Yang Ming Marine Transport Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Yang Ming Marine Transport Corporation

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (the "Company") and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Yes Logistics Company Ltd., Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. as of and for the year ended December 31, 2013, and of Yes Logistics (Shanghai) Corp., Yes Logistics Company Ltd., Yang Ming Line (Singapore) Pte. Ltd., and Yang Ming Line Holding Co. as of and for the year ended December 31, 2012; these subsidiaries had been audited by other auditors. The combined total assets of these subsidiaries were 4.38% (NT$6,232,362 thousand), 3.59% (NT$5,200,502 thousand) and 3.00% (NT$3,958,655 thousand) of the total consolidated assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The combined total operating revenues of these subsidiaries were 1.18% (NT$1,405,087 thousand) and 2.12% (NT$2,783,491 thousand) of the consolidated revenue for the years ended December 31, 2013 and 2012, respectively. Also, we did not audit the financial statements of the following equity-method associates: Yang Ming (U.A.E.) Ltd., Yang Ming Shipping (Egypt) S.A.E, West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd. and Chang Ming Logistics Company Limited for the years ended December 31, 2013 and 2012; ANSHIP-YES Logistics Corporation Limited and Sino-YES Tianjin Cold Chain Logistics Company Limited for the year ended December 31, 2013; these associates had been audited by other auditors. The carrying values of these associates were NT$1,604,797 thousand, NT$1,436,032 thousand and NT$1,358,741 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The profit or loss recognized by investments accounted for using equity method were NT$119,409 thousand and NT$156,782 thousand for the years ended December 31, 2013 and 2012, respectively. The financial statements of these subsidiaries and associates were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and associates included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified opinion modified report.

March 25, 2014

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
(In Thousands of New Taiwan Dollars, Except Par Value)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 37)	$ 13,631,975	10	$ 10,943,570	8	$ 10,973,136	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,886,873	1	2,102,127	1	897,500	1
Available-for-sale financial assets - current (Notes 4 and 8)	51,433	-	190,061	-	662,690	1
Derivative financial assets for hedging - current (Notes 4 and 9)	-	-	-	-	49,161	-
Notes receivable, net (Notes 4 and 11)	332,878	-	210,386	-	291,674	-
Trade receivable, net (Notes 4 and 11)	5,465,270	4	6,011,739	4	3,080,957	2
Trade receivable from related parties (Notes 4, 11 and 37)	445,394	-	85,601	-	70,119	-
Shipping fuel, net (Notes 4 and 12)	3,543,069	3	3,273,281	2	5,129,447	4
Prepayments (Notes 4 and 16)	599,066	-	811,657	1	1,241,810	1
Prepayments to shipping agents (Notes 4 and 37)	354,000	-	456,361	-	381,195	-
Other financial assets - current (Notes 4, 17, 37 and 38)	696,719	1	2,195,526	2	277,459	-
Other current assets (Notes 4, 14 and 37)	501,050	-	771,646	1	776,430	1
Total current assets	27,507,727	19	27,051,955	19	23,831,578	18
NON-CURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	2,002,458	1	1,768,956	1	2,254,690	2
Financial assets carried at cost - noncurrent (Notes 4 and 10)	499,500	-	399,500	-	425,290	-
Investments accounted for using equity method (Notes 4 and 13)	8,367,398	6	1,887,410	1	1,850,367	2
Property, plant and equipment (Notes 4, 14 and 38)	89,727,302	63	88,682,589	61	80,810,051	61
Investment properties (Notes 4, 15 and 38)	3,927,498	3	3,953,190	3	3,895,983	3
Other intangible assets (Note 4)	47,022	-	27,971	-	35,542	-
Deferred tax assets (Notes 4 and 29)	2,794,294	2	1,982,806	2	1,401,467	1
Prepayments for equipment	1,062,717	1	2,189,392	2	1,655,237	1
Refundable deposits (Note 34)	409,081	-	419,908	-	402,021	-
Other financial assets - noncurrent (Notes 4, 17, 37 and 38)	5,219,619	4	6,193,206	4	5,356,723	4
Long-term prepayments for lease (Notes 4, 16 and 38)	631,278	1	10,146,758	7	10,087,294	8
Other non-current assets	57,962	-	33,537	-	51,341	-
Total non-current assets	114,746,129	81	117,685,223	81	108,226,006	82
TOTAL	$ 142,253,856	100	$ 144,737,178	100	$ 132,057,584	100

	December 31, 2013		December 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term borrowings (Notes 4, 18 and 37)	$ 937,835	1	$ 209,907	-	$ 3,010,704	2
Short-term bills payable (Notes 4, 18 and 37)	79,831	-	-	-	3,246,359	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	19,820	-	5,112	-	47,136	-
Derivative financial liabilities for hedging - current (Notes 4 and 9)	-	-	-	-	229	-
Notes payable (Note 4)	50,654	-	51,157	-	62,469	-
Trade payable (Notes 4 and 20)	12,831,847	9	9,655,036	7	10,053,658	8
Trade payable to related parties (Note 37)	600,427	-	378,154	-	215,838	-
Payables on equipment (Note 37)	538,033	-	27,485	-	1,417,263	1
Other payables (Notes 4 and 22)	2,079,661	2	2,215,162	2	2,063,739	2
Current tax liabilities (Note 4)	72,092	-	187,741	-	132,736	-
Provisions (Notes 4 and 23)	562,680	-	340,811	-	4,246	-
Current portion of long-term liabilities (Notes 4, 18, 19, 21, 24, 37 and 38)	11,317,717	8	11,756,671	8	8,834,538	7
Advance from customers	413,015	-	419,052	-	288,188	-
Other current liabilities	645,100	1	691,125	1	714,326	1
Total current liabilities	30,148,712	21	25,937,413	18	30,091,429	23
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4, 19 and 37)	28,864,549	20	22,223,534	15	14,436,490	11
Long-term borrowings (Notes 4, 18, 38 and 39)	34,579,517	24	42,930,448	30	40,822,261	31
Provisions - non-current (Notes 4 and 23)	115,708	-	226,000	-	226,000	-
Deferred tax liabilities (Notes 4 and 29)	2,330,771	2	2,147,187	2	1,963,088	1
Obligations under finance lease-long-term portion (Notes 4 and 21)	5,407,688	4	5,562,176	4	6,071,729	5
Other financial liabilities - noncurrent (Notes 4 and 24)	5,027,132	4	4,987,230	3	4,847,565	4
Accrued pension liabilities (Notes 4 and 25)	2,076,649	1	2,044,653	1	1,978,575	1
Other non-current liabilities	130,190	-	115,837	-	74,846	-
Total non-current liabilities	78,532,204	55	80,237,065	55	70,420,554	53
Total liabilities	108,680,916	76	106,174,478	73	100,511,983	76
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock	28,187,131	20	28,187,131	20	28,187,131	21
Capital surplus	8,562,852	6	8,210,248	6	4,710,566	4
Retained earnings (accumulated deficits)						
Legal reserve	5,143	-	-	-	1,178,785	1
Special reserve	46,291	-	-	-	82,530	-
Accumulated deficits	(3,845,726)	(3)	(763,793)	(1)	(3,703,458)	(3)
Total retain earnings (accumulated deficits)	(3,794,292)	(3)	(763,793)	(1)	(2,442,143)	(2)
Other equity	(279,807)	-	(844,179)	(1)	42,923	-
Total equity attributable to owners of the company	32,675,884	23	34,789,407	24	30,498,477	23
NON-CONTROLLING INTERESTS	897,056	1	3,773,293	3	1,047,124	1
Total equity	33,572,940	24	38,562,700	27	31,545,601	24
TOTAL	$ 142,253,856	100	$ 144,737,178	100	$ 132,057,584	100

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

(With Deloitte & Touche audit report dated March 25, 2014)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 27 and 37)	$ 118,873,960	100	$ 131,424,639	100
OPERATING COSTS (Notes 12, 28 and 37)	123,004,237	103	129,641,911	98
GROSS INCOME (LOSS)	(4,130,277)	(3)	1,782,728	2
OPERATING EXPENSES (Notes 28 and 37)				
Selling and marketing expenses	4,775,447	4	4,531,214	3
General and administrative expenses	827,563	1	860,498	1
Total operating expenses	5,603,010	5	5,391,712	4
OTHER OPERATING INCOME AND EXPENSES (Notes 28 and 32)	3,698,055	3	1,662,205	1
LOSS FROM OPERATIONS	(6,035,232)	(5)	(1,946,779)	(1)
NON-OPERATING INCOME AND EXPENSES (Notes 28 and 37)				
Other gains and losses	4,464,085	4	1,557,873	1
Share of profit or loss of associates and joint ventures	118,794	-	192,343	-
Other income	296,311	-	370,685	-
Finance costs	(1,858,362)	(1)	(1,759,542)	(1)
Total non-operating income and expenses	3,020,828	3	361,359	-
LOSS BEFORE INCOME TAX	(3,014,404)	(2)	(1,585,420)	(1)
INCOME TAX EXPENSE (BENEFIT) (Note 29)	(104,494)	-	23,474	-
NET LOSS FOR THE YEAR	(2,909,910)	(2)	(1,608,894)	(1)
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	310,585	-	(384,897)	-
Unrealized gain (loss) on available-for-sale financial assets	249,111	-	(448,696)	(1)
Cash flow hedges	-	-	(48,933)	-
Actuarial gain and loss arising from defined benefit plans	(100,377)	-	(90,989)	-

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YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income of associates and joint ventures	$ 16,547	-	$ (32,342)	-
Income tax relating to components of other comprehensive income	17,064	-	15,467	-
Other comprehensive income for the year, net of income tax	492,930	-	(990,390)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) OF THE YEAR	$ (2,416,980)	(2)	$ (2,599,284)	(2)
NET PROFIT (LOSS) TO:				
Owner of the Company	$ (2,946,114)	(2)	$ (1,622,702)	(1)
Non-controlling interests	36,204	-	13,808	-
	$ (2,909,910)	(2)	$ (1,608,894)	(1)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ (2,466,127)	(2)	$ (2,585,326)	(2)
Non-controlling interests	49,147	-	(13,958)	-
	$ (2,416,980)	(2)	$ (2,599,284)	(2)
EARNINGS (LOSS) PER SHARE (Note 30)				
From continuing operation				
Basic	$(0.90)		$(0.50)	
Diluted	$(0.90)		$(0.50)	

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

(With Deloitte & Touche audit report dated March 25, 2014) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company											
	Capital Stock - Common Stock			Retained Earnings (Accumulated Loss)			Other Equity					
	Shares (In Thousands)	Amount (Note 26)	Capital Surplus (Notes 4, 26 and 32)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations Reserve (Note 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Note 26)	Cash Flow Hedge (Note 26)	Total	Non-controlling Interests (Note 26)	Total Equity
BALANCE AT JANUARY 1, 2012	2,818,713	$ 28,187,131	$ 4,710,566	$ 1,178,785	$ 82,530	$ (3,703,458)	$ -	$ (6,010)	$ 48,933	$ 30,498,477	$ 1,047,124	$ 31,545,601
Compensation of 2011 deficit												
Legal reserve	-	-	-	(1,178,785)	-	1,178,785	-	-	-	-	-	-
Special reserve	-	-	-	-	(82,530)	82,530	-	-	-	-	-	-
Capital surplus used to offset accumulated deficit	-	-	(3,376,574)	-	-	3,376,574	-	-	-	-	-	-
Equity component of mandatory convertible bonds	-	-	4,413,702	-	-	-	-	-	-	4,413,702	-	4,413,702
Difference between consideration and carrying amount of subsidiaries disposed	-	-	2,462,554	-	-	-	-	-	-	2,462,554	2,787,243	5,249,797
Net profit (loss) for the year ended December 31,2012	-	-	-	-	-	(1,622,702)	-	-	-	(1,622,702)	13,808	(1,608,894)
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(75,522)	(357,131)	(481,038)	(48,933)	(962,624)	(27,766)	(990,390)
Total comprehensive income (loss) for the year ended December31, 2012	-	-	-	-	-	(1,698,224)	(357,131)	(481,038)	(48,933)	(2,585,326)	(13,958)	(2,599,284)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(47,116)	(47,116)
BALANCE AT DECEMBER 31, 2012	2,818,713	28,187,131	8,210,248	-	-	(763,793)	(357,131)	(487,048)	-	34,789,407	3,773,293	38,562,700
Appropriation of 2012 earnings												
Legal reserve	-	-	-	5,143	-	(5,143)	-	-	-	-	-	-
Special reserve	-	-	-	-	46,291	(46,291)	-	-	-	-	-	-
Equity component of convertible bonds	-	-	352,604	-	-	-	-	-	-	352,604	-	352,604
Net profit (loss) for the year ended December 31, 2013	-	-	-	-	-	(2,946,114)	-	-	-	(2,946,114)	36,204	(2,909,910)
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(84,385)	298,714	265,658	-	479,987	12,943	492,930
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	(3,030,499)	298,714	265,658	-	(2,466,127)	49,147	(2,416,980)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(111,822)	(111,822)
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	-	(2,813,562)	(2,813,562)
BALANCE AT DECEMBER 31, 2013	2,818,713	$ 28,187,131	$ 8,562,852	$ 5,143	$ 46,291	$ (3,845,726)	$ (58,417)	$ (221,390)	$ -	$ 32,675,884	$ 897,056	$ 33,572,940

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

(With Deloitte & Touche audit report dated March 25, 2014)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (3,014,404)	$ (1,585,420)
Adjustments for:		
Depreciation expenses	7,165,304	7,224,908
Amortization expenses	41,428	35,328
Impairment loss recognized on trade receivables	3,336	3,803
Net (gain) loss arising on financial assets/liabilities at fair value through profit and loss	(362,556)	(358,097)
Finance costs	1,858,362	1,759,542
Interest income	(106,378)	(120,640)
Dividend income	(61,127)	(116,588)
Share of profit of associates	(118,794)	(192,343)
Gain on disposal of property, plant and equipment	(3,626,768)	(1,560,292)
Gain on disposal of available-for-sale financial assets	(7,841)	(19,005)
Gains on disposal of financial assets carried at cost	(359,237)	-
Impairment loss of financial assets	-	6,777
Write-down of shipping fuel	36,129	116,598
Disposal of subsidiaries and fair value of residual investment	(3,763,334)	-
Amortization of long-term prepayments for lease	319,223	319,131
Provision for liabilities	667,639	733,893
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	503,395	111,446
(Increase) decrease in notes receivable	(128,955)	79,988
(Increase) decrease in trade receivable	446,020	(2,928,352)
Increase in trade receivable from related parties	(526,911)	(15,482)
(Increase) decrease in shipping fuel	(307,063)	1,739,568
(Increase) decrease in prepayments	(66,260)	426,308
(Increase) decrease in advances to shipping agents	102,361	(75,166)
(Increase) decrease in other current assets	271,131	(68,217)
Decrease in notes payable	(503)	(11,312)
Increase (decrease) in trade payable	3,353,992	(398,622)
Increase in trade payable to related parties	303,097	162,316
Increase in other payables	20,357	78,425
Decrease in provisions	(563,423)	(397,150)
Increase (decrease) in advances from customers	(6,037)	130,864
(Increase) decrease in other current liabilities	(336,455)	224,071
Decrease in accrued pension liabilities	(58,482)	(24,911)
Cash generated from operations	1,677,246	5,281,369
Dividend received	103,926	176,423
Interest received	82,225	128,401
Interest paid	(1,776,042)	(1,679,675)
Income tax paid	(623,359)	(271,867)
Net cash generated from (used in) operating activities	(536,004)	3,634,651

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YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	$ (3,723,089)	$ (5,700,000)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	3,815,098	4,700,000
Acquisition of available-for-sale financial assets	(30,544,178)	(22,004,016)
Proceeds from disposal of available-for-sale financial assets	30,706,139	22,532,710
Acquisition of financial assets carried at cost	(100,000)	-
Proceeds from disposal of financial assets carried at cost	359,237	-
Proceeds from capital reduction of financial assets carried at cost	-	9,723
Acquisition of associates accounted for using equity method	(16,895)	-
Net cash generated from deconsolidation of subsidiary (Note 32)	1,659,213	-
Acquisition of property, plant and equipment	(9,716,918)	(17,270,937)
Proceeds from disposal of property, plant and equipment	8,454,913	1,503,944
Increase (decrease) in refundable deposits	10,787	(21,789)
Acquisition of intangible assets	(46,047)	(26,368)
Acquisition of investment properties	-	(688)
Increase in other financial assets	(114,637)	(2,754,550)
(Increase) decrease in other noncurrent assets	(39,120)	17,342
Increase in prepayments for equipment	(990,488)	(534,155)
Increase in long-term prepayments for lease	(1,028,256)	(378,595)
Net cash used in investing activities	(1,314,241)	(19,927,379)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term debt	727,928	(2,800,797)
Increase in short-term bills payable	79,831	1,599,505
Decrease in short-term bills payable	-	(4,845,864)
Proceeds from issuance of bonds	9,575,092	15,694,000
Repayment of principal of bonds	(3,174,000)	(960,000)
Proceeds from long-term debts	34,773,573	33,943,080
Repayment of long-term debts	(37,590,112)	(30,457,688)
Payment for obligations under finance leases	(269,513)	(266,047)
Decrease in other financial liabilities	(172,248)	(209,875)
Increase in other noncurrent financial liabilities	15,786	40,991
Proceeds from disposal of partial interests in subsidiary	-	5,249,797
Net change in non-controlling interests	(111,822)	(47,116)
Net cash generated from financing activities	3,854,515	16,939,986
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	684,135	(676,824)

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YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,688,405	$ (29,566)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10,943,570	10,973,136
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 13,631,975	$ 10,943,570

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

(With Deloitte & Touche audit report dated March 25, 2014) (Concluded)

1. GENERAL INFORMATION

Yang Ming Marine Transport Corporation (the “Company” or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Company simultaneous to the Company’s listing of its shares of stock on the ROC Taiwan Stock Exchange. The ownership of MOTC was both 35.51% at December 31, 2013 and 2012. Half of the directors were appointed by the Ministry of Transportation.

YMTC mainly engages in shipping; impairment, chartering, sale and purchase of ships, containers and chassis and shipping agency.

YMTC’s shares have been listed on the ROC Taiwan Stock Exchange since April 1992. YMTC issued global depositary receipts (GDRs), which have been listed on the London Stock Exchange (ticker symbol: YMTD) since November 1996.

The consolidated financial statements are presented in YMTC’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 25, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations (the “New IFRSs”) in issue but not yet effective

   The Company and entities controlled by the Company (the “Group”) have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the “New IFRSs”) included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Note 3
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Note 3
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 1 July 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy that would result from adoption of New IFRSs in issue but not yet effective

Except for the following, the impending initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

Effective date

The mandatory effective date of IFRS 9, which was previously set at January 1, 2015, was removed and will be reconsidered once the standard is complete with a new impairment model and finalization of any limited amendments to classification and measurement.

2) New and revised standards on consolidation and associates and disclosure

a) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

c) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Group elects to measure the investment at fair value through profit or loss. Any remaining portion of its investment in that associate that is not held through a venture capital organization is accounted for using the equity method. Under current IAS 28, the entire investment in the associate is accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Revision to IAS 19 “Employee Benefits”

Revision in 2011

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and accelerate the recognition of past service costs. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service”. The Group’s unused annual leave, which can be carried forward within 24 months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, will be classified as other long-term employee benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

6) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

7) Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

8) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

c. Significant impending changes in accounting policy that would result from the adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers in issue but not yet effective

   On December 30, 2013, FSC announced the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. One of the main amendments is to permit fair value model for subsequent measurement of investment properties. This amendment is effective for annual periods beginning on or after January 1, 2014.

   The amendment requires that the fair value of an investment property be measured using the income approach, except for undeveloped lands in respect of which are measured using a Land Development Analysis. If the investment property is measured using the income approach, the cash flows are determined by reference to any existing lease, local rents, or market rents for similar comparable subjects, adjusted to exclude those extreme lease subjects, plus the present value of property value at the end of the analysis period, if any. For those investment properties with an indefinite income-generating period, the analysis period should be less than 10 years. For those investment properties with a finite income-generating period, the analysis period is based on the estimated remaining period. The discount rate is determined by applying a risk premium approach, and is to be no less than the floating rate for the 2-year time savings deposits of Chunghwa Post Co., Ltd plus 0.75% and any asset-specific risk premium. The amendment requires disclosures in addition to those required by IAS 40, including significant lease terms, cash flows, discount rate, etc.

d. The impact of the application of New IFRSs and the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") in issue but not yet effective on the Group's consolidated financial statements.

   As of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of the above New IFRSs and Regulations will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the "IFRSs") endorsed by the FSC.

The Group's consolidated financial statements for the year ended December 31, 2013 are its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 43 for the impact of IFRS conversion on the Group's consolidated financial statements.

a. Statement of compliance

   The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

   The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 43.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

<u>Attribution of total comprehensive income to non-controlling interests</u>

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition.

2) Subsidiaries included in consolidated financial statements

			% of Ownership			
Investment Company	**Subsidiaries**	**Main Business**	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**	**Note**
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	100.00	
	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	100.00	
	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	50.00	
	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	86.57	86.57	86.57	
	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	79.17	
	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	50.98	
	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Kao Ming Container Terminal Corp. (Kao Ming)	Terminal operation and stevedoring	-	60.00	100.00	Note a
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	20.83	
	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Triumph Logistics, Inc.	Container transportation	100.00	100.00	100.00	
	Olympic Container Terminal LLC	Terminal operation and stevedoring	100.00	100.00	100.00	
	Topline Transportation, Inc.	Container transportation	100.00	100.00	100.00	
	Coastal Tarheel Express, Inc.	Container transportation	100.00	100.00	100.00	
	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	100.00	

(Continued)

Investment Company	Subsidiaries	Main Business	% of Ownership December 31, 2013	December 31, 2012	January 1, 2012	Note
	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV).	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming Shipping Europe GmbH (Yangming-ERO)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	50.00	
	Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands)	Shipping agency	100.00	100.00	100.00	
	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	89.92	
Yangming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	10.08	
Yangming-UK	Yes Logistic UK Limited (Yes-UK)	Forwarding agency	-	100.00	100.00	
Yang Ming-Italy	Yang Ming Naples S.r.l. (Yang Ming-Naples)	Forwarding agency	60.00	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	91.00	91.00	91.00	
	Yang Ming Shipping (B.V.I.) Inc. (YMS-BVI)	Forwarding agency and shipping agency	51.00	51.00	51.00	
	Yangming (Japan) Co., Ltd. (Yangming Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	100.00	
	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	100.00	
	Yang Ming Line (Hong Kong) Ltd. (YML-HK)	Forwarding agency and shipping agency	51.00	51.00	51.00	
	Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming Line (M) Sdn. Bhd. (YML-M)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yang Ming Line (India) Pvt. Ltd. (YML-India)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	60.00	
	Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	60.00	
	Yang Ming Anatolia Shipping Agency S.A.	Shipping agency, forwarding agency and shipping managers	50.00	50.00	50.00	
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	100.00	
Kuang Ming Shipping Corp. (Kuang Ming)	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	100.00	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	100.00	
	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	100.00	
Yes-USA	Yes Logistics (Shanghai) Corp.	Forwarding agency	100.00	100.00	100.00	
	Golden Logistics USA Corporation (Golden-USA)	Container transportation	100.00	100.00	100.00	
	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	100.00	
Yes Logistics (Shanghai) Corp.	Star Logistics (Qingdao) Corp.	Forwarding agency	-	-	100.00	Note b
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	100.00	
	Yes Logistics (Netherlands) B.V.	Forwarding agency	100.00	100.00	100.00	
	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	70.00	
Yes Logistics Europe GmbH	Merlin Logistics GmbH	Forwarding agency	80.00	-	-	Note c

(Concluded)

Note a: Kao Ming is engaged in the construction and operation of container terminal and in stevedoring and warehouse operation at the Kaohsiung harbor international container center under the contract with Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. (TIPC, formerly MOTC Harbor Bureau) titled "First Stage of Kaohsiung Harbor International Container Center Construction and Operation Project" ("the ICT agreement"). The contract commenced on September 28, 2007 and will last for 50 years till September 27, 2056, including the construction and operation periods. Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. approved Kao Ming to start its operation on January 5, 2011. Besides, YMTC's board of directors resolved on August 13, 2013 and January 6, 2012 to dispose partial interests of Kao Ming Container Terminal Corp. According to the specifications of related BOT contracts, YMTC disposed 85,000 thousand shares and 272,000 thousand shares for the years ended December 31, 2013 and 2012, respectively, (approximately equal to 12.5% and 40% of Kao Ming Container Terminal Corp.'s share capital, respectively). After the disposal in 2013, YMTC had lost control over Kao Ming (Note 31 and 32).

Note b: Yes Logistics (Shanghai) Corp.'s board of directors resolved to acquire 40% interest in Start Logistics (Quingdao) Corp. first and then to liquidate the company on May 19, 2011. Yes Logistics (Shanghai) Corp. acquired 40% interest in Start Logistics (Qingdao) Corp. on October 20, 2011 and obtained permission for corporation settlement from Administration for Industry and Commerce of Qingdao on October 22, 2012.

Note c: Yes Logistics Europe GmbH's board of directors resolved to acquire 80% interest of Merlin Logistics GmbH. Yes Logistics Europe GmbH had remitted on January 17, 2013 and registered with MOEA on February 21, 2013.

Consolidated financial statements should include the accounts of YMTC and its direct and indirect subsidiaries or other investees in which YMTC has controlling interests.

Although YMTC directly or indirectly owns less than 50% of shares with voting rights of Yang Ming-Italy and Yang Ming Anatolia Shipping Agency S.A., it should regard the investee as its subsidiary and incorporate the investee into the consolidated entity under certain premises as follows:

1) The Company has the right of control through owning more than 50% of the voting rights of the board of directors of the investee, and the board of directors has control over the Company, or

2) The Company has the right of control over the investee's finance, operation or human resources.

The financial statements of some insignificant consolidated entities as of and for the years ended December 31, 2013 (YES Logistics (UK) Limited, Yes Logistics Benelux B.V., Golden Logistics USA Corp., Yes Logistics Europe GmbH, Yes Logistics (Netherlands) B.V. and Merlin Logistics GmbH), 2012 (YES Logistics (UK) Limited, Yes Logistics Benelux B.V., Golden Logistics USA Corp., Yes Logistics Europe GmbH, Yes Logistics (Netherlands) B.V., and Star Logistics Corp.) were unaudited. YMTC's management believed that unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

1) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

2) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Shipping fuel

Shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Or, Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

m. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, other receivables and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 36.

Financial liabilities at fair value through profit or loss that are obligations to deliver unquoted equity instruments borrowed by a short seller whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial liabilities carried at cost. If, in a subsequent period, the fair value of the financial liabilities can be reliably measured, the financial liabilities are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (mandatory convertible bonds and convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component, using the effective method to amortize in subsequent periods.

5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and oil price variation risks, including foreign exchange forward contracts and oil swap and oil swap option.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

n. Hedge accounting

The Group designates certain hedging instruments, as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

o. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1) Onerous contracts

Where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract is called an onerous contract.

2) Dismantling provisions

The costs of property, plant and equipment include in the initial estimate of related provisions of dismantling, removing and restoring the item when acquired.

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1) Cargo revenue

Cargo revenue is recognized using the percentage-of-completion of voyage method. The percentage is calculated using the percentage of completed days to total estimated voyage days.

2) Rental revenues on ships, container and warehouse

Rental revenues from operating leases are recognized on a straight-line basis over the lease term.

3) Terminal operating revenue

Terminal and stevedoring revenue is recognized when the service is provided; berthing revenue is recognized by the reference to berthing hour and at berthing rate regulated by Taiwan international Ports Corporation.

4) Forwarding agency revenue

Forwarder revenues are recognized upon the completion of packing for shipment. The revenues from cargo arrangement services are recognized upon the completion of service.

5) Other service revenue

Other service revenue is recognized on an accrual basis during the service is rendered or upon the completion of service.

6) Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rents are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

3) Sales and leaseback

If a sale and leaseback results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss should be recognized immediately. If the sale price is below fair value, any profit or loss should be recognized immediately except that, if the loss is compensated by future lease payments at below market price, it should be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the period for which the asset is expected to be used.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Non-financial assets (excluding goodwill) impairment

The Group’s major operating assets are ships, containers, terminal construction and equipment. At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss.

When assessing for impairment, the Group relies on subjective judgements, such as the usage of assets and business environment to determine expected cash flows, useful life and future gains and losses generated from these assets. Significant impairment may result from economic changes, fluctuation of the assets’ value or changes in the Group’s strategy

The Group did not recognize any impairment loss for the years ended December 31, 2013 and 2012.

b. Provisions for onerous contracts

The Group estimates provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. Expected economic benefits are estimated according to related charter-out hire contract price and expected future market price; unavoidable costs are estimated by irrevocable charter-in contracts. As of December 31, 2013, December 31, 2012 and January 1, 2012, the provisions for onerous contracts were $562,680 thousand, $340,811 thousand and $4,246 thousand, respectively.

c. Estimation of operating costs

Estimated accruals for cargo handling and voyage costs are based on the bills received; for the bills in transit, estimation is made using standard cost method. Reconciliation of the difference between actual costs and estimated amounts is made afterwards, and standard costs are adjusted accordingly.

d. Estimation of ships and containers' useful life and residual value

The Group's major operating assets are ships and containers. The management estimates ships and containers' useful life based on the Company's business model, assets management policy, industry practices, expected repairs and maintenance and new technology or changes in business environment. Management also estimates ships and containers' residual value by considering current price of scrap steel and historical disposal price. As mentioned in Note 4, the Group reviews estimated useful life and residual value of property, plant and equipment every reporting period. For the years ended December 31, 2013 and 2012, the Company had not changed the useful life and residual value of all assets.

e. Income taxes

Tax rates used by the Group entities operating in their jurisdictions are based on the tax laws in those jurisdictions. Uncertainty regarding tax effects may exist when reconciling accounting profit and taxable profit; management should make judgments on the Group's overall tax planning.

Anticipated deferred and current tax liabilities are recognized based on the best estimation from information currently available. If actual tax liabilities differ from accruals, the adjustment of current and deferred tax liability is necessary.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of deferred tax assets was $2,794,294 thousand, $1,982,806 thousand and $1,401,467 thousand, respectively; the carrying amount of deferred tax liabilities was $2,330,771 thousand, $2,417,187 thousand and $1,963,088 thousand. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. If the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal take place.

f. Estimated impairment of trade receivables (included other receivables)

Objective evidence of impairment of trade receivables include financial difficulty of the debtor or financial re-organization, bankruptcy, escape and accounts overdue.

General impairment of trade receivables are based on aging of receivables, recoverability from historical experience and actual rate of occurrence. Individual assessment of impairment is based on objective evidence. For other receivables, assessment for impairment is made according to the credit situation and objective evidence. If objective evidence has changed, the assessment for impairment of trade receivables and other receivables should be modified. If actual cash flows are less than expected, a material impairment loss may occur.

Other information about impairment of trade receivables and changes in doubtful accounts, please refer to Note 11.

g. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash			
Cash on hand	$ 9,148	$ 9,348	$ 10,055
Checking accounts and demand deposits	7,388,306	4,794,577	7,399,307
Cash equivalents			
Repurchase agreements collateralized by bonds	-	990,100	-
Time deposit with original maturities less than three months	6,234,521	5,149,545	3,563,774
	$ 13,631,975	$ 10,943,570	$ 10,973,136

The market rate intervals of cash in bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.15%-3.35%	0.03%-9.00%	0.03%-8.25%
Repurchase agreement collateralized by bonds	-	0.8%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL			
Financial assets designated as at FVTPL			
Principal guaranteed notes (a)	$ 949,676	$ 1,000,302	$ -
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Oil swap and oil swap option (b)	55,590	34,028	15,484
Foreign exchange forward contracts (c)	-	-	51,743
Non-derivative financial assets			
Domestic quoted shares	138,872	128,497	140,500
Mutual funds	742,735	939,300	689,773
	937,197	1,101,825	897,500
	$ 1,886,873	$ 2,102,127	$ 897,500
Financial liabilities at FVTPL			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (c)	$ -	$ -	$ 47,136
Oil swap and oil swap option (b)	-	5,112	-
Put option of bond (Note 19)	19,820	-	-
	$ 19,820	$ 5,112	$ 47,136

a. Principal guaranteed notes were held to link to TTT50, commercial paper, and interest rate within the range of one-month Libor and three-month Shibor. Realized profit and loss arose from redemption were $4,163 thousand and $3,989 thousand for the years ended December 31, 2013 and 2012, respectively.

b. The Company's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts. The contracts were settled in amounts that ranged from US$11,850 thousand to US$20,127 thousand and from US$10,022 thousand to US$21,320 thousand every month for the years ended December 31, 2013 and 2012, respectively. The terms of the derivatives mentioned above did not qualify as effective hedging instruments, thus hedge accounting was not applied.

Outstanding oil swap and oil swap option contracts at the end of reporting periods were as follows:

	Maturity Date	Notional Amount	Unsettled Amount	
			Notional Amount	**Fair Value**
December 31, 2013	2014.12.31	US$276,650 thousand	US$81,261 thousand	$ 55,590
December 31, 2012	2013.12.31	US$272,018 thousand	US$70,662 thousand	28,916
January 1, 2012	2012.12.31	US$104,384 thousand	US$9,832 thousand	15,484

c. Foreign exchange forward contracts were held mainly to hedge the exchange rate risks on net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions for the year ended December 31, 2012 entered into by the Group were based on forecasted cash flows, and the risk of the transactions can be controlled by the Group.

Outstanding forward contracts at the end of reporting periods were as follows:

	Currency	Duration	Notional Amount (In Thousands)	Fair Value (In Thousands)
January 1, 2012				
Buy	USD/NTD	February 2012	USD32,500/NTD936,000	$ 51,743
Sell	USD/NTD	February 2012	USD32,500/NTD936,000	(47,136)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic investments			
Domestic quoted stocks	$ 2,002,470	$ 1,840,711	$ 2,521,433
Mutual funds	51,421	118,306	335,367
Corporate bonds	-	-	60,580
	$ 2,053,891	$ 1,959,017	$ 2,917,380
Current	$ 51,433	$ 190,061	$ 662,690
Non-current	2,002,458	1,768,956	2,254,690
	$ 2,053,891	$ 1,959,017	$ 2,917,380

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial assets under hedge accounting - current			
Cash flow hedge - oil swap and oil swap option	$ -	$ -	$ 49,161
Derivative financial liabilities under hedge accounting - current			
Cash flow hedges - oil swap and oil swap option	$ -	$ -	$ 229

The Group's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts. The contracts were settled in amounts that ranged from US$1,722 thousand to US$1,845 thousand every month as of January 1, 2012. The terms of the derivatives mentioned above were qualify as effective hedging instruments, thus hedge accounting was applied.

Outstanding oil swap and oil swap option contracts adopting hedge accounting at the end of reporting periods were as follows:

			Unsettled Amount	
	Maturity Date	Notional Amount	Notional Amount	Fair Value
January 1, 2012				
Oil swap and oil swap option	2012.12.31	US$80,700 thousand	US$64,323 thousand	$ 48,932

The term of the derivatives mentioned above did not qualify as effective hedging instruments for the year ended December 31, 2012, thus $48,932 was reclassified to other gains and losses in consolidated statement of comprehensive income.

10. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unquoted common stocks	$ 494,457	$ 394,458	$ 420,248
Overseas unquoted common stocks	5,043	5,042	5,042
	$ 499,500	$ 399,500	$ 425,290
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 499,500	$ 399,500	$ 425,290

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

Because of deterioration in operations of investee companies, the Group recognized impairment loss of $11,318 thousand for the year ended December 31, 2012.

The Group disposed of certain financial assets measured at cost and recognized disposal gain of $359,237 thousand in other gains and losses for the year ended December 31, 2013.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Notes receivable - non-related-parties	$ 348,283	$ 219,328	$ 299,875
Less: Allowance for impairment loss	(15,405)	(8,942)	(8,201)
	$ 332,878	$ 210,386	$ 291,674
Trade receivable			
Trade receivable - non-related parties	$ 5,503,098	$ 6,053,205	$ 3,145,012
Trade receivable - related parties	445,394	85,601	70,119
Less: Allowance for impairment loss	(37,828)	(41,466)	(64,055)
	$ 5,910,664	$ 6,097,340	$ 3,151,076

Trade Receivable

The average credit period of trade receivable from cargo business is 14 to 28 days. For logistics, terminal, and warehousing services, the average credit period is within 90 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. An impairment loss is recognized when there is objective evidence that the trade receivable is impaired. Objective evidence of impairment could include past default experience with the counterparties, decline in credit quality and an unfavorable change in their current financial position.

The Group's customers are scattered around the world and not related to each other. The management believes there is no significant concentration of credit risk for trade receivable.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group acquired bank's guaranteed letter from agencies or received security deposit from clients; for the rest of the receivables, the Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables that were past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 90 days	$ 427,406	$ 332,664	$ 262,940
91-180 days	15,947	22,561	32,562
181-365 days	7,995	6,853	21,971
Over 365 days	8,238	26,988	22,764
	$ 459,586	$ 389,066	$ 340,237

The above aging schedule was based on the past due date.

Movement in the allowance for impairment loss recognized on notes receivable and trade receivables were as follow:

	For the Year Ended December 31, 2013		
	Notes Receivable	Trade Receivable	Total
Balance at January 1	$ 8,942	$ 41,466	$ 50,408
Add: Impairment losses recognized (reversed) on receivables/bad debt expenses	5,570	(2,234)	3,336
Less: Amounts written off as uncollectible	-	(1,867)	(1,867)
Effect of exchange rate changes	893	463	1,356
Balance at December 31	$ 15,405	$ 37,828	$ 53,233

	For the Year Ended December 31, 2012		
	Notes Receivable	Trade Receivable	Total
Balance at January 1	$ 8,201	$ 64,055	$ 72,256
Add: Impairment losses recognized (reversed) on receivables/bad debt expenses	1,410	2,393	3,803
Less: Amounts written off as uncollectible	(559)	(20,159)	(20,718)
Effect of exchange rate changes	(110)	(4,823)	(4,933)
Balance at December 31	$ 8,942	$ 41,466	$ 50,408

12. SHIPPING FUEL

	December 31, 2013	December 31, 2012	January 1, 2012
Shipping fuel	$ 3,543,069	$ 3,273,281	$ 5,129,447

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2013 and 2012, was $29,214,446 thousand and $33,131,328 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2013 and 2012 included $36,219 thousand and $116,598 thousand, respectively, write down of shipping fuel.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in associates	$ 8,367,398	$ 1,887,410	$ 1,850,367
Kao Ming Container Terminal Corp.	$ 6,324,364	$ -	$ -
West Basin Container Terminal LLC	901,063	818,414	759,079
Chang Ming Logistics Company Limited	355,297	341,015	358,819
United Terminal Leasing LLC	204,815	181,964	153,024
Formosa International Development Corporation	195,372	234,283	241,039
Yunn Wang Investment Co., Ltd.	158,832	141,818	172,322
Yang Ming (U.A.E.) LLC	82,296	52,478	36,988
Transyang Shipping Pte. Ltd.	69,767	75,277	78,265
Yang Ming Shipping (Egypt) S.A.E.	36,064	34,039	38,472
Sino-Yes Tianjin Cold Chain Logistics Company Limited	14,963	-	-
Yang Ming (Australia) Pty. Ltd.	14,266	-	-
Corstor Ltd.	6,375	7,089	7,028
Yang Ming (Vietnam) Corp.	1,348	1,033	5,331
ANSHIP-YES Logistics Corporation Limited	2,576	-	-
	$ 8,367,398	$ 1,887,410	$ 1,850,367

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Kao Ming Container Terminal Corp.	47.50%	-	-
West Basin Container Terminal LLC	40.00%	40.00%	40.00%
Chang Ming Logistics Company Limited	49.00%	49.00%	49.00%
United Terminal Leasing LLC	40.00%	40.00%	40.00%
Formosa International Development Corporation	30.00%	30.00%	30.00%
Yunn Wang Investment Co., Ltd.	49.75%	49.75%	49.75%
Yang Ming (U.A.E.) LLC	49.00%	49.00%	49.00%
Transyang Shipping Pte. Ltd.	49.00%	49.00%	49.00%
Yang Ming Shipping (Egypt) S.A.E.	49.00%	49.00%	49.00%
Sino-Yes Tianjin Cold Chain Logistics Company Limited	49.00%	-	-
Yang Ming (Australia) Pty. Ltd.	50.00%	-	-
Corstor Ltd.	50.00%	50.00%	50.00%
Yang Ming (Vietnam) Corp.	49.00%	49.00%	49.00%
ANSHIP-YES Logistics Corporation Limited	49.00%	-	-

YMTC has lost control over Kao Ming Container Terminal Corp. but retains to have significant influence after the disposal of partial interest of Kao Ming Container Terminal Corp. in December 2013. Which are summarized in Note 32.

YMTC did not have controlling interest on Crostor Ltd. and Yuang Ming (Australia) Pty. Ltd.; thus Crostor and Australia's accounts were not incorporated in consolidated financial statements.

The summarized financial information in respect of the Group’s associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 20,797,886	$ 6,494,471	$ 6,472,110
Total liabilities	$ 8,979,471	$ 2,003,507	$ 2,224,525

	For the Year Ended December 31	
	2013	2012
Revenue	$ 10,107,794	$ 10,014,899
Profit for the year	$ 204,199	$ 466,384
Other comprehensive income	$ 33,261	$ (65,010)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 was based on the associates’ financial statements audited by the auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Property in Construction	Total
Cost									
Balance at January 1, 2012	$ 776,181	$ 1,319,650	$ 25,409,096	$ 74,061,376	$ 8,699,916	$ 470,620	$ 3,466,987	$ 4,646,946	$ 118,850,772
Additions (c)	-	-	994,874	113,780	36,570	1,216	229,199	14,505,520	15,881,159
Disposals	-	(12)	(1,995,690)	(656,251)	(36,570)	(5,677)	(99,795)	-	(2,793,995)
Reclassification	(84,626)	(43,890)	-	18,009,070	-	(68)	48,045	(18,017,583)	(89,052)
Effect of foreign currency exchange differences	(471)	(16,203)	-	(430,114)	(226,551)	(828)	382	(24,937)	(698,722)
Balance at December 31, 2012	$ 691,084	$ 1,259,545	$ 24,408,280	$ 91,097,861	$ 8,473,365	$ 465,263	$ 3,644,818	$ 1,109,946	$ 131,150,162
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ -	$ 358,942	$ 16,228,173	$ 16,242,979	$ 2,628,347	$ 248,668	$ 2,333,612	$ -	$ 38,040,721
Disposals	-	(12)	(1,952,480)	(546,134)	-	(5,677)	(98,768)	-	(2,603,071)
Reclassification	-	(44,950)	-	-	1,480	(68)	38,323	-	(5,215)
Depreciation expenses	-	27,674	1,989,363	4,453,335	444,064	33,034	251,281	-	7,198,751
Effect of foreign currency exchange differences	-	(5,444)	-	(132,768)	(25,126)	(330)	55	-	(163,613)
Balance at December 31, 2012	$ -	$ 336,210	$ 16,265,056	$ 20,017,412	$ 3,048,765	$ 275,627	$ 2,524,503	$ -	$ 42,467,573
Carrying amount at January 1, 2012	$ 776,181	$ 960,708	$ 9,180,923	$ 57,818,397	$ 6,071,569	$ 221,952	$ 1,133,375	$ 4,646,946	$ 80,810,051
Carrying amount at December 31, 2012	$ 691,084	$ 923,335	$ 8,143,224	$ 71,080,449	$ 5,424,600	$ 189,636	$ 1,120,315	$ 1,109,946	$ 88,682,589
Cost									
Balance at January 1, 2013	$ 691,084	$ 1,259,545	$ 24,408,280	$ 91,097,861	$ 8,473,365	$ 465,263	$ 3,644,818	$ 1,109,946	$ 131,150,162
Additions (a) and (c)	-	2,743	3,374,812	3,179,714	-	9,106	76,107	5,723,924	12,366,406
Disposals (d)	-	(462)	(7,414,041)	(4,178,263)	-	-	(156,031)	(1,430,276)	(13,179,073)
Reclassification (b)	-	-	-	3,390,839	-	-	(578)	(3,734,360)	(344,099)
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	(22,283)	-	(22,283)
Effect of foreign currency exchange differences	(487)	10,004	-	314,109	159,571	1,370	28,562	315	513,444
Balance at December 31, 2013	$ 690,597	$ 1,271,830	$ 20,369,051	$ 93,804,260	$ 8,632,936	$ 475,739	$ 3,570,595	$ 1,669,549	$ 130,484,557
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ -	$ 336,210	$ 16,265,056	$ 20,017,412	$ 3,048,765	$ 275,627	$ 2,524,503	$ -	$ 42,467,573
Disposals (d)	-	(429)	(6,598,747)	(2,045,383)	-	-	(153,776)	-	(8,798,335)
Reclassification	-	-	-	(189,554)	-	-	(892)	-	(190,446)
Depreciation expenses	-	28,006	1,648,345	4,779,519	416,910	32,893	233,939	-	7,139,612
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	(12,851)	-	(12,851)
Effect of foreign currency exchange differences	-	2,752	-	106,954	26,414	732	14,850	-	151,702
Balance at December 31, 2013	$ -	$ 366,539	$ 11,314,654	$ 22,668,948	$ 3,492,089	$ 309,252	$ 2,605,773	$ -	$ 40,757,255
Carrying amount at December 31, 2013	$ 690,597	$ 905,291	$ 9,054,397	$ 71,135,312	$ 5,140,847	$ 166,487	$ 964,822	$ 1,669,549	$ 89,727,302

a. Additions of ships and property in construction for the year ended December 31, 2013 included reclassification of prepayment for equipment with carrying amount of $1,408,796 thousand and $730,144 thousand, respectively.

b. Ships held for disposal were reclassified as held-for-sale asset - noncurrent of Kuang-Ming Shipping Corp. with costs of $343,206 thousand and accumulative depreciation of $189,554 thousand which had been disposed in March 2013. Disposal loss was $6,527 thousand.

c. CSBC Corporation, Taiwan (government-related entity) constructed and delivered one and two ships amounting to $3,734,045 thousand and $6,825,509 thousand for the years ended December 31, 2013 and 2012, respectively.

d. The Group entered into sale and leaseback contracts of containers in September and November 2013. The leaseback periods were 18 months to 36 months. Proceeds from disposal of $2,977,067 thousand had been collected and gain from disposal of $2,200,220 thousand were included in other gains and losses.

e. The Group entered into agreements to purchase containers amounting to US$104,817 thousand in March 2014.

f. The Company disposed a ship with carrying value of $232,677 thousand to non-related parties in January 2014. Subsidiary Kuang Ming (Liberia) Corp. signed a tramp ship disposal agreement with carrying value of $345,797 thousand to non-related parties in February 2014. As of March 25, 2014, the tramp ship has not been delivered. Management expects no loss incurred from above transactions.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	53-56 years
Container and chassis	6-10 years
Ships	20-25 years
Dry dock	2.5-5 years
Leased assets	
Container and chassis	3-10 years
Ships	18-25 years
Leasehold improvements	2-10 years
Miscellaneous equipment	3-18 years

The dry dock is a significant component of ships.

The Company's property, plant and equipment pledged as collaterals for the secured loans were summarized in Note 38.

15. INVESTMENT PROPERTIES

	December 31, 2013	December 31, 2012	January 1, 2012
Completed investment property	$ 3,927,498	$ 3,953,190	$ 3,895,983

	For the Year Ended December 31	
	2013	2012
Cost		
Balance, beginning of year	$ 4,183,164	$ 4,098,091
Additions	-	688
Reclassification	-	84,627
Disposals	-	-
Effect of foreign currency exchange differences	-	(242)
Balance, end of year	$ 4,183,164	$ 4,183,164
Accumulated depreciation and impairment		
Balance, beginning of year	$ 229,974	$ 202,108
Reclassified from property, plant and equipment	-	1,788
Depreciation expense	25,692	26,157
Effect of foreign currency exchange differences	-	(79)
Balance, end of year	$ 255,666	$ 229,974

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method.

Buildings	40-56 years

The fair value valuation was performed by independent qualified professional valuers. The valuation was arrived at by reference to income approach and land development analysis approach for undeveloped land as of December 31, 2013. The valuation was arrived at by reference to market evidence of transaction prices for similar properties as of December 31, 2012 and January 1, 2012. If the valuation approach had been changed to income approach and land development analysis approach as of December 31, 2012 and January 1, 2012, the fair value would have decreased. The key assumptions and fair value were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	4.625%	-	-
Income capitalized rate	1.24%-4.23%	1.35%-4.54%	1.35%-4.72%
Profit rate	10%-25%	10%-25%	10%-25%
Fair value	$ 7,956,826	$ 8,722,086	$ 8,318,271

All of the Group’s investment properties were held under freehold interests. The carrying amount of investment properties pledged by the Group to secure borrowings granted to the Group, were reflected in Note 38.

16. PREPAYMENTS FOR LEASE OBLIGATIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Current asset (included in prepayments)	$ 217,684	$ 477,770	$ 667,622
Non-current asset	631,278	10,146,758	10,087,294
	$ 848,962	$ 10,624,528	$ 10,754,916

a. For the purpose of managing storage, processing, transfer and distribution of goods, YMTC collaborated with Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. in construction and operation of the First and Second Logistics Centers of the Kaohsiung Third Container Center. YMTC is entitled to the use of the center for 30 years and 28 years and 9 months, respectively, based on the initial investment made by YMTC. The center is amortized over the period in use.

b. Kao Ming Terminal Corp. entered into the ICT agreement (“the BOT Agreement”) with TIPC for the right to construct and operate the ICT for fifty years (the “ICT Franchise” period) in September 2007. The operation of the first two container terminals and the other two ones were approved by the TIPC in January 2011 and in March 2012, respectively. Under the BOT Agreement, the Company should build two more container terminals within seven years with all construction and operation costs being charged to the Company’s account. At the end of the ICT Franchise period, the business assets of the ICT will be transferred to the TIPC without any compensation except the following items:

   1) Assets with book value and in usable condition which were permitted by TIPC to be purchased or replaced within the last ten years of the ICT Franchise period; and

   2) Ship-To-Shore Container Cranes and Rail-Mounted Gantry Cranes with book value and in usable condition which were permitted by TIPC to be purchased during the operation period.

   For the years ended December 31, 2013 and 2012, total costs of the second stage of harbor international container center construction and operation project were $1,023,072 thousand and $328,591 thousand, respectively. As of December 31 and January 1, 2012, cumulative costs were $330,991 thousand and $2,400 thousand (included in long-term prepayments for lease).

c. The Group entered into agreements to lease ships and offices with other company. As of December 31, 2013, December 31, 2012 and January 1, 2012, prepayments for lease obligation were $186,112 thousand, $159,000 thousand and $350,090 thousand, respectively.

17. OTHER FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposits with original maturities over three months	$ 696,719	$ 143,160	$ 277,459
Deposit of stand-by letter of credit (Notes 24 and 38)	5,179,768	5,122,746	5,313,962
Restricted bank balance (Note 38)	13,764	3,096,376	22,365
Cash surrender value of life insurance	26,087	26,450	20,396
	$ 5,916,338	$ 8,388,732	$ 5,634,182
Current	$ 696,719	$ 2,195,526	$ 277,459
Non-current	$ 5,219,619	$ 6,193,206	$ 5,356,723

18. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured borrowings			
Line of credit borrowings	$ 386,355	$ 20,497	$ 1,950,000
Loans from related parties	551,480	189,410	1,060,704
	$ 937,835	$ 209,907	$ 3,010,704

1) The range of weighted average effective interest rate on credit borrowings was 1.24%-1.70%, 0%-2.41%, and 1.20%-1.5902% per annum as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

2) Loans from related parties of the Group were the amounts repayable to government-related entities, including Bank of Taiwan, Land Bank of Taiwan, Mega International Commercial Bank and First Commercial Bank. Interest rate was 1.40%-2.35%, 1.15%-2.35% and 1.20%-2.2561% per annum as of December 31, 2013, December 31, 2012 and January 1, 2012.

b. Short-term bills payable

	December 31, 2013	December 31, 2012	January 1, 2012
Commercial paper	$ 80,000	$ -	$ 3,250,000
Less: Unamortized discount on bills payable	169	-	3,641
	$ 79,831	$ -	$ 3,246,359

Outstanding short-term bills payable were as follows:

December 31, 2013

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Dah Chung Bills Finance Corp.	$ 80,000	$ 169	$ 79,831	1.350%	None	$ -

January 1, 2012

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Union Bank of Taiwan	$ 1,500,000	$ 2,429	$ 1,497,571	0.998%-1.008%	None	$ -
Mega Bills (government - related entity)	1,300,000	544	1,299,456	1.088%	None	-
Dah Chung Bills Finance Corp.	250,000	352	249,648	1.000%	None	-
Taishin Bills	200,000	316	199,684	0.988%	None	-
	$ 3,250,000	$ 3,641	$ 3,246,359			$ -

c. Long-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings (Note 38)			
Secured bank loans	$ 8,289,015	$ 8,979,026	$ 8,896,684
Loans from related parties	22,414,741	30,282,659	28,960,230
	30,703,756	39,261,685	37,856,914
Unsecured borrowings			
Line of credit borrowings	6,036,667	6,540,000	5,150,000
Loans from related parties	4,515,000	5,300,000	5,300,000
	10,551,667	11,840,000	10,450,000
Long-term bills payable			
Commercial paper	1,500,000	-	-
Less: Unamortized discount on bills payable	979	-	-
	1,499,021	-	-
	42,754,444	51,101,685	48,306,914
Less: Current portion	8,174,927	8,171,237	7,484,653
Long-term borrowings	$ 34,579,517	$ 42,930,448	$ 40,822,261

Bank loans are repayable in installments at varying amounts or fully repaid at maturity in New Taiwan dollars, U.S. dollars and JPY every six months or every year. The Company's loans features and terms are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
NT$			
Amount	$ 29,575,567	$ 34,738,743	$ 29,384,309
Interest rate	1.23%-2.24%	1.17%-2.315%	1.10%-2.315%
Contract term	2008/05/30 - 2023/06/21	2008/05/30 - 2029/06/18	2008/05/30 - 2029/06/18
US$			
Foreign currency amount	$ 436,678	$ 526,844	$ 594,346
New Taiwan dollar amount	13,078,516	15,352,223	18,002,749
Interest rate	0.5117%-1.546%	0.5868%-1.6207%	0.5489%-2.0093%
Contract term	2006/04/24 - 2020/04/20	2006/04/24 - 2020/04/19	2006/04/24 - 2019/10/13
JPY			
Foreign currency amount	$ 352,000	$ 2,986,200	$ 2,358,000
New Taiwan dollar amount	100,361	1,010,719	919,856
Interest rate	0.9929%	0.885%-1.0294%	0.8875%
Contract term	2013/01/23 - 2020/01/23	2010/02/23 - 2019/08/15	2010/02/23 - 2017/02/23

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars and New Taiwan dollars. The loans are repayable in installment at varying amounts before March 20, 2023. Interest rates were 0.51167%-2.00%, 0.58686%-2.00% and 0.54895%-2.10% on December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The Group's ships and investment properties are pledged as collaterals for the secured loans.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars, U.S. dollars and JPY from government-related entities. Interest rates were 0.6875%-2.2410%, 0.75%-2.315% and 0.6875%-2.315% on December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The Group's ships and containers are pledged as collaterals for the secured loans.

In order to fund capital for undergoing the "First stage of Kaohsiung harbor intercontinental container center construction and operation project," Kao Ming Container Terminal Corp. provided the acquired and built properties under the contract as collaterals, and it also signed a long-term financing contract with 13 banks included Mega International Commercial Bank with a credit limit of $16,200,000 thousand in December 2008. The loan will mature in June 2029. As of December 31, 2012 and January 1, 2012, the amount of the loan was $5,940,000 thousand (including government-related entities, mainly Mega International Commercial Bank, amounting to $4,178,307 thousand) and the interest rates were 2.24%-2.32% and 2.02%-2.32% as of December 31, 2012 and January 1, 2012, respectively.

The loan agreement has been in effect since June 2009. One of the requirements is that Kao Ming Container Terminal Corp. has to meet financial ratio during the loan period.

a) Current ratio shall be at least 100%.

b) Debt ratio shall not be higher than the following criteria:

Period	**Ratio (%)**
2009-2015	200
2016-2018	150
2019-2028	100

c) Interest coverage ratio shall not be lower than following levels:

Period	**Times**
2013-2016	1.2
2017-2028	1.3

The above financial covenants are evaluated based on the company's audited financial statements. As of December 31, 2012, Kao Ming had complied with such financial covenants.

Unsecured borrowings

1) Unsecured bank loans

The Group's unsecured bank loans will be repaid in New Taiwan dollars in one-lump sum payment at maturity and repaid in installments every month.

The loans are expected to be fully repaid before November 20, 2016. Interest rates were 1.35%-1.75%, 1.17%-1.815% and 1.10%-1.544% on December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars from government-related entities, and will be repaid in one-lump sum payment. The loans are expected to be fully repaid before December 12, 2016. Interest rates were 1.40%-1.57%, 1.3066%-1.589% and 1.15%-1.443% on December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Commercial paper

YMTC signed three-year underwriting contracts for issuance of commercial paper with bills finance corporation in 2013. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contract. The issuance period of each commercial paper cannot be over 60 or 90 days. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained to a certain level specified in the contracts. As of December 31, 2013, YMTC met the above requirements.

As of December 31, 2013, the interest rate was 1.344%-1.388%.

19. BONDS PAYABLE

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic privately placed secured mandatory convertible bonds	$ 910,466	$ 1,038,886	$ -
Domestic privately placed unsecured bonds	9,888,084	9,885,989	-
Secured domestic bonds	11,429,870	11,427,079	11,436,490
Unsecured domestic bonds	5,000,000	3,000,000	3,960,000
Domestic unsecured convertible bonds	4,263,875	-	-
	31,492,295	25,351,954	15,396,490
Less: Current portion	2,627,746	3,128,420	960,000
	$ 28,864,549	$ 22,223,534	$ 14,436,490

a. Domestic privately placed secured mandatory convertible bonds

YMTC issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate face value of $5,800,000 thousand; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into YMTC's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into YMTC's common shares at the prevailing conversion price at the last day of the seven-year tenor. The initial conversion price is $12.68 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds of $4,413,702 thousand. The effective interest rate of the liability component was 4.79% per annum. Movements of the convertible bonds' liability and equity component for the years ended December 31, 2013 and 2012 were as follows:

	Liability Component	**Equity Component**
June 27, 2012	$ 1,014,595	$ 4,413,702
Interest charged using effective interest rate method	24,291	-
December 31, 2012	$ 1,038,886	$ 4,413,702
January 1, 2013	$ 1,038,886	$ 4,413,702
Interest charged using effective interest rate method	45,580	-
Interest paid	(174,000)	-
December 31, 2013	$ 910,466	$ 4,413,702

As of December 31, 2013, no bondholder requested to convert the bonds into YMTC's common shares.

The bond was guaranteed by banks (including government-owned banks amounting to $5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. As of December 31, 2013 and 2012, unamortized cost of issuance was recognized as other financial liabilities.

According to performance guarantee agreements, the required financial ratios calculated on the basis of annual consolidated financial statements of YMTC are as follows:

1) Current ratio should not be less than 90%.

2) Debt ratio should not be: Over 350% before the end of 2013; over 300% from 2014 to 2016; over 230% after 2017.

3) Interest coverage ratio should not be less than 5 times.

4) The net tangible assets value should be over $30,000,000 thousand.

As of December 31, 2013 and 2012, YMTC had received waiver of the above 2) to 3) and 2) to 4) financial ratios, respectively. Meanwhile, YMTC met the other financial ratio requirement based on 2013 and 2012 consolidated financial statements.

b. Domestic privately placed unsecured bonds

YMTC issued the first privately placed unsecured bonds with an aggregate face value of $5,544,000 thousand on March 6, 2012 (the "March 6 2012 Bonds"), and issued the second privately placed unsecured bonds with an aggregate face value of $4,350,000 thousand on March 30, 2012 (the "March 30 2012 Bonds").

The bond features and terms are as follows:

March 6 2012 Bonds:	Type A - aggregate face value of $1,759,000 thousand and maturity on March 6, 2016. The principal will be repaid in a lump sum payment at maturity; interest rate is 2.08%
	Type B - aggregate face value of $3,785,000 thousand and maturity on March 6, 2017. The principal will be repaid in a lump sum on March 6, 2017; interest rate is 2.18%.
March 30 2012 Bonds:	Type A - aggregate face value of $1,550,000 thousand and maturity on March 30, 2016. The principal will be repaid in a lump sum on March 30, 2016; 2.08% annual interest is repayable semiannually.
	Type B - aggregate face value of $2,800,000 thousand and maturity on March 30, 2017. The principal will be repaid in a lump sum on March 30, 2017; 2.18% annual interest is repayable semiannually.

c. Secured domestic bonds

YMTC issued five-year domestic secured bonds with an aggregate face value of $5,000,000 thousand on May 20, 2010 (the “May 2010 Bonds”), and issued another five-year domestic secured bonds with an aggregate face value of $6,500,000 thousand on December 27, 2011 (the “December 2011 Bonds”).

The bond features and terms are as follows:

May 2010 Bonds:	Type A - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.
	Type B - aggregate face value of $1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.
	Type C - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.
	Type D - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.
	Type E - aggregate face value of $1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.
	Type F - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.
	Type G - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.
	Type H - aggregate face value: $500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015, 1.42% annual interest.

The bond is guaranteed by banks ($2,500,000 thousand is guaranteed by government - owned banks).

The bond features and terms are as follows:

December 2011 Bonds:	Type A - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50%- December 27, 2016, 1.30% annual interest.
	Type B - aggregate face value of $500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type C - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type D - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type E - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type F - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type G - aggregate face value of $500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
	Type H - aggregate face value of $500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

The bond is guaranteed by banks ($5,000,000 thousand is guaranteed by government - owned banks).

d. Domestic unsecured bonds

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate face values were as follows: $2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); $6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds"); $5,000,000 thousand on November 1, 2013.

Other bond features and terms were as follows:

November 2000 Bonds:	Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest. As of November 29, 2012, the bonds had been fully repaid.
October 2006 Bonds:	Type A - aggregate face value: $3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest. As of October 23, 2011, the bonds had been fully repaid.
	Type B - aggregate face value of $3,000,000 thousand and maturity on October 23, 2013; 2.32% annual interest. As of October 23, 2013, the bond has been fully paid.

November 2013 Bonds:	Type A - aggregate face value: $1,100,000 thousand and maturity on November 1, 2018. The principal will be repaid in a lump sum on November 1, 2017; 2.20% annual interest is repayable annually.
	Type B - aggregate face value: $3,900,000 thousand and maturity on November 1, 2020. The principal will be repaid in a lump sum on November 1, 2020; 2.45% annual interest is repayable annually.

e. Domestic unsecured convertible bonds

On June 7, 2013, YMTC issued five-year domestic unsecured bonds (the "2013 convertible Bonds") with an aggregate face value of $4,600,000 thousand and the issuance price was 100.2% of face value. Bond settlement is as follows:

1) Lump-sum payment to the holders upon maturity at the face value;

2) Conversion by the holders, from July 2013 to 10 days before the due date, into YMTC's common shares at the prevailing conversion price;

3) Reselling to YMTC by the holders before maturity.

4) Redemption by YMTC, under certain conditions, at face value before bond maturity.

The initial conversion price was $14.23 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of convertible bonds of $352,604 thousand. Movements of the convertible bonds' liability and equity component for the year ended December 31, 2013 was as follows:

	Liability Component		**Equity Component**
	Bond	**Financial Liability**	**Option**
June 7, 2013	$ 4,222,488	$ 34,108	$ 352,604
Interest charged using effective interest rate method	41,387	-	-
Valuation (gain) loss	-	(14,288)	-
December 31, 2013	$ 4,263,875	$ 19,820	$ 352,604

As of December 31, 2013, no bondholder requested to convert the bond into YMTC's common shares.

20. ACCOUNT PAYABLE

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Trade payable			
Operating	$ 12,831,847	$ 9,655,036	$10,053,658
Non-operating	-	-	-
	$ 12,831,847	$ 9,655,036	$ 10,053,658

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Payable for cost of voyage in sailing	$ 7,916,809	$ 5,779,188	$ 4,518,713
Fuel	3,424,861	2,818,668	4,038,683
Space hire	935,527	471,279	1,004,447
Payable for freight expenses	404,507	368,812	247,244
Payable for stevedoring expenses	139,595	206,684	229,580
Payable for management expenses	10,548	10,405	14,991
	$ 12,831,847	$ 9,655,036	$ 10,053,658

(Concluded)

21. OBLIGATION UNDER FINANCE LEASE

	December 31, 2013	December 31, 2012	January 1, 2012
Minimum lease payments			
Not later than one year	$ 703,580	$ 686,681	$ 716,487
Later than one year and not later than five years	2,731,328	2,785,613	2,898,181
Later than five years	5,629,435	6,042,812	7,009,982
	9,064,343	9,515,106	10,624,650
Less: Future finance charges	3,349,696	3,674,211	4,279,868
Present value of minimum lease payments	$ 5,714,647	$ 5,840,895	$ 6,344,782
Present value of minimum lease payments			
Not later than one year	$ 306,959	$ 278,719	$ 273,053
Later than one year and not later than five years	1,371,815	1,339,509	1,302,321
Later than five years	4,035,873	4,222,667	4,769,408
	$ 5,714,647	$ 5,840,895	$ 6,344,782
Current (included in current portion of long-term borrowings and bond payables)	$ 306,959	$ 278,719	$ 273,053
Non-current	5,407,688	5,562,176	6,071,729
	$ 5,714,647	$ 5,840,895	$ 6,344,782

YMTC leases containers under capital lease agreements. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US$4,337 thousand. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US$1 per unit. Yangming UK leases ships under 18-year capital lease agreements. Annual rentals are stipulated in the contracts.

Interest rate was 0.0286%-7.2249% and 0.0145%-7.2413% for the years ended December 31, 2013 and 2012.

22. OTHER PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Payable for container lease	$ 525,699	$ 516,197	$ 543,377
Payable for salary and bonus	390,204	308,330	233,589
Equipment M&R expenses	285,991	174,021	245,634
Payable for interest expenses	163,257	172,790	101,341
Payable for annual leave	159,497	150,890	147,764
Payable for vessel charter hire	50,708	78,845	152,401
Others	504,305	814,089	639,633
	$ 2,079,661	$ 2,215,162	$ 2,063,739

23. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Restoration cost for leased assets (a)	$ 115,708	$ 226,000	$ 226,000
Onerous leases (b)	562,680	340,811	4,246
	$ 678,388	$ 566,811	$ 230,246
Current	$ 562,680	$ 340,811	$ 4,246
Non-current	115,708	226,000	226,000
	$ 678,388	$ 566,811	$ 230,246

Onerous Leases	Onerous Leases	Restoration Cost for Leased Assets	Total
Balance at January 1, 2012	$ 4,246	$ 226,000	$ 230,246
Additional provisions recognized	733,893	-	733,893
Utilized	(397,150)	-	(397,150)
Effect of foreign currency exchange differences	(178)	-	(178)
Balance at December 31, 2012	340,811	226,000	566,811
Additional provisions recognized	667,639	-	667,639
Utilized	(453,131)	(110,292)	(563,423)
Effect of foreign currency exchange differences	7,361	-	7,361
Balance at December 31, 2013	$ 562,680	$ 115,708	$ 678,388

a. When returning operating leased assets, lessees have legal or construction obligation to restore operating leased assets to original status. Lessees need to accrue restoration costs provision over the lease term on a straight-line basis.

b. The provision for onerous lease contracts represents the present value of the future lease payments that the Group was presently obligated to make under non-cancellable onerous operating lease contracts of ships, less revenue expected to be earned on the lease, where applicable. The estimation may change due to changes in the operation of the leased ships and sub-lease agreements signed with other entities.

24. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Cost of issuance of bonds (Note 19 (a))	$ 261,825	$ 307,299	$ -
Others	4,973,392	4,858,226	4,964,397
	$ 5,235,217	$ 5,165,525	$ 4,964,397
Current (included in current portion of long-term liabilities)	$ 208,085	$ 178,295	$ 116,832
Non-current	5,027,132	4,987,230	4,847,565
	$ 5,235,217	$ 5,165,525	$ 4,964,397

YML-BVI leased ships under 25-year capital lease agreements in 2000 and 2001. The lease contracts were secured by standby letters of credit issued by a bank. YML-BVI deposited a portion of its lease payments in bank as collaterals (included in other financial assets). The balance was $5,179,768 thousand, $5,122,746 thousand and $5,313,962 thousand, respectively as of the years ended December 31, 2013, December 31, 2012 and January 1, 2012.

These transactions involves the legal form of a lease. In accordance with the indicators announced by the Standard Interpretations Committee No. 27, "Evaluating the substance of transactions involving the legal form of a lease", transactions that don't meet the guidelines of IAS No. 17, "Lease" in substance should be reclassified to ships under property, plant and equipment by their nature under IFRSs. Obligations under capital leases should be reclassified to other financial liabilities under IFRSs.

	December 31, 2013	December 31, 2012	January 1, 2012
Current (included in current portion of long-term liabilities)	$ 161,445	$ 132,821	$ 116,832
Non-current	4,811,947	4,725,405	4,847,565
	$ 4,973,392	$ 4,858,226	$ 4,964,397

Other financial liabilities-other is paid quarterly. The principal and interest paid are reset based on three months' Libor rate quarterly.

Related gains and losses for the years ended 2013 and 2012 are included in the following account.

	For the Year Ended December 31	
	2013	2012
Non-operating income and expenses		
Other income	$ 28,021	$ 53,442
Finance costs	$ (30,858)	$ (48,208)

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

YMTC and domestic subsidiaries' pension plans under the Labor Pension Act (the "Act") for onshore employees and shipping crews are defined contribution schemes. Starting on July 1, 2005, the Group makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month.

For domestic crews providing service in foreign ships, pension plan is based on hiring contracts, the Group makes monthly contributions to the employees' account together with salaries.

Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide medical care covered by the agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US$4.05 per working hour. In addition to the US$4.05 per hour contribution, the Company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the accrued expense was $79,846 thousand, $115,718 thousand and $135,235 thousand, respectively.

Some consolidated subsidiaries, which are mainly for investment holding purpose, have either very few or no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

b. Defined benefit plans

1) Pension plan of YMTC

YMTC has adopted three pension plans since it was privatized on February 15, 1996. Before YMTC's privatization, qualified employees received pension payments for service years before the start of the privatization. The service years of the employees who received pre-privatization pension payments and continued to work in YMTC after privatization will be excluded from the calculation of pension payments after privatization. These plans are as follows:

The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributed amounts equal to 3% of salaries every month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan.

Pension plan under the Maritime Labor Law for shipping crews is a defined benefit plan. Before the adoption of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crew's hiring contracts. Under the Law, benefits are based on service years and average basic salary of the six months before retirement.

Pension plan for retired employees of China Merchants Steamship Navigation Company (CMSNC) provides benefits based on service years and level of monthly basic salary at the time of retirement.

Because of spin-off, the service years of the employees transferred to Kuang Ming Shipping Corp. are continued from the service years in YMTC. Benefits are based on the proportion of service years between YMTC and Kuang Ming Shipping Corp. and are paid by individual pension accounts.

2) Pension plan of subsidiaries

Domestic subsidiaries' pension plan under the Labor Standards Law is a defined benefit scheme. Benefits are based on service years and average basic salary of the six months before retirement. The Subsidiaries contribute certain percentage of total salaries and wages every month, to each pension fund, which is administered by each pension plan committee and deposited in each committee's name in the Bank of Taiwan.

Yang Ming (Japan) Co., Ltd.'s pension plan is defined benefit plan. Benefits are based on service years and average basic salary of the last month before retirement. Service years less than (including) 12 years are given two bases, service years more than 12 years are given an extra base per year added with maximum base of 40.

All Oceans Transportation Inc., Yang Ming (UK) Ltd., and Yang Ming (Liberia) Corp.'s pension plan under the Maritime Labor Law for shipping crews are defined benefit plans. Before the adoptiong of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crews hiring contracts. Under the Law, benefits are based on service years and average monthly salary of the six months before retirement.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Discount rates	1.625%-2.15%	1.75%	1.75%
Expected return on plan assets	2.00%-3.00%	2.00%	2.00%
Expected rates of salary increase	2.00%-3.00%	2.00%-2.50%	2.00%-2.75%

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2013	**2012**
Current service cost	$ 76,948	$ 84,467
Interest cost	46,913	45,619
Expected return on plan assets	(16,111)	(15,654)
Past service cost	(2,646)	(2,685)
	$ 105,104	$ 111,747
An analysis by function		
Operating cost	$ 43,967	$ 50,935
Marketing expenses	46,893	45,808
Administration expenses	14,244	15,004
	$ 105,104	$ 111,747

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $(83,313) thousand and $(75,522) thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $(158,835) thousand and $(75,522) thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 1,719,619	$ 1,586,815	$ 1,504,283
Fair value of plan assets	(832,779)	(806,357)	(775,505)
Deficit	886,840	780,458	728,778
Present value of unfunded defined benefit obligation	1,073,587	1,109,747	1,073,147
Past service cost not yet recognized	35,988	38,730	41,415
Restrictions on asset recognized	388	-	-
Net liability arising from defined benefit obligation	$ 1,996,803	$ 1,928,935	$ 1,843,340

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 2,696,562	$ 2,577,430
Current service cost	76,948	84,467
Interest cost	46,913	45,619
Actuarial losses (gains)	94,626	82,952
Benefits paid	(132,050)	(94,277)
Exchange differences on foreign plans	20,010	371
Effect of deconsolidation of subsidiary	(9,803)	-
Closing defined benefit obligation	$ 2,793,206	$ 2,696,562

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 806,357	$ 775,505
Expected return on plan assets	16,111	15,654
Actuarial losses (gains)	(5,751)	(8,037)
Contributions from the employer	32,127	30,869
Benefits paid	(16,065)	(7,634)
Closing fair value of plan assets	$ 832,779	$ 806,357

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Deposit in financial institution	22.86%	23.69%	23.87%
Stock and beneficial certificates	45.57%	39.42%	40.75%
Short-term notes	4.10%	9.44%	7.61%
Bond and fixed income investments	27.47%	27.38%	27.64%
Loans for economic planning and development of government-owned business	-	0.07%	0.13%
	100.00%	100.00%	100.00%

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Present value of defined benefit obligation	$ 2,793,206	$ 2,696,562	$ 2,577,430
Fair value of plan assets	$ 832,779	$ 806,357	$ 775,505
Deficit	$ 886,840	$ 780,458	$ 728,778
Experience adjustments on plan liabilities	$ 225,406	$ 6,848	$ -
Experience adjustments on plan assets	$ (5,751)	$ (8,037)	$ -

The Group expects to make a contribution of $52,656 thousand and $31,972 thousand, respectively to the defined benefit plans during the annual period beginning after 2013 and 2012.

c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of $14,380 thousand and $25,496 thousand for the years ended December 31, 2013 and 2012, respectively.

26. EQUITY

	December 31, 2013	December 31, 2012	January 1, 2012
Share capital	$ 28,187,131	$ 28,187,131	$ 28,187,131
Capital surplus	8,562,852	8,210,248	4,710,566
Accumulated loss	(3,794,292)	(763,793)	(2,442,143)
Unrealized gain (loss) on available-for-sale financial assets	(221,390)	(487,048)	(6,010)
Unrealized gain (loss) on cash flows hedges	-	-	48,933
Exchange differences on translating foreign operations	(58,417)	(357,131)	-
Non-controlling interests	897,056	3,773,293	1,047,124
	$ 33,572,940	$ 38,562,700	$ 31,545,601

a. Share capital

1) Ordinary shares

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	4,500,000	3,600,000	3,600,000
Shares authorized	$ 45,000,000	$ 36,000,000	$ 36,000,000
Number of shares issued and fully paid (in thousands)	2,818,713	2,818,713	2,818,713
Shares issued	$ 28,187,131	$ 28,187,131	$ 28,187,131
Share issuance in excess of par	1,333,992	1,333,992	4,710,566
	$ 29,521,123	$ 29,521,123	$ 32,897,697

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

2) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US$11.64 dollar per unit. The holders of the GDRs may not exchange them for YMTC's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31, 2013, December 31, 2012 and January 1, 2012, there were 5,330,595 units outstanding, representing 53,306,040 shares, 1.89% of total issued shares.

The holders of the GDR retain stockholder's rights that are the same as those of YMTC's common stockholders, but the exercise of stockholder's rights should be under related laws and regulations in ROC and the terms of the GDR contracts. One of these rights is that GDR holders should be able to exercise the right of voting, sell the shares represented by the GDRs, receive dividends and subscribe for the issued stock through the depository bank.

b. Capital surplus

A reconciliation of the carrying amount for the years ended 2013 and 2012, for each class of capital surplus was as follows:

	Share Premium	Differences Between Consideration and Carrying Amount of Subsidiaries Disposed	Conversion Options	Total
Balance at January 1, 2012	$ 4,710,566	$ -	$ -	$ 4,710,566
Offset deficit	(3,376,574)	-	-	(3,376,574)
Differences between consideration and carrying amount of subsidiaries disposed	-	2,462,554	-	2,462,554
Issuance of mandatory convertible bonds	-	-	4,413,702	4,413,702
Balance at December 31, 2012	1,333,992	2,462,554	4,413,702	8,210,248
Issuance of convertible bonds	-	-	352,604	352,604
Balance at December 31, 2013	$ 1,333,992	$ 2,462,554	$ 4,766,306	$ 8,562,852

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and differences between consideration and carrying amount of subsidiaries disposed) may be used to offset a deficit; in addition, when YMTC has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of YMTC's paid-in capital and once a year).

The capital surplus from investments accounted for by using equity method and conversion options may not be used for any purpose.

c. Retained earnings and dividend policy

YMTC's Articles of Incorporation provide that various reserves should be set aside from annual net income less any accumulated losses. In addition, a special reserve should be appropriated as needed. For the remainder of the income plus accumulated unappropriated earnings, the board of directors should propose an appropriation plan which should be at least 25% of the above amount and request the shareholders to pass and execute the plan. The appropriation of earnings should be in the following order:

1) 1% to 5% as bonus to employees;
2) 2% or less as remuneration to directors and supervisors; and
3) Remainder as stockholders' dividends.

The Articles of Incorporation provide that YMTC should consider certain factors, including YMTC's profits, the change in the environment of the industry, potential growth of YMTC, costs, expenditures and the working capital for operation in proposing stock dividend appropriation plan. YMTC shall declare at least 20% of the amount declared as dividends in the form of cash as opposed to stock.

YMTC did not accrue bonus to employees and remuneration to directors and supervisors because of the losses for the years ended December 31, 2013 and 2012.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The Group's retained earnings arising from IFRS adjustment at the first-time adoption was negative (accumulated deficits), special reserve should not be appropriated.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The stockholders resolved to appropriate the 2012 earnings on June 14, 2013, as follows:

Legal reserve	$ 5,143
Special reserve	46,291

On June 15, 2012 YMTC's stockholders resolved to pass the proposal for offsetting the deficit from 2011 by the following:

Legal capital reserve	$ 1,178,785
Special reserve	82,530
Capital surplus - share issuance in excess of par	3,376,574
	$ 4,637,889

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

The offsetting of deficit from 2013 had been proposed by the Company's board of directors on March 25, 2014 as follows:

Legal reserve	$ 5,143
Special reserve	46,291
Capital surplus - share issuance in excess of par	1,331,738
Capital surplus - differences between consideration and carrying amount of subsidiaries disposed	2,462,554
	$ 3,845,726

d. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ (357,131)	$ -
Exchange differences arising on translating the foreign operations	298,714	(357,131)
Balance at December 31	$ (58,417)	$ (357,131)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. The cumulative exchange differences arising on translation of foreign operation's financial statement are reclassified to profit or loss when disposed.

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ (487,048)	$ (6,010)
Unrealized gain arising on revaluation of available-for-sale financial assets	256,952	(429,691)
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(7,841)	(19,005)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	16,547	(32,342)
Balance at December 31	$ (221,390)	$ (487,048)

Unrealized gain/loss on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income. When those available-for-sale financial assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

3) Cash flow hedge

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ -	$ 48,933
Cumulative (gain)/loss arising on changes in fair value of hedging instruments reclassified to profit or loss - oil swap and oil swap option	-	(48,933)
Balance at December 31	$ -	$ -

The cash flow hedges reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of the hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated in cash flow hedges reserve will be reclassified to profit or loss only when the hedge transaction affects profit or loss or regarded as fundamental adjustment of non-financial hedging instruments.

e. Non-controlling interests

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 3,773,293	$ 1,047,124
Attributable to non-controlling interests:		
Share of profit for the year	36,204	13,808
Exchange difference arising on translation of foreign entities	11,871	(27,766)
Partial disposal of subsidiaries (See Note 31)	-	2,787,243
Effect of deconsolidation of subsidiary (See Note 32)	(2,813,562)	-
Actuarial gains and losses on defined benefit plan	1,072	-
Cash dividends distributed by subsidiaries	(111,822)	(47,116)
Balance at December 31	$ 897,056	$ 3,773,293

27. REVENUE

	For the Year Ended December 31	
	2013	2012
Cargo revenue	$ 107,538,977	$ 121,982,567
Rental revenue on ships	2,511,321	2,601,886
Charter hire revenue	1,522,259	690,945
Commission revenue	697,010	497,100
Other operating revenue	6,604,393	5,652,141
	$ 118,873,960	$ 131,424,639

28. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net loss included items below:

a. Other operating income and expenses

	For the Year Ended December 31 2013	2012
Gain on disposal and retirement of property, plant and equipment	$ 3,626,768	$ 1,560,292
Reimbursement income	71,287	101,913
	$ 3,698,055	$ 1,662,205

b. Other income

	For the Year Ended December 31 2013	2012
Rental income	$ 128,806	$ 133,457
Interest income		
Bank deposits	100,603	109,983
Short-term bills	1,108	8,344
Other	4,667	2,313
Dividends	61,127	116,588
	$ 296,311	$ 370,685

c. Other gains and losses

	For the Year Ended December 31 2013	2012
Gain on disposal of subsidiaries and fair value of residual investment	$ 3,763,334	$ -
Net foreign exchange gains/losses	(137,705)	1,005,201
Net gain (loss) arising on financial assets/liabilities designated as at fair value through profit and loss	362,556	358,097
Other	475,900	194,575
	$ 4,464,085	$ 1,557,873

d. Finance costs

	For the Year Ended December 31 2013	2012
Interest on bank overdrafts and loans	$ 775,402	$ 760,186
Interest on obligations under finance leases	430,795	428,159
Interest on other financial liabilities	30,858	48,208
Interest on bonds	630,039	564,960
Other interest expense	8,346	20,654
	1,875,440	1,822,167
Less: Capitalized interest	(17,078)	(62,625)
	$ 1,858,362	$ 1,759,542

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2013	2012
Capitalized interest	$ 17,078	$ 62,625
Capitalization rate	0.838%-1.903%	0.85%-1.9888%

e. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
Property, plant and equipment	$ 7,139,612	$ 7,198,751
Investment property	25,692	26,157
Intangible assets	41,428	35,328
	$ 7,206,732	$ 7,260,236
An analysis of deprecation by function		
Operating costs	$ 7,001,470	$ 7,051,870
Operating expenses	138,142	146,881
Other expenses and losses	25,692	26,157
	$ 7,165,304	$ 7,224,908
An analysis of amortization by function		
Operating costs	$ 15,481	$ 7,060
Operating expenses	25,947	28,268
	$ 41,428	$ 35,328

f. Employee benefits expense

	For the Year Ended December 31	
	2013	2012
Short-term benefits		
Salary	$ 5,322,311	$ 5,566,321
Bonus	185,068	242,529
Labor and health insurance	376,300	349,772
Other employee benefits	309,353	584,856
	6,193,032	6,743,478
Retirement benefits (Note 25)		
Defined contribution plans	211,015	186,866
Defined benefit plans	105,104	111,747
	316,119	298,613
Termination benefits	14,380	25,496
Total employee benefits expense	$ 6,523,531	$ 7,067,587
An analysis of employee benefits by function		
Operating costs	$ 2,728,743	$ 3,317,900
Operating expenses	3,794,788	3,749,687
	$ 6,523,531	$ 7,067,587

29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 526,009	$ 400,335
In respect of prior periods	(113)	233
	525,896	400,568
Deferred tax		
In respect of the current year	(630,390)	(377,094)
Income tax expense recognized in profit or loss	$ (104,494)	$ 23,474

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2013	2012
Profit before tax	$ (3,014,404)	$ (1,585,420)
Tax income calculated at the statutory rate	$ (300,983)	$ (149,900)
Nondeductible expenses in determining taxable income	10,017	9,575
Tax-exempt income	(571,485)	(7,127)
Unrecognized temporary differences	550,225	(150,672)
Offshore income tax	114,778	160,405
Additional income tax on unappropriated earnings	118	18,885
Income tax expense adjustments on prior years	(113)	233
Others	92,949	142,075
Income tax expense (gain) recognized in profit or loss	$ (104,494)	$ 23,474

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in America is 40%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	2012
Deferred tax		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	$ (17,064)	$ (15,467)

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Effect of Deconsolidation of Subsidiary	Closing Balance
Investment tax credits	$ 26,219	$ (13,886)	$ -	$ -	$ (12,333)	$ -
Income tax losses	1,556,570	787,912	-	-	(14,797)	2,329,685
Temporary differences						
Unrealized shipping fuel valuation losses	17,860	7,367	-	-	-	25,227
Investment loss on investments accounted for using equity method	2,206	7,069	-	-	-	9,275
Defined benefit plan	287,314	(41,862)	17,064	-	(379)	262,137
Payable for annual leave	14,467	2,633	-	-	-	17,100
Unrealized loss on voyage in sailing	22,681	53,082	-	-	-	75,763
Others	55,489	11,659	-	7,959	-	75,107
	$ 1,982,806	$ 813,974	$ 17,064	$ 7,959	$ (27,509)	$ 2,794,294

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Effect of Deconsolidation of Subsidiary	Closing Balance
Temporary differences						
Investment loss on investments accounted for using equity method	$ 1,485,986	$ (112,214)	$ -	$ -	$ -	$ 1,373,772
Reserve for land value increment tax	479,639	-	-	-	-	479,639
Unrealized gain on voyage in sailing	55,649	(55,649)	-	-	-	-
Property, plant and equipment	44,089	39,849	-	-	-	83,938
Sales and leaseback	74,159	264,089	-	-	-	338,248
Others	7,665	47,509	-	-	-	55,174
	$ 2,147,187	$ 183,584	$ -	$ -	$ -	$ 2,330,771

For the year ended December 31, 2012

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Investment tax credits	$ 39,831	$ (13,612)	$ -	$ -	$ 26,219
Income tax losses	1,019,573	536,997	-	-	1,556,570
Temporary differences		-			
Unrealized shipping fuel valuation losses	-	17,860	-	-	17,860
Investment loss on investments accounted for using equity method	23,326	(21,120)	-	-	2,206
Defined benefit plan	266,973	4,874	15,467	-	287,314
Unrealized loss on voyage in sailing	-	22,681	-	-	22,681
Payable for annual leave	16,085	(1,618)	-	-	14,467
Others	35,679	15,131	-	4,679	55,489
	$ 1,401,467	$ 561,193	$ 15,467	$ 4,679	$ 1,982,806

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investment loss on investments accounted for using equity method	$ 1,351,837	$ 134,149	$ -	$ -	$ 1,485,986
Reserve for land value increment tax	479,639	-	-	-	479,639
Unrealized gain on voyage in sailing	-	55,649	-	-	55,649
Property, plant and equipment	47,140	(3,051)	-	-	44,089
Sales and leaseback	83,931	(9,772)	-	-	74,159
Others	541	7,124	-	-	7,665
	$ 1,963,088	$ 184,099	$ -	$ -	$ 2,147,187

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2013	December 31, 2012	January 1, 2012
Loss carryforwards			
Expire in 2014	$ 2,683,337	$ 2,683,337	$ 2,683,337
Expire in 2021	6,346,075	3,140,193	4,081,370
Expire in 2022	33,429	-	-
	$ 9,062,841	$ 5,823,530	$ 6,764,707
Investment credits			
Act for promotion of private participation in infrastructure projects	$ -	$ 4,151,124	$ 4,073,853
Deductible temporary differences	$ 72,253	$ 61,775	$ 84,175

e. Information about unused loss carry-forward and tax-exemption

As of December 31, 2013, unused loss carryforwards comprised of:

Unused Amount	Expiry Year
$ 2,683,337	2014
9,246,500	2021
2,777,522	2022
8,059,511	2023
$ 22,766,870	

f. Integrated income tax

Information about integrated income tax of the Group was as follows:

	Balance of Imputation Credit Account (ICA)			Estimated	Actual
	December 31, 2013	December 31, 2012	January 1, 2012	Rates of 2013	Rates of 2012
Yang Ming Marine Transport Corporation	$ 569,080	$ 548,678	$ 526,547	-	20.48%
Kuang Ming Shipping Corp.	$ 18,713	$ 236	$ 30	-	-
Honming Terminal & Stevedoring Co., Ltd.	$ 4,763	$ 5,527	$ 5,261	20.73%	20.74%
Jing Ming Transportation Co., Ltd.	$ 3,782	$ 4,352	$ 5,673	21.65%	20.77%
YES Logistics Corp.	$ 30,362	$ 29,835	$ 29,835	-	-
Ching Ming Investment Corp.	$ 9,347	$ 8,790	$ 9,490	-	-

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

YMTC, Kuang Ming Shipping Corp., YES Logistics and Ching Ming Investment Corp. had no unappropriated earnings as of December 31, 2013 Thus, the ICA balance will be accumulated until the date of dividend distribution in the future.

g. As of December 31, 2013 and 2012, the Company had no unappropriated retained earnings generated before June 30, 1998.

h. Income tax assessments

Company	Year
Yang Ming Marine Transport Corporation	2011
Kuang Ming Shipping Corp.	2012
Honming Terminal & Stevedoring Co., Ltd.	2011
Jing Ming Transportation Co., Ltd.	2011
YES Logistics Corp.	2011
Ching Ming Investment Corp.	2011

30. LOSS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2013	2012
Basic loss per share	$ (0.90)	$ (0.50)
Diluted loss per share	$ (0.90)	$ (0.50)

The Company did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the year ended December 31, 2013 due to their anti-dilutive effect.

The loss and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Loss for the Year

	For the Year Ended December 31	
	2013	**2012**
Loss used in the computation of basic loss per share	$ (2,946,114)	$ (1,622,702)

Number of Ordinary Shares

	For the Year Ended December 31	
	2013	**2012**
Outstanding shares	2,818,713	2,818,713
Not exercised number of convertible shares of mandatory convertible bonds	457,413	457,413
Weighted average number of ordinary shares used in the computation of basic loss per share	3,276,126	3,276,126

If the Group offered to settle bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year. YMTC did not accrue bonus to employees because of the losses for the years ended December 31, 2013 and 2012.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June and December 2012, YMTC disposed of 10% and 30% of its interest in Kao Ming Terminal Corp., respectively, reducing its continuing interest from 100 % to 60%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over Kao Ming Terminal Corp.

Cash consideration received (paid)	$ 5,249,797
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(2,787,243)
Differences arising from equity transaction	$ 2,462,554

Line items adjusted for equity transaction

Capital surplus - differences between consideration and carrying amount of subsidiaries disposed	$ 2,462,554

32. DISPOSAL OF SUBSIDIARIES - LOSS CONTROL

In November 2013, YMTC entered into a share sale agreement to dispose of its 12.5% equity interests in Kao Ming Terminal Corp. After the disposal in December 2013, YMTC's continuing interest declined from 60% to 47.5% and elected only four out of nine directors of Kao Ming Terminal Corp. Starting

December 2013, YMTC had no power to govern the personnel, financial, and operating policies of Kao Ming Terminal Corp. (According to Kao Ming's articles of incorporation, these issues shall be decided by a resolution to be adopted by two-third vote of the directors present at a meeting of the board of directors). Accordingly, the Group derecognized related assets, liabilities and noncontrolling interests of Kao Ming Terminal Corp.

a. Consideration received from the disposal

	December 31, 2013
Consideration received in cash	$ 1,659,313

b. Analysis of assets and liabilities on the date control was lost

	December 31, 2013
Current assets	
Cash	$ 100
Trade receivables	269,338
Other financial assets - current	2,551,822
Others	307,110
Non-current assets	
Property, plant and equipment	9,432
Long-term prepayments for lease	10,224,513
Others	70,521
Current liabilities	
Payables	(404,330)
Current portion of long-term debts	(198,000)
Others	(31,894)
Non-current liabilities	
Borrowings	(5,753,375)
Others	(11,332)
Net assets disposed of	$ 7,033,905

c. Gain on disposal of subsidiary

YMTC disposed of its 12.5% and retained its 47.5% equity interest in Kao Ming Terminal Corp. The gain on the disposal and the gain on the fair value of the retained equity, which were all included in other gains and losses, were calculated as follows:

	For the Year Ended December 31, 2013
Fair value of consideration received	$ 1,659,313
Fair value of interest retained	6,324,364
Carrying amount of non-controlling interest	2,813,562
	10,797,239
Less: Carrying amount of net assets of ex-subsidiary	(7,033,905)
Gain on disposal of shares and interest retained	$ 3,763,334

Gain on interest retained evaluated at fair value was as follows:

	For the Year Ended December 31, 2013
Fair value of interest retained	$ 6,324,364
Carrying amount in proportion to interest retained	(3,341,105)
Gain on fair value of interest retained	$ 2,983,259

d. Net cash inflow on disposal of subsidiary

	For the Year Ended December 31, 2013
Consideration received in cash	$ 1,659,313
Less: Cash balances disposed of	(100)
	$ 1,659,213

33. NON-CASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Group entered into the following non-cash acquiring and disposing of property, plant and equipment which were not reflected in the consolidated statement of cash flows:

	For the Year Ended December 31	
	2013	2012
Proceeds from acquisition of property, plant and equipment	$ 12,366,406	$ 15,881,159
Reclassification of prepayments for equipment	(2,138,940)	-
Decrease (increase) in payables on equipment	(510,548)	1,389,778
Cash paid	$ 9,716,918	$ 17,270,937
Proceeds from disposal of property, plant and equipment	$ 8,161,158	$ 1,751,216
Increase (decrease) in advances from disposal of property, plant and equipment (included in other current liabilities)	293,755	(247,272)
Cash received	$ 8,454,913	$ 1,503,944

34. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The Group entered into operating lease agreements to lease office, ships, containers and container yard that will expire on various dates until September 2036. The rentals are paid monthly or quarterly, and the Group has deposited $314,384 thousand, $320,915 thousand and $321,486 thousand as guarantee fund as of December 31, 2013, December 31, 2012 and January 1, 2012. The total rental for the years ended December 31, 2013 and 2012 was $13,239,223 thousand and $12,505,698 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 31, 2012
Not later than 1 year	$ 12,745,232	$ 11,100,440	$ 12,245,428
Later than 1 year and not later than 5 years	39,859,128	35,197,454	40,727,864
Later than 5 years	16,499,572	14,776,954	20,800,482
	$ 69,103,932	$ 61,074,848	$ 73,773,774

Provisions recognized for non-cancellable operating lease commitments was summarized in Note 23.

b. The Group as lessor

1) Ship

The Company signed ship lease contracts under operating lease. As of December 31, 2013, December 31, 2012 and January 1, 2012, the future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 1,144,411	$ 1,156,247	$ 1,444,763
Later than 1 year and not later than 5 years	333,088	1,319,955	1,532,891
Later than 5 years	-	-	-
	$ 1,477,499	$ 2,476,202	$ 2,977,654

2) Investment properties

The Company signed land and building contracts under operating lease. As of December 31, 2013, December 31, 2012 and January 1, 2012, the future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 68,258	$ 105,324	$ 96,939
Later than 1 year and not later than 5 years	86,587	137,286	144,571
Later than 5 years	-	88	842
	$ 154,845	$ 242,698	$ 242,352

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns to maintain the capital structure through the optimization of the debt and equity balance.
The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, other equity and non-controlling interests).

The gearing ratio at end of the reporting period was as follows:

	December 31, 2013	December 31, 2012	January 31, 2012
Debt (a)	$ 108,661,096	$ 106,169,366	$ 100,464,618
Cash and cash equivalents	(13,631,975)	(10,943,570)	(10,973,136)
Net debt	$ 95,029,121	$ 95,225,796	$ 89,491,482
Equity (b)	$ 33,572,940	$ 38,562,700	$ 31,545,601
Net debt to equity ration	283.05%	246.94%	283.69%

a. Debt is defined as long-term and short-term borrowing (excluding derivatives and financial guarantee contracts).

b. Equity includes all capital, capital surplus, retained earnings, other equity and non-controlling interests, of the Group that are managed as capital.

36. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Bonds payable (included current portion)	$ 31,492,295	$ 31,646,283	$ 25,351,954	$ 25,469,570	$ 15,396,490	$ 15,520,718
Financial lease payables (included current portion)	5,714,647	6,041,667	5,840,895	6,581,522	6,344,782	6,949,308

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Principal guaranteed notes	$ -	$ -	$ 949,676	$ 949,676
Derivative financial instruments	-	-	55,590	55,590
Mutual funds	742,735	-	-	742,735
Quoted stocks	138,872	-	-	138,872
	$ 881,607	$ -	$ 1,005,266	$ 1,886,873
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 19,820	$ 19,820
Available-for-sale financial assets				
Quoted stocks	$ 2,002,470	$ -	$ -	$ 2,002,470
Mutual funds	51,421	-	-	51,421
	$ 2,053,891	$ -	$ -	$ 2,053,891

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Principal guaranteed notes	$ -	$ -	$ 1,000,302	$ 1,000,302
Derivative financial instruments	-	-	34,028	34,028
Mutual funds	939,300	-	-	939,300
Quoted stocks	128,497	-	-	128,497
	$ 1,067,797	$ -	$ 1,034,330	$ 2,102,127
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 5,112	$ 5,112
Available-for-sale financial assets				
Quoted stocks	$ 1,840,711	$ -	$ -	$ 1,840,711
Mutual funds	118,306	-	-	118,306
	$ 1,959,017	$ -	$ -	$ 1,959,017

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	$ -	$ -	$ 67,227	$ 67,227
Mutual funds	689,773	-	-	689,773
Quoted stocks	140,500	-	-	140,500
	$ 830,273	$ -	$ 67,227	$ 897,500
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 47,136	$ 47,136

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Quoted stocks	$ 2,521,433	$ -	$ -	$ 2,521,433
Bonds investment	60,580	-	-	60,580
Mutual funds	335,367	-	-	335,367
	$ 2,917,380	$ -	$ -	$ 2,917,380
Derivative financial assets for hedging - current				
Cash flow hedge - oil swap and oil swap option	$ -	$ -	$ 49,161	$ 49,161
Derivative financial liabilities for hedging - current				
Cash flow hedge - oil swap and oil swap option	$ -	$ -	$ 229	$ 229

(Concluded)

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2013

Financial assets at fair value through profit or loss:

	Financial Assets at Fair Value Through Profit or Loss	Held for Trading		
	Principal Guaranteed Notes	Foreign Exchange Forward Contracts and Foreign Exchange Options	Oil Swap and Oil Swap Options	Total
Balance at January 1, 2013	$ 1,000,302	$ -	$ 34,028	$ 1,034,330
Total gains or losses				
In profit or loss	11,438	13,437	287,903	314,998
In other comprehensive income	-	-	-	-
Reclassification	-	-	-	-
Purchases	3,757,197	-	-	3,757,197
Disposals/settlements	(3,819,261)	(13,437)	(266,341)	(4,101,259)
Transfers out of level 3	-	-	-	-
Balance at December 31, 2013	$ 949,676	$ -	$ 55,590	$ 1,005,266

Financial liabilities at fair value through profit or loss:

	Held for Trading			
	Foreign Exchange Forward Contracts and Foreign Exchange Options	**Oil Swap and Oil Swap Options**	**Put Option of Bonds**	**Total**
Balance at January 1, 2013	$ -	$ 5,112	$ -	$ 5,112
Total gains or losses				
In profit or loss	(6,864)	(27,576)	(14,288)	(48,728)
In other comprehensive income	-	-	-	-
Reclassification	-	-	-	-
Purchases	6,864	-	34,108	40,972
Disposals/settlements	-	22,464	-	22,464
Transfers out of level 3	-	-	-	-
Balance at December 31, 2013	$ -	$ -	$ 19,820	$ 19,820

For the year ended December 31, 2012

Financial assets at fair value through profit or loss:

	Financial Assets at Fair Value Through Profit or Loss	Held for Trading		
	Principal Guaranteed Notes	**Foreign Exchange Forward Contracts and Foreign Exchange Options**	**Oil Swap and Oil Swap Options**	**Total**
Balance at January 1, 2012	$ -	$ 51,743	$ 15,484	$ 67,227
Total gains or losses				
In profit or loss	4,291	83,629	310,079	397,999
In other comprehensive income	-	-	-	-
Reclassification	-	-	-	-
Purchases	5,700,000	-	-	5,700,000
Disposals/settlements	(4,703,989)	(135,372)	(291,535)	(5,130,896)
Transfers out of level 3	-	-	-	-
Balance at December 31, 2012	$ 1,000,302	$ -	$ 34,028	$ 1,034,330

Financial liabilities at fair value through profit or loss:

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	**Oil Swap and Oil Swap Options**	**Total**
Balance at January 1, 2012			
Total gains or losses	$ 47,136	$ -	$ 47,136
In profit or loss			
In other comprehensive income	60,833	15,260	76,093
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	(107,969)	(10,148)	(118,117)
	-	-	-
Balance at December 31, 2012	$ -	$ 5,112	$ 5,112

Derivative financial instrument for hedging - current:

	Oil Swap and Oil Swap Options	
	Derivative Financial Assets for Hedging - Current	**Derivative Financial Liabilities for Hedging - Current**
Balance at January 1, 2012	$ 49,161	$ 229
Total gains or losses		
In profit or loss	(49,161)	(229)
In other comprehensive income	-	-
Reclassification	-	-
Purchases	-	-
Disposals/settlements	-	-
Transfers out of level 3	-	-
Balance at December 31, 2012	$ -	$ -

The total gains or losses for the years ended December 31, 2013 and 2012 included a gain of \$37,055 thousand and \$13,734 thousand (included in other gains and losses) relating to assets measured at fair value on Level 3 fair value measurement and held at the end of reporting date.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices included quoted stocks, mutual funds and bonds investment. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The above estimates and assumptions are consistent with those generally used by other market participants to price financial instruments.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 937,197	$ 1,101,825	$ 897,500
Designated as at FVTPL	949,676	1,000,302	-
Derivative instruments in designated hedge accounting relationships	-	-	49,161
Loans and receivables (1)	26,357,697	25,920,458	20,124,716
Available-for-sale financial assets (2)	2,553,391	2,358,517	3,342,670
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	19,820	5,112	47,136
Derivative instruments in designated hedge accounting relationships	-	-	229
Amortized cost (3)	96,050,543	93,975,564	88,629,531

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and trade receivables (including related parties) and other financial assets.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes and trade payables (including related parties), other payables, payables on equipment, bonds issued and other financial liabilities.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, structured investment instrument, trade receivable, other financial assets, trade payables, other payables, bonds payable, borrowings and other financial liabilities. The Group's Corporate Treasury function provides all kinds of financial service to each division by using different financial instruments. Also, the treasury function controls and analyzes the financial risks related to operations; these risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by managing stocks and flow and using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies "Regulations Governing the Acquisition and Disposal of Assets" approved by the board of directors. Compliance with policies was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group uses assets, liabilities and a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operations involve foreign currency transactions so the Group is exposed to foreign currency risk. The Group's transaction involve contain various currencies due to its industrial feature, operating revenue and operating costs are mainly denominated in U.S. dollars. Exchange rate exposures were managed within approved policy parameters utilizing net cash flows, offset of the influence on net assets and liabilities, forward foreign exchange contracts and instruments of swap and options.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 40.

<u>Sensitivity analysis</u>

Monetary assets and liabilities were mainly exposed to the U.S. dollars, CNY and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollars, CNY and JPY. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in profit and other equity associated with New Taiwan dollars strengthen 1% against U.S. dollars, CNY and JPY. For a 1% weakening of New Taiwan dollars against the U.S. dollars, CNY and JPY, there would be an equal and opposite impact on profit or loss.

	For the Year Ended December 31	
	2013	2012
U.S. dollars (i)	$ (103,712)	$ (186,758)
CNY (ii)	13,396	(5,477)
JPY (iii)	(5,941)	(22,596)

i. This was mainly attributable to the exposure outstanding on U.S. dollars deposits, receivables and payables at the end of the reporting period.

ii. This was mainly attributed to the exposure outstanding on CNY deposits and payables at the end of the reporting period.

iii. This was mainly attributed to the exposure to outstanding JPY receivables and payables at the end of the reporting period.

The Group's sensitivity to foreign currency changed during the current period mainly due to the increase of U.S. dollars and CNY's monetary assets, trade receivables and cash equivalents is greater than the increase of the relevant currency payables, which cause the increase in net assets. The decrease of JPY's net liabilities is due to the reduction of liabilities in JPY.

Sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value interest rate risk			
Financial assets	$ 6,939,222	$ 5,682,760	$ 3,245,663
Financial liabilities	38,406,602	31,591,173	21,801,272
Cash flow interest rate risk			
Financial assets	12,211,922	11,725,121	12,927,706
Financial liabilities	47,807,667	56,078,793	59,528,374

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2013 would decrease/increase by $35,596 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2012 would decrease/increase by $44,354 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and was exposed to oil price risk through its holding oil swap and oil swap option contracts. The Group periodically evaluates price risk and investment performance according to procedures of acquisition and disposal of assets and expects no significant price risk occurred.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, profit for the years ended December 31, 2013 and 2012 would have increased/decreased by $6,943 thousand and $6,424 thousand, respectively, and the other comprehensive income for the years ended December 31, 2013 and 2012 would increase/decrease by $100,123 thousand and $92,036 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

The sensitivity analyses below were determined based on the exposure to oil price risks at the end of the reporting period.

If oil prices had been increase/decrease by US$1 dollar, fair value increase/decrease by $4,236 thousand (US$141 thousand) and $3,548 thousand (US$123 thousand) for holding oil swap and oil swap option contracts (oil swap and oil swap option for hedging purpose but not determined to be an effective hedge) for the years ended December 31, 2013 and 2012, respectively.

2) Credit risk

There is no significant concentration of credit risk for the Group. Credit risk is from cash and cash equivalents deposit in banks, derivative financial instruments transactions with banks and financial institutions and trade receivable from customers.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient letter of bank guarantee and security deposit, where appropriate, as a means of mitigating the risk of financial loss from defaults. To reduce credit risk, the Group has established an internal monitoring procedures to monitor credit risk exposure and credit condition of counterparties.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group had available unutilized short-term bank loan facilities $14,327,131 thousand, $16,035,702 thousand and $7,205,350 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2013

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 16,172,714	$ 115,666	$ -
Finance lease liabilities	703,580	2,731,328	5,629,435
Other financial liabilities (i)	184,109	1,031,708	4,085,950
Variable interest rate liabilities	8,825,381	29,663,999	6,198,975
Fixed interest rate liabilities	4,104,081	26,393,373	4,265,100
Financial guarantee liabilities	775,341	-	-
	$ 30,765,206	$ 59,936,074	$ 20,179,460

Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Expected cash inflows not later than one year, later than one year and not later than five years, and later than five years were $242,441 thousand, $1,026,575 thousand and $3,386,836 thousand, respectively.

December 31, 2012

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 12,514,735	$ -	$ -
Finance lease liabilities	686,681	2,785,613	6,042,812
Other financial liabilities (i)	157,331	863,424	4,177,794
Variable interest rate liabilities	8,869,661	34,249,953	10,664,541
Fixed interest rate liabilities	3,825,795	23,082,254	348,000
Financial guarantee liabilities	787,673	-	-
	$ 26,841,876	$ 60,981,244	$ 21,233,147

Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Expected cash inflows not later than one year, later than one year and not later than five years, and later than five years were $223,339 thousand, $916,463 thousand, $3,508,179 thousand, respectively.

January 1, 2012

	Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 13,945,703	$ -	$ -
Finance lease liabilities	716,487	2,898,181	7,009,982
Other financial liabilities (i)	154,402	755,342	4,401,004
Variable interest rate liabilities	13,839,250	34,041,512	8,913,040
Fixed interest rate liabilities	4,338,876	15,738,850	522,000
Financial guarantee liabilities	1,084,186	-	-
	$ 34,078,904	$ 53,433,885	$ 20,846,026

Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Expected cash inflows not later than one year, later than one year and not later than five years, and later than five years were $286,256 thousand, $878,026 thousand and $3,732,222 thousand, respectively.

The amounts included above for financial guarantee contracts were limitation amounts the Group offered to related parties. The maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement.

Derivative instruments

Derivative instruments the Group held are all settled within one year as of December 31, 2013, December 31, 2012 and January 1, 2012.

4) Reclassifications

On July 1, 2008, the Group reclassified its financial assets and the fair values at the reclassification date were as follows:

	Before Reclassifications	After Reclassifications
Financial assets at fair value through profit or loss - held for trading	$ 2,377,600	$ 1,118,330
Available-for-sale financial assets	611,000	1,870,270
	$ 2,988,600	$ 2,988,600

In view of the Group's intention of not selling the abovementioned financial assets held for trading within a short period of time as a result of the economic instability and deterioration of the world's financial markets that has occurred during 2008, the Group reclassified these held for trading financial assets to available-for-sale financial assets.

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) were as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Available-for-sale financial assets	$ 24,246	$ 24,246	$ 80,712	$ 80,712	$ 264,781	$ 264,781

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized) for 2013 and 2012 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	2013		2012	
	Gains (Losses) Recorded	**Pro Forma Gains (Losses)**	**Gains (Losses) Recorded**	**Pro Forma Gains (Losses)**
Available-for-sale financial assets	$ -	$ 2,529	$ 1,278	$ 1,346

37. TRANSACTIONS WITH RELATED PARTIES

Most of YMTC's directors in the board were appointed by MOTC. Transactions with other government-related entities were mainly bank deposits, borrowing and guaranteed business with government-owned banks (see Notes 18 and 19), concession right of Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 16) and shipbuilding contracts signed with CSBC Corporation (see Notes 14 and 39). In spite of the above transactions, the other transactions with Government - related parties were both individually and collectively insignificant, hence not included in the below disclosures.

Balances and transactions between the Company and its subsidiaries, which are related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Apart from the above-mentioned transactions with the government-related party and the related party information shown in other notes and Schedule A and B, the following is a summary of the significant related party transaction carried out in the normal course of the Group's business:

a. Profit (loss) from operation

Related Parties Types	For the Year Ended December 31 **2013**	**2012**
Operating revenue		
Associates	$ 15,556	$ 6,281
Government - related parties	290,215	194,161
Investors that have significant influence over the subsidiaries	65,482	2,669
	$ 317,253	$ 203,111

(Continued)

Related Parties Types	For the Year Ended December 31 2013	2012
Operating cost		
Associates	$ 3,254,705	$ 3,035,528
Government - related parties	989,564	834,770
Investors that have significant influence over the subsidiaries	464,800	486,080
	$ 4,709,069	$ 4,356,378
Operating expenses		
Associates	$ 36	$ -
Investors that have significant influence over the subsidiaries	10,110	10,696
Government - related parties	54,534	50,676
Other related parties - other	38,469	34,444
	$ 103,149	$ 95,816

(Concluded)

b. Bank deposits

Bank deposits on reporting period (including time deposits with original maturity more than 3 months and pledged time deposits included in other financial assets) balance were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Government - related parties	$ 5,637,719	$ 7,100,013	$ 4,594,296

c. Receivables and payables from related parties

	December 31, 2013	December 31, 2012	January 1, 2012
Trade receivable			
Associates	$ 387,052	$ 63,117	$ 70,119
Government - related parties	58,342	22,484	-
	$ 445,394	$ 85,601	$ 70,119
Other receivable - related parties (included in other current assets)			
Associates	$ 60,140	$ 15,429	$ 9,570
Government - related parties	4,164	22,605	130
Investors that have significant influence over the subsidiaries	79	13,319	34,319
	$ 64,383	$ 51,353	$ 44,019

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Trade payable to related parties			
Investors that have significant influence over the subsidiaries	$ 118,320	$ 109,672	$ 108,779
Government - related parties	79,162	65,356	23,335
Associates	402,945	203,126	83,724
	$ 600,427	$ 378,154	$ 215,838
Other payable - related parties (included in other payables)			
Associates	$ 171	$ 171	$ -
Government - related parties	30,300	27,995	13,474
	$ 30,471	$ 28,166	$ 13,474
Payables on equipment			
Government - related parties	$ 467,039	$ -	$ 1,095,669

(Concluded)

d. Amounts accounted for shipping agents

Amounts accounted for shipping agents on reporting periods were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Advances to shipping agents			
Associates	$ 52,607	$ 87,909	$ 95,014

e. Bonds payables

Bonds payable (Note 1) balance on reporting periods were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 25,000	$ 25,000	$ -
Investors that have significant influence over the subsidiaries	450,000	450,000	-
Government - related parties	7,549,000	7,549,000	-
	$ 8,024,000	$ 8,024,000	$ -

Note 1: Original investment amount of privately placed bonds.

f. Others

Related Parties Types	For the Year Ended December 31 2013	2012
Rental income		
Other related parties - other	$ 3,429	$ 3,143
Interest income		
Associates	$ 283	$ -
Government - related parties	23,695	19,542
	$ 23,978	$ 19,542
Finance cost		
Associates	$ 537	$ 442
Investors that have significant influence over the subsidiaries	3,646	1,943
Government - related parties	699,333	603,022
	$ 703,516	$ 605,407

The Group's transactions with related parties were conducted under contract terms.

g. Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the years ended December 31, 2013 and 2012 were as follows:

	For the Year Ended December 31 2013	2012
Short-term employee benefits	$ 25,921	$ 32,803
Post-employment benefits	16,819	2,551
	$ 42,740	$ 35,354

The remuneration of directors and key executives is determined by the remuneration committee on the basis of the performance of individuals and market trends.

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to those mentioned in Note 18, the following assets had been pledged as collaterals for syndicated bank loans, long-term bank loans, bonds and credit lines:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment, net	$ 65,782,623	$ 63,355,267	$ 54,879,606
Long-term prepayments for lease	-	9,771,106	9,678,832
Deposit of stand-by letter of credit (included in other financial assets)	5,179,768	5,122,746	5,313,962
Pledged time deposits (included in other financial assets)	13,764	2,698,064	22,365

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Investment properties, net	$ 1,390,320	$ 1,399,353	$ 1,408,434
Demand deposit (included in other financial assets)	-	398,312	-
	$ 72,366,475	$ 82,744,848	$ 71,303,199

(Concluded)

39. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Schedule B and other notes, commitments and contingent liability on reporting periods were as follows:

a. Kuang Ming Shipping Corp. signed a contract, "operating commission", with Taiwan Power Company, Ltd. since August 2011 and the contract is for six years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Company.

b. The Company signed shipbuilding contracts with government-related entity. As of December 31, 2013, December 31, 2012 and January 1, 2012, unpaid amount for these contracts were $9,577,683 thousand, $11,996,403 thousand and $27,443,759 thousand, respectively.

c. The Company signed tramp ships building contracts with non-related party. As of December 31, 2013, December 31, 2012 and January 1, 2012, unpaid amounts for these contracts were $2,094,609 thousand, $1,559,131 thousand and $2,696,371 thousand, respectively.

d. The Group signed ship lease contracts with other companies which will start from 2015 with lease term from 6 to 12 years. Future rentals are estimated from US$2,220,660 thousand to US$2,690,415 thousand.

e. In order to build and operate the four harbors and the post-critical point line facilities of harbor numbers 108 to 111 of the Kaohsiung harbor intercontinental container center, Kao Ming Container Terminal Corp., a subsidiary of the Company, signed construction and technical services contract with supplier on various dates during 2007 to March 31, 2013. As of December 31, 2012 and January 1, 2012, the amounts paid for construction in progress were as follows.

	December 31, 2012		January 1, 2012	
Project	Amount Paid	Total Contract Amount	Amount Paid	Total Contract Amount
Wharf	$ 362,273	$ 2,350,643	$ 57,991	$ 167,650
Computer and software	92,549	95,887	-	7,887
Machine	2,228	7,427	-	-
	$ 457,050	$ 2,453,957	$ 57,991	$ 175,537

A correspondent bank offered on behalf of Kao Ming Container Terminal Corp., a letter of performance guarantee for NT$360 million to Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. as performance guarantee for the construction and operation of the Kaohsiung harbor intercontinental container center. According to the "contract of the first stage building and operating program of Kaohsiung harbor intercontinental container center", Kao Ming Container Terminal Corp. should pay NT$90,600 thousand premium every unit per year to Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. from the operation. The unit is measured as the usable area of each port and land within the post-critical point line. The amount paid for premium in 2013 and 2012 were NT$244,953 thousand and NT$245,070 thousand, respectively.

Future premiums are as follows:

	December 31, 2012	January 1, 2012
No later than 1 year	$ 244,884	$ 244,884
Later than 1 year and not later than 5 years	1,361,463	1,243,947
Later than 5 years	14,375,200	14,767,800
	$ 15,981,547	$ 16,256,631

40. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 515,693	29.9500 (USD:NTD)	$ 15,445,020
GBP	107,800	1.6522 (GBP:USD)	5,334,299
RMB	278,756	4.9471 (RMB:NTD)	1,379,043
JPY	2,071,817	0.2851 (JPY:NTD)	590,708
AUD	13,773	26.7124 (AUD:NTD)	367,898
JPY	2,494	0.0095 (JPY:USD)	711
Non-monetary items			
EUR	85	41.2621 (EUR:NTD)	3,508
GBP	7	49.4834 (GBP:NTD)	366
Financial liabilities			
Monetary items			
USD	861,976	29.9500 (USD:NTD)	25,816,187
GBP	97,244	1.6522 (GBP:USD)	4,811,947
RMB	7,980	4.9471 (RMB:NTD)	39,479
JPY	3,779,431	0.2851 (JPY:NTD)	1,077,576
AUD	1,649	26.7124 (AUD:NTD)	44,061
JPY	378,489	0.0095 (JPY:USD)	107,913

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 392,183	29.14 (USD:NTD)	$ 11,428,213
GBP	115,012	1.6154 (GBP:USD)	5,414,076
RMB	73,900	4.6761 (RMB:NTD)	345,564
JPY	266,227	0.3385 (JPY:NTD)	90,118
HKD	13,363	3.7591 (HKD:NTD)	50,234
JPY	174	0.0116 (JPY:USD)	59
Non-monetary items			
USD	3,893	29.14 (USD:NTD)	113,452
EUR	85	38.5260 (EUR:NTD)	3,275
GBP	614	47.0742 (GBP:NTD)	28,926
Financial liabilities			
Monetary items			
USD	1,033,047	29.14 (USD:NTD)	30,103,990
GBP	104,422	1.6154 (GBP:USD)	4,915,588
RMB	191,023	4.6761 (RMB:NTD)	893,243
JPY	974,173	0.3385 (JPY:NTD)	329,758
HKD	90,937	3.7591 (HKD:NTD)	341,841
JPY	5,975,937	0.0116 (JPY:USD)	2,020,010
Non-monetary items			
USD	175	29.14 (USD:NTD)	5,112

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 342,309	30.29 (USD:NTD)	$ 10,368,540
GBP	7,520	46.6920 (GBP:NTD)	351,124
RMB	43,754	4.8120 (RMB:NTD)	210,544
HKD	25,965	3.8989 (HKD:NTD)	101,235
JPY	29,623	0.0129 (JPY:USD)	11,575
Non-monetary items			
USD	7,443	30.29 (USD:NTD)	225,453
EUR	2,594	39.1044 (EUR:NTD)	101,424
GBP	1,719	46.6920 (GBP:NTD)	80,249
JPY	4,962	0.3901 (JPY:NTD)	1,935

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 966,688	30.29 (USD:NTD)	$ 29,280,980
GBP	1,931	46.6920 (GBP:NTD)	90,180
RMB	108,651	4.8120 (RMB:NTD)	522,828
HKD	83,549	3.8989 (HKD:USD)	325,748
JPY	2,358,000	0.0129 (JPY:USD)	921,367
Non-monetary items			
USD	8	30.29 (USD:NTD)	229

(Concluded)

41. SEPERATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided: Please see Schedule A attached;

2) Endorsement/guarantee provided: Please see Schedule B attached;

3) Marketable securities held: Please see Schedule D attached;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please see Schedule F attached;

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None;

8) Receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Schedule E attached;

9) Trading in derivative instruments. (Notes 7 and 9)

10) Intercompany relationships and significant intercompany transactions: Please see Schedule F attached;

11) Information on investees: Please see Schedule G attached;

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please see Schedule H attached;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Please see Schedule F attached;

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

42. SEGMENT INFORMATION

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Year Ended December 31, 2013					
	Marine Cargo Transportation Department	Tramp Department	Wharf Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	$ 109,859,289	$ 2,503,951	$ 2,186,899	$ 4,323,821	$ -	$ 118,873,960
Intercompany sales	601,297	-	1,403,845	1,165,019	(3,170,161)	-
Total revenue	$ 110,460,586	$ 2,503,951	$ 3,590,744	$ 5,488,840	$ (3,170,161)	$ 118,873,960
Segment operating income (loss)	$ (8,763,802)	$ (1,086,156)	$ 378,931	$ 30,912	$ 46,901	$ (9,393,214)
Administration cost						(340,073)
Other operating income and expenses						3,698,055
Share of profits of associates accounted for using the equity method						118,794
Other income						296,311
Financial costs						(1,858,362)
Other gains and losses						4,464,085
Continuing operation loss before tax expense						$ (3,014,404)

	Year Ended December 31, 2012					
	Marine Cargo Transportation Department	Tramp Department	Wharf Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	$ 123,565,799	$ 2,481,853	$ 1,102,689	$ 4,274,298	$ -	$ 131,424,639
Intercompany sales	678,178	-	1,449,400	1,462,120	(3,589,698)	-
Total revenue	$ 124,243,977	$ 2,481,853	$ 2,552,089	$ 5,736,418	$ (3,589,698)	$ 131,424,639
Segment operating income (loss)	$ (3,138,920)	$ (564,000)	$ 332,728	$ 15,937	$ 53,301	$ (3,300,954)
Administration cost						(308,030)
Other operating income and expenses						1,662,205
Share of profits of associates accounted for using the equity method						192,343
Other income						370,685
Financial costs						(1,759,542)
Other gains and losses						1,557,873
Continuing operation loss before tax expense						$ (1,585,420)

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits (loss) of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

Because reportable segments do not regularly report measures to the chief operating decision maker, measure of segment assets is zero.

d. Geographical information

The Group operates in four principal geographical areas - domestic, America, Europe and Asia.

The Group's revenue from continuing operation and information about its noncurrent assets by geographical location are detailed below. Ships and construction in process can not be allocated by location because they are used for worldwide operation.

	Revenue From External Customers	Noncurrent Assets
	Year Ended December 31, 2013	December 31, 2013
Domestic	$ 5,960,635	$ 6,764,393
America	48,014,268	31,242
Europe	34,944,385	85,620
Asia	29,843,895	342,287
Others	110,777	198,409
	$ 118,873,960	7,421,951
Containers		9,467,364
Ships and construction in process		78,564,464
		$ 95,453,779

	Revenue From External Customers	Noncurrent Assets
	Year Ended December 31, 2012	December 31, 2012
Domestic	$ 5,279,106	$ 16,412,702
America	53,859,067	40,439
Europe	38,343,000	57,838
Asia	33,793,110	351,460
Others	150,356	228,651
	$ 131,424,639	17,091,090
Containers		8,679,239
Ships and construction in process		79,263,108
		$ 105,033,437

Noncurrent assets excluded those classified as financial assets, deferred tax assets, deferred pension costs and assets arising from insurance contracts.

e. Critical customer

No single customer accounted for at least 10% of the Group's total operating revenues.

43. FIRST TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Assets						
Current assets						
Cash	$ 11,250,595	$ (277,459)	$ -	$ 10,973,136	Cash and cash equivalents	a)
Financial assets at fair value through profit or loss - current	897,500	-	-	897,500	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	662,690	-	-	662,690	Available-for-sale financial assets - current	
Derivative financial assets for hedging - current	49,161	-	-	49,161	Derivative financial assets for hedging - current	
Notes receivable, net	291,674	-	-	291,674	Notes receivable, net	
Accounts receivable, net	1,782,101	-	1,298,856	3,080,957	Trade receivable, net	m)
Accounts receivable from related parties	70,119	-	-	70,119	Trade receivable from related parties	
-	-	277,459	-	277,459	Other financial assets	a)
Shipping fuel, net	6,481,143	-	(1,351,696)	5,129,447	Shipping fuel, net	m)
Prepaid expenses	963,303	285,960	(7,453)	1,241,810	Prepayments	c), i) and j)

(Continued)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Advances to shipping agents	$ 572,222	$ -	$ (191,027)	$ 381,195	Advances to shipping agents	m)
Deferred income tax assets - current	36,513	(36,513)	-	-	-	b)
Other current assets	776,430	-	-	776,430	Other current assets	
Total current assets	23,833,451	249,447	(251,320)	23,831,578		
Long-term investments						
Available-for-sale financial assets - noncurrent	2,254,690	-	-	2,254,690	Available-for-sale financial assets - noncurrent	
Financial assets carried at cost - noncurrent	425,290	-	-	425,290	Financial assets carried at cost - noncurrent	
Investments accounted for using equity method	1,850,367	-	-	1,850,367	Investments accounted for using equity method	
Cash surrender value of life insurance	20,396	-	-	20,396	Other financial assets - non-current	
Total long-term investments	4,550,743	-	-	4,550,743		
Properties						
Cost						
Land	776,181	-	-	776,181	Land	
Buildings	1,319,650	-	-	1,319,650	Buildings	
Containers and chassis	25,409,096	-	-	25,409,096	Containers and chassis	
Ships	66,574,080	5,263,562	2,223,734	74,061,376	Ships	c) and e)
Leased assets	13,963,478	(5,263,562)	-	8,699,916	Leased assets	e)
Leasehold improvements	244,620	-	226,000	470,620	Leasehold improvements	f)
Miscellaneous equipment	3,466,970	-	17	3,466,987	Miscellaneous equipment	c)
	111,750,267	-	2,449,751	114,200,018		
Less: Accumulated depreciation	37,502,584	-	538,137	38,040,721	Accumulated depreciation	c) and f)
	74,251,491	-	1,911,614	80,810,051		
Construction in progress	6,302,183	(1,655,237)	-	4,646,946	Construction in progress	g)
Net properties	80,553,674	(1,655,237)	1,911,614	80,810,051		
-	-	3,895,983	-	3,895,983	Net investment properties	d)
Intangible assets						
Computer software	35,542	-	-	35,542	Other intangible assets	
Deferred pension cost	2,182	-	(2,182)	-	-	i)
Franchise	9,678,832	(9,678,832)	-	-	-	j)
Total intangible assets	9,716,556	(9,678,832)	(2,182)	35,542		
Other assets						
Assets leased to other, net	3,661,624	(3,661,624)	-	-	-	d)
Nonoperating assets, net	234,359	(234,359)	-	-	-	d)
Advances on long-term rent agreements	694,422	9,392,872	-	10,087,294	Long-term prepayments for lease	j)
-	-	1,655,237	-	1,655,237	Prepayments for equipment	g)
Deferred income tax assets - noncurrent	561,006	961,557	(121,096)	1,401,467	Deferred income tax	b), c), h) and i)
Refundable deposits	5,715,983	(5,313,962)	-	402,021	Refundable deposit	e)
Restricted assets - noncurrent	22,365	-	-	22,365	Other financial assets - non-current	
-	-	5,313,962	-	5,313,962	Other financial assets - non-current	e)
Miscellaneous	51,341	-	-	51,341	Miscellaneous	
Total other assets	10,941,100	8,113,683	(121,096)	18,933,687		
Total assets	$ 129,595,524	$ 925,044	$ 1,537,016	$ 132,057,584		
Current liabilities						
Short-term debt	$ 3,010,704	$ -	$ -	$ 3,010,704	Short-term debt	
Commercial paper payable	3,246,359	-	-	3,246,359	Commercial paper payable	
Financial liabilities at fair value through profit or loss - current	47,136	-	-	47,136	Financial liabilities at fair value through profit or loss - current	
Derivative financial liabilities for hedging - current	229	-	-	229	Derivative financial liabilities for hedging - current	
Notes payable	62,469	-	-	62,469	Notes payable	
Accounts payable	7,896,035	-	2,157,623	10,053,658	Accounts payable	m)
Accounts payable to related parties	215,838	-	-	215,838	Accounts payable to related parties	
Income tax payable	132,736	-	-	132,736	Current tax liabilities	
Accrued expenses	1,916,198	(4,246)	151,787	2,063,739	Other payables	c) and h)
-	-	4,246	-	4,246	Provisions - current	
Payables on equipment	1,417,263	-	-	1,417,263	Payables on equipment	
Advances from customers	2,689,678	-	(2,401,490)	288,188	Advances from customers	m)
Current portion of long-term borrowings and bonds payable	8,834,538	-	-	8,834,538	Current portion of long-term borrowings and bonds payable	e)
Other current liabilities	714,868	(542)	-	714,326	Other current liabilities	b)
Total current liabilities	30,184,051	(542)	(92,080)	30,091,429		
Long-term liabilities						
Bonds payable	14,436,490	-	-	14,436,490	Bonds payable	
Long-term debt	40,822,261	-	-	40,822,261	Long-term debt	
Obligation under capital leases - long-term portion	10,919,294	(4,847,565)	-	6,071,729	Obligation under capital leases - long-term portion	e)
-	-	4,847,565	-	4,847,565	Other financial assets - noncurrent	e)
Total long-term liabilities	66,178,045	-	-	66,178,045		

(Continued)

		Effect of transition to IFRSs				
ROC GAAP		Presentation	Recognition and Measurement	IFRSs		
Item	Amount	Difference	Difference	Amount	Item	Note
Other liabilities						
Accrued pension cost	$ 1,340,436	$ -	$ 638,139	$ 1,978,575	Accrued pension liabilities	i)
Reserve for land value increment tax	479,639	-	-	479,639	Deferred income tax liabilities - non-current	k)
Deferred income tax liabilities - noncurrent	439,879	925,586	117,984	1,483,449	Deferred income tax liabilities - non-current	b), c), f), h), i) and l)
Unrealized gain (loss) on sale and leaseback	493,712	-	(493,712)	-	-	l)
-	-	-	226,000	226,000	Provision for liabilities - noncurrent	f)
Others	74,846	-	-	74,846	Other noncurrent liabilities	
Total other liabilities	2,828,512	925,586	488,411	4,242,509		
Total liabilities	99,190,608	925,044	396,331	100,511,983		
Stockholders' equity of the Corporation						
Capital stock	28,187,131	-	-	28,187,131	Capital stock	
Capital surplus						
Additional paid-in capital	4,710,566	-	-	4,710,566	Additional paid-in capital	
Long -term investments	8,927	-	(8,927)	-	-	o)
Total capital surplus	4,719,493	-	(8,927)	4,710,566		
Accumulated loss						
Legal reserve	1,178,785	-	-	1,178,785	Legal reserve	
Special reserve	82,530	-	-	82,530	Special reserve	
Accumulated deficits	(4,637,889)	-	934,431	(3,703,458)	Accumulated deficits	c), f), h), i), l), o) and p)
Total accumulated deficits	(3,376,574)	-	934,431	(2,442,143)	Total accumulated deficits	
Other equity						
Cumulative translation adjustments	(158,441)	-	158,441	-	Exchange differences on translating foreign operations	c) and p)
Not loss not recognized as pension cost	(67,069)	-	67,069	-	-	i)
Unrealized gain on financial instruments	42,923	-	-	42,923	Cash flow hedging	
Total other equity	(182,587)	-	225,510	42,923		
Total stockholders' equity of the Corporation	29,347,463	-	1,151,014	30,498,477	Total equity attributable to the Corporation	
Minority interests	1,057,453	-	(10,329)	1,047,124	Non-controlling interests	h) and i)
Total stockholders' equity	30,404,916	-	1,140,685	31,545,601		
Total liabilities and stockholders' equity	$ 129,595,524	$ 925,044	$ 1,537,016	$ 132,057,584		

(Concluded)

2) Reconciliation of consolidated balance sheet as of December 31, 2012

		Effect of transition to IFRSs				
ROC GAAP		Presentation	Recognition and Measurement	IFRSs		
Item	Amount	Difference	Difference	Amount	Item	Note
Assets						
Current assets						
Cash	$ 11,086,730	$ (143,160)	$ -	$ 10,943,570	Cash and cash equivalents	a)
Financial assets at fair value through profit or loss - current	2,102,127	-	-	2,102,127	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	190,061	-	-	190,061	Available-for-sale financial assets - current	
Notes receivable, net	210,386	-	-	210,386	Notes receivable, net	
Accounts receivable, net	3,019,661	-	2,992,078	6,011,739	Trade receivable, net	m)
Accounts receivable from related parties	85,601	-	-	85,601	Trade receivable from related parties	
-	-	143,160	-	143,160	Other financial assets - current	a)
Shipping fuel, net	4,170,554	-	(897,273)	3,273,281	Shipping fuel, net	m)
Prepaid expenses	765,762	287,198	(241,303)	811,657	Prepayments	c), i), j) and m)
Advances to shipping agents	600,534	-	(144,173)	456,361	Advances to shipping agents	m)
Deferred income tax assets - current	102,225	(102,225)	-	-	-	b)
Restricted assets - current	2,052,366	-	-	2,052,366	Other financial assets - non-current	
Other current assets	771,646	-	-	771,646	Other current assets	
Total current assets	25,157,653	184,973	1,709,329	27,051,955		
Long-term investments						
Available-for-sale financial assets - noncurrent	1,768,956	-	-	1,768,956	Available-for-sale financial assets - noncurrent	
Financial assets carried at cost - noncurrent	399,500	-	-	399,500	Financial assets carried at cost - noncurrent	
Investments accounted for using equity method	1,887,410	-	-	1,887,410	Investments accounted for using equity method	
Cash surrender value of life insurance	26,450	-	-	26,450	Other financial assets - non-current	
Total long-term investments	4,082,316	-	-	4,082,316		

(Continued)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
		Presentation	Recognition and Measurement			
Item	**Amount**	**Difference**	**Difference**	**Amount**	**Item**	**Note**
Properties						
Cost						
Land	$ 691,084	$ -	$ -	$ 691,084	Land	
Buildings	1,259,545	-	-	1,259,545	Buildings	
Containers and chassis	24,408,280	-	-	24,408,280	Containers and chassis	
Ships	82,867,008	5,027,697	3,203,156	91,097,861	Ships	c) and e)
Leased assets	13,501,062	(5,027,697)	-	8,473,365	Leased assets	e)
Leasehold improvements	239,263	-	226,000	465,263	Leasehold improvements	f)
Miscellaneous equipment	3,644,371	-	447	3,644,818	Miscellaneous equipment	c)
	126,610,613	-	3,429,603	130,040,216		
Less: Accumulated depreciation	41,535,391	-	932,182	42,467,573	Accumulated depreciation	c) and f)
	85,075,222	-	2,497,421	87,572,643		
Construction in progress	3,299,338	(2,189,392)	-	1,109,946	Construction in progress	g)
Net properties	88,374,560	(2,189,392)	2,497,421	88,682,589		
-	-	3,953,190	-	3,953,190	Net investment properties	d)
Intangible assets						
Computer software	27,948	-	23	27,971	Other intangible assets	c)
Deferred pension cost	1,440	-	(1,440)	-	-	i)
Franchise	9,771,106	(9,771,106)	-	-	-	j)
Total intangible assets	9,800,494	(9,771,106)	(1,417)	27,971		
Other assets						
Assets leased to other, net	3,718,831	(3,718,831)	-	-	-	d)
Nonoperating assets, net	234,359	(234,359)	-	-	-	d)
Advances on long-term rent agreements	662,850	9,483,908	-	10,146,758	Long-term prepayments for lease	j)
-	-	2,189,392	-	2,189,392	Prepayments for equipment	g)
Deferred income tax assets - noncurrent	971,456	1,138,102	(126,752)	1,982,806	Deferred income tax - non-current	b), c), h) and i)
Restricted assets - noncurrent	1,044,010	-	-	1,044,010	Other financial assets - non-current	
Refundable deposits	5,542,654	(5,122,746)	-	419,908	Refundable deposits	e)
-	-	5,122,746	-	5,122,746	Other financial assets - non-current	e)
Miscellaneous	33,537	-	-	33,537	Miscellaneous	
Total other assets	12,207,697	8,858,212	(126,752)	20,939,157		
Total assets	$ 139,622,720	$ 1,035,877	$ 4,078,581	$ 144,737,178		
Current liabilities						
Short-term debt	$ 209,907	$ -	$ -	$ 209,907	Short-term debt	
Notes payable	51,157	-	-	51,157	Notes payable	
Accounts payable	7,896,728	-	1,758,308	9,655,306	Trade payable	m)
Financial liabilities at fair value through profit or loss - current	5,112	-	-	5,112	Financial liabilities at fair value through profit or loss - current	
Accounts payable to related parties	378,154	-	-	378,154	Trade payable to related parties	
Income tax payables	187,741	-	-	187,741	Current tax liabilities	
Accrued expenses	2,405,066	(340,811)	150,907	2,215,162	Other payables	c) and h)
-	-	340,811	-	340,811	Provisions-current	
Payables on equipment	27,485	-	-	27,485	Payables on equipment	
Advances from customers	808,677	-	(389,625)	419,052	Advances from customers	m)
Current portion of long-term borrowings and bonds payable	11,756,671	-	-	11,756,671	Current portion of long-term borrowings and bonds payable	e)
Other current liabilities	693,445	(2,320)	-	691,125	Other current liabilities	b)
Total current liabilities	24,420,143	(2,320)	1,519,590	25,937,413		
Long-term liabilities						
Bonds payable	22,223,534	-	-	22,223,534	Bonds payable	
Long-term debt	42,930,448	-	-	42,930,448	Long-term debt	
Obligation under capital leases - long-term portion	10,287,581	(4,725,405)	-	5,562,176	Obligation under capital leases - non-current	e)
Other financial liabilities - noncurrent	261,825	4,725,405	-	4,987,230	Other financial liabilities - noncurrent	e)
Total long-term liabilities	75,703,388	-	-	75,703,388		
Other liabilities						
Accrued pension cost	1,399,218	-	645,435	2,044,653	Accrued pension cost	i)
Reserve for land value increment tax	479,639	-	-	479,639	Deferred income tax liabilities - land value increment tax	k)
Deferred income tax liabilities - noncurrent	371,007	1,038,197	258,344	1,667,548	Deferred income tax liabilities - noncurrent	b), c), f), h), l) and m)
Unrealized gain (loss) on sale and leaseback	436,232	-	(436,232)	-	-	l)
-	-	-	226,000	226,000	Provision for liabilities - noncurrent	f)
Others	115,837	-	-	115,837	Other noncurrent liabilities	
Total other liabilities	2,801,933	1,038,197	693,547	4,533,677		
Total liabilities	102,925,464	1,035,877	2,213,137	106,174,478		
Stockholders' equity of the Corporation						
Capital stock	28,187,131	-	-	28,187,131	Capital stock	
Capital surplus						
Additional paid-in capital	1,333,992	-	-	1,333,992	Capital surplus	
Long -term investments	8,927	-	(8,927)	-	-	o)
-	-	-	2,462,554	2,462,554	Proceeds from disposal of subsidiary	n)
Stock options	4,413,702	-	-	4,413,702	Stock options	
Total capital surplus	5,756,621	-	2,453,627	8,210,248		

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of transition to IFRSs: Presentation Difference	Effect of transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Unappropriated earnings						
Unappropriated earnings	$ 51,435	$ -	$ (815,228)	$ (763,793)	Accumulated deficit	c), f), h), i), l), m), n), o) and p)
Other equity						
Cumulative translation adjustments	(467,361)	-	110,230	(357,131)	Exchange differences on translating foreign operations	c), h) and p)
Not loss not recognized as pension cost	(127,140)	-	127,140	-	-	i)
Unrealized gain on financial instruments	(487,048)	-	-	(487,048)	Unrealized gain on available-for-sale financial assets	
Total other equity	(1,081,549)	-	237,370	(844,179)		
Total stockholders' equity of the Corporation	32,913,638	-	1,875,769	34,789,407	Total equity attributable to the Corporation	
Minority interests	3,783,618	-	(10,325)	3,773,293	Non-controlling interests	h) and i)
Total stockholders' equity	36,697,256	-	1,865,444	38,562,700		
Total liabilities and stockholders' equity	$ 139,622,720	$ 1,035,877	$ 4,078,581	$ 144,737,178		

(Concluded)

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP Item	ROC GAAP Amount	Effect of transition to IFRSs: Presentation Difference	Effect of transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Operating revenue	$ 131,724,184	$ -	$ (299,545)	$ 131,424,639	Operating revenue	m)
Operating costs	130,132,448	-	(490,537)	129,641,911	Operating costs	c), f), h), i) and m)
Gross profit	1,591,736	-	190,992	1,782,728	Gross profit	
Operating expenses						
Selling expenses	4,544,196	-	(12,982)	4,531,214	Selling expenses	c), h) and i)
General and administrative expenses	864,978	-	(4,480)	860,498	General and administrative expenses	h) and i)
Total operating expenses	5,409,174	-	(17,462)	5,391,712		
-	-	1,662,205	-	1,662,205	Other revenue and expenses	q)
Operating loss	(3,817,438)	1,662,205	208,454	(1,946,779)	Operating gain (loss)	
Nonoperating income and gains						
Gain on disposal of properties	1,560,292	(1,560,292)	-	-	Gain on disposal of property, plant and equipment	q)
Gain on disposal of financial instruments, net	2,812,135	-	(2,462,554)	349,581	Gain on disposal of financial instruments, net	n)
Investment income recognized under equity method	192,343	-	-	192,343	Share of the profit or loss of associates and joint ventures	
Rent income	133,457	-	-	133,457	Other gains and losses	q)
Interest income	120,640	-	-	120,640	Other income	
Exchange gain, net	204,267	-	800,934	1,005,201	Other gains and losses	c)
Dividend income	116,588	-	-	116,588	Other income	
Valuation gain on financial liabilities, net	42,024	-	-	42,024	Other gains and losses	
Other income	469,542	(101,913)	(57,480)	310,149	Other gains and losses/other income	l) and q)
Total nonoperating income and gains	5,651,288	(1,662,205)	(1,719,100)	2,269,983		
Nonoperating expenses and losses						
Interest expense	1,757,590	-	1,952	1,759,542	Finance cost	c)
Valuation loss on financial assets, net	21,280	-	-	21,280	Other gains and losses	
Other losses	127,802	-	-	127,802	Other gains and losses	q)
Total nonoperating expenses and losses	1,906,672	-	1,952	1,908,624		
Loss before income tax expense	(72,822)	-	(1,512,596)	(1,585,420)	Loss before income tax expense	
Income tax expense (benefit)	(138,061)	-	161,535	23,474	Income tax expense (benefit)	c), f), h), i), l) and m)
Consolidated net loss	$ 65,239	$ -	$ (1,674,133)	(1,608,894)	Consolidated net loss	
				(384,897)	Exchange differences on translating foreign operations	
				(448,696)	Unrealized valuation gain on available-for-sale financial assets	
				(48,933)	Cash flow hedging	
				(90,989)	Actuarial gain and loss arising from defined benefit plans	
				15,467	Income tax relating to the components of other comprehensive income	
				$ (2,599,284)	Total comprehensive income for the year	

4) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

<u>Business combination</u>

The Group elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations and the related assets, liabilities and non-controlling interests remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exception of not elected to apply IFRS 3 "Business Combinations" also applied to investments in associates acquired in the past.

The Group elected to apply IFRS 3 "Business Combinations" to business combinations commencing on January 1, 2012. In accordance with IFRS 1 "First-time adoption of IFRSs", as of that date, the Group applied IAS 27 "Consolidated and Separate Financial Statements" for subsidiaries acquired.

<u>Share-based payment transactions</u>

The Group elected to take the optional exemption from applying IFRS 2 "Share-based Payment" retrospectively for the shared-based payment transactions granted and vested before the date of transition.

<u>Compound financial instruments</u>

As the liability component was no longer outstanding at the date of transition to IFRSs, the Group elected not to split the compound financial instruments issued before the date of transition to IFRSs into separate two portions of equity.

<u>Assets and liabilities of subsidiaries and associates</u>

The Group became a first-time adopter later than certain subsidiaries and associates. Thus, in the consolidated financial statements, such investees' assets and liabilities are measured at the same carrying amounts as in their respective financial statements, after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination.

<u>Employee benefits</u>

The Group has elected to recognize all cumulative actuarial gains and losses in relation to employee benefit scheme in retained earnings at the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

<u>Borrowing costs</u>

The Group elected to apply IAS 23" Borrowing costs" to borrowing costs relating to all qualifying assets for which the commencement date for capitalization was on or after the date of transition to IFRSs.

Cumulative translation adjustments

The Group elected to reset to zero, the cumulative translation differences at the date of transition to IFRSs, and adjusted retained earnings by the amount of the cumulative translation difference that existed prior to the reset.

The effect of the abovementioned optional exemptions elected by the Group was stated in the following Note 5 - Explanations of significant reconciling items in the transition to IFRSs.

5) Explanations of insignificant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C GAAP and the accounting policies adopted under IFRSs were as follows:

a) Time deposits with original maturities of over three months

Under ROC GAAP, time deposits that are cancellable without any loss of principal are classified as cash and cash equivalents. On transition to IFRSs, time deposits with maturity of over three months which have no quoted price in an active market and no fixed receivable amount will be disclosed separate from cash and cash equivalents in the balance sheet.

As of January 1 and December 31, 2012, the Group reclassified NT$277,459 thousand and NT$143,160 thousand, respectively, of time deposits with maturity of over three months to other financial assets.

b) Classification of deferred income tax assets or liabilities

Under ROC GAAP, a valuation allowance is recognized for deferred income tax assets that are not expected to be realized. On transition to IFRSs, a deferred income tax asset is recognized only if realization of tax benefit is probable. Valuation allowance account is no longer used.

Under ROC GAAP, current deferred income tax assets and liabilities of the same entity are offset and presented at the net amount; this is the same for noncurrent deferred income tax assets and liabilities.

On transition to IFRSs, an entity can offset only if it has legal right to offset income tax assets and liabilities of the same period. Deferred income tax assets and liabilities of the same taxable entity (or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered) should offset deferred income tax assets and liabilities.

In addition, under ROC GAAP, a deferred income tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled. On transition to IFRSs, a deferred income tax asset or liability is always classified as noncurrent.

As of January 1 and December 31, 2012, the Group reclassified NT$36,513 thousand and NT$102,225 thousand of deferred income tax assets to noncurrent assets; NT$542 thousand and NT$2,320 thousand of deferred income tax liabilities to noncurrent liabilities. Noncurrent deferred income tax assets increased by NT$961,557 thousand and NT$1,138,102 thousand, respectively; noncurrent deferred income tax liabilities increased by NT$925,586 thousand and NT$1,038,197 thousand, respectively.

c) Functional currencies of foreign operation

Under ROC GAAP, functional currency is determined by overall performance of all indicators. On transition to IFRSs, in accordance with IAS No. 21, “The effects of changes in foreign exchange rates”, management should give priority to the primary indicators, and then consider the secondary indicators to provide additional supporting evidence to determine an entity’s functional currency.

The functional currency of Yang Ming (Liberia) Corp. is changed from U.S. dollar to New Taiwan dollar according to the guidelines of IAS 21.

As of January 1 and December 31, 2012, due to the change of functional currency of Yang Ming (Liberia) Corp., total assets increased (decreased) by NT$1,515,354 thousand and NT$2,113,366 thousand; total liabilities increased by NT$86,547 thousand and NT$184,914 thousand, retained earnings increased by NT$1,524,601 thousand and NT$2,072,654 thousand and cumulative translation adjustments increased (decreased) by NT$(95,794) thousand and NT$(144,202) thousand, respectively. For the year ended December 31, 2012, net income increased by NT$548,053 thousand.

d) Reclassification of assets leased to others, nonoperating assets and properties

Under ROC GAAP, properties for leasing and nonoperating assets are recognized as leased assets and nonoperating assets which are included in other assets. On transition to IFRSs, properties held for rental revenue, capital appreciation or for both purposes should be classified as investment properties. If properties held partly for rental revenue, partly for capital appreciation, and partly for service or use in management can not be sold separately or leased separately only when the service and management usage is not significant, the properties are classified as investment properties. Thus, the properties held for the purposes mentioned above are reclassified to investment properties.

As of January 1 and December 31, 2012, the Group reclassified to investment properties NT$3,661,624 thousand and NT$3,718,831 thousand, respectively, of net assets leased to others and NT$234,359 thousand of net nonoperating assets on both dates.

e) Reclassification of properties, leased assets and obligation under capital leases

Under ROC GAAP, transactions involving the legal form of a lease are treated as “Lease”. On transition to IFRSs, in accordance with the indicators announced by the Standard Interpretations Committee No. 27, “Evaluating the substance of transactions involving the legal form of a lease”, transactions that did not meet the guidelines of IAS No. 17, “Lease” in substance should adopt the appropriate accounting standard for the asset or liability. Hence, leased assets - ships included in properties - leased assets under ROC GAAP should be reclassified to ships under property, plant and equipment by their nature under IFRSs. Obligations under capital leases should be reclassified to other financial liabilities under IFRSs.

As of January 1 and December 31, 2012, the Group reclassified NT$5,263,562 thousand and NT$5,027,697 thousand, respectively, of refundable deposit to other financial assets - non-current; NT$5,313,962 thousand and NT$5,122,746 thousand, respectively, of obligations under capital leases - current to other financial liabilities - current; NT$4,847,565 thousand and NT$4,725,405 thousand, respectively, of obligations under capital leases - noncurrent to other financial liabilities - noncurrent.

f) Accrual of restoration cost for operating leases

Under ROC GAAP, no specific regulation about restoration obligations for a lessee under operating lease. On transition to IFRSs, if a lessee has legal or constructive obligation to restore operating lease assets to original status when returning operating lease assets, the lessee needs to accrue restoration costs provision over the lease term on a straight-line basis.

As of January 1 and December 31, 2012, the Group's estimated repair costs of ships under operating leases were NT$226,000 thousand both dates; leasehold improvements increased by NT$226,000 thousand both dates; accumulated depreciation for leasehold improvements increased by NT$60,461 thousand and NT$80,183 thousand, respectively; deferred income tax liabilities decreased by NT$10,278 thousand and NT$13,631 thousand, respectively. For the year 2012, depreciation expense increased by NT$19,722 thousand and income tax expense decreased by NT$3,353 thousand.

g) Classification of prepayments for equipment

Under ROC GAAP, prepayment for acquisition of equipment is included in properties. On transition to IFRSs, prepayment for acquisition of equipment is always included in prepayments - noncurrent.

As of January 1 and December 31, 2012, the Group reclassified NT$1,655,237 thousand and NT$2,189,392 thousand, respectively, of prepayments for equipment to long-term prepayments.

h) Employee benefits-Short-term accumulating paid absences

Short-term accumulating paid absences are not specifically addressed under ROC GAAP and usually recognized as salary expense while distributed. On transition to IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlement to future compensated absences.

As of January 1 and December 31, 2012, the Group accrued NT$147,764 thousand and NT$150,890 thousand, respectively, for accumulating compensated absences; deferred income tax assets increased by NT$16,085 thousand and NT$14,467 thousand, deferred income tax liabilities decreased by NT$9,036 thousand and NT$11,219 thousand, minority interests decreased by NT$2,124 thousand and NT$2,373 thousand, cumulative translation adjustments increased by NT$197 thousand and zero. Also, salary expenses increased by NT$3,323 thousand and income tax expense decreased by NT$565 thousand for the year ended December 31, 2012.

i) Employee benefits-actuarial gains and losses of defined benefit plan and unrecognized net transition obligation

Under ROC GAAP, unrecognized net transition obligation from first-adoption of SFAS No. 18, "Accounting for pensions", should be amortized over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and recorded in net pension cost. On transition to IFRSs, the Group should not apply the transition requirements of IAS 19. Thus, unrecognized net transition obligation should be recognized immediately in retained earnings.

Under ROC GAAP, actuarial gains and losses are recognized using the corridor approach. The portion of actuarial gains and losses to be recognized is the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. On transition to IFRSs, applying SFAS No. 19 “Employee benefits”, actuarial gains and losses should be recognized immediately in other comprehensive income and retained earnings in the statement of changes in equity and should not be reclassified to profit or loss at a subsequent period.

As of January 1 and December 31, 2012, applying SFAS No. 19 “Employee benefits” and SFAS No. 1 “Presentation of financial statements”, accrued pension liabilities increased by NT$638,139 thousand and NT$645,435 thousand; prepaid expenses decreased by NT$6,476 thousand and NT$8,747 thousand; deferred income tax assets increased by NT$92,563 thousand and NT$98,404 thousand; deferred income tax liabilities decreased by NT$29,157 thousand and NT$35,027 thousand; loss on unrecognized pension costs decreased by NT$67,069 thousand and NT$127,140 thousand; deferred pension costs decreased by NT$2,182 thousand and NT$1,440 thousand; minority interests decreased by NT$8,205 thousand and NT$7,952 thousand. For the year 2012, pension costs decreased by NT$22,093 thousand, other comprehensive income decreased by NT$75,522 thousand (net amount after deducting deferred income tax of NT$15,467 thousand) and income tax expense increased by NT$3,756 thousand.

j) Intangible assets - franchise

Under ROC GAAP, costs incurred during the construction period are recognized as acquisition cost of franchise for companies engaging in BOT project. Franchise is amortized over operating period from the date of completion of construction. When the contract is terminated, the cost of franchise less accumulated amortization is derecognized. On transition to IFRSs, companies owns usage right rather than control over the infrastructure do not meet the criteria of IFRIC 12 “Service Concession Arrangements”, and should be reclassified to prepayments for lease under IAS 17 “Lease”.

As of January 1 and December 31, 2012, the Group reclassified NT$285,960 thousand and NT$287,198 thousand of intangible assets - franchise to prepaid expenses and NT$9,392,872 thousand and NT$9,483,908 thousand of intangible assets - franchise to long-term prepayments, respectively.

k) Land revaluation increment

In accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, reserve for land revaluation increment tax should be included under long-term liabilities.

On transition to IFRSs, reserve for land value increment tax should be reclassified to deferred income tax liabilities - land value increment tax.

As of January 1 and December 31, 2012, the Group reclassified NT$479,639 thousand of reserve for land value increment tax to deferred income tax liabilities - land value increment tax.

l) Gain on sale and leaseback under operating lease

Under ROC GAAP, gain on sale and leaseback should be deferred over the leaseback period or recognized immediately whether the comparative amount of the present value of the lease contract and the fair value of the asset should be considered. On transition to IFRSs, if the disposal price is at fair value, gain or loss on disposal should be recognized immediately.

As of January 1 and December 31, 2012, unrealized gain on sale and leaseback was NT$493,712 thousand and NT$436,232 thousand, respectively, deferred income tax liabilities increased by NT$83,931 thousand and NT$74,159 thousand, respectively. For the year 2012, other revenues decreased by NT$57,480 thousand and income tax expense decreased by NT$9,772 thousand.

m) Recognition of cargo revenue and expense

Before the transition to IFRSs, cargo revenues are recognized using the completion of voyage method. On transition to IFRSs, revenues and costs from cargo transportation service are recognized using the percentage of completion of voyage method. However, if a voyage results in net loss, the total loss should be recognized on the reporting date immediately.

As of January 1 and December 31, 2012, current assets increased (decreased) by NT$(243,867) thousand and NT$1,716,714 thousand by adopting the percentage of completion of voyage method to recognize revenues, current liabilities increased (decreased) by NT$(243,867) thousand and NT$1,368,683 thousand, deferred tax liabilities increased by NT$59,165 thousand and zero. For the year 2012, operating revenue decreased by NT$(299,545) thousand, operating expense decreased by NT$(647,576) thousand and income tax expense increased by NT$59,165 thousand.

n) Partial disposal of shares in subsidiary without losing controlling interest

Under ROC GAAP, the difference between the selling price and carrying amount of the investment should be recognized as a disposal gain or loss. The related additional paid-in capital and other items of stockholders’ equity are transferred proportionally to current profit and loss. On transition to IFRSs, changes in the Group’s interest in a subsidiary that do not result in actual loss of control are accounted for as equity transactions.

For the year 2012, “change in additional paid-in capital - difference between selling price and carrying amount” increased by NT$2,462,554 thousand and disposal gain decreased by NT$2,462,554 thousand.

o) Changes in ownership interest and capital surplus of subsidiary or associate which resulted from the issuance of shares by the associate or subsidiary

Under ROC GAAP, if an investee issues new shares and an investor does not subscribe for new shares proportionately, the investor’s ownership percentage and interest in net assets of the investee will change. The effects of the change are recognized in capital surplus from long-term equity-method investments and equity-method investments.

On transition to IFRSs, when the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group’s ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. Moreover, changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are a accounted for as equity transaction.

According to "Q&A for Adoption of International Financial Reporting Standards by Companies in ROC," issued by the TWSE, there is no need for retrospective application and the Group would only reclassify capital surplus - long-term equity-method investments to retained earnings. As of December 31 and January 1, 2012, the capital surplus - from long-term equity-method investments decreased by NT$8,927 thousand.

p) Cumulative translation adjustments

On January 1, 2012, the Group elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

As of January 1 and December 31, 2012, $254,235 thousand was reclassified from cumulative translation adjustments to retained earnings because the Group elected to recognize zero cumulative translation adjustments arising from foreign operations at the transition date.

q) The reclassification of line items in the consolidated statement of comprehensive income

In accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers before its amendment due to the adoption of IFRSs, income from operations in the consolidated income statement only includes net sales, cost of sales and operating expenses. Under IFRSs, based on the nature of operating transactions, rental revenue, depreciation of assets leased to others and net gain on disposal of properties were reclassified to other revenue and expenses, which are included in income from operations.

6) Explanation of material adjustments to the statement of cash flows.

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7" Statement of Cash Flow", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of $277,459 thousand and $143,160 thousand as of January 1 and December 31, 2012, respectively, held by the Group was for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $128,401 thousand and $176,423 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

In addition, the functional currency of Yang Ming (Liberia) Corp. is changed. The Group restated the statement of cash flows for the year ended December 31, 2012 accordingly.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Borrower	Financial Statement Account	Maximum Balance for the Year (Note C)	Ending Balance (Note C)	Amount Actually Drawn (Note C)	Interest Rate	Nature of Financing (Note A)	In the Last Five Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Borrower	Maximum Amount of Financing that Can Be Provided by the Financier
												Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	$ 7,500,000	$ 7,500,000	$ 6,772,132	1.7686%	1	$ 2,366,137	Repayment of loans	$ -	-	$ -	$ 9,802,764	$ 16,337,941
		All Oceans Transportation, Inc.	Other receivables	7,800,000	7,430,677	344,031	1.7686%	1	3,048,525	Obtain working capital	-	-	-	9,802,764	16,337,941
1	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming (Australia) Pty, Ltd.	Other receivables	8,014 (AUD 300)	7,346 (AUD 275)	3,606 (AUD 135)	4.0520%- 4.3880 %	2	-	Obtain working capital	-	-	-	244,991	489,983
		Antwerp International Terminal N.V.	Other receivables	13,476 (EUR 327)	13,476 (EUR 327)	13,476 (EUR 327)	1.0870%		-		-			244,991	489,983
2	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	455,240 (US$ 15,200)	455,240 (US$ 15,200)	290,515 (US$ 9,700)	2.0000%	2	-	Obtain working capital	-	-	-	485,190	539,100
3	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	15,451 (HK$ 4,000)	10,815 (HK$ 2,800)	8,401 (HK$ 2,175)	0.5000%	2	-	Repayment of loans	-	-	-	44,514	89,028
4	Yang Ming Line B.V.	Antwerp International Terminal N.V.	Other receivables	13,476 (EUR 327)	-	-	-	2	-	Obtain working capital	-	-	-	14,042	18,723
5	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	299,500 (US$ 10,000)	299,500 (US$ 10,000)	-	-	2	-	Obtain working capital	-	-	-	341,274	1,023,824
6	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	19,600 (EUR 475)	19,600 (EUR 475)	19,600 (EUR 475)	2.7080%	1	46,440	Obtain working capital	-	-	-	226,709	453,419

Notes:

A. Nature of financing:

1. Yang Ming Marine Transport Corporation (the "Corporation") has transactions with the borrower.
2. The borrower needs short-term financing.

B. The maximum financing amount is 60% of the net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 50% of the net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of the net assets of the Corporation.

C. For borrowers with transactions with the Corporation, maximum financing is the lower of 15% of the net assets of the Corporation or the total amount of transactions between the Corporation and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Corporation.

D. For a borrower that is a subsidiary of the Corporation, maximum financing is the lower of 30% of the latest net assets audited or reviewed by CPA of the Corporation or the total amount of transactions between the Corporation and the subsidiary in the last five years.

E. The maximum financing amount is 50% of the total assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the total assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the total assets of the lender.

F. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.

(Continued)

G. Represents US$18,000,000.

H. Represents 90% of US$18,000,000.

I. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.

J. The maximum financing amount is 80% of the paid in capital of the lender. For borrowers with transactions with the lender, maximum financing is 40% of the paid in capital of the lender. For borrowers with short-term financing need, the maximum is 40% of the paid in capital of the lender.

K. For borrowers with transactions with the lender, maximum financing is the lower of 30% of the paid in capital of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 30% of the paid in capital of the lender.

L. The maximum financing amount is the 40% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with transactions with the lender, maximum financing is 10% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with short-term financing need, the maximum is the 30% of the latest net assets audited or reviewed by CPA of the lender.

M. For borrowers with transactions with the lender, maximum financing is the lower of 50% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 50% of the financing amount.

N. United States dollars, Great British Pounds, Euros dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US$1＝NT$29.95, US$1=AUD1.1212, US$1=EUR0.7258 and US$1＝HK$7.7538 as of December 31, 2013.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser//Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party	Maximum Amount	Ending Balance (Note M)	Actual Borrowing Amount (Note M)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can Be Provided by the Guarantor	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	$ 52,281,413	$ 8,519,439 (US$ 284,455)	$ 8,519,439 (US$ 284,455)	$ 5,871,821 (US$ 196,054)	$ -	26.07%	$ 65,351,768	Y	-	-
		Kuang Ming (Liberia) Corp.	Subsidiary	52,281,413	6,341,379 (US$ 169,236 and JPY 4,464,000)	5,364,607 (US$ 158,861 and JPY 2,128,000)	4,838,816 (US$ 141,305 and JPY 2,128,000)	-	16.42%	65,351,768	Y	-	-
		Yang Ming (Liberia) Corp.	Subsidiary	52,281,413	19,292,892 (US$ 644,170)	19,292,892 (US$ 644,170)	5,057,986 (US$ 168,881)	-	59.04%	65,351,768	Y	-	-
		Yang Ming (America) Corp.	Subsidiary	52,281,413	149,750 (US$ 5,000)	149,750 (US$ 5,000)	149,750 (US$ 5,000)	-	0.46%	65,351,768	Y	-	-
		United Terminal Leasing LLC	Equity-method investee of subsidiary	52,281,413	245,714 (US$ 8,204)	215,640 (US$ 7,200)	96,682 (US$ 3,228)	-	0.66%	65,351,768	-	-	-
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	52,281,413	558,268 (US$ 18,640)	558,268 (US$ 18,640)	338,469 (US$ 11,301)	-	1.71%	65,351,768	-	-	-
		Olympic Container Terminal LLC	Subsidiary	52,281,413	149,754 (US$ 5,000)	149,754 (US$ 5,000)	149,754 (US$ 5,000)	-	0.46%	65,351,768	Y -	-	-
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	559,183	5,239 (US$ 175)	1,433 (US$ 48)	1,433 (US$ 48)	-	-	698,978	-	-	-
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	3,462,143	17,247 (GBP 349)	13,620 (GBP 275)	13,620 (GBP 275)	-	0.04%	4,327,679	-	-	-
3	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	22,336,740	12,466,000	10,380,000	2,637,167	10,380,000 (Note N)	31.77%	27,920,926	-	Y	-
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	5,460,394	4,579,605 (US$ 45,600 JPY10,220,000 and NT$ 300,000)	4,489,755 (US$ 42,600 JPY 10,220,000 and NT$ 300,000)	2,563,545 (US$ 82,243 JPY 352,000)	-	13.74%	6,825,493	-	-	-
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	5,530,967	1,079,700 (US$ 6,000 and NT$ 900,000)	1,079,700 (US$ 6,000 and NT$ 900,000)	-	-	3.30%	6,913,709	-	-	-

(Continued)

A. Represents 200% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").

B. Represents 80% of the amount mentioned in Note A.

C. Represents 50% of assets of Yang Ming Line Holding Co.

D. Represents 80% of the amount mentioned in Note C.

E. Represents 50% of assets of Yang Ming Line (B.V.I.) Holding Co., Ltd.

F. Represents 80% of the amount mentioned in Note E.

G. Represents 100% of asset of All Oceans Transportation, Inc.

H. Represents 80% of the amount mentioned in Note G.

I. Represents 200% of its latest audited or reviewed net asset value.

J. Represents 80% of the amount mentioned in Note I.

K. Represents 200% of its latest audited or reviewed net asset value of Kuang Ming (Liberia) Corp.

L. Represents 80% of the amount mentioned in Note K.

M. United States dollars, Great Britain Pounds, Japanese yen and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US$1=NT$29.95, US$1=GBP0.6053, US$1=JPY105.05 and US$1=HK$7.7538 on December 31, 2013.

N. Represents 10 ships used as guarantees, with carrying value of $8,273,711 thousand as of December 31, 2013.

(Concluded)

SCHEDULE C

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
Yang Ming Marine Transport Corporation	Common stock							
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	51,000,000	$ 472,188	9.81	$ -	
	United Stevedoring Corp.	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	-	14.02	-	
	Stock							
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,002,458	16.96	2,002,458	Note A
	Mutual fund							
	BlackRock ICS Euro Liquidity Funds	-	Financial assets at fair value through profit or loss - current	85,027	3,509	-	3,509	
	BlackRock ICS GBP Liquidity Funds	-	Financial assets at fair value through profit or loss - current	7,401	366	-	366	
	Guaranteed notes							
	CAPITAL Principal Guaranteed Notes	-	Financial assets at fair value through profit or loss - current	-	300,000	-	300,000	
	1-Month 3M-SHIBOR/LIBOR Linked Principal Guaranteed Note	-	Financial assets at fair value through profit or loss - current	-	350,176	-	350,176	
	USD Principal Guarantee Note (Short Rate Linked PGN)	-	Financial assets at fair value through profit or loss - current	-	299,500	-	299,500	
Ching Ming Investment Corp.	Common stock							
	Ascentek Venture Capital Corporation	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	6,420	1.40	-	
	Stock							
	China Steel Corporation	-	Available-for-sale financial assets - current	462	12	-	12	
	Taiwan Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss - current	99,000	2,801	0.02	2,801	
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	129,000	8,708	0.01	8,708	
	Catcher Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	1,935	-	1,935	
	TTY Biopharm Co., Ltd.	-	Financial assets at fair value through profit or loss - current	162,000	14,774	0.07	14,774	
	Runtex Industries Limited	-	Financial assets at fair value through profit or loss - current	55,000	4,208	0.01	4,208	
	Hon Hai Precision Co., Ltd	-	Financial assets at fair value through profit or loss - current	90,000	7,209	-	7,209	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	484	21	-	21	
	Phision Electronics Corp.	-	Financial assets at fair value through profit or loss - current	48,000	9,144	0.03	9,144	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	Formosa Plastic Corporation	-	Financial assets at fair value through profit or loss - current	2,000	$ 161	-	$ 161	
	DyPack International Technology Corporation	-	Financial assets at fair value through profit or loss - current	40,000	3,320	0.03	3,320	
	Lotes Co., Ltd.	-	Financial assets at fair value through profit or loss - current	22,000	1,439	0.02	1,439	
	Sercomm Corp	-	Financial assets at fair value through profit or loss - current	35,000	1,789	0.02	1,789	
	Lanner Electronics Corp	-	Financial assets at fair value through profit or loss - current	29,000	1,601	0.04	1,601	
	Flexium Interconnect Corp.	-	Financial assets at fair value through profit or loss - current	20,248	1,944	0.01	1,944	
	Tze Shin International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,409,150	16,346	0.79	16,346	
	Formosa Laboratories Inc	-	Financial assets at fair value through profit or loss - current	50,000	1,145	0.02	1,145	
	TPK Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	60,000	10,560	0.02	10,560	
	Tong Yang Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	65,000	2,899	0.01	2,899	
	Makalot Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	15,000	2,415	0.01	2,415	
	China Chemical & Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss - current	25,000	586	0.01	586	
	Scinopharm Taiwan, Ltd.	-	Financial assets at fair value through profit or loss - current	55,000	4,818	0.01	4,818	
	Sunspring Metal Corporation	-	Financial assets at fair value through profit or loss - current	30,000	2,430	0.02	2,430	
	Grand Plastic Technology Corporation	-	Financial assets at fair value through profit or loss - current	5,000	1,090	0.02	1,090	
	Adata Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	60,000	4,212	0.02	4,212	
	Coland Holdings Limited	-	Financial assets at fair value through profit or loss - current	100,000	8,290	0.13	8,290	
	Ruentex Development Co., Ltd.	-	Financial assets at fair value through profit or loss - current	433,000	25,027	0.04	25,027	
	<u>Mutual fund</u>							
	Fidelity Funds - Emerging Markets Fund (A-USD)	-	Financial assets at fair value through profit or loss - current	2,477	1,738	-	1,738	
	Allianz Gis Rcm Little Dragons Fund	-	Financial assets at fair value through profit or loss - current	15,235	46,833	-	46,833	
	Hua Nan Global Infrastructure Fund A	-	Financial assets at fair value through profit or loss - current	200,000	1,310	-	1,310	
	Templeton Developing Markets Trust	-	Financial assets at fair value through profit or loss - current	2,254	1,540	-	1,540	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,068,421	121,646	-	121,646	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,315,558	91,302	-	91,302	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	872,059	13,213	-	13,213	
	The Rsit Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,588,064	30,274	-	30,274	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,883,983	92,746	-	92,746	
	Fuh-Hwa Omni Fund	-	Financial assets at fair value through profit or loss - current	184,275	3,057	-	3,057	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	Upamc Quality Growth Fund	-	Financial assets at fair value through profit or loss - current	225,492	$ 5,094	-	$ 5,094	
	Hua Nan Yung Chong Fund	-	Financial assets at fair value through profit or loss - current	490,344	6,129	-	6,129	
	Shin Kong Otc Market Fund	-	Financial assets at fair value through profit or loss - current	158,228	3,032	-	3,032	
	Shin Kong Innovative Technology Fund	-	Financial assets at fair value through profit or loss - current	630,154	7,152	-	7,152	
	Capital Otc Fund	-	Financial assets at fair value through profit or loss - current	54,565	3,028	-	3,028	
	The Rsit Digital Fund	-	Financial assets at fair value through profit or loss - current	113,186	2,267	-	2,267	
	Dah-Fa Fund	-	Financial assets at fair value through profit or loss - current	444,251	10,191	-	10,191	
	Jih Sun Top Five Fund	-	Financial assets at fair value through profit or loss - current	336,334	9,094	-	9,094	
	Fuh-Hwa High Growth Fund	-	Financial assets at fair value through profit or loss - current	57,971	2,051	-	2,051	
	Allianz Global Investors Taiwan Fund	-	Financial assets at fair value through profit or loss - current	759,551	10,193	-	10,193	
	Taishin High Dividend Yield Balanced Fund	-	Financial assets at fair value through profit or loss - current	425,244	9,095	-	9,095	
	Ing Global Luxury Brands Fund	-	Financial assets at fair value through profit or loss - current	179,941	4,072	-	4,072	
	CTBC Taiwan Small-Cap Fund	-	Financial assets at fair value through profit or loss - current	1,281,258	10,276	-	10,276	
	Eastspring Investments Global Green Solutions Fund	-	Financial assets at fair value through profit or loss - current	755,254	10,105	-	10,105	
	Upamc Great China Fund	-	Financial assets at fair value through profit or loss - current	173,511	3,088	-	3,088	
	Ing Global Biotech & Health Care Fund	-	Financial assets at fair value through profit or loss - current	581,477	8,048	-	8,048	
	Hua Nan Global Luxury Goods Fund	-	Financial assets at fair value through profit or loss - current	388,366	5,126	-	5,126	
	Sinopac Luxury And Lifestyle Fund	-	Financial assets at fair value through profit or loss - current	287,359	4,069	-	4,069	
	Taishin Mainstream Fund	-	Financial assets at fair value through profit or loss - current	270,819	4,062	-	4,062	
	Allianz Global Investors Global Eco Trends Fund	-	Financial assets at fair value through profit or loss - current	404,172	3,888	-	3,888	
	Paradigm Life Style Fund	-	Financial assets at fair value through profit or loss - current	771,922	10,097	-	10,097	
	Franklin Templeton Sinoam New World Fund	-	Financial assets at fair value through profit or loss - current	463,022	5,153	-	5,153	
	Reliance Taiwan Main Stream Small & Medium Cap Fund	-	Financial assets at fair value through profit or loss - current	236,224	3,021	-	3,021	
	Franklin Templeton Sinoam China Consumption Fund	-	Financial assets at fair value through profit or loss - current	532,641	6,104	-	6,104	
	Taishin Latin America Fund	-	Financial assets at fair value through profit or loss - current	500,000	3,635	-	3,635	
	UPAMC New Asian Technology And Energy FUND	-	Financial assets at fair value through profit or loss - current	978,344	12,386	-	12,386	
	Taishin India Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,705	-	4,705	
	Upamc Chindia Fund	-	Financial assets at fair value through profit or loss - current	375,156	5,113	-	5,113	
	Fsitc China Century Fund	-	Financial assets at fair value through profit or loss - current	632,645	4,802	-	4,802	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	223,585	1,773	-	1,773	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	Yuanta Greater China Small And Medium Cap Fund	-	Financial assets at fair value through profit or loss - current	628,332	$ 4,581	-	$ 4,581	
	Eastspring Investments Global High Yield Bond Fund A	-	Financial assets at fair value through profit or loss - current	3,780,365	46,356	-	46,356	
	Shin Kong China Growth Fund	-	Financial assets at fair value through profit or loss - current	503,661	5,052	-	5,052	
	Pinebridge BRIIC Infrastructure Equity Fund	-	Financial assets at fair value through profit or loss - current	623,609	4,671	-	4,671	
	Allianz Global Investors Rising Asia Fund	-	Financial assets at fair value through profit or loss - current	239,102	2,898	-	2,898	
	Allianz Global Investors Asian Smaller Companies Fund	-	Financial assets at fair value through profit or loss - current	247,323	2,587	-	2,587	
	Cathay Mandarin Fund	-	Financial assets at fair value through profit or loss - current	515,277	5,065	-	5,065	
	Eastspring Investments China Fund	-	Financial assets at fair value through profit or loss - current	519,713	6,003	-	6,003	
	Fsitc Global High Yield Bond Fund A	-	Financial assets at fair value through profit or loss - current	2,137,818	30,128	-	30,128	
	Cathay Value And Superior Fund	-	Financial assets at fair value through profit or loss - current	374,532	5,067	-	5,067	
	Franklin Templeton Sinoam Global High Yield Bond Fund-Accu.	-	Financial assets at fair value through profit or loss - current	898,586	10,124	-	10,124	
	Aberdeen Global-Emerging Markets Smaller Companies Fund	-	Financial assets at fair value through profit or loss - current	11,734	6,479	-	6,479	
	Yuanta Global Reits Fund (A)	-	Financial assets at fair value through profit or loss - current	182,315	1,947	-	1,947	
	Cathay China Emerging Industries Fund	-	Financial assets at fair value through profit or loss - current	325,098	5,000	-	5,000	
	Upamc Emerging Markets Corporate Bond Fund-Acc	-	Financial assets at fair value through profit or loss - current	991,422	9,872	-	9,872	
	Fuh Hwa Global Consumer Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,032	-	2,032	
	Eastspring Investments South Africa Fixed Income Fund A	-	Financial assets at fair value through profit or loss - current	690,159	19,750	-	19,750	
	Ing Global High Yield Bond Fund Accumulate Twd	-	Financial assets at fair value through profit or loss - current	800,000	8,072	-	8,072	
	Allianz Global Investors All Seasons Double Income Fund of Funds-A Share	-	Financial assets at fair value through profit or loss - current	988,177	10,079	-	10,079	
	Capital Global Biotech Fund-Twd	-	Financial assets at fair value through profit or loss - current	100,000	1,001	-	1,001	
	Capital us Opportunity Fund-Twd	-	Financial assets at fair value through profit or loss - current	100,000	1,003	-	1,003	
Yes Logistics Corp.	<u>Common stock</u>							
	B2B.Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,043	9.88	-	
	United Raw Material Solutions Inc./URMS	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	<u>Mutual fund</u>							
	Franklin Templeton Sino Money Markets Trust Fund	-	Financial assets at fair value through profit or loss - current	496,155	5,001	-	5,001	
	Prine Bridge Taiwan MMkt Sec Investment Trust	-	Financial assets at fair value through profit or loss - current	893,799	12,009	-	12,009	
Yes Logistics Company Ltd.	Fuh Hwa Emerging Market RMB	-	Financial assets at fair value through profit or loss - current	100,000	4,996		4,996	

A. More than half of the directors are identical.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corp.	Common stock Kao Ming Container Terminal Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	408,000,000	$ 4,192,206	-	$ -	85,000,000	$ 1,659,313	$ 879,238	$ 780,075	$ 3,011,396 (Note A)	323,000,000	$ 6,324,364
	Mutual fund														
	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	138,738,010	2,050,000	138,738,010	2,050,763	2,050,000	763	-	-	-
	Mega Diamond Money Market	Available-for-sale financial assets - current	-	-	-	-	117,173,373	1,430,000	117,173,373	1,430,774	1,430,000	774	-	-	-
	Taishin 1699 Money Market	Available-for-sale financial assets - current	-	-	-	-	388,881,544	5,120,000	388,881,544	5,121,248	5,120,000	1,248	-	-	-
	ING Taiwan Money Market	Available-for-sale financial assets - current	-	-	-	-	18,896,953	300,000	18,896,953	300,055	300,000	55	-	-	-
	Franklin Temepleton Sinoam Money Market	Available-for-sale financial assets - current	-	-	-	-	49,264,093	495,000	49,264,093	495,332	495,000	332	-	-	-
	Fubon Chi-Hsian Money Market	Available-for-sale financial assets - current	-	-	-	-	130,827,637	2,000,000	130,827,637	2,000,507	2,000,000	507	-	-	-
	Fuh Hwa money Market	Available-for-sale financial assets - current	-	-	-	-	202,372,786	2,850,000	202,372,786	2,851,067	2,850,000	1,067	-	-	-
	Union Money Market	Available-for-sale financial assets - current	-	-	-	-	116,589,872	1,500,000	116,589,872	1,500,356	1,500,000	356	-	-	-
	Jih Sun Money Market	Available-for-sale financial assets - current	-	-	-	-	437,523,648	6,310,000	437,523,648	6,311,903	6,310,000	1,903	-	-	-
	UPAMC James Bond Money Market	Available-for-sale financial assets - current	-	-	-	-	73,749,508	1,200,000	73,749,508	1,200,400	1,200,000	400	-	-	-
	Capital Money Market	Available-for-sale financial assets - current	-	-	-	-	349,277,426	5,490,000	349,277,426	5,491,213	5,490,000	1,213	-	-	-
	Eastspring Inv well Pool Money Market	Available-for-sale financial assets - current	-	-	-	-	95,767,781	1,270,000	95,767,781	1,270,414	1,270,000	414	-	-	-
Ching Ming Investment Corp.	Mutual fund Franklin Temepleton Sinoam Money Market	Available-for-sale financial assets - current	-	-	-	-	34,382,990	345,559	22,314,570	224,369	224,139	230	-	12,068,420	121,645 (Note B)

Notes:

A. Including unrealized gain on residual interests $2,983,259 thousand, investment income on investments accounted for using equity method $123,527 thousand, cash dividend received $(95,064) thousand and other comprehensive loss $(326) thousand.

B. Including unrealized gains $225 thousand.

C. Carrying value is the original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	$ 19,150,483 (Note E)	-	$ -	-	$ -	$ -
	Yang Ming (Liberia) Corp.	A	6,772,132 (Note F)	-	-	-	-	-
	Young-Carrier Company Limited	A	923,274	-	-	-	923,274	-
	Yang Ming (America) Corp.	A	849,183	-	-	-	849,183	-
	Yang Ming (Italy) S.P.A.	A	282,972	-	-	-	282,972	-
	Yang Ming (Vietnam) Company Ltd.	D	211,673	-	-	-	90,882	-
	Yang Ming Shipping Europe GmbH.	A	111,815	-	-	-	111,815	-
	Yang Ming (UK Ltd)	A	121,692	-	-	-	121,692	-
	Yang Ming Anatoliashipping Agency S.A.	A	119,482	-	-	-	119,482	-
	Yangming (Japan) Co., Ltd.	A	153,040	-	-	-	153,040	-
	Yang Ming Line (Hong Kong) Ltd.	A	154,070	-	-	-	154,070	-
	Yang Ming (Korea) Ltd.	A	134,702	-	-	-	134,702	-
	Yang Ming Shipping (Canada) Ltd.	A	131,651	-	-	-	131,651	-
	Yang Ming (Belgium) N.V.	A	104,447	-	-	-	104,447	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,666,008 (Note G)	-	-	-	-	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	557,641	-	-	-	557,641	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	139,162	-	-	-	139,162	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	290,515	-	-	-	-	-
	Yang Ming Marine Transport Corporation	C	155,603	-	-	-	155,603	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	A	2,964,457 (Note H)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	259,601	-	-	-	259,601	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	860,269	-	-	-	-	-
	Young-Carrier Company Limited	B	296,376	-	-	-	296,376	-
	Yang Ming Line (Hong Kong) Ltd.	B	126,380	-	-	-	126,380	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	B	162,411	-	-	-	140,224	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	C	140,457	-	-	-	140,457	-

(Continued)

Notes:

A. Subsidiary of the Corporation.

B. The same parent company.

C. Parent company.

D. Associates

E. Interest receivable, financing provided and proceeds from sale of ships.

F. Financing provided.

G. Interest receivable and proceeds from sale of ships.

H Accounts receivable.

I. Collections between related parties made according to “Agency Accounting Procedure” by the Corporation and local business conventions.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Advance to related parties	$ 57,174	Conducted as agreed terms	
				Long-term receivable from related parties	19,150,483	Conducted as agreed terms	16
				Other payable to related parties	246,580	Conducted as agreed terms	
				Operating revenue	9,587	Conducted as agreed terms	
				Operating cost	3,048,234	Conducted as agreed terms	3
				Interest revenue	368,606	Conducted as agreed terms	
		Yang Ming (Liberia) Corp.	1	Long-term receivable from related parties	6,772,132	Conducted as agreed terms	6
				Operating cost	2,521,230	Conducted as agreed terms	2
				Interest revenue	119,457	Conducted as agreed terms	-
				Other receivable from related parties	63	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	1	Operating cost	112,130	Conducted as agreed terms	-
				Operating revenue	123	Conducted as agreed terms	-
		Jing Ming Transportation Co.,	1	Other receivable from related parties	31	Conducted as agreed terms	-
				Other payable to related parties	140,457	Conducted as agreed terms	-
				Operating cost	743,962	Conducted as agreed terms	1
				Rent income	709	Conducted as agreed terms	-
				Advances	(2)	Conducted as agreed terms	-
				Other income	432	Conducted as agreed terms	-
				General and administrative expense	5	Conducted as agreed terms	-
		Kao Ming Container Terminal Corp.	1	General and administrative expense	33	Conducted as agreed terms	-
				Operating cost	975,431	Conducted as agreed terms	1
				Other income	97	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.	1	Operating cost	163,248	Conducted as agreed terms	-
		Yang Ming Line (Hone Kong) Ltd.	1	Receivables from related parties	4,281	Conducted as agreed terms	-
				Payable to shipping agent	88,887	Conducted as agreed terms	-
				Operating cost	91,896	Conducted as agreed terms	-
		Yang Ming Line (India) Pvt. Ltd.	1	Operating cost	8,059	Conducted as agreed terms	-
				Payable to shipping agent	2,331	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Receivables from related parties	35,049	Conducted as agreed terms	-
				Payable to shipping agent	10,657	Conducted as agreed terms	-
				Operating cost	144,024	Conducted as agreed terms	-
				Other income	217	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Receivables from related parties	923,474	Conducted as agreed terms	1
				Payable to shipping agent	524,371	Conducted as agreed terms	-
				Operating cost	573,002	Conducted as agreed terms	-
				Other income	42	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
		Ching Ming Investment Corp.	1	Rent income	$ 862	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Other current asset	(36)	Conducted as agreed terms	-
				Receivables from related parties	13,322	Conducted as agreed terms	-
				Operating cost	262,222	Conducted as agreed terms	-
				Other cost	47	Conducted as agreed terms	-
		Manwa & Co., Ltd.		Receivables from related parties	4,019	Conducted as agreed terms	-
		Yang Ming Shipping (Singapore) Pte Ltd.	1	Other cost	5	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn Bhd.	1	Payable to shipping agent	32,567	Conducted as agreed terms	-
				Operating cost	33,622	Conducted as agreed terms	-
				General and administrative expense	10	Conducted as agreed terms	-
				Other cost	4	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Operating cost	25,888	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Payable to shipping agent	24,148	Conducted as agreed terms	-
				Operating cost	36,709	Conducted as agreed terms	-
				Receivables from related parties	78,224	Conducted as agreed terms	-
		Yang Ming (America) Corp.	1	Receivables from related parties	304,209	Conducted as agreed terms	-
				Advance to shipping agent	331,666	Conducted as agreed terms	-
				Other payable to related parties	155,603	Conducted as agreed terms	-
				Operating cost	1,156,221	Conducted as agreed terms	1
		Olympic Container Terminal LLC	1	Operating cost	315,894	Conducted as agreed terms	-
				Other payable to related parties	34,474	Conducted as agreed terms	-
		Triumph Logistics, Inc.	1	Operating cost	1,614	Conducted as agreed terms	-
				Other payable to related parties	67,134	Conducted as agreed terms	-
		Topline Transportation, Inc.	1	Operating cost	1,934	Conducted as agreed terms	-
				Other payable to related parties	22,449	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	1	Operating cost	82,018	Conducted as agreed terms	-
				Other payable to related parties	2,730	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	1	Other payable to related parties	2,129	Conducted as agreed terms	-
				Operating cost	46,030	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Payable to shipping agent	5,944	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Receivables from related parties	85,411	Conducted as agreed terms	-
				Payable to shipping agent	16,243	Conducted as agreed terms	-
				Operating cost	42,664	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Receivables from related parties	90,127	Conducted as agreed terms	-
				Payable to shipping agent	25,160	Conducted as agreed terms	-
				Operating cost	79,999	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	1	Receivables from related parties	111,815	Conducted as agreed terms	-
				Payable to shipping agent	75,138	Conducted as agreed terms	
				Operating cost	311,982	Conducted as agreed terms	-
		Yang Ming (Italy) S.P.A	1	Receivables from related parties	236,961	Conducted as agreed terms	-
				Payable to shipping agent	13,770	Conducted as agreed terms	-
				Operating cost	78,516	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	1	Other payable to related parties	860,269	Conducted as agreed terms	1
				Operating revenue	1,655,027	Conducted as agreed terms	1
				Operating cost	4,252,049	Conducted as agreed terms	4

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
		Kuang Ming Shipping Corp.	1	Operating revenue	$ 1,303	Conducted as agreed terms	-
				Operating expense	305	Conducted as agreed terms	-
				Rent income	4,566	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	1	Operating cost	171	Conducted as agreed terms	-
		Yes Logistics Corp.	1	Receivables from related parties	2,003	Conducted as agreed terms	-
				Rent income	5,537	Conducted as agreed terms	-
				Interest expense	9	Conducted as agreed terms	-
				Refundable deposit from related parties	95,840	Conducted as agreed terms	-
				Operating revenue	567,149	Conducted as agreed terms	-
				Operating cost	65,247	Conducted as agreed terms	-
				Other payable to related parties	3,468	Conducted as agreed terms	-
				General and administrative expense	2	Conducted as agreed terms	-
		Golden Logistics USA Corporation	1	Operating cost	80,606	Conducted as agreed terms	-
1	All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	3	Long-term receivable from related parties	6,666,008	Conducted as agreed terms	6
				Interest revenue	111,845	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	3	Advances	3,575	Conducted as agreed terms	-
				Operating cost	49,572	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	3	Operating revenue	372,491	Conducted as agreed terms	-
2	Yang Ming (Liberia) Corp.	Sunbright Insurance Pte. Ltd.	3	Operating cost	40,198	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	3	Operating revenue	114,583	Conducted as agreed terms	-
3	Honming Terminal & Stevedoring Co., Ltd.	Kao Ming Container Terminal Corp.	3	Operating revenue	7,627	Conducted as agreed terms	-
4	Jing Ming Transportation Co., Ltd.	Kao Ming Container Terminal Corp.	3	Operating revenue	205,111	Conducted as agreed terms	-
				Operating cost	252	Conducted as agreed terms	-
		Yes Logistics Corp.	3	Receivables from related parties	606	Conducted as agreed terms	-
				Operating revenue	6,720	Conducted as agreed terms	-
5	Kao Ming Container Terminal Corp.	Sunbright Insurance Pte. Ltd.	3	Operating cost	13,223	Conducted as agreed terms	-
		Yes Logistics Corp.	3	Operating revenue	46	Conducted as agreed terms	-
6	Yang Ming Shipping (Singapore) Pte Ltd.	Young-Carrier Company Ltd.	3	Refundable deposit from related parties	6,613	Conducted as agreed terms	-
				Rent income	26,233	Conducted as agreed terms	-
				Other payable to related parties	1,423	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	3	Refundable deposit from related parties	135	Conducted as agreed terms	-
7	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	3	Other receivable from related parties	8,401	Conducted as agreed terms	-
				Interest revenue	59	Conducted as agreed terms	-
		Yang Ming Line (Hone Kong) Ltd.	3	Receivables from related parties	256,901	Conducted as agreed terms	-
				Marketing expense	22,974	Conducted as agreed terms	-
8	Karlman Properties Limited	Yang Ming Line (Hone Kong) Ltd.	3	Refundable deposit from related parties	773	Conducted as agreed terms	-
				Rent income	9,190	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
9	Yang Ming Line (Hone Kong) Ltd.	Yes Logistics Company Ltd.	3	Rent income	$ 230	Conducted as agreed terms	-
10	Yang Ming (Italy) S.P.A	Yang Ming (U.K.) Ltd.	3	Receivables from related parties	2,331	Conducted as agreed terms	-
				Payables to related parties	44,810	Conducted as agreed terms	-
				Operating revenue	10,333	Conducted as agreed terms	-
11	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.	3	Other receivable from related parties	2,560	Conducted as agreed terms	-
				Operating revenue	2,292	Conducted as agreed terms	-
				Rent income	183	Conducted as agreed terms	-
12	Manwa & Co., Ltd.	Yes Logistics Company Ltd.		Operating revenue	1,607	Conducted as agreed terms	-
13	Sunbright Insurance Pte. Ltd.	Kuang Ming Shipping Corp.	3	Operating revenue	3,595	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	3	Receivables from related parties	7,035	Conducted as agreed terms	-
				Operating revenue	27,507	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	3	Advance income	1,035	Conducted as agreed terms	-
14	Yang Ming (America) Corp.	Yang Ming Line Holding Corp.	3	Receivables from related parties	27,396	Conducted as agreed terms	-
		Olympic Container Terminal LLC	3	Long-term receivable from related parties	290,515	Conducted as agreed terms	-
				Interest revenue	6,786	Conducted as agreed terms	-
		Triumph Logistics, Inc.	3	Receivables from related parties	7,728	Conducted as agreed terms	-
		Topline Transportation, Inc.	3	Receivables from related parties	599	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	3	General and administrative expense	285	Conducted as agreed terms	-
				Receivables from related parties	10,183	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	3	Operating revenue	1,876	Conducted as agreed terms	-
				General and administrative expense	772	Conducted as agreed terms	-
				Receivables from related parties	6,140	Conducted as agreed terms	-
				Other receivable from related parties	29	Conducted as agreed terms	-
				Operating revenue	1,069	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	3	Operating cost	49,288	Conducted as agreed terms	-
		Golden Logistics USA Corporation	3	Other current asset	14,077	Conducted as agreed terms	-
15	Triumph Logistics, Inc.	Coastal Tarheel Express, Inc.	3	Other payable to related parties	10,485	Conducted as agreed terms	-
				Other receivable from related parties	1,498	Conducted as agreed terms	-
16	Topline Transportation, Inc.	Coastal Tarheel Express, Inc.	3	Other payable to related parties	3,052	Conducted as agreed terms	-
				Other receivable from related parties	449	Conducted as agreed terms	-
17	Yang Ming (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	3	Other receivable from related parties	2,715	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	3	Receivables from related parties	2,964,457	Conducted as agreed terms	2
				Operating revenue	364,122	Conducted as agreed terms	-
18	Yang Ming Line N.V.	Yang Ming Line B.V.	3	Other receivable from related parties	4,945	Conducted as agreed terms	-
19	Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	2	Receivables from related parties	5,839	Conducted as agreed terms	-
				Rent income	1,232	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
20	Yang Ming Italy S.p.A.	Yang Ming (Naples) S.r.l.	3	Receivables from related parties	$ 17,317	Conducted as agreed terms	-
				Notes payable to related parties	1,045	Conducted as agreed terms	-
				Other payable to related parties	304	Conducted as agreed terms	-
				Operating cost	3,439	Conducted as agreed terms	-
21	Yang Ming (U.K.) Ltd.	Yes Logistics Corp.	3	Receivables from related parties	82	Conducted as agreed terms	-
				Other payable	112	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	3	Receivables from related parties	296	Conducted as agreed terms	-
				Payable to shipping agent	33	Conducted as agreed terms	-
				Operating cost	34	Conducted as agreed terms	-
		Yang Ming (America) Corp.	3	Payable to shipping agent	331,666	Conducted as agreed terms	-
				Operating cost	173,569	Conducted as agreed terms	-
22	Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	3	Other receivable from related parties	462,411	Conducted as agreed terms	-
				Interest revenue	600	Conducted as agreed terms	-
				Other income	5,714	Conducted as agreed terms	-
23	Yes Logistics Corp.	Yes Benelux B.V	3	Payables to related parties	1,962	Conducted as agreed terms	-
				Receivables from related parties	93	Conducted as agreed terms	-
				Operating revenue	518	Conducted as agreed terms	-
				Operating cost	22,085	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	3	Operating revenue	881	Conducted as agreed terms	-
				Operating cost	15,532	Conducted as agreed terms	-
				Receivables from related parties	910	Conducted as agreed terms	-
				Payables to related parties	2,141	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	3	Payables to related parties	63,223	Conducted as agreed terms	-
				Operating revenue	36,280	Conducted as agreed terms	-
				Operating cost	231,239	Conducted as agreed terms	-
				Receivables from related parties	11,206	Conducted as agreed terms	-
				Other income	2,806	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	3	Receivables from related parties	9,761	Conducted as agreed terms	-
				Long-term receivables	16,077	Conducted as agreed terms	-
				Operating revenue	2,406	Conducted as agreed terms	-
				Operating cost	48,326	Conducted as agreed terms	-
				Interest revenue	324	Conducted as agreed terms	-
				Other income	1,103	Conducted as agreed terms	-
				Payables to related parties	2,796	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	3	Receivables from related parties	6,837	Conducted as agreed terms	-
				Payables to related parties	19,718	Conducted as agreed terms	-
				Operating revenue	37,410	Conducted as agreed terms	-
				Operating cost	105,876	Conducted as agreed terms	-
24	Yes Benelux B.V.	Yes Logistics Europe GmbH	3	Receivables from related parties	847	Conducted as agreed terms	-
				Operating revenue	5,272	Conducted as agreed terms	-
				Operating cost	306	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	3	Other payable to related parties	5	Conducted as agreed terms	-
				Operating cost	344	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
25	Yes Logistics Company Ltd.	YES Logistics (Shanghai) Corp.	3	Receivables from related parties	$ 12,646	Conducted as agreed terms	-
				Receivables from related parties	9,796	Conducted as agreed terms	-
				Operating revenue	43	Conducted as agreed terms	-
				Operating cost	3,274	Conducted as agreed terms	-
26	Yes Logistics Corp. (USA)	Yes Logistics Europe GmbH	3	Operating revenue	60	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	3	Other payable to related parties	41	Conducted as agreed terms	-
				Operating revenue	927	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	3	Operating cost	12	Conducted as agreed terms	-
27	YES Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	3	Receivables from related parties	570	Conducted as agreed terms	-
				Other payable to related parties	169	Conducted as agreed terms	-
				Operating revenue	1,241	Conducted as agreed terms	-
				Operating cost	1,124	Conducted as agreed terms	-
28	Yes Logistics Europe GmbH	Yes Logistics GmbH	3	Operating revenue	11,677	Conducted as agreed terms	-
				Interest revenue	251	Conducted as agreed terms	-
				Receivables from related parties	19,141	Conducted as agreed terms	-

Note A: Transactions between Yang Ming Marine Transport Corp. and its subsidiaries should be remarked, as well as numbered in the first column. Rules are as follows:

1. Yang Ming Marine Transport Corp. - 0
2. Its subsidiaries are numbered in Arabic figures.

Note B: Related party transactions are divided into three categories as follows:

1. Yang Ming Marine Transport Corp. to its subsidiaries.
2. Subsidiaries to its parent company Yang Ming Marine Transport Corp.
3. Among Yang Ming Marine Transport Corp.'s subsidiaries.

Note C: Information on the Schedule is equivalent to the eliminated material intercompany transactions.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	$ 3,272,005	$ 3,272,005	10,351	100.00	$ 3,681,966	$ (11,923)	$ (11,923)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	2,440,357	525,684	525,684	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,540,256	23,428	23,428	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	2,520,708	(828,183)	(828,183)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	603,660	19,275	9,638	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,587,496	3,587,496	177,920,000	86.57	2,954,523	(754,520)	(653,188)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	107,900	8,992	7,119	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	110,645	9,007	4,592	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	1,249,505	484,891	484,891	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	701,210	(350,002)	(350,002)	Subsidiary
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	3,181,313	4,018,500	323,000,000	47.50	6,324,364	205,878	123,527	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services, chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	69,767	18,203	8,919	Equity-method investee
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	158,832	7,224	3,594	Equity-method investee
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	28,688	8,992	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	560,027	19,275	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	122,693	22,146	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	120,078	31,530	(Note M)	100.00	(277,184) (Note D)	(11,423)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(5,252) (Note D)	(339)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	660	(385)	-	Subsidiary
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	7,277	154	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	13,271	(1,118)	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	26,257	690	-	Subsidiary
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note E)	40.00	901,063	148,500	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note F)	40.00	204,815	44,108	-	Equity-method investee
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(2,129,533) (Note D)	(193,549)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(2,131,763) (Note D)	(193,638)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	$ 8,614	$ 8,614	553	89.92	$ 21,468	$ 3,692	$ -	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	15,285	820	(Note H)	100.00	74,317	39,333	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	24,111	(3,515)	-	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100.00	(2,472,035) (Note D)	(232,512)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	133,869	(1,632)	-	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	-	24,500	49.00	36,064	1,088	-	Equity-method investee
	Yang Ming (Belgium) N.V.	Belgium	Forwarding agency	25	25	(Note C)	50.00	6,375	2,623	-	Subsidiary
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	238	238	(Note J)	60.00	2,298	1,009	-	Equity-method investee
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Naples, Italy	Forwarding agency	16	16	510	51.00	218,542	3,972	-	Subsidiary
Yang Ming Line (Singapore) Pte Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(50,834) (Note D)	(2,675)	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,228	2,228	300,000	60.00	16,685	9,197	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	29,585	7,671	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	219,380	4,851	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	36,235	36,235	3,000	100.00	(29,454) (Note D)	8,294	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	18,851	18,851	1,000,000	100.00	96,029	23,133	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	35,292	(531)	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	32,440	32,440	3,000,000	100.00	185,144	48,790	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	1,077	1,077	50,000	50.00	47,760	91,402	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	254,358	254,358	(Note J)	30.00	195,372	(80,445)	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	2,140	2,140	(Note N)	49.00	82,296	57,384	-	Equity-method investee
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	3,197	3,197	(Note I)	49.00	1,348	607	-	Equity-method investee
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	4,597	-	150,000	50.00	14,266	22,009	-	Equity-method investee
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,828	(54)	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	85,441	563	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,960,904	1,960,904	2	100.00	2,907,758	(552,493)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	100,329	(22,861)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	34,214	34,214	1,471,304	100.00	35,728	(652)	-	Subsidiary
	ANSHIP-YES Logistics Corporation Limited	Thailand	Terminal operation and stevedoring	3,763	-	39,200	49.00	2,576	(1,039)	-	Subsidiary
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70.00	1,353	(2,892)	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note I)	100.00	2,569	(19)	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	114,417	114,417	29,000,000	100.00	32,116	1,655	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	USA	Container transportation	$ 328	$ 328	100	100.00	$ 835	$ 320	$ -	Subsidiary
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note K)	100.00	8,591	(5,081)	-	Subsidiary
Yes Logistics Europe Gmbh	Merlin Logistics GmbH	Frankfurt Germany		7,771	-	(Note O)	80.00	8,070	(1,885)	-	Subsidiary

Notes:

A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.

B. This is equivalent to EUR818,000, and no shares were issued.

C. This is equivalent to GBP500, and no shares were issued.

D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.

E. This is equivalent to US$3,800,000, and no shares were issued.

F. This is equivalent to US$1,000,000, and no shares were issued.

G. Paid-in capital was equivalent to EUR25,000, and no shares were issued.

H. Paid-in capital was equivalent to EUR18,000, and no shares were issued.

I. This is equivalent to US$94,000, and no shares were issued.

J. This is equivalent to EUR6,000, and no shares were issued.

K. This is equivalent to US$5,000,000, and no shares were issued.

L. This is equivalent to US$7,800,000, and no shares were issued.

M This is equivalent to US$1,000,000, and no shares were issued.

N. This is equivalent to AED245,000, and no shares were issued.

O. This equivalent to EUR200,000 and no shares were issued.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Gain (Loss) of the Investee	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2013 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2013
						Outflow	Inflow						
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	$ 557,729 (US$ 18,622)	$ -	$ 362,275 (US$ 12,096)	$ -		$ -	$ -	$ -	$ -
Yes Logistics Corp.	Golden Logistics Corp. (Note B)	Shipping agency	US$ 5,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	149,750 (US$ 5,000)	-	-	149,750 (US$ 5,000)	96.36	(27,675)	(26,667)	37,515	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800	Investee's direct investment in Mainland China.	278,765 (US$ 9,301)	-	-	278,765 (US$ 9,301)	47.22	(10,937)	(5,164)	355,297	-
Yes Logistics (Shanghai) Corp.	Sino - Yes Tianjin Cold Chain Logistics Company Limited	Stevedoring、container inspection、repair and maintenance、cleaning、dismantling and loading services	RMB 7,000	Investee's direct investment in Mainland China	-	(Note F)	-	-	47.22	(3,996)	(1,887)	14,963	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	$ -	$ 557,729 (US$ 18,622)	$ 19,605,530
Yes Logistics Corp.	428,315 (US$ 14,301)	428,315 (US$ 14,301)	- (Note E)

Notes:

A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007. The investment in Yangtze River Expree Airlines Company Limited has been recognized 100% impairment, the Group received US$12,096 thousand and terminated the investment in 2013.

B. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.

C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.

D. Calculated by the % ownership of direct or indirect investment.

E. Yes Logistics Corp. got a letter of identification of operational headquarter which effective on April 16, 2013 until April 15, 2016. The Company was exempted from the upper limit on investment in mainland China.

F. Golden logistics Corp. invested RMB3,430 thousand directly.

G. United States dollars translated into New Taiwan dollars at the exchange rate of US$1=NT$29.95 as of December 31, 2013.