

Yang Ming (UK) Ltd.

2nd Floor
210 South Street
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Tax Strategy for the accounting period ended December 2017

This Document sets out the approach of Yang Ming (UK) Limited (“The Company”) to conducting its tax affairs and dealing with task risks for the year ending 31st December 2017.

This document is publically available on the Yang Ming (UK) Limited website and will be periodically reviewed in accordance with HMRC requirements.

This document provides commentary in respect of:

- 1) Yang Ming (UK) Limited approach to risk management and governance arrangements in relation to UK taxation;
- 2) the attitude of Yang Ming (UK) Limited towards tax planning (so far as affecting UK taxation);
- 3) Risk review in relation to UK taxation; and
- 4) The approach of the Yang Ming (UK) Limited towards its dealings with HMRC.

Yang Ming (UK) Limited is committed to:

- Following all applicable laws and regulations relating to its tax activities;
- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity; and
- Applying diligence and care in our management of the process and procedures by which all tax related activities are undertaken.

1) Approach to tax risk management

Yang Ming (UK) Limited has a policy of managing tax risk to ensure that does not expose itself to significant uncertainties in respect of tax policy.

The Board of Directors has overall responsibility for tax. The Chief Accountant advises the Board of all tax compliance and reporting issues as well as planning initiatives that have material impact on the Company's financial results.

The Company's Senior Accounting Officer ensures that the Company meets UK tax compliance obligations on timely basis. The Senior Accounting Officer closely connects with other business functions to ensure that any inherent tax risks are identified and managed appropriately.

The Company is supported by a Tax Management Team of tax professionals who focus on the UK, Taiwan and rest of the world operations. The team is based in Taiwan and has responsibility for the group's tax compliance, reporting and structuring undertakings.

Tax advice may be sought from external advisors in respect of material transactions or when the group Tax department do not have the expertise required in a particular area.

Systems and controls

The overriding tax principals of Yang Ming (UK) Limited are to ensure:

- That the Company complies with all of its tax obligations;
- That the Company robustly plans its tax arrangements to ensure compliance with tax law and avoid unnecessary disputes with tax authorities;
- That the Company develops well established relationships with the tax authorities through active co-operation and consultation; and
- That where alternative routes exist to achieve the same commercial results the tax efficiency and viability of each route is considered to ensure that operations are conducted in an efficient manner.

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If there is significant uncertainty as to the tax risk of any transaction then relevant professional advice will be sought by Yang Ming (UK) Limited and (if applicable) the matter will be discussed with HM Revenue & Customs.

2) Attitude towards tax planning

The Company is committed to observing all applicable, laws, rules, regulations, reporting and disclosure requirements, whenever there is a requirement to do so as a result of the Company's business presence and transactions.

The Company will collaborate with the group's Tax Management Team to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary.

Tax decisions will be made at all times in a manner which is consistent with and complements the group's overall strategy. Key business decisions should be made cognisant of the tax consequences and with the aim of optimising the after-tax returns.

3) Risk Review

Diligent professional care and judgement will be employed to assess tax risk. Identified tax risk are assessed on a case by case basis, allowing the Company to arrive at well-reasoned conclusions on how each individual risk should be managed.

The tax policies of the group in the UK are monitored by the Senior Accounting Officer to ensure that tax risk is eliminated or, where such risk cannot be eliminated, reduced to an acceptable level. Professional advice is sought where it is considered that there is an unacceptable level of risk.

Due consideration is given to the Company's reputation, brand and corporate identity along with its social responsibilities when considering taxation. It is the Company's policy to avoid entering into any tax planning which could result in negative publicity or damage the corporate reputation of the Yang Ming Group.

4) Approach to dealings with HMRC

Yang Ming (UK) Limited endeavours to maintain a professional, open and collaborative relationship with HMRC, this is achieved by committing to the following principles:

- Make fair, accurate and timely disclosure in all correspondence and returns made to HMRC, and respond to queries and information requests from HMRC in a timely fashion;
- The Company maintains regular contact with its Customer Relationship Manager and will assist HMRC during the Business Risk Review; and
- Should HMRC open an enquiry into the Company's tax affairs, the Company strives to maintain a professional relationship, seeking to agree the facts and set out the technical position as quickly and efficiently as possible.

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Interpreting the law

United Kingdom tax can be complex and there it is possible that differences of opinion and uncertainty over the interpretation of tax law may arise in certain scenarios. It is the Company's policy to refer to both professional guidance and guidance from HMRC where there is uncertainty over interpretation, enter into direct correspondence with HMRC to mitigate any gaps that may exist in the interpretation of a specific law and to ensure that it has robustly considered the risk of misinterpretation of the law before entering into a transaction.