	-	(16,740,972)	-	-	-	-	-	-
Special reserve	-	-	-	-	2,218,403	(2,218,403)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$20 per share	-	-	-	-	-	(69,842,085)	-	-	-	(69,842,085)	-	(69,842,085)
Net profit for the year ended December 31, 2022	-	-	-	-	-	180,591,942	-	-	-	180,591,942	423,627	181,015,569
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	264,487	1,340,181	(393,623)	(2,692,438)	(1,481,393)	(31,090)	(1,512,483)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	180,856,429	1,340,181	(393,623)	(2,692,438)	179,110,549	392,537	179,503,086
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	-	-	(7,740)	-	7,740	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(197,704)	(197,704)
BALANCE AT DECEMBER 31, 2022	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 16,907,064	\$ 3,713,230	\$ 259,456,948	\$ 86,183	\$ (685,376)	\$ 585,616	\$ 342,959,738	\$ 826,225	\$ 343,785,963

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 233,620,714	\$ 202,376,745
Adjustments for:		
Depreciation expenses	20,010,747	17,454,705
Amortization expenses	66,984	55,923
Expected credit (reversed) loss recognized	(78,035)	150,499
Net loss (gain) on fair value change of financial assets/liabilities at FVTPL	18,502	(12,704)
Finance costs	2,397,791	2,572,605
Interest income	(4,032,635)	(308,249)
Dividend income	(2,109)	(4,969)
Compensation cost of employee share options	-	51,373
Share of profit of associates and joint ventures	(1,233,739)	(1,518,973)
Gain on disposal of property, plant and equipment	(18,251)	(81,870)
Impairment loss recognized on associates	1,935,456	623,259
Impairment loss (reversal gain) recognized on right-of-use assets	98,036	(593,059)
Write-down of (reversal of) shipping fuel	19,221	(179,027)
Net gain on foreign currency exchange	(2,060,281)	(576,714)
Gain on changes in fair value of investment properties	(152,739)	(329,065)
Gain on lease modification	(3,621)	(9,524)
Gain on sublease of right-of-use assets	(1,188,133)	-
Gain from bargain purchase	-	(3,171)
Recognized of provisions	1,983	56,307
Other items	(329,828)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(4,582,507)	1,655,002
Contract assets	3,656,389	(2,626,976)
Notes receivable	862	3,121
Trade receivables	11,853,833	(10,717,841)
Trade receivables from related parties	72,836	(238,232)
Shipping fuel	(1,115,029)	(1,038,236)
Prepayments	(209,150)	(107,307)
Prepayments to shipping agents	(79,966)	(359,830)
Other current assets	6,971	26,399
Financial liabilities held for trading	(2,186)	-
Contract liabilities	(371,194)	768,455
Notes payable	1,465	8,448
Trade payables	(5,128,720)	3,426,646
Trade payables to related parties	(29,849)	(48,434)
Other payables	1,270,858	3,136,508
Provisions	(56,307)	-
Other advance account	(68,343)	(78,018)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Other current liabilities	\$ 120,972	\$ 481,750
Net defined benefit liabilities	<u>(523,318)</u>	<u>(258,244)</u>
Cash generated from operations	253,887,680	213,757,302
Interest received	3,765,508	264,959
Dividends received	1,586,742	909,805
Interest paid	(2,391,482)	(2,503,211)
Income tax paid	<u>(46,781,188)</u>	<u>(2,571,567)</u>
Net cash generated from operating activities	<u>210,067,260</u>	<u>209,857,288</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	-	(20,000)
Proceeds from sale of financial assets at FVTOCI	-	282
Purchase of financial assets at amortized cost	(303,510,305)	(137,386,246)
Proceeds from sale of financial assets at amortized cost	308,794,751	3,471,642
Purchase of financial assets for hedging	(33,217,784)	-
Proceeds from sale of financial assets for hedging	3,608,784	-
Acquisition of associates and joint ventures	(2,431)	(891)
Net cash inflow on acquisition of subsidiary (Note 30)	-	8,442
Payments for property, plant and equipment	(8,270,050)	(7,028,669)
Proceeds from disposal of property, plant and equipment	58,668	134,724
Increase in refundable deposits	(290)	(19,657)
Payments for intangible assets	(118,550)	(56,376)
Payments for investment properties	(434,368)	(3,074)
Decrease in financial lease receivables	723,335	19,938
(Increase) decrease in other financial assets	(2,040)	41,498
Increase in other non-current assets	(24,988)	(13,570)
Increase in prepayments for equipment	<u>(184,129)</u>	<u>(256,237)</u>
Net cash used in investing activities	<u>(32,579,397)</u>	<u>(141,108,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments) of short-term borrowings	1,036,240	(678,396)
Proceeds from (repayments) of short-term bills payable	662,500	(11,702,500)
Proceeds from issuance of bonds payable	-	5,900,000
Proceeds from long-term borrowings	-	2,977,100
Repayments of long-term borrowings	(6,273,209)	(50,228,138)
Repayments of the principal portion of lease liabilities	(12,805,062)	(10,125,691)
Increase in other non-current liabilities	465,648	240,937
Dividends paid to owners of the Company	(69,842,085)	-
Proceeds from issuance of ordinary shares	-	29,120,000
Net change in non-controlling interests	<u>(197,704)</u>	<u>(234,713)</u>
Net cash used in financing activities	<u>(86,953,672)</u>	<u>(34,731,401)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	\$ <u>1,445,090</u>	\$ <u>(1,087,736)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	91,979,281	32,929,957
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>57,448,678</u>	<u>24,518,721</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 149,427,959</u>	<u>\$ 57,448,678</u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying financial statements of Yang Ming Marine Transport Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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 financial statements of the Company for the year ended December 31, 2022 are as follows:

Audit of the Percentage-of-completion

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

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

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 24 to the accompanying financial statements.

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

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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of 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, 2022, 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 audits resulting in this independent auditors' report are Chen-Hsiu Yang and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 85,538,805	18	\$ 42,056,525	11
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,302,945	1	76,048	-
Financial assets at amortized cost - current (Notes 4, 9, 32 and 33)	101,812,282	21	128,721,269	35
Financial assets for hedging - current (Notes 4, 6, 31 and 32)	30,710,000	6	-	-
Contract assets, net (Notes 4, 24 and 32)	485,005	-	9,472,165	3
Trade receivables, net (Notes 4, 10 and 24)	2,002,235	-	6,421,159	2
Trade receivables from related parties (Notes 4, 10, 24 and 32)	1,301,281	-	3,247,361	1
Financial lease receivables (Notes 4, 11 and 32)	68,308	-	65,773	-
Other receivables from related parties (Notes 4 and 32)	2,937,022	1	5,585,733	1
Shipping fuel (Notes 4 and 12)	1,763,179	-	2,296,967	1
Prepayments (Notes 4 and 32)	348,248	-	294,280	-
Prepayments to shipping agents (Note 32)	609,703	-	507,308	-
Other current assets (Notes 4 and 26)	658,374	-	200,983	-
Total current assets	<u>232,537,387</u>	<u>47</u>	<u>198,945,571</u>	<u>54</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 4 and 7)	353,165	-	13,871	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	505,221	-	495,650	-
Financial assets at amortized cost - non-current (Notes 4, 9, 32 and 33)	2,706,949	1	600,636	-
Investments accounted for using equity method (Notes 4 and 13)	106,683,195	22	33,346,360	9
Property, plant and equipment (Notes 4, 14, 33 and 34)	47,335,513	10	43,378,620	12
Right-of-use assets (Notes 4, 15 and 32)	88,612,040	18	78,716,820	22
Investment properties (Notes 4 and 16)	7,680,322	2	7,599,348	2
Other intangible assets (Note 4)	99,731	-	51,479	-
Deferred tax assets (Notes 4 and 26)	713,747	-	1,212,947	-
Prepayments for equipment	222,346	-	290,455	-
Refundable deposits	80,236	-	91,778	-
Financial lease receivable - non-current (Notes 4, 11 and 32)	584,153	-	652,709	-
Long-term receivables from related parties (Note 32)	2,290,000	-	3,051,264	1
Other non-current assets	6,930	-	19,710	-
Total non-current assets	<u>257,873,548</u>	<u>53</u>	<u>169,521,647</u>	<u>46</u>
TOTAL	<u>\$ 490,410,935</u>	<u>100</u>	<u>\$ 368,467,218</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities for hedging - current (Notes 4, 15 and 31)	\$ 8,371,948	2	\$ 7,585,691	2
Contract liabilities - current (Notes 4 and 24)	314,304	-	694,873	-
Trade payables (Note 19)	5,314,665	1	11,706,455	3
Trade payables to related parties (Notes 19 and 32)	3,444,260	1	2,735,483	1
Other payables (Note 20)	5,834,811	1	5,211,389	2
Other payables to related parties (Notes 20 and 32)	278,570	-	754,678	-
Current tax liabilities (Notes 4 and 26)	29,508,092	6	29,208,420	8
Provision - current (Notes 4 and 21)	-	-	56,307	-
Lease liabilities - current (Notes 4, 15 and 32)	3,895,055	1	1,833,506	1
Other advance account	59,458	-	80,157	-
Current portion of long-term liabilities (Notes 4, 17, 18, 32 and 33)	2,474,968	-	617,298	-
Other current liabilities	588,569	-	486,381	-
Total current liabilities	<u>60,084,700</u>	<u>12</u>	<u>60,970,638</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Lease liabilities for hedging - non-current (Notes 4, 15 and 31)	36,816,306	8	33,835,186	9
Bonds payable (Notes 4, 18, 32 and 33)	8,351,220	2	10,822,014	3
Long-term borrowings (Notes 17, 32 and 33)	198,750	-	3,384,670	1
Deferred tax liabilities (Notes 4 and 26)	10,662,276	2	5,963,582	2
Lease liabilities - non-current (Notes 4, 15 and 32)	29,219,630	6	16,942,727	4
Other advance account - non-current	56,287	-	84,431	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	1,822,653	-	2,666,511	1
Other non-current liabilities	239,375	-	106,185	-
Total non-current liabilities	<u>87,366,497</u>	<u>18</u>	<u>73,805,306</u>	<u>20</u>
Total liabilities	<u>147,451,197</u>	<u>30</u>	<u>134,775,944</u>	<u>37</u>
EQUITY				
Share capital - ordinary shares	34,921,043	7	34,921,043	9
Capital surplus	27,975,030	6	27,975,030	8
Retained earnings				
Legal reserve	16,907,064	3	166,092	-
Special reserve	3,713,230	1	1,494,827	-
Unappropriated earnings	259,456,948	53	167,409,719	46
Total retained earnings	<u>280,077,242</u>	<u>57</u>	<u>169,070,638</u>	<u>46</u>
Other equity	(13,577)	-	1,724,563	-
Total equity	<u>342,959,738</u>	<u>70</u>	<u>233,691,274</u>	<u>63</u>
TOTAL	<u>\$ 490,410,935</u>	<u>100</u>	<u>\$ 368,467,218</u>	<u>100</u>

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

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 15, 24 and 32)	\$ 261,012,906	100	\$ 244,723,602	100
OPERATING COSTS (Notes 4, 12, 25 and 32)	<u>89,950,003</u>	<u>35</u>	<u>91,191,696</u>	<u>38</u>
GROSS PROFIT	<u>171,062,903</u>	<u>65</u>	<u>153,531,906</u>	<u>62</u>
OPERATING EXPENSES (Notes 4, 10, 24, 25 and 32)				
Selling and marketing expenses	4,338,921	2	3,806,475	2
General and administrative expenses	1,389,545	-	1,042,317	-
Expected credit loss (gain)	<u>(85,498)</u>	<u>-</u>	<u>81,000</u>	<u>-</u>
Total operating expenses	<u>5,642,968</u>	<u>2</u>	<u>4,929,792</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4 and 25)	<u>586,566</u>	<u>-</u>	<u>277,922</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>166,006,501</u>	<u>63</u>	<u>148,880,036</u>	<u>60</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 15, 25 and 32)				
Interest income	3,316,354	1	295,667	-
Other income	93,865	-	100,114	-
Other gains and losses	10,269,245	4	(636,774)	-
Finance costs	(2,111,129)	(1)	(2,203,934)	(1)
Share of profits of subsidiaries and associates	<u>52,913,463</u>	<u>21</u>	<u>53,469,737</u>	<u>22</u>
Total non-operating income and expenses	<u>64,481,798</u>	<u>25</u>	<u>51,024,810</u>	<u>21</u>
PROFIT BEFORE INCOME TAX	230,488,299	88	199,904,846	81
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(49,896,357)</u>	<u>(19)</u>	<u>(34,636,218)</u>	<u>(14)</u>
NET PROFIT FOR THE YEAR	<u>180,591,942</u>	<u>69</u>	<u>165,268,628</u>	<u>67</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 316,260	-	\$ (55,087)	-
Unrealized gain on investments in equity instruments at FVTOCI	9,571	-	2,844,748	1
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(391,715)	-	(173,350)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(63,252)</u>	<u>-</u>	<u>11,017</u>	<u>-</u>
	<u>(129,136)</u>	<u>-</u>	<u>2,627,328</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,555,149	1	(903,467)	-
(Loss) gain on hedging instruments	(3,365,547)	(1)	641,742	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>458,141</u>	<u>-</u>	<u>(456,534)</u>	<u>-</u>
	<u>(1,352,257)</u>	<u>-</u>	<u>(718,259)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,481,393)</u>	<u>-</u>	<u>1,909,069</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 179,110,549</u>	<u>69</u>	<u>\$ 167,177,697</u>	<u>68</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$51.71</u>		<u>\$48.73</u>	
Diluted	<u>\$51.15</u>		<u>\$48.28</u>	

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Share Capital (Notes 4, 18 and 23)		Capital Surplus (Notes 4, 18, 23 and 28)	Retained Earnings (Note 23)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 23)	Other Equity		Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 23)	Gain (Loss) on Hedging Instruments (Notes 4 and 23)	
BALANCE AT JANUARY 1, 2021	3,167,662	\$ 31,676,622	\$ 384,106	\$ -	\$ -	\$ 1,660,919	\$ (713,510)	\$ (785,730)	\$ 3,455,825	\$ 35,678,232
Appropriation of 2020 earnings										
Legal reserve	-	-	-	166,092	-	(166,092)	-	-	-	-
Special reserve	-	-	-	-	1,494,827	(1,494,827)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	165,268,628	-	-	-	165,268,628
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(47,336)	(540,488)	2,674,664	(177,771)	1,909,069
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	165,221,292	(540,488)	2,674,664	(177,771)	167,177,697
Issuance of ordinary shares for cash	160,000	1,600,000	27,520,000	-	-	-	-	-	-	29,120,000
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	-	-	-	-	-	-	1,663,972
Share-based payments (Note 28)	-	-	51,373	-	-	-	-	-	-	51,373
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by the Company, associates and joint ventures	-	-	-	-	-	2,188,427	-	(2,188,427)	-	-
BALANCE AT DECEMBER 31, 2021	3,492,104	34,921,043	27,975,030	166,092	1,494,827	167,409,719	(1,253,998)	(299,493)	3,278,054	233,691,274
Appropriation of 2021 earnings										
Legal reserve	-	-	-	16,740,972	-	(16,740,972)	-	-	-	-
Special reserve	-	-	-	-	2,218,403	(2,218,403)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(69,842,085)	-	-	-	(69,842,085)
Net profit for the year ended December 31, 2022	-	-	-	-	-	180,591,942	-	-	-	180,591,942
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	264,487	1,340,181	(393,623)	(2,692,438)	(1,481,393)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	180,856,429	1,340,181	(393,623)	(2,692,438)	179,110,549
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	-	-	(7,740)	-	7,740	-	-
BALANCE AT DECEMBER 31, 2022	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 16,907,064	\$ 3,713,230	\$ 259,456,948	\$ 86,183	\$ (685,376)	\$ 585,616	\$ 342,959,738

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

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FORM OPERATING ACTIVITIES		
Income before income tax	\$ 230,488,299	\$ 199,904,846
Adjustments for:		
Depreciation expenses	17,291,561	14,741,890
Amortization expenses	58,727	41,542
Expected credit loss (reversal gain) recognized	(85,498)	81,000
Net loss (gain) on fair value change of financial assets/liabilities at FVTPL	18,502	(12,704)
Finance costs	2,111,129	2,203,934
Interest income	(3,316,354)	(295,667)
Dividend income	(2,109)	(4,969)
Compensation cost of employee share options	-	51,373
Share of profit of subsidiaries and associates	(52,913,463)	(53,469,737)
Gain on disposal of property, plant and equipment	(17,671)	(139,102)
Impairment loss recognized on associates	1,924,980	602,008
Reversal of write-down of shipping fuel	-	(75,437)
Net gain on foreign currency exchange	(2,307,307)	(438,206)
Gain on change in fair value of investment properties	(170,632)	(395,312)
Loss on lease modification	285	82,887
Recognition of (reversal of) provisions	-	56,307
Others	(329,828)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(4,582,507)	1,655,002
Contract assets	9,034,697	(4,431,812)
Trade receivables	4,938,570	(4,205,128)
Trade receivables from related parties	1,946,080	(1,561,379)
Other receivables from related parties	(2,881,682)	629,978
Shipping fuel	533,788	(651,701)
Prepayments	(46,950)	(73,125)
Prepayments to shipping agents	(102,395)	(369,683)
Other current assets	98,303	54,258
Financial liabilities held for trading	(2,186)	-
Contract liabilities	(380,569)	638,555
Trade payables	(7,985,373)	1,188,136
Trade payables to related parties	708,777	515,968
Other payables	1,104,345	2,084,536
Other payables to related parties	(97,635)	525,041
Liability provision	(56,307)	-
Other advances account	(48,843)	(126,939)
Other current liabilities	112,619	383,706
Net defined benefit liabilities	(527,598)	(232,030)
Cash generated from operations	194,515,755	158,958,036
Interest received	3,041,932	228,445
Dividend received	19,273,497	33,827,847

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (2,118,950)	\$ (2,162,210)
Income tax paid	<u>(43,996,604)</u>	<u>(511,266)</u>
Net cash generated from operating activities	<u>170,715,630</u>	<u>190,340,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	-	(20,000)
Proceeds from sale of financial assets at FVTOCI	-	282
Purchase of financial assets at amortized cost	(279,887,742)	(130,005,647)
Proceeds from sale of financial assets at amortized cost	308,020,639	2,859,916
Acquisition of financial assets for hedging	(33,217,784)	-
Proceeds from sale of financial assets for hedging	3,608,784	-
Acquisition of associates	(330)	(891)
Payments for property, plant and equipment	(8,091,263)	(6,814,910)
Proceeds from disposal of property, plant and equipment	15,766	125,406
(Increase) decrease in refundable deposits	11,542	(6,706)
(Increase) decrease in long-term receivables from related parties	61,668	(400,000)
Payments for intangible assets	(106,979)	(30,987)
Payments for investment properties	(434,368)	(3,074)
Decrease in financial lease receivables	65,735	72,347
(Increase) decrease in other non-current assets	13,817	(19,710)
Increase in prepayments for equipment	<u>(184,129)</u>	<u>(247,003)</u>
Net cash used in investing activities	<u>(10,124,644)</u>	<u>(134,490,977)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term bills payable	-	(11,740,000)
Proceeds from issuance of bonds payable	-	5,900,000
Proceeds from long-term borrowings	-	2,633,500
Repayments of long-term borrowings	(3,803,574)	(46,376,845)
Repayments of the principal portion of lease liabilities	(10,686,462)	(8,045,163)
Increase (decrease) in other non-current liabilities	118,190	(15,207)
Cash dividend	(69,842,085)	-
Proceeds from issuance of ordinary shares	-	29,120,000
Acquisition of additional interests in subsidiaries	(34,919,976)	(1,496,954)
Received from subsidiaries capital reductions	<u>-</u>	<u>2,439,836</u>
Net cash used in financing activities	<u>(119,133,907)</u>	<u>(27,580,833)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>2,025,201</u>	<u>(282,523)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 43,482,280	\$ 27,986,519
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>42,056,525</u>	<u>14,070,006</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 85,538,805</u>	<u>\$ 42,056,525</u>

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

(Concluded)

II. Adoption of 2022 Earnings Distribution Proposal (Proposed by the Board)
Explanation:

1. The after-tax net profit for 2022 is NT\$180,591,942,131. To draft the 2022 Earnings Distribution Table in accordance with the Company Act and Articles of Incorporation of the company. Please refer to page 52 of the 2023 Shareholders' Meeting Handbook.
2. The Company is planning to distribute cash dividend NT\$69,842,085,400, that is, NT\$20 per share. The amount of cash dividends per share shall be calculated according to the distribution ratio and truncated to NT\$1. The fractional amounts of dividends less than NT\$1 are summed to be recognized as other income of the Company. If the number of outstanding shares changes, the Chairman is authorized to adjust the cash dividend ratio per share based on the ex-dividend date.
3. Subject to the approval of the Annual General Shareholders' meeting, the ex-dividend date for the cash dividend is proposed to authorize the Chairman to decide.

Resolution:

YANG MING CORP.
EARNINGS DISTRIBUTION TABLE
2022

Unit : NT \$

Items	Amount
Undistributed Retained Earnings of 2021	78,608,258,714
	180,591,942,13
Net Profit after Taxes for the Period	1
Actuarial Gain (Loss) Arising from Defined Benefit Plans	264,486,480
Disposal of Investments at Fair Value through Other Comprehensive Income	(7,739,624)
Undistributed Retained Earnings after Adjusted	259,456,947,701
Less: Legal Reserves (Note 1)	(18,084,868,899)
Less: Special Reserves (Note 2)	(275,541,994)
Retained Earnings in 2022 Available Distribution	241,096,536,808
Shareholders' Dividends	(69,842,085,400)
Unappropriated Retained Earnings	<u>171,254,451,408</u>

Note 1 : Under Article 237 issued by the Company Act, a company shall allocate surplus profits, first set aside ten percent of such profits as a legal reserve.

Note 2 : Under Rule No.10901500221 Issued by the FSC on March 31st 2021, a public company measuring the investment properties based on fair value model shall set aside the increase in fair value of investment properties of its profits as special reserves. Under Rule No.1090150022 Issued by the FSC on March 31st 2021, when a public company distributes distributable surplus, it shall allocate special reserve with respect to the book net amount of other deductions from equity for the period in which it arises.

負責人: 鄭貞茂

經理人: 杜書勤

會計主管: 傅冠昇

Election

I. By-Election of 2 Independent Directors to the 20th Board

Explanation:

1. The term of the 20th Board began on May 14, 2021 until May 13, 2024. Independent director Mr. Tze-Chun Wang and Mr. Jei-Fuu Chen gave notice of resignation effective from September 3, 2022 to the Company on September 2, 2022; hence pursuant to the Securities and Exchange Act, a by-election shall be held at 2023 shareholders meeting to fill the vacancy when the number of independent directors falls short of what is required. The term of new independent director begins on May 26, 2023, after the by-election effectively, until May 13, 2024.
2. Elections of both directors and independent directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in the Corporation's articles of incorporation. No shareholders who hold more than 1% shares of the Corporation shall nominate an independent director during the nomination period from March 13, 2023 to March 22, 2023. The Board election proposal has been approved and the nomination list has been reviewed by the meeting of the Board of Directors. Please refer to page 55-56 for the nomination list.

Resolution:

Nomination List of Independent Directors

Name	Holding shares	Education/Work Experience
Tan Ho-Cheng	0	<p>Master's Degree in Urban and Regional Planning, Virginia Polytechnic Institute and State University Bachelor's Degree in Department of Civil Engineering, National Chung Hsing University</p> <p>Independent Director, PChome online Inc. Independent Director, Groundhog Technologies Inc. Director, Kindom Development Co., Ltd. Minister of MOTC Chairman, Chunghwa Telecom Co., Ltd Deputy Minister of MOTC Commissioner, Department of Transportation, Taipei City Government THI Consultants Inc. Department of Rapid Transit Systems, Taipei City Government The Office of Urban Planning, Taipei City Government</p>
Jr-Tsung Huang	0	<p>Ph.D. in Economics, University of Washington Master's Degree in Economics, University of Washington Master's Degree in Economics, National Taiwan University Bachelor's Degree in Economics, National Taiwan University</p> <p>Professor, Distinguished Professor and Contracted Professor, National Chengchi University Promotion Review Board members for outsourcing or bidding projects of MOEA, MOND, Taoyuan City Government, New Taipei City Government Minister and Consultant of International Industry Academic Exchange and Cooperation Committee, Taiwan Chamber of Commerce & Industry Members of the Public Debt Management Committee, Ministry of Finance Members of the Board of Examiners, Examination Yuan(Public Finance of Special Examination for Local Governments in 2010 and 2016) Dean of School of Humanities and Social Sciences, Kainan University Director of in service Master program, Department of Public affairs and Management, Kainan University Director, Office of Education and Training in</p>

Name	Holding shares	Education/Work Experience
		<p>Taipei, Kainan University Vice President and Director of Research Center, The Prospect Foundation Contracted Assistant Professor, Contracted Associate Professor, Chair, National Chengchi University Assistant Research Fellow and Postdoctoral Research Fellow, The First Research Division, Chung-Hua Institution for Economic Research Second Lieutenant Supply Officer, Magong Base Squadron, Republic of China Air Force</p>

Matters for Discussion

I. Proposal to Release the Prohibition on Directors (including Independent Director Candidates) from Participation in Competitive Business (Proposed by the Board)

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain at the shareholders' meeting the essentials of such an act and seek its approval.
2. The Board of Directors shall propose to release the prohibition on directors from participation in competitive business if the director does anything for himself or on behalf of another person as provided in the said Article without prejudicing the Company.
3. Please refer to page 59 for the list of release of the non-compete prohibition on Directors (including Independent Director candidates).

Resolution:

List of Release of the Non-Compete Prohibition on Directors
(including Independent Director Candidates)

Name	Company Name	Job Title
Representative of MOTC: Cheng-Mount Cheng	Taiwan Strait Shipping Association	Chairman
Representative of MOTC: An-Chung Ku	Yang Ming Shipping (B.V.I.) Inc.	Director
	Yangming (Japan) Co., Ltd.	Director
	Yang Ming Shipping (Vietnam) Co., Ltd.	Director
	Yang Ming Shipping Philippines, Inc.	Director
	Yang Ming (Korea) Co. Ltd.	Director
Tan Ho-Cheng	PChome online Inc.	Independent Director

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

Explanation:

1. According to Article 5 of Handling Procedures for Acquisition and Disposal of Assets (hereinafter “Handling Procedure”), the total amount of investments in securities shall not exceed 200% of the Company’s paid in capital (equivalent to NT\$69.8 billion). As of 31st Jan. 2023, the total amount of investments in securities reached NT\$64.5 billion, which is close to the authorized quota from the original Handling Procedure.
2. In line with the needs of the Group's operating conditions, revise the calculation basis of the authorized quota of securities, non-business real property and right-of-use assets thereof.
3. Please refer to page 61 to 64 for the comparison of the provisions.

Resolution:

**Comparison Table of Handling Procedures for Acquisition and Disposal of
Assets of Yang Ming Marine Transport Corporation**

Amended version	Original version	Remark
<p>Article 5 Operation procedures for acquiring or disposing assets</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 approved by one-half or more of all audit committee members and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.</p> <p>When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>Third paragraph of the terms "all audit committee members" and "all directors"</p>	<p>Article 5 Operation procedures for acquiring or disposing assets</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 approved by one-half or more of all audit committee members and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.</p> <p>When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>Third paragraph of the terms "all audit committee members" and "all directors"</p>	<p>In line with the needs of the Group's operating conditions, the calculation basis of the limited amount of securities, non-business real property and right-of-use assets thereof are revised so as to retain flexibility.</p>

Amended version	Original version	Remark
<p>in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>1. Authorized quota for the Company</p> <p>(1). The total amount of acquiring non-business real property or right-of-use assets thereof shall not exceed <u>5% of the Company's total assets of the individual financial statement for the most recent period, certified or reviewed by a certified public accountant.</u></p> <p>(2). The total amount of investments in securities shall not exceed <u>50% of the Company's total assets of the individual financial statement for the most recent period, certified or reviewed by a certified public accountant</u> and the total amount of investments in each security shall not exceed <u>25% of the Company's total assets of the individual financial statement for the most recent period, certified or reviewed by a certified public accountant.</u></p> <p>2. Authorized quota for the management</p> <p>(1). Investments in securities: The total amount <u>shall not exceed</u> TWD3 billion. <u>In case it is essential to adjust</u></p>	<p>in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>1. Authorized quota for the Company</p> <p>(1). The total amount of acquiring non-business real property or right-of-use assets thereof shall not exceed <u>40% of the Company's paid-in capital.</u></p> <p>(2). The total amount of investments in securities shall not exceed <u>200% of the Company's paid-in capital</u> and the total amount of investments in each security shall not exceed <u>100% of the Company's paid-in capital.</u></p> <p>2. Authorized quota for the management</p> <p>(1). Investments in securities: The <u>total amount</u> is within TWD3 billion. However, acquiring or disposing 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 property, equipment and other assets or right-of-use assets thereof besides right-of-use of vessels for the purpose of conducting business: The amount for each transaction is within TWD100 million.</p>	

Amended version	Original version	Remark
<p><u>the above-mentioned authorized investment quota, the management shall draw up the available investment quota by considering the company's operating capital and financial market conditions, and adjustment should be approved by one-half or more of all audit committee members and reported to board of directors for approval and then implement.</u> However, acquiring or disposing 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 property, equipment and other assets or right-of-use assets thereof besides right-of-use of vessels for the purpose of conducting business: The amount for each transaction is within TWD100 million.</p> <p>(3). Right-of-use assets of vessels for the purpose of conducting business: The amount for each transaction is within TWD 600 million. If there are special timeliness</p>	<p>(3). Right-of-use assets of vessels for the purpose of conducting business: The amount for each transaction is within TWD 600 million. If there are special timeliness considerations, the amount is TWD 800 million.</p> <p>(4). Non-business real property and right-of-use assets thereof: The amount for each transaction is within TWD10 million.</p> <p>(5). Memberships and intangible assets and right-of-use assets thereof: 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 approved by one-half or more of all audit committee members and reported to board of directors for approval and then implement, and shall be subject to mutatis mutandis application of Article 5, paragraphs 2 and 3.</p>	

Amended version	Original version	Remark
<p>considerations, the amount is TWD 800 million.</p> <p>(4). Non-business real property and right-of-use assets thereof: The amount for each transaction is within TWD10 million.</p> <p>(5). Memberships and intangible assets and right-of-use assets thereof: 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 approved by one-half or more of all audit committee members and reported to board of directors for approval and then implement, and shall be subject to mutatis mutandis application of Article 5, paragraphs 2 and 3.</p> <p>4. <u>The total amount of the investment in securities is calculated based on the original cost of the investment</u></p>		<p>Adding New Paragraph</p>

Extempore Motions

Meeting Adjournment

Appendix

Appendix I

Articles of Incorporation

(The 33rd Amendment)

Chapter 1 General Provisions

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

Chapter 2 Shares and Certificate

- Article 5 The total capitalization of this company is NT\$ 45 billion, divided into 4.5 billion shares, NT\$10 par value each share. The board of directors is authorized to issue them in installments depending on the actual requirements of the company, where a portion of the shares may be in the form of preferred shares.
- Article 6 The share certificates of this company shall carry the holder's full name and the way of their printing shall abide by the provisions of the Company Act of the Republic of China. The company may be exempted from printing any share certificate but the shares must be registered with Central Securities Depository Institution.
The securities affairs of this company shall be handled pursuant to the "Rules Governing Securities-related Matters of Publicly Listed Companies" promulgated by the competent

authority, and other related laws and regulations of the Republic of China.

Article 6-1 The rights, obligation, and other important issuance terms of the company's preferred shares are as follows:

- A. The fiscal year-end earnings of the company shall be applied to the following uses in order: payments of taxes, making-up of accumulated deficit, legal reserve, special reserve by law. If there are needs for increasing the equipment of transportation and improving financial structure, the Company may set aside or rotate a special reserve. If the legal duties as above are fulfilled, the remaining earnings shall be first distributed to preferred shareholders that may be distributed as the current year's dividends.
- B. The dividends of preferred shares are capped at 8% per annum on the issue price. Cash dividends will be distributed annually in arrears. Once the company's financial reports have been acknowledged in the regular meeting of shareholders, the board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.
- C. The company has discretion over the dividend distribution of preferred shares. The company may decide not to distribute dividends of preferred shares if no earnings are posted in a fiscal year or earnings posted are insufficient to distribute dividends of preferred shares, the preferred shareholders shall not object. The undistributed dividends or the deficit of dividends are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or deficit dividends in the subsequent years where there are earnings.
- D. Except for the dividends prescribed in subparagraph 2 of this paragraph, shareholders of preferred shares shall not participate in the distribution of cash and stock dividends of the common shares derived from earnings or capital reserve.
- E. Preferred shareholders have the same share options for new shares as shareholders of common shares when the company issue new shares in cash.
- F. Preferred shareholders have priority over shareholders of common shares for distribution of the company's residual property. All preferred shareholders rank are equal with each other for repayment, but subordinate to the holders of debts. The repayment of preferred shares shall be capped at the issue price.
- G. Preferred shareholders do not have voting rights or suffrage in shareholders' meeting, but have right to be elected as a director. Preferred shareholders have voting rights at preferred shareholders' meeting and at shareholders' meeting with respect to agendas related to the rights and obligations of preferred shareholders.
- H. Preferred shares cannot be converted to common shares and preferred shareholders

do not have the right to request the company to redeem preferred shares they hold.

- I. Preferred shares are perpetual. Preferred shares may be redeemed in whole or in part at issue price anytime after 5th anniversary of preferred shares issuance at the option of the company. Unredeemed preferred shares shall remain to have the rights and obligations of issuance terms prescribed in this Article 6-1. In the year of redemption of preferred shares, if the company resolves to distribute preferred share dividends, dividends to be distributed until the redemption date shall be calculated based on the actual number of days the preferred shares remained outstanding in that year.
- J. The distribution of the preferred share dividends shall be determined according to the order in which preferred shares were issued.

The board of directors is authorized to resolve preferred share matters including names, issuance date, and other pragmatic issuance terms based on capital market circumstances and willingness of investors and in accordance with the Charter and related laws and regulations.

Chapter 3 Shareholders' Meeting

Article 7 Shareholder's meetings of this company consist of regular and special meetings. Unless otherwise stipulated in the Company Act or the relevant laws and regulations of the Republic of China, such meetings shall all be convened by the board of directors. The preferred shareholders' meeting may be convened when it deemed necessary in accordance with applicable laws and regulations. This company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. In case a shareholders' meeting is proceeded via visual communication network, then the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

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

Chapter 4 Directors and managers

Article 9 This company shall have 7 to 15 directors to be elected by the shareholders' meeting according to the laws and regulations of the Republic of China. The aforesaid Board of Directors shall have at least three independent directors.

This company adopts candidates' nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination and election of the directors shall comply with Company Act and related

laws and regulations of Republic of China. The election of independent directors and non-independent directors shall be held together, however, the number of independent directors and non-independent directors elected shall be calculated respectively and those candidates receiving more voting rights shall be elected as independent directors and non-independent directors.

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

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

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

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

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

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

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

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

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

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

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

- A. Reviewing business guidelines
- B. Reviewing budget and financial reports
- C. Scrutinizing important rules and contracts
- D. Appointing and discharging important personnel
- E. Establishing and removing branch offices

- F. Proposing to the meeting of shareholders revision of the Charter, change of capitalization, and dissolution or merger of this company.
- G. Proposing to the meeting of shareholders allocation of profits and making up for losses.
- H. Determining other important matters.

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

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

- A. Periodically reviewing the Remuneration Committee Charter and make recommendations for amendments.
- B. Establishing and periodically reviewing the standards, annual and long-term goals of performance review for directors and managers and the remuneration policy, system, standards, and structure.
- C. Periodically assessing the achievement of performance goals for the directors and managers, and setting the details and amounts of their individual remuneration in accordance with the performance review.

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

Article 16 This company shall have managerial officers including a president, senior executive vice presidents, executive vice presidents and chief officers of groups.

The appointment, relief of duty, and remuneration for the president and the aforesaid managerial officers should be proceeded in accordance with the Article 29 of the Company Act of the Republic of China.

Chapter 5 Financial Matters

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

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

Article 18-1 The annual net profits after tax of final accounts of the Company shall make up for loss carried over from previous years first, secondly appropriate reserve in accordance with

laws and regulation and make or reverse a special reserve for increasing the equipment of transportation and improving financial structure, to distribute dividend for preferred shares. While there are surpluses, the common stock dividends shall be allocated at least 25% of the current year's distributable earnings. The board of directors could include the undistributed earnings at the beginning of the period to contemplate company's long-term financial planning, industry competition, capital expenditure, working capital requirements and shareholders' interests into account, to draft an earnings distribution proposal to resolved by the shareholders' meeting. The common stock dividends could be distributed by cash dividends or stock dividends and the cash dividends shall account for no less than 20% of the total dividends.

Article 18-2 The company is required by law to appropriate special reserve from the balance of retained earnings of the prior period against the full amount of "the cumulative net increases in fair value of investment properties in the prior period" and "the cumulative net decrease of other equity in the prior period". If the amount of retained earnings of the prior period is not enough for such appropriation, the company should further make up the gap by the net profit after tax and the balances of other equity items of current period.

Chapter 6 Addendum

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

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

Article 21 This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. The 2nd amendment was made on Mar. 28, 1979. The 3rd amendment was made on June 28, 1979. The 4th amendment was made on Jan. 24, 1980. The 5th amendment was made on June 12, 1981. The 6th amendment was made on Feb. 28, 1983. The 7th amendment was made on Apr. 17, 1985. The 8th amendment was made on June 2, 1988. The 9th amendment was made on Dec. 26, 1990. The 10th amendment was made on Mar. 10, 1992. The 11th amendment was made on Sep. 30, 1992. The 12th amendment was made on Nov. 23, 1994. The 13th amendment was made on Nov. 25, 1995. The 14th amendment was made on Sep. 21, 1996. The 15th amendment was made on Dec. 6, 1997. The 16th amendment was made on Dec. 18, 1998. The 17th amendment was made on June 3, 2000. The 18th amendment was made on June 20, 2001. The 19th amendment was approved on June 21, 2002. The 20th amendment was approved on June 20, 2003. The 21th amendment was approved on June 23, 2005. The 22nd amendment was approved on June 23, 2006. The 23th amendment was approved on June 27, 2007. The 24th amendment was approved on June 18, 2009. The 25th amendment was approved on June 18, 2010.

The 26th amendment was approved on June 15, 2012. The 27th amendment was approved on June 14, 2013. The 28th amendment was approved on June 18, 2014. The 29th amendment was approved on June 22, 2016. The 30th amendment was approved on June 22, 2018. The 31st amendment was approved on June 17, 2020. The 32nd amendment was approved on May 14, 2021. The 33rd amendment was approved on May 27, 2022.

Appendix II

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

Created on June 21, 2002
Amendment was made on June 18, 2009
Amendment was made on June 17, 2020
Amendment was made on May 14, 2021
Amendment was made on May 27, 2022

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings and strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for Taiwan Stock Exchange Corporation/GreTai Securities Market (TWSE/GTSM) Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) no later than 30 days prior to the date of a regular shareholders meeting or no later than 15 days prior to the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS no later than 30 days prior to the date of the regular shareholders meeting or no later than 15 days prior to the date of the special shareholders meeting. In addition, no later than 15 days prior to the date of the shareholders meeting, this Corporation shall also prepare the shareholders meeting agenda and supplemental meeting materials and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:
1. For physical shareholders meetings, to be distributed on-site at the meeting.
 2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
 3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice

may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, capital reduction, application of terminating public offering, releasing directors from non-competition restrictions, capital increasing by retained earnings, capital increasing by additional paid-in capital (APIC), the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, and Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out in the notice with the reasons and the main content for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

If the overall re-election of directors and the effective date have been specified in the reasons for convening a shareholders meeting, after the overall re-election of directors, the effective date of directors shall not be changed by an extraordinary motion on the shareholders meeting or by other means in the same meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder proposal urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors, and such proposal shall comply with Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who have submitted proposals of the proposal scrutiny results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for not including any shareholder proposals in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation no later than 5 days prior to the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or online, or to exercise voting rights by

correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation no later than 2 days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting time may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

Article 6 This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time of the shareholder attendance registrations is to be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the beginning of the meeting. The place where the attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date. In the event of a hybrid shareholders meeting, shareholders already registered to attend online by the rule but would like to change to attend the physical meeting in person, shall cancel the registration through the same registration method two days before the meeting date. If the cancellation is submitted after that time, the shareholders shall only attend shareholders meeting online.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 To convene a virtual shareholders meeting, this Corporation shall include the follow

particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
 - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 7

If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholder meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio or video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote

counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 9

Attendance at shareholders meetings shall be calculated based on number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and announce the votes with no voting rights and the number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, are made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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

In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Related proposals (including extraordinary motions and amendments to the original proposals) shall be voted on separately. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the

board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote and provide ample time for voting.

Article 11 Before speaking, a shareholder in attendance must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply. As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

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

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

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

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

Article 13

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

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When this Corporation holds a shareholders meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that this Corporation avoids the submission of extraordinary motions and amendments to original proposals.

When a shareholder attends the shareholders meeting online, and intend to exercise voting rights by correspondence or electronic means without canceling the declarations of intent, except the extraordinary motions, may not exercise voting rights to the original proposals, amendments to original proposals, or submit amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation no later than 2 days prior to the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation by the same means by which the voting rights have been exercised, no later than 2 days prior to the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment

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

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

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names and votes they received for every winning or losing candidate.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the date, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the statistical tallies of the numbers of votes). Where there is an election of directors, the numbers of votes each candidate director has received shall be disclosed. And the record shall be retained for the duration of the existence of this Corporation.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders meeting, other than compliance with the requirements in the preceding paragraph, this Corporation shall specify in the meeting

minutes alternative measures available to shareholders with difficulties in attending shareholders meeting online.

- Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, this Corporation shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under TWSE (or GTSM) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband or an identification card bearing the word "Proctor."
In the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
- Article 19 In the event of a virtual shareholders meeting, this Corporation shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- Article 20 When this Corporation convenes a virtual-only shareholders meeting, both the chair

and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or For a meeting to be postponed or resumed under the first paragraph other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and no postponement or resumption under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the first paragraph, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

- Article 22 When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- Article 23 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix III

Rules for Election of Directors of Yang Ming Marine Transport Corporation

Approved by the shareholders meeting on June 21, 2002

Amendment was made on June 18, 2009

Amendment was made on June 14, 2013

- Article 1 Except as otherwise provided by law and regulation or by the articles of incorporation of this company, the elections of directors shall be conducted in accordance with these Rules.
- Article 2 The cumulative voting method shall be used for election of the directors at this company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The directors of this company shall be elected by adopting candidate nomination system, the election of independent and non-independent directors shall be held together; however, the number of independent and non-independent directors elected shall be calculated separately.
- Article 3 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 4 The number of directors will be as specified in this company's articles of incorporation, with voting rights separately calculated for non-independent and independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the company and publicly checked by the vote monitoring personnel before voting commences.
- Article 6 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder

shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

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

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

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

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

Article 10 These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Appendix IV

Handling Procedures for Acquisition and Disposal of Assets

Article 1 Purpose

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

Article 2 Basis

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

Article 3 Scope of Assets

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

Article 4 Defined terms

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

term purchase (sales) agreements.

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

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

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

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

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

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

Article 5 Operation procedures for acquiring or disposing assets

The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or approved by one-half or more of all audit committee members and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Third paragraph of the terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

1. Authorized quota for the Company
 - (1). The total amount of acquiring non-business real property or right-of-use assets thereof shall not exceed 40% of the Company's paid-in capital.
 - (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed 100% of the Company's paid-in capital.
2. Authorized quota for the management
 - (1). Investments in securities
The total amount is within TWD3 billion. However, acquiring or disposing monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit.
 - (2). Real property, equipment and other assets or right-of-use assets thereof besides right-of-use of vessels for the purpose of conducting business The amount for each transaction is within TWD100 million.
 - (3). Right-of-use assets of vessels for the purpose of conducting business: The amount for each transaction is within TWD 600 million. If there are special timeliness considerations, the amount is TWD 800 million.
 - (4). Non-business real property and right-of-use assets thereof
The amount for each transaction is within TWD10 million.
 - (5). Memberships and intangible assets and right-of-use assets thereof
The amount for each transaction is within TWD10 million.
3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be approved by one-half or more of all audit committee members and reported to board of directors for approval and then implement, and shall be subject to mutatis mutandis application of Article 5, paragraphs 2 and 3.

Article 6 Assessment procedures for acquiring or disposing assets

The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter "CPA") of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or TWD300 million, the Company shall also engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. . However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC.

If the amount of the Company acquiring or disposing real property, equipment, other assets or right-of-use asset thereof is over and above 20% of the Company's paid-in capital or TWD300 million

unless transacting with domestic government institutions, engaging others to build on its own land or acquiring or disposing business equipments or right-of-use asset thereof, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent changes to the terms and conditions of the transaction.
2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained.
3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply:
 - (1). The discrepancy between the appraisal result and the transaction amount is over and above 20%.
 - (2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount.
4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser.

If the amount of the Company acquiring or disposing intangible assets or right-of-use asset thereof or memberships is over and above 20% of the Company's paid-in capital or TWD300 million, except in transactions with a domestic government agency, a CPA shall render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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

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

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

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall be handled in accordance with the self-discipline regulations of the trade associations to which it belongs and comply with the following:

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

Article 7 Related Party Transactions

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article 7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein.

The Company that intends to acquire or dispose of real property or right-of-use assets thereof

(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, may not proceed with the transaction until the followings were approved by one-half or more of all audit committee members (It shall be subject to mutatis mutandis application of Article 5, paragraphs 2,3 and 4) 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 shareholders' meeting, the board of directors and recognized by the audit committee need not be counted toward the transaction amount.

1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets.
2. Reasons for choosing related parties as counterparties.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article.
4. The original date and price for related parties acquiring real property the original counterparties and its relationship between the Company and related parties.
5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

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

If the company or the company's subsidiary that is not a domestic public company has the transaction of the second paragraph, and the transaction amount is more than 10% of the company's total assets, the company needs to submit the information listed in the second paragraph to the shareholder's meeting for approval, before signing the transaction contract and making payment. However transactions between the company and its subsidiaries or between subsidiaries are not

subject to this limitation.

The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real property or right-of-use assets thereof from related parties. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.

The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion. If one of the following circumstances exists when the Company acquiring real property or right-of-use assets thereof from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs.

1. Related party acquires the real property or right-of-use assets thereof through inheritance or as a gift.
2. The time when the related party signs the contract to obtain the real property or right-of-use assets thereof is more than five years earlier than the date for signing the transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
4. The real property right-of-use assets for business use are acquired by the company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

When the appraisal results conducted in accordance with the fifth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the ninth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real property

appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1). Where undeveloped land is appraised in accordance with the means in the fifth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
3. Completed transactions involving neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property or obtainment of the right-of-use assets thereof.

Where the Company acquires real property or right-of-use assets thereof from related parties and the appraisal results conducted in accordance with the provisions of the fifth to the eighth paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. Audit committee shall comply with the provisions of Article 218 of Company Act.

3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.

Article 8 Procedures for engaging in derivatives

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

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

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

The quota for engaging in derivatives is as follows:

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

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

1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and approved by one-half or more of all audit committee members (It shall be subject to mutatis mutandis application of Article 5, paragraphs 2, 3 and 4) and for approval of the board of directors when the Company engages in derivatives.

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

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

1. Scope of risk management
 - (1). Credit risks
Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.
 - (2). Market risks
The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.
 - (3). Liquidity risks
The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.
 - (4). Cash flow risks
The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.
 - (5). Operational risks
The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.
 - (6). Legal risks
Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance.

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

Measures of periodic evaluation and handling irregular circumstances:

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

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Internal audit system:

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

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

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

The Company that conducts a merger, split-up, tender offer or transfer of shares, prior to the board of directors resolution, shall engage a CPA, attorney, or securities underwriter to give an opinion on the rationality of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

The Company participating in a merger, split-up, tender offer or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, split-up or tender offer prior to the shareholders' meeting and include it along with the experts' opinion referred to in preceding paragraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, split-up or tender offer. Provided, where a provision of another act exempts the Company from convening the shareholders' meeting to approve the merger, split-up or tender offer, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, split-up or tender offer fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, split-up or tender offer shall immediately publicly explain the reason, the follow-up measures and the preliminary date of the next shareholders' meeting.

The Company participating in a merger, split-up or tender shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, split-up or tender off, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent.

Every person participating in or privy to the plan for merger, split-up, tender offer or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, split-up, tender offer or transfer of shares.

The Company participating in a merger, split-up, tender offer or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances and shall stipulate the circumstances permitting alteration in the contract for the merger, split-up, tender offer or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.
2. An action such as a disposal of major assets that affects the Company's financial operations.
3. An event such as a major disaster or major change in technology that affects shareholders equity or share prices.
4. An adjustment where any of the companies participating in the merger, split-up, tender offer or transfer of shares from another company buys back treasury stocks.
5. An increase or decrease in the number of entities or companies participating in the merger, split-up, tender offer or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by the Company in a merger, split-up, tender offer or transfer of shares shall record the rights and obligations of the companies participating in the merger, split-up, tender offer or transfer of shares and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is split-up.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion and relevant procedures.

After public disclosure of the information, if the Company participating in the merger, split-up, tender offer or transfer of shares intends further to carry out a merger, split-up, tender offer or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, split-up, tender offer or transfer of shares; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

When participating in a merger, split-up, tender offer or transfer of shares, the Company shall

prepare a full written record of the following information and retain it for five years for reference:

1. Basic identification data for personnel including the occupational titles, names and national ID numbers(or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split-up, tender offer or transfer shares prior to disclosure of the information.
2. Dates of material events including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract and the convening of a board of directors meeting.
3. Important documents and minutes including merger, split-up, tender offer and plans for transfer of shares, any letter of intent or memorandum of understanding, material contracts and minutes of board of directors meetings.

When participating in a merger, split-up, tender offer or transfer of shares, the Company shall, within two days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in the first and second subparagraphs of the preceding paragraph to FSC for recordation.

Where any of the companies participating in a merger, split-up, tender offer or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such companies whereby the latter is required to abide by the provisions of the eighth and ninth paragraphs of this Article.

Where any of the companies participating in a merger, split-up, tender offer or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the third, fourth, seventh, eighth and ninth paragraphs of this Article.

Article 10 Public disclosure of information

Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.
2. Merger, split-up, tender offer or transfer of shares.

3. Losses from derivatives are over and above the authorized quota set out in the Procedures.
4. Where the type of asset acquired or disposed is equipment/machinery or right-of-use assets thereof for business use, the trading counterparty is not a related party, and the transaction amount reaches TWD1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches TWD500 million or more.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances:
 - (1). Trading of domestic government bonds or foreign bonds with a credit rating which is not lower than Taiwan's Sovereign Rating.
 - (2). Trading of bonds under repurchase/resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of each transaction.
2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year.
3. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within one year.
4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact:

1. Change, termination or rescission of a contract signed in regard to the original transaction.
2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.

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

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

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

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

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

Article 12 Penalty

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

Article 13 Others

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

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

Article 14 Enforcement

The Procedures shall be first implemented upon approval by one-half or more of all audit committee members (It shall be subject to mutatis mutandis application of Article 5, paragraphs 2, 3 and 4) and then submitted to the board of directors and shareholders' meeting for approval. The amendments hereof shall be subjected to the same.

Appendix V

Ethical Corporate Management Best Practice Principles of Yang Ming Marine Transport Corporation

Article 1 Purpose and scope

In order to foster a corporate culture of ethical management and sound development, Yang Ming Marine Transport Corporation (hereinafter, "Yang Ming") has formulated these Principles with reference to the "Ethical Corporate Management Best Practice Principles of TWSE/GRSM Listed Companies".

These Principles are applicable to Yang Ming's business group and organizations, which comprise its subsidiaries, any foundation to which Yang Ming's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such company (hereinafter, "business group").

Article 2 Prohibited unethical conducts

When engaging in commercial activities, directors, supervisors, managers, employees, mandataries of Yang Ming, or persons having substantial control over Yang Ming (hereinafter, "substantial controllers") shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter, "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred in the preceding paragraph include civil servant, political candidates, political parties or members of political parties, state-run or private-owned businesses or institution,

and their directors, supervisors, managers, employees, mandataries, substantial controllers or other stakeholders.

Article 3 Types of benefits

"Benefit" mentioned in these Principles refers to any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any form or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 Compliance

Yang Ming shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 Policies

Yang Ming shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish a sound corporate governance and risk control and management mechanism to create an operational environment for sustainable development.

Article 6 Prevention programs

Yang Ming shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and programs to forestall unethical conduct (hereinafter, "prevention programs"), covering operating procedures, guidelines, and training.

When establishing the prevention programs referred in the preceding paragraph, Yang Ming shall comply with the relevant laws and regulations of the territory where Yang Ming and its business groups are operating.

In the course of developing the prevention programs, Yang Ming is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 Scope of prevention programs

Yang Ming shall establish a risk assessment mechanism against unethical conducts, regularly analyze and assess business activities within its business scope which are at a higher risk of being involved in unethical conducts, establish prevention programs accordingly and regularly review their adequacy and effectiveness.

When establishing the preventive programs, Yang Ming is advised to with reference to domestic or foreign standards or guidelines, including at least the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorships.
4. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.

5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyright, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders during research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Commitment and implementation

Yang Ming shall request its directors and senior management to issue a statement of compliance with the ethical management policy, and require employees to comply with the ethical management policy in the employment conditions.

Yang Ming and its respective business groups shall clearly specify in their rules and external documents and on company websites the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and commercial activities.

Yang Ming shall compile documented information on the ethical management policies, statements, commitments and implementations referred in the first and second paragraphs and retain said information properly.

Article 9 Ethically managed commercial activities

Yang Ming shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, Yang Ming shall consider the legitimacy of its agents, suppliers, customers, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with those involved in unethical conduct.

When entering in to contracts with agents, suppliers, customers, or other trading counterparties, Yang Ming is advised to include such contracts terms requiring compliance with the ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, Yang Ming may terminate or rescind the contracts at any time.

Article 10 Prohibition of bribery

When conducting business, Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 Prohibition of illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, Yang Ming and its directors, supervisors, managers, employees, mandataries and substantial controllers, shall comply with the Political

Donations Act and their own relevant internal procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Prohibition of improper charitable donation and sponsorship

When making or offering donations and sponsorship, Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 Prohibition of unreasonable Gifts, hospitality, or other improper benefits

Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Prohibition of infringement of intellectual property rights

Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall abide by relevant laws and regulations, the company's internal operating procedures, and contractual provisions conserving intellectual property, and may not use, disclose, dispose or, damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holders.

Article 15 Prohibition of unfair competition

Yang Ming shall engage in business activities in accordance with applicable competition laws and regulations, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevention of products or services from damaging stakeholders

In the course of research and development, procurement, manufacture, provision, or sales of products and services, Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and security of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and apply such policy in their operations to prevent their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine that the products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, Yang Ming shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and responsibilities

The directors, supervisors, managers, employees, mandataries, and substantial controllers of Yang Ming shall exercise the due care of good administrators to urge the company to prevent

unethical conduct, always review the results of the preventing measures and continually make improvements so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the **Corporate Governance and Integrity Division** is responsible for establishing, promoting and supervising the implementation of the ethical corporate management policies and prevention programs. The Corporate Governance and Integrity Division is in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management is in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, and establishing prevention programs accordingly, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are

effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 Compliance requirement to conduct business

The directors, supervisors, managers, employees, mandataries, and substantial controllers of Yang Ming shall abide by laws and regulations and prevention programs when conducting business.

Article 19 Conflict of interest avoidance

Yang Ming's directors, supervisors, managers, employees, mandataries, and substantial controllers shall abide by Yang Ming's procedures for ethical management and guidelines for conduct and voluntarily explain whether their interests would potentially conflict with those of the company to allow Yang Ming to identify, monitor, and manage the risk of unethical conducts caused by the conflicts of interest.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of Yang Ming, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse from discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

Yang Ming's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 20 Accounting and internal control

Yang Ming shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems continue to be effective.

Yang Ming's internal audit unit shall regularly establish relevant audit plans based on the assessment results of the risk of involvement in unethical conduct, including auditees, audit scope, items, frequency, etc., and check the compliance of the prevention programs accordingly. The internal audit unit may engage a certified public accountant to perform the audit, and may engage professionals to assist if necessary.

The results of the audit referred to in the preceding paragraph shall be reported to the senior management and the unit responsible for ethical management, and an audit report shall be prepared and submitted to the board of directors.

Article 21 Operational procedures and guidelines

Yang Ming shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, mandataries, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22 Training and performance appraisal system

The chairperson, president, or senior management of Yang Ming shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

Yang Ming shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand Yang Ming's resolve to

implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Yang Ming shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 Whistleblowing system

Yang Ming provides reporting channels: independent director mailbox (independentdirector@yangming.com) and independent whistleblowing mailbox (conduct@yangming.com) to allow company insiders and outsiders to submit reports, and the identity of the whistleblower and the contents of the reported cases shall be kept confidential to protect the whistleblower from improper treatment or unfair retaliation or treatment due to their whistleblowing, and anonymous reporting is permitted.

The acceptance, investigation process, investigation results, and recording and preservation of relevant documents of the whistleblowing case shall be handled in accordance with the following procedures:

1. Whistleblowing cases submitted through the independent director mailbox (independentdirector@yangming.com) shall be handled in accordance with the "Audit Committee's Measures for Accepting Suggestions and Complaints from Stakeholders".
2. Whistleblowing cases submitted through the independent whistle-blowing mailbox (conduct@yangming.com) shall be handled in accordance with the "The Procedures of whistleblowing cases for Yang Ming Group Members "; if the whistleblowing case

involves directors or senior management, it shall be reported to the independent directors or the audit committee.

If material violations or likelihood of significant damage to Yang Ming are found through investigation, a report shall be prepared immediately, and the independent directors or the audit committee shall be notified in writing, and if necessary, it shall be reported to the competent authority or referred to the judicial authority.

Article 24 Disciplinary and appeal system

Yang Ming shall adopt and publish a disciplinary and appeal system for handling violations of the ethical corporate management policies, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 Information disclosure

Yang Ming shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy, and shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on company websites, annual reports, and prospectuses. The details of these Principles shall be disclosed on the Market Observation Post System.

Article 26 Review and revision of the principles

Yang Ming shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, employees, and mandatories to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 Implementation

These Principles of Yang Ming shall be implemented after the audit committee and board of directors grant the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When Yang Ming submits its ethical corporate management best practice principles to the board of directors for review pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Appendix VI

Procedures for Ethical Management and Guidelines for Conduct of Yang Ming Marine Transport Corporation

Article 1 Purpose and basis for adoption

Yang Ming Marine Transport Corporation (hereinafter, "Company") engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement its policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the territory where the Company and its business groups and organizations are operating, with a view to providing all personnel of the Company, with clear directions for the performance of their duties.

Article 2

(Scope of application)

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company. (hereinafter, "business group")

Article 3 Applicable subjects

For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, supervisor, managers, employee, contractor, mandatary or person having substantial control, of the Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 4 Unethical conduct

For the purposes of these Procedures and Guidelines, "unethical conduct" refers to any personnel of the Company, in the course of their duties, directly or indirectly provide, promise,

request, or accept improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managers, employees, mandataries, persons having substantial control, or other interested parties.

Article 5 Types of benefits

For the purposes of these Procedures and Guidelines, the term "benefits" refers to any money, endowments, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 6 Responsible unit and duties

The Corporate Governance & Integrity Division is the sole responsible unit (hereinafter, "responsible unit") and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management is in compliance with the requirements of relevant laws and regulations.
2. Analyzing and assessing on a regular basis the risks of involvement in unethical conduct within the business scope on, and accordingly establishing prevention programs, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of business activities that are potentially at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system and ensuring its operating effectiveness.

6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement.

Article 7 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 5, the personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Ethical Corporate Management Best Practice Principle of the Company and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property, or other benefits with a market value of NT\$20,000 or less offered to or accepted from a person other than relatives or friends; or gifts of property with a total market value of NT\$100,000 or less given by another party to the majority of the personnel of the Company, provided that the total market value of the property offered to the same counterparty or coming from the same source within a single fiscal year shall be limited to NT\$100,000.
7. Property with a market value of NT\$20,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of the Company.

In case where the market value of the accepted properties or other benefits referred to in the preceding paragraph exceed NT\$4,200 (US\$ 150) or accepting invitations for attending social activities or other entertainments, the personnel of the Company shall complete the “Hospitality/Gift Report Form” within 3 days from such acceptance or attendance.

The personnel of the Company shall not circumvent limitation and procedure referred in the preceding paragraphs by artificially dividing any benefits as specified in Article 5.

Article 8 Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when the personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 5 by a third party, whether a relationship of interest between the party providing or offering the benefit and the official duties of the personnel does exist or not, the personnel shall return or refuse the benefit, report to their immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the president of the Company.

Article 9 Prohibition of and handling procedure for facilitating payments

The Company shall neither providing nor promising any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment or other benefits as specified in Article 5 under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial authority.

Article 10 Procedures for handling political donations

The Company maintains political neutrality and refrains from providing political donations to any political party or individual.

Article 11 Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships by the Company shall be provided in accordance with the rules of the Company and following provisions:

1. It shall be ascertained that the donation or sponsorship is in compliance with relevant laws and regulations of the country where the Company is conducting business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 12 Recusal

When a director, supervisor, managers or other stakeholder of the Company attending or presenting at a board meeting, or the juristic person being represented, has a stake in a matter under discussion in the meeting, that director, supervisor, managers or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Company discovers a potential conflict of interest involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of

interest is likely to obtain improper benefits, the personnel shall report to both their immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 13 Confidentiality regime

All personnel of the Company shall implement procedures for managing, preserving and maintain the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 14 Prohibition against unfair competition

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 15 Prevention of damage caused by products and services to stakeholders

The Company shall collect and comprehend the applicable laws and regulations and international standards governing relevant products and services. The Company shall also observe, gather and publish relevant guidelines, requiring all of the personnel to abide by transparency of information about, and safety of, the products and services in the course of research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine that Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report to the board of directors the events stipulated in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken.

Article 16 Prohibition against insider trading and non-disclosure agreement

All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Article 17 Non-disclosure agreement

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they guarantee not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 18 Compliance and announcement of policy of ethical management

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 19 Ethical management evaluation prior to development of commercial relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 20 Statement of ethical management policy to counterparties in commercial dealings

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and

related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 21 Avoidance of commercial dealings with unethical operators

All personnel of the Company, shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 22 Stipulation of terms of ethical management in contracts

Before entering into a contract with another party, the Company shall have a thorough knowledge of the status of the other party's ethical management, shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, and the Company is advised to stipulate at the least the following matters:

1. When a party to the contract becomes aware that any personnel having violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party as full damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 23 Handling of unethical conduct by personnel of the Company

As an incentive to insiders and outsiders for reporting on unethical or unseemly conduct, the Company will grant a reward depending the severity of the circumstance concerned if the whistleblowing case is confirmed true after investigation. Insiders may also be given other

incentive in accordance with rules of the Company, and those who made a false report or malicious accusation shall be subject to disciplinary action.

The Company has published on its website an independent director mailbox — (independentdirector@yangming.com) and an independent whistle-blowing mailbox (conduct@yangming.com), for insiders and outsiders of the Company to submit reports.

A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identity.
3. specific facts available for investigation.

Personnel of the Company handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

Whistleblowing cases submitted through the independent director mailbox (independentdirector@yangming.com) shall be handled in accordance with the "Audit Committee's Measure for Accepting Suggestions and Complaints from Stakeholders".

Whistleblowing cases submitted through the independent whistle-blowing mailbox(conduct@yangming.com)shall be handled in accordance with the "The Procedures of whistleblowing cases for Yang Ming Group Members" and the following procedures:

1. The whistleblowing case shall be reported to the department head if it involves the rank and file and to the independent directors or audit committee if it involves a director or a senior management.
2. The responsible unit, Chief Auditor of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a lawsuit on whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

5. With respect to a confirmed information, the Company shall charge relevant departments with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 24 Actions upon event of unethical conduct by others towards the Company

If any personnel of the Company discovers that another party has been engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities. If a public service agency or public official is involved, the Company shall also notify the governmental anti-corruption agency.

Article 25 Trainings

The responsible unit of the Company shall periodically organize ethical awareness training sessions and arrange for the chairperson, president, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

Article 26 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The Company shall incorporate ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel or terminate their employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 27 Enforcement

These Procedures and Guidelines shall be implemented after the audit committee and board of directors grant the approval, and shall be reported at the shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When these Procedures and Guidelines are submitted to the board of directors for review, each independent director's opinions shall be taken into full consideration, and their objections and reservations shall be recorded in the minutes of the board of directors meeting. An independent director unable to attend a board meeting in person to express objections or reservations shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion thereof shall be recorded in the minutes of the board of directors meeting.

Appendix VII

Shareholding of Current Directors

The minimum required combined shareholding of all directors by law on the book closure date, March 28, 2023: 104,763,128 shares (3.0%).

Position	Name	Shareholding on the book closure date
Chairman / Board of Directors	Corporate Representatives of MOTC: Cheng-mount Cheng	467,682,372
Director	Corporate Representatives of MOTC: Jiang-Ren Chang	467,682,372
Director	Corporate Representatives of MOTC: An-Chung Ku	467,682,372
Director	Corporate Representative of NDF: Keh-Her Shih	460,000,000
Director	Corporate Representative of NDF: Chien-Yi Chang	460,000,000
Director	Corporate Representative of NDF: Chih-Li Chen	460,000,000
Director	Corporate Representative of TIPC: Shao-Liang Chen	160,438,579
Director	Corporate Representative of TNC: Wen-Ching Liu	37,290,858
Independent Director	Tar-Shing Tang	0
Independent Director	being vacant for the time being (Note 2)	-
Independent Director	being vacant for the time being (Note 2)	-
The combined shareholding of all directors (excluding independent directors)		1,125,411,809

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

Note 2: Former independent directors Mr. Tze-Chun Wang and Mr. Jei-Fuu Chen resigned on September 3, 2022.