Minutes of the 2014 Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m., Wednesday, June 18, 2014

Venue: Victoria Hall of Armed Forces Officer's Club at No.142, Yanping S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Number of shares represented: 1,781,548,664 (including 430,204,424 shares using electronic voting), or 63.20% of the total 2,818,713,123 shares issued

Directors attending: Lu, Feng-Hai, Leung Wing Kong Joseph Hsieh, Mon-Chang and Yen, Jin-Ru (independent directors)

Others attending: Hung, Yu-Mei (a accountant) and Lin, Shing-Ger (a lawyer)

Chairman: Lu, Feng-Hai　　Clerk: S. F. Huang

I. The Chairman announces opening of the 2014 Shareholders Meeting of YANG MING MARINE TRANSPORT and delivers his opening address (omitted).

II. Management Report:

Report 1. 2013 Business Report. (Please refer to Handbook pages 5-7)

Shareholder No.485373 raises the concern for the party and returns of chartered vessels.

The Chairman, or persons designated by The Chairman, clarifies all concerns raised by the Shareholder.

Report 2. Audit Committee's Report on the 2013 Financial Statements. (See Appendix 1)

Report 3. 2013 Issue of Domestic Corporate Bonds. (Please refer to Handbook page 11)

Shareholder No.153 raises the concern for the 2014 Issue of Domestic Corporate Bonds Plan.

The Chairman, or person designated by The Chairman, clarifies all concerns raised by the Shareholder.

III. Matters for Recognition

Proposal 1. Adoption of the 2013 Business Report and Financial Statements (Proposed by Board of Directors)

Explanation: Yang Ming Transport Corporation's 2013 Financial Statements and consolidated Financial Statements have been duly audited by Certified Public Accountants Hung Yu Mei and Chen Chin Hsiang of Deloitte & Touche. Also, Business Report and the aforementioned Financial Statements have been examined by the audit committee.
(See Appendix 2)

Shareholder No.153 raises the concern for debt/equity ratio contained in the financial statement.

The Chairman, or persons designated by The Chairman, clarifies all concerns raised by the Shareholder.

Shareholder No.586760 raises the concern for interest rate risk management.

The Chairman, or persons designated by The Chairman, clarifies all concerns raised by the Shareholder.

Resolution: The shares eligible for voting are 2,818,713,123, representing 86.27% of the total. With 1,540,623,164 (including 295,035,228 electronic votes), voting for the proposal, 202,614 (including 202,614 electronic votes) voting against it, 134,966,582 abstaining, and zero invalid votes, this proposal is approved.

Proposal 2. Adoption of the Board of Directors Proposal for 2013 Deficit Compensation

Explanation:

1. The net loss after tax for 2013 is NT$2,946,113,861. After adding the actuarial loss arising from defined benefit plans of NT$84,385,032, and deducting the net adjusted amount NT$815,227,889 from TIFRS conversion, the deficit to be compensated is NT$3,845,726,782. According to Company Act, it is proposed to compensate the deficit from legal reserve, special reserve and capital surplus, respectively. (See Appendix 3)
2. It is proposed not to distribute dividend, employee bonus and directors' compensation for 2013.

Resolution: The shares eligible for voting are 2,818,713,123, representing 85.55% of the total. With 1,524,207,336 (including 278,634,900 electronic votes), voting for the proposal, 278,999 (including 278,999 electronic votes) voting against it, 151,290,525 abstaining, and zero invalid votes, this proposal is approved.

IV. Matters for Discussion

Proposal 1. Amendment to the Articles of Incorporation (Proposed by Board of Directors)

Explanation:

1. Amending the Article of Incorporation to comply with Regulations Governing Procedure for Board of Directors Meetings of Public

Companies

2. The amended articles resolved by the board of directors dated 25 March 2014 (See Appendix 4)

Resolution: The shares eligible for voting are 2,818,713,123, representing 85.52% of the total. With 1,523,750,979 (including 278,647,568 electronic votes), voting for the proposal, 698,354 (including 229,329 electronic votes) voting against it, 151,327,527 abstaining, and 1,478 invalid votes, this proposal is approved.

Proposal 2. Amendment to the Principles Governing Endorsements and Guarantees (Proposed by Board of Directors)

Explanation:

1. Amending the "Principles Governing Endorsement and Guarantees" to comply with the reorganization of Financial Supervisory Commission and completing the Company's Principles Governing Endorsement and Guarantees
2. The amended articles resolved by the board of directors dated 25 March 2014 (See Appendix 5)

Resolution: The shares eligible for voting are 2,818,713,123, representing 85.55% of the total. With 1,524,189,223 (including 278,616,787 electronic votes), voting for the proposal, 258,317 (including 258,317 electronic votes) voting against it, 151,329,320 abstaining, and 1,478 invalid votes, this proposal is approved.

Proposal 3. Amendment to the Principles for Loaning Funds to Others (Proposed by Board of Directors)

Explanation:

1. Amending "Principles for Loaning Funds to Others" to comply with the reorganization of Financial Supervisory Commission and business requirements
2. The amended articles resolved by the board of directors dated 25 March 2014. (as Appendix 6)

Resolution: The shares eligible for voting are 2,818,713,123, representing 85.55% of the total. With 1,524,181,523 (including 278,609,087 electronic votes), voting for the proposal, 1,816,017 (including 266,017 electronic votes) voting against it, 151,329,320 abstaining, and 1,478 invalid votes, this proposal is approved.

Proposal 4. Amendment to the Handling Procedures for Acquisition and Disposal of Assets (Proposed by Board of Directors)

Explanation:

1. Amending "Handling Procedures for Acquisition and Disposal of Assets" to comply with Letter No.1020053073 of Financial Supervisory

Commission dated December 30, 2013 and business requirement

2. The amended articles resolved by the board of directors dated 25 March 2014 (See Appendix 7)

Resolution: The shares eligible for voting are 2,818,713,123, representing 85.55% of the total. With 1,524,184,223 (including 278,611,787 electronic votes), voting for the proposal, 1,812,100 (including 262,100 electronic votes) voting against it, 151,330,537 abstaining, and 1,478 invalid votes, this proposal is approved.

V. Extempore Motions

Shareholder No.153 raises the concern for Book Value per Share.

The Chairman, or the person designated by The Chairman, clarifies all concerns raised by The Shareholder (omitted).

Shareholder No.485373 raises the concern for market situation for container shipping industry.

The Chairman, or the person designated by The Chairman, clarifies all concerns raised by The Shareholder (omitted).

Shareholder No.329 raises the concern for pension liabilities.

The Chairman, or the person designated by The Chairman, clarifies all concerns raised by The Shareholder (omitted).

VI. Adjournment: 11:00

Chairman: Lu, Feng-Hai　　　　Clark: S. F. Huang

The minutes of this general shareholders' meeting only record the major issues and the outcomes of the proposals. The actual progress, procedures, and the statement of the general shareholders' meeting should be based on the audio and video recording of the meeting.
This translated document of the Chinese text and for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version governs.

Appendix 1

Audit Committee's Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2013 Business Report, individual and consolidated Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2013. The CPA firm of Deloitte & Touche, Taiwan, was retained to audit YANG MING Marine Transportation's Financial Statements and has issued an Independent Auditors' Report on the Financial Statements. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, the undersigned hereby certifies the Business Report, Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2013 have been examined and approved by the undersigned.

To：2014 Annual General Meeting of Shareholders
YANG MING MARINE TRANSPORT CORP.

The chairman of Audit Committee : Chen, Kuen-Mu

Independent director : Chen, Kuen-Mu

Independent director : Yeh, Jin-Ru

Independent director : Chou, Heng-Chih

Mar. 25, 2014

Appendix 2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders

Yang Ming Marine Transport Corporation

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation (the "Company") as of December 31, 2013, December 31, 2012, and January 1, 2012 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co. which are subsidiaries of Yang Ming Marine Transport Corporation, Chang Ming Logistics Company Limited, Anship-Yes Logistics Corporation Ltd., Yes Logistics Company Ltd. and Sino-YES Tianjin Cold Chain Logistics Company Limited which are subsidiaries and associates of Yes Logistics Corp. as of and for the years ended December 31, 2013, and of Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co. which are subsidiaries of Yang Ming Marine Transport Corporation, Chang Ming Logistics Company Limited, Yes Logistics Company Ltd. and Yes Logistics (Shanghai) Corp. which are subsidiaries and associates of Yes Logistics Corp. as of and for the year ended December 31, 2012; the Corporation has investments in these investees accounted for using equity method. The carrying values of these investments were NT$4,080,074 thousand, NT$2,985,194 thousand and NT$2,816,369 as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The comprehensive income recognized by investments accounted for using equity method were NT$1,115,284 thousand and NT$251,003 thousand for the years ended December 31, 2013 and 2012, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its 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.

The accompanying schedules of major accounting items of Yang Ming Marine Transport Corporation as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 25, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

(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	$ 8,864,766	8	$ 6,922,318	7	$ 6,600,551	8
Financial assets at fair value through profit or loss - current	1,009,141	1	1,067,895	1	250,169	-
Available-for-sale financial assets - current	-	-	63,955	-	157,904	-
Derivative financial assets for hedging - current	-	-	-	-	49,161	-
Trade receivable, net	1,292,556	1	1,458,625	2	567,998	1
Trade receivable from related parties	3,519,452	3	4,300,344	4	1,595,856	2
Other receivable from related parties	38,191	-	176,497	-	791,265	1
Shipping fuel, net	2,901,520	3	2,835,530	3	4,623,004	5
Prepayments	266,720	-	234,658	-	193,913	-
Prepayments to shipping agents	768,675	1	149,994	-	878,340	1
Other financial assets - current	374,759	-	26,459	-	79,879	-
Other current assets	152,102	-	210,459	-	233,879	-
Total current assets	19,187,882	17	17,446,734	17	16,021,919	18
NON-CURRENT ASSETS						
Available-for-sale financial assets-noncurrent	2,002,458	2	1,768,956	2	2,225,347	2
Financial assets carried at cost - noncurrent	477,188	-	377,188	-	386,369	-
Investments accounted for using equity method	22,463,693	20	21,089,975	20	20,867,399	23
Property, plant and equipment	34,300,241	31	29,482,929	28	19,445,134	22
Investment properties	4,194,637	4	4,221,964	4	4,164,161	5
Other intangible assets	27,012	-	14,644	-	19,949	-
Deferred tax assets	2,574,171	2	1,785,305	2	1,253,169	1
Prepayments for equipment	486,763	-	-	-	-	-

	December 31, 2013		December 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term borrowings	$ -	-	$ -	-	$ 2,638,672	3
Short-term bills payable	-	-	-	-	3,246,359	4
Financial liabilities at fair value through profit or loss - current	19,820	-	5,112	-	47,136	-
Derivative financial liabilities for hedging - current	-	-	-	-	229	-
Trade payable	9,978,419	9	6,309,488	6	7,354,312	8
Trade payable to related parties	1,450,075	1	2,236,523	2	1,671,352	2
Payables on equipment	538,350	-	9,339	-	1,095,669	1
Other payables	1,428,395	1	1,234,221	1	1,310,340	1
Other payables to related parties	883,212	1	1,203,205	1	-	-
Current tax liabilities	16,524	-	49,839	-	30,691	-
Current portion of long-term liabilities	6,524,680	6	7,175,354	7	4,502,191	5
Advance from customers	15,125	-	328,372	1	139,352	-
Other current liabilities	548,322	1	61,798	-	465,923	1
Total current liabilities	21,402,922	19	18,613,251	18	22,502,226	25
NON-CURRENT LIABILITIES						
Bonds payable	28,864,549	26	22,223,534	21	14,436,490	16
Long-term borrowings	25,111,695	22	24,127,145	23	19,085,633	21
Deferred tax liabilities	2,015,608	2	1,725,237	2	1,505,425	2
Obligations under finance lease-long-term portion	374,411	-	463,132	1	573,532	-
Other financial liabilities - noncurrent	215,185	-	261,825	-	-	-
Accrued pension liabilities	1,824,526	2	1,763,034	2	1,709,453	2
Other non-current liabilities	105,530	-	94,572	-	58,667	-

Refundable deposits	322,323	-	322,079	-	322,695	-
Long-term prepayments for lease	631,278	1	662,850	1	694,422	1
Long-term receivables from related parties	25,922,615	23	26,881,939	26	24,954,320	28
Other non-current assets	49	-	6,574	-	15,019	-
Total non-current assets	93,402,428	83	86,614,403	83	74,347,984	82
TOTAL	$ 112,590,310	100	$ 104,061,137	100	$ 90,369,903	100

Total non-current liabilities	58,511,504	52	50,658,479	49	37,369,200	41
Total liabilities	79,914,426	71	69,271,730	67	59,871,426	66
EQUITY						
Capital stock	28,187,131	25	28,187,131	27	28,187,131	31
Capital surplus	8,562,852	7	8,210,248	8	4,710,566	5
Accumulated deficits						
Legal reserve	5,143	-	-	-	1,178,785	2
Special reserve	46,291	-	-	-	82,530	-
Accumulated deficits	(3,845,726)	(3)	(763,793)	(1)	(3,703,458)	(4)
Total 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	29	34,789,407	33	30,498,477	34
Total equity	32,675,884	29	34,789,407	33	30,498,477	34
TOTAL	$ 112,590,310	100	$ 104,061,137	100	$ 90,369,903	100

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

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

YANG MING MARINE TRANSPORT CORPORATION

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE	$ 96,472,969	100	$ 109,756,521	100
OPERATING COSTS	104,368,749	108	112,886,914	103
GROSS LOSS	(7,895,780)	(8)	(3,130,393)	(3)
OPERATING EXPENSES				
Selling and marketing expenses	1,338,827	2	1,242,456	1
General and administrative expenses	340,922	-	320,475	-
Total operating expenses	1,679,749	2	1,562,931	1
OTHER OPERATING INCOME AND EXPENSES	3,082,808	3	1,544,640	1
LOSS FROM OPERATIONS	(6,492,721)	(7)	(3,148,684)	(3)
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	4,223,234	5	422,383	1
Share of profits or loss of subsidiaries and associates	(651,904)	(1)	1,148,343	1

Other income	711,789	1	769,798	1
Finance costs	(1,104,731)	(1)	(951,155)	(1)
Total non-operating income and expenses	3,178,388	4	1,389,369	2
LOSS BEFORE INCOME TAX	(3,314,333)	(3)	(1,759,315)	(1)
INCOME TAX BENEFIT	(368,219)	-	(136,613)	-
NET LOSS FOR THE YEAR	(2,946,114)	(3)	(1,622,702)	(1)
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	298,714	-	(357,131)	-
Unrealized gain (loss) on available-for-sale financial assets	245,894	-	(456,780)	(1)
Cash flow hedges	-	-	(48,933)	-
Actuarial loss arising from defined benefit plans	(116,416)	-	(70,265)	-

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YANG MING MARINE TRANSPORT CORPORATION

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries and associates	$ 36,297	-	$ (44,821)	-
Tax income relating to components of other comprehensive income	15,498	-	15,306	-
Other comprehensive income for the year, net of income tax	479,987	-	(962,624)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) OF THE YEAR	$ (2,466,127)	(3)	$ (2,585,326)	(2)
LOSS PER SHARE				
From continuing operation				
Basic	$(0.90)		$(0.50)	
Diluted	$(0.90)		$(0.50)	

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

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

YANG MING MARINE TRANSPORT CORPORATION

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		Capital Surplus	Accumulated Loss			Other Equity			Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations Reserve	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedge	
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
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
Difference between consideration and carrying amount of subsidiaries disposed	-	-	2,462,554	-	-	-	-	-	-	2,462,554
Net loss for the year ended December 31,2012	-	-	-	-	-	(1,622,702)	-	-	-	(1,622,702)
Other comprehensive loss for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(75,522)	(357,131)	(481,038)	(48,933)	(962,624)
Total comprehensive income (loss) for the year ended December31, 2012	-	-	-	-	-	(1,698,224)	(357,131)	(481,038)	(48,933)	(2,585,326)

BALANCE AT DECEMBER 31, 2012	2,818,713	28,187,131	8,210,248	-	-	(763,793)	(357,131)	(487,048)	-	34,789,407
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
Net loss for the year ended December 31, 2013	-	-	-	-	-	(2,946,114)	-	-	-	(2,946,114)
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(84,385)	298,714	265,658	-	479,987
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	(3,030,499)	298,714	265,658	-	(2,466,127)
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

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

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	$ (3,314,333)	$ (1,759,315)
Adjustments for:		
Depreciation expenses	3,259,097	3,173,685
Amortization expenses	16,077	16,065
Impairment loss recognized on trade receivables	(2,916)	(88)
Net gain arising on financial assets/liabilities at fair value through profit and loss	(343,629)	(317,395)
Finance costs	1,104,731	951,155
Interest income	(522,241)	(528,916)
Dividend income	(58,161)	(109,368)
Share of profit or loss of subsidiaries and associates	651,904	(1,148,343)
Gain on disposal of property, plant and equipment	(2,973,780)	(1,419,542)
Gain on disposal of available-for-sale financial assets	(4,795)	(6,708)
Gain on disposal of investments for using equity method and fair value of residual investment	(3,763,334)	-
Impairment loss of financial assets	-	9,181
Write-down of shipping fuel	48,799	99,595
Unrealized exchange loss (gain)	7,056	(24,734)
Amortization of long-term prepayments for lease	31,572	31,572
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	325,082	463,648
(Increase) decrease in trade receivable	167,724	(890,874)
(Increase) decrease in trade receivable from related parties	780,892	(2,704,488)
Decrease in other receivable from related parties	138,306	614,768
(Increase) decrease in shipping fuel	(114,789)	1,687,879
Increase in prepayments	(32,062)	(38,627)
(Increase) decrease in advances to shipping agents	(618,681)	728,346
Decrease in other current assets	61,856	19,353
Increase (decrease) in trade payable	3,668,931	(1,044,824)
Increase (decrease) in trade payable to related parties	(786,448)	565,171
Increase (decrease) in other payable	210,412	(128,136)

Increase (decrease) in other payable to related parties	(319,993)	1,203,205
Increase (decrease) in advances from customers	(313,247)	189,020
Increase (decrease) in other current liabilities	192,769	(156,853)
Decrease in accrued pension liabilities	(54,924)	(16,678)
Cash generated from operations	(2,558,125)	(542,246)
Dividend received	471,571	443,434
Interest received	145,926	137,257
Interest paid	(1,029,116)	(892,269)
Income tax paid	(148,093)	(143,375)
Net cash used in operating activities	(3,117,837)	(997,199)

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YANG MING MARINE TRANSPORT CORPORATION

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	(30,495,406)	(21,935,000)
Proceeds from disposal of available-for-sale financial assets	30,576,548	22,035,267
Acquisition of financial assets carried at cost	(100,000)	-
Acquisition of investments accounted for using equity method	-	(2,597,500)
Net cash generated from deconsolidation of subsidiary	1,659,313	-
Acquisition of property, plant and equipment	(5,889,939)	(14,508,298)
Proceeds from disposal of property, plant and equipment	4,642,058	1,325,644
(Increase) decrease in refundable deposits	(244)	616
Increase in long-term receivables from related parties	(2,159,278)	(1,537,896)
Acquisition of intangible assets	(28,445)	(10,760)
Acquisition of investment properties	-	(689)
(Increase) decrease in other financial assets	(348,300)	53,420
Decrease in other noncurrent assets	7,786	8,780
Net cash used in investing activities	(2,043,898)	(18,166,416)
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in short-term debt	-	(2,638,672)
Increase in short-term bills payable	-	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	33,894,021	31,719,350
Repayment of long-term debts	(33,071,338)	(26,220,538)
Payment for obligations under finance leases	(85,076)	(83,697)
Decrease in other financial liabilities	(45,474)	(64,404)
Increase in other noncurrent financial liabilities	10,958	35,905
Proceeds from disposal of partial interests in subsidiary	-	5,249,797
Net cash generated from financing activities	7,104,183	19,485,382

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

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

	For the Year Ended December 31	
	2013	2012
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 1,942,448	$ 321,767
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,922,318	6,600,551
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 8,864,766	$ 6,922,318

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

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

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)	-

(Continued)

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

(Continued)

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)

(Continued)

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)

Appendix 3

YANG MING CORP.
Statement of Deficit Compensated
2013

Unit：NT$

Item	Amount
Beginning Balance of Un-appropriated retained Earnings	0
Net adjusted Amount of TIFRS Conversion	(815,227,889)
Opening Balance of 2103,after TIFRS Conversion	(815,227,889)
Actuarial gain (loss) arising from defined benefit plans	(84,385,032)
Net Loss after tax for 2013	(2,946,113,861)
Deficit to be compensated	(3,845,726,782)
Compensation Item	
Legal Reserve	5,143,444
Special Reserve	46,290,996
Capital Surplus-share issuance in excess of par	1,331,738,090
Capital Surplus-differences between consideration and carrying amount of subsidiaries disposed	2,462,554,252
total	3,845,726,782
Ending Balance of Un-appropriated Retained Earnings	0

Note：It is proposed not to distribute dividend, employee bonus and directors' compensation for 2013.

Appendix 4

The Amendment of Article of Incorporation of Yang Ming Marine Transport Corporation

After Amendment	Before Amendment	Explanation
Article 2 The line of business of this company is as follows: A. Domestic and overseas marine shipment service B. Domestic and passenger marine shipment service C. Warehouse, pier, tug boat, barge, container freight station and terminal operations D. Maintenance and repairs, chartering, sales and purchase of ships E. Maintenance and repairs, lease, sales and purchase of containers as well as chassis F. Shipping agency G. G402011 Ocean freight forwarding service H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	Article 2 The line of business of this company is as follows: A. Domestic and overseas marine shipment service B. Domestic and passenger marine shipment service C. Warehouse, pier, tug boat, barge, container freight station and terminal operations D. Maintenance and repairs, chartering, sales and purchase of ships E. Maintenance and repairs, lease, sales and purchase of containers as well as chassis F. Shipping agency G. G402011 Ocean freight forwarding service H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. <u>In line with its business need, this company may provide guaranty for other entities in which this company has investments.</u> <u>The total amount of investment made by this company is not restricted by Clause 13 of the Company Act of the Republic of China.</u>	Amend Article 2, paragraphs 2 and 3 to Article 4.
Article 4 <u>In line with its business need, this company may provide guaranty for other entities in which this company has</u>	Article 4 <u>(Deleted)</u>	Amend Article 2, paragraphs 2 and 3 to

After Amendment	Before Amendment	Explanation
investments. The total amount of investment made by this company is not restricted by Clause 13 of the Company Act of the Republic of China.		Article 4.
Article 13 The board of directors shall meet as least once quarterly and, if necessary, may hold special meetings. All such meetings shall be convened and presided over by the chairman of the board. If the chairman of the board cannot attend the meeting, the directors shall elect one director among them to act for the chairman. The company may use a written notice, e-mail, or facsimile to inform the directors on the holding of a meeting. A director may appoint another director to represent him or her if he or she is unabled to attend the meeting.	Article 13 The board of directors shall meet once every 3 months and, if necessary, may hold special meetings. All such meetings shall be convened and presided over by the chairman of the board. If the chairman of the board cannot attend the meeting, the directors shall elect among them one director to act for the chairman. The company may use a written notice, e-mail, or facsimile to inform the directors on the holding of a meeting. A director may appoint another director to represent him or her if he or she is unabled to attend the meeting.	Pursuant to Article 3 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies
Article 16 This company shall have a president. The board of directors may, through a resolution, install a chief executive officer if it deems the position is needed for the functioning of the company. The position shall be held concurrently by the chairman of this company. The job of the chief executive officer is to lead, in keeping with the decisions of the board of directors, and is responsible for formulating the major policies for the company and its related companies. The appointment, relief of duty, and remuneration for the chief executive officer and president should be made in accordance with the Article 29 of the Company Act the Republic of China.	Article 16 This company shall have a president and several executive officers of business. The board of directors may, through a resolution, install a chief executive officer if it deems the position is needed for the functioning of the company. The position shall be held concurrently by the chairman of this company. The job of the chief executive officer is to lead, in keeping with the decisions of the board of directors, the afore-said executive officers of business and is responsible for formulating the major policies for the company and its related companies. The appointment, relief of duty, and remuneration for the executive officers prescribed in the proceeding two	The company's executive officers registered with the Ministry of Economic Affairs, R.O.C. are always the chief executive officer and the president. Since the executives of Liner Business Group have been stipulated in the organic rules of this

After Amendment	Before Amendment	Explanation
	Paragraphs should be made in accordance with the Article 29 of the Company Act the Republic of China.	company, their appointment and removal have been made in accordance with the Article 14 of Incorporation of this company. In order to apply the practice of Company Registration, the executive officers have been redefined.
Article 21 This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. The 2nd amendment was made on Mar. 28, 1979. The 3rd amendment was made on June 28, 1979. The 4th amendment was made on Jan. 24, 1980. The 5th amendment was made on June 12, 1981.The 6th amendment was made on Feb. 28, 1983. The 7th amendment was made on Apr. 17, 1985. The 8th amendment was made on June 2, 1988. The 9th amendment was made on Dec. 26, 1990. The 10th amendment was made on Mar. 10, 1992. The 11th amendment was made on Sep. 30, 1992. The 12th amendment was made on Nov. 23, 1994. The 13th amendment was made on Nov. 25, 1995. The 14th amendment was made on Sep. 21, 1996. The 15th amendment was made on Dec. 6, 1997. The 16th amendment was made on Dec. 18, 1998. The 17th amendment was made on June 3, 2000. The 18th amendment was made on June 20, 2001. The 19th amendment was approved on June 21,	Article 21 This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23, 1978. The 2nd amendment was made on Mar. 28, 1979. The 3rd amendment was made on June 28, 1979. The 4th amendment was made on Jan. 24, 1980. The 5th amendment was made on June 12, 1981.The 6th amendment was made on Feb. 28, 1983. The 7th amendment was made on Apr. 17, 1985. The 8th amendment was made on June 2, 1988. The 9th amendment was made on Dec. 26, 1990. The 10th amendment was made on Mar. 10, 1992. The 11th amendment was made on Sep. 30, 1992. The 12th amendment was made on Nov. 23, 1994. The 13th amendment was made on Nov. 25, 1995. The 14th amendment was made on Sep. 21, 1996. The 15th amendment was made on Dec. 6, 1997. The 16th amendment was made on Dec.	Add the date of amendment.

After Amendment	Before Amendment	Explanation
2002. The 20th amendment was approved on June 20, 2003. The 21th amendment was approved on June 23, 2005. The 22th amendment was approved on June 23, 2006. The 23th amendment was approved on June 27, 2007. The 24th amendment was approved on June 18, 2009. The 25th amendment was approved on June 18, 2010. The 26th amendment was approved on June 15, 2012. The 27th amendment was approved on June 14, 2013. <u>The 28th amendment was approved on June 18, 2014.</u>	18, 1998. The 17th amendment was made on June 3, 2000. The 18th amendment was made on June 20, 2001. The 19th amendment was approved on June 21, 2002. The 20th amendment was approved on June 20, 2003. The 21th amendment was approved on June 23, 2005. The 22th amendment was approved on June 23, 2006. The 23th amendment was approved on June 27, 2007. The 24th amendment was approved on June 18, 2009. The 25th amendment was approved on June 18, 2010. The 26th amendment was approved on June 15, 2012. The 27th amendment was approved on June 14, 2013.	

Appendix 5

The Amendment of Principles Governing Endorsement and Guarantees of Yang Ming Marine Transport Corporation

After Amendment	Before Amendment	Explanation
Article 5 Hierarchy of decision-making authority and delegation thereof Before making an endorsement/guarantee, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"(hereinafter "the Governing Regulations") made by Financial Supervisory Commission and these Principles. The Company may make an endorsement/guarantee only after the evaluation results under this paragraph and Article 6, paragraph 2 have been submitted to and resolved upon by the board of directors, or for the sake of time-saving, approved by the chairman of the board within the limits stated in Article 4, for subsequent submission to and ratification by the next board of directors' meeting. Where the Company needs to exceed the limits set out in these Principles to satisfy its business requirements, and where the conditions set out in these Principles are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/ guarantee. It shall also amend these Principles accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to	Article 5 Hierarchy of decision-making authority and delegation thereof Before making an endorsement/guarantee, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"(hereinafter "the Governing Regulations") made by Financial Supervisory Commission **of Executive Yuan** and these Principles. The Company may make an endorsement/guarantee only after the evaluation results under this paragraph and Article 6, paragraph 2 have been submitted to and resolved upon by the board of directors, or for the sake of time-saving, approved by the chairman of the board within the limits stated in Article 4, for subsequent submission to and ratification by the next board of directors' meeting. Where the Company needs to exceed the limits set out in these Principles to satisfy its business requirements, and where the conditions set out in these Principles are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/ guarantee. It shall also amend these Principles accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to	Amend wording to comply with the reorganization of Financial Supervisory Commission of Executive Yuan to Financial Supervisory Commission from 1 July 2012.

discharge the amount in excess within a given time limit.	discharge the amount in excess within a given time limit.	
<u>Article 6 Procedures for endorsements/ guarantees</u> The Company may make an endorsement/ guarantee only after the evaluation report prepared by the department in charge has been submitted to and resolved upon by the chairman, audit committee and the board of directors. The evaluation report shall include: 1. The necessity and reasonableness of endorsements/guarantees. 2. Whether the accumulated amount of endorsements/guarantees is within the limits. 3. Where an endorsement/guarantee is made due to needs arising from business dealings, the Company shall evaluate whether the amount of endorsements/guarantees and business dealing is within the limits. 4. Credit status and risk assessment of the entity for which the endorsement/guarantee is made. 5. The impact on the Company's business operations, financial status and shareholders' equity. 6. Whether collateral must be obtained and appraisal of the value thereof. The Company shall prepare a memorandum book for its endorsement/ guarantee activities and record in detail the following information for the record: the entity for which the endorsement/ guarantee is made, the amount, the date of approval by the board of directors or of authorization by the chairman of the board, the date the endorsement/ guarantee is made, and the matters to be carefully evaluated under article 5, paragraph 1. If the net value of the subsidiary for which the endorsement/ guarantee is made is below its paid-up capital, the	<u>Article 6 Procedures for endorsements/ guarantees</u> The Company may make an endorsement/ guarantee only after the evaluation report prepared by the department in charge has been submitted to and resolved upon by the chairman, audit committee and the board of directors. <u>**The Company should consider opinions of each independent director when discussing in the board of directors, incorporate agree or disagree opinion and the reason in the minutes of the board of directors.**</u> The evaluation report shall include: 1. The necessity and reasonableness of endorsements/guarantees. 2. Whether the accumulated amount of endorsements/guarantees is within the limits. 3. Where an endorsement/guarantee is made due to needs arising from business dealings, the Company shall evaluate whether the amount of endorsements/guarantees and business dealing is within the limits. 4. Credit status and risk assessment of the entity for which the endorsement/guarantee is made. 5. The impact on the Company's business operations, financial status and shareholders' equity. 6. Whether collateral must be obtained and appraisal of the value thereof. The Company shall prepare a memorandum book for its endorsement/ guarantee activities and record in detail the following information for the record: the entity for which the endorsement/ guarantee is made, the amount, the date of approval by the board of directors or of authorization by the chairman of the board, the date the	Amend wording to comply with the set-up of audit committee.

Company shall strengthen risk management to watch out for its operating and financial situations and take necessary actions if any. If the subsidiary's stock has no par value or the par value is not NT 10, the paid-in capital should be counted by the sum of capital and additional paid-in capital – issuing premium. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose relevant information in the financial reports and provide CPA with relevant information for implementation of necessary audit procedures. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Governing Regulations, or the amount of endorsements/guarantees exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan.	endorsement/guarantee is made, and the matters to be carefully evaluated under article 5, paragraph 1. If the net value of the subsidiary for which the endorsement/guarantee is made is below its paid-up capital, the Company shall strengthen risk management to watch out for its operating and financial situations and take necessary actions if any. If the subsidiary's stock has no par value or the par value is not NT 10, the paid-in capital should be counted by the sum of capital and additional paid-in capital – issuing premium. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose relevant information in the financial reports and provide CPA with relevant information for implementation of necessary audit procedures. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Governing Regulations, or the amount of endorsements/guarantees exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan.	
Article 11 Others **Anything that is not specified in the Procedures shall follow the related regulations, the Company's internal control system and operation procedures.**		Revise and augment article.

Article 12 Effect and Amendment These Principles should approve by audit committee and pass by the board of directors, these Principles will take effect after the Company submits to and approve by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles.	Article 11 Effect and Amendment These Principles should approve by audit committee and pass by the board of directors, these Principles will take effect after the Company submits to and approve by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles. **The Company should consider opinions of each independent director when discussing in the board of directors, incorporate agree or disagree opinion and the reason in the minutes of the board of directors.**	Revise articles and amend wording to comply with the set-up of the audit committee.

Appendix 6

The Amendment of Principles Governing Endorsement and Guarantees of Yang Ming Marine Transport Corporation

After Amendment	Before Amendment	Explanation
<u>Article 3 Limits of funds loaned</u> The limits of funds loaned are as follows: 1. The total amount of funds loaned shall not exceed 60% of the net value of the Company's latest audited or reviewed financial reports. 2. The total amount of funds loaned due to needs arising from business dealings shall not exceed 50% of the net value of the Company's latest audited or reviewed financial reports and the total amount of funds loaned to a single company shall not exceed 15% of the net value of the Company's latest audited or reviewed financial reports and the total business dealing amount with the Company of the latest two years. If a company is the Company's subsidiary, the total amount of funds loaned to such single company shall not exceed **<u>40%</u>** of the net value of the Company's latest audited or reviewed financial reports and the total business dealing amount with the Company of the latest five years. 3. The total amount of funds loaned due to needs arising from short-term financial facilities shall not exceed 10% of the net value of the Company's latest audited or reviewed financial reports and the total amount of funds loaned to a single company shall not exceed 5% of the net value of the Company's latest audited or reviewed financial	<u>Article 3 Limits of funds loaned</u> The limits of funds loaned are as follows: 1. The total amount of funds loaned shall not exceed 60% of the net value of the Company's latest audited or reviewed financial reports. 2. The total amount of funds loaned due to needs arising from business dealings shall not exceed 50% of the net value of the Company's latest audited or reviewed financial reports and the total amount of funds loaned to a single company shall not exceed 15% of the net value of the Company's latest audited or reviewed financial reports and the total business dealing amount with the Company of the latest two years. If a company is the Company's subsidiary, the total amount of funds loaned to such single company shall not exceed **<u>30%</u>** of the net value of the Company's latest audited or reviewed financial reports and the total business dealing amount with the Company of the latest five years. 3. The total amount of funds loaned due to needs arising from short-term financial facilities shall not exceed 10% of the net value of the Company's latest audited or reviewed financial reports and the total amount of funds loaned to a single company shall not exceed 5% of the net value of the Company's latest audited or reviewed financial	Adjust limits of funds loaned to comply with business requirements.

reports.	reports.	
Article 4 Hierarchy of decision-making authority and delegation thereof Before loaning funds to others, the Company shall carefully evaluate whether the loan is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"(hereinafter "the Governing Regulations") made by Financial Supervisory Commission and these Principles. The Company may loan funds to others only after the evaluation results under this paragraph and Article 5, paragraph 2 have been submitted to and resolved upon by the board of directors. The Company shall not empower any other person to make such decision. Funds loaned between the Company and its subsidiary should be submitted to and resolved upon by the board of directors according to the preceding paragraph. If the character of the Loaning of Funds is a short term financing, the board of directors could authorize the chairman of the board to loan funds in many times or revolve the loan within the limit in accordance with article3, paragraph 1, subparagraph 3 resolved by the board of directors and one year for the same borrower.	Article 4 Hierarchy of decision-making authority and delegation thereof Before loaning funds to others, the Company shall carefully evaluate whether the loan is in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"(hereinafter "the Governing Regulations") made by Financial Supervisory Commission **of Executive Yuan** and these Principles. The Company may loan funds to others only after the evaluation results under this paragraph and Article 5, paragraph 2 have been submitted to and resolved upon by the board of directors. The Company shall not empower any other person to make such decision. Funds loaned between the Company and its subsidiary should be submitted to and resolved upon by the board of directors according to the preceding paragraph. If the character of the Loaning of Funds is a short term financing, the board of directors could authorize the chairman of the board to loan funds in many times or revolve the loan within the limit in accordance with article3, paragraph 1, subparagraph 3 resolved by the board of directors and one year for the same borrower.	Amend wording to comply with the reorganization of Financial Supervisory Commission of Executive Yuan to Financial Supervisory Commission from 1 July 2012.
Article 5 Procedures for funds loaned The Company may loan funds to others only after the evaluation report prepared by the department in charge has been submitted to and resolved upon by the chairman, audit committee and the board of directors. The evaluation report shall include: 1. The necessity and reasonableness of loaning funds to others. 2. Whether the amount of funds loaned	Article 5 Procedures for funds loaned The Company may loan funds to others only after the evaluation report prepared by the department in charge has been submitted to and resolved upon by the chairman, audit committee and the board of directors. **The Company should consider opinions of each independent director when discussing in the board of directors, incorporate agree or disagree opinion and the reason in the minutes of the**	Amend wording to comply with the set-up of audit committee.

is within the limits. 3. Where the loan is made due to needs arising from business dealings, the Company shall evaluate whether the amount of funds loaned and business dealing is within the limits. 4. Where the loan is made due to needs arising from short-term financial facilities, the reasons for and conditions of extending loans shall be enumerated. 5. Credit Status and risk assessment of the borrowers. 6. The impact on the Company's business operation, financial status and shareholders' equity. 7. Whether collateral must be obtained and appraisal of the value thereof. The Company shall prepare a memorandum book for its funds-loaning activities and record in detail the following information for the record: the borrower, the amount, the date of approval by the board of directors, the date of the loan provided, and matters to be carefully evaluated under Article 4, paragraph 1. Where as a result of changes of condition the borrower no longer meets the requirements of the Governing Regulations, or the amount of funds loaned exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan. The Company shall evaluate the status of its funds loaned and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in the financial reports and provide CPA with relevant information for implementation of necessary audit procedures.	**board of directors.** The evaluation report shall include: 1. The necessity and reasonableness of loaning funds to others. 2. Whether the amount of funds loaned is within the limits. 3. Where the loan is made due to needs arising from business dealings, the Company shall evaluate whether the amount of funds loaned and business dealing is within the limits. 4. Where the loan is made due to needs arising from short-term financial facilities, the reasons for and conditions of extending loans shall be enumerated. 5. Credit Status and risk assessment of the borrowers. 6. The impact on the Company's business operation, financial status and shareholders' equity. 7. Whether collateral must be obtained and appraisal of the value thereof. The Company shall prepare a memorandum book for its funds-loaning activities and record in detail the following information for the record: the borrower, the amount, the date of approval by the board of directors, the date of the loan provided, and matters to be carefully evaluated under Article 4, paragraph 1. Where as a result of changes of condition the borrower no longer meets the requirements of the Governing Regulations, or the amount of funds loaned exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan. The Company shall evaluate the status of its funds loaned and reserve sufficient allowance for bad debts, and shall adequately disclose relevant	

	information in the financial reports and provide CPA with relevant information for implementation of necessary audit procedures.	
Article 11 Others **Anything that is not specified in the Procedures shall follow the related regulations, the Company's internal control system and operation procedures.**		Revise and augment article.
Article 12 Effect and Amendment These Principles should approve by audit committee and pass by the board of directors, these Principles will take effect after the Company submits to and approve by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles.	Article 11 Effect and Amendment These Principles should approve by audit committee and pass by the board of directors, these Principles will take effect after the Company submits to and approve by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Principles. **The Company should consider opinions of each independent director when discussing in the board of directors, incorporate agree or disagree opinion and the reason in the minutes of the board of directors.**	Revise Article item and amend wording to comply with the set-up of audit committee.

Appendix 7

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

After Amendment	Before Amendment	Explanation
Article 2 Basis The Procedures are handled in accordance with Article 36-1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made by Financial Supervisory Commission (hereinafter "FSC").	Article 2 Basis The Procedures are handled in accordance with Article 36-1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made by Financial Supervisory Commission **of Executive Yuan**, R.O.C.(hereinafter "FSC").	Amend wording to comply with the reorganization of Financial Supervisory Commission of Executive Yuan to Financial Supervisory Commission from 1 July 2012.
Article 3 Scope of Assets 1. Investment in stocks (including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. 2. Real estate **(including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory).** 3. Memberships. 4. Patents, copyrights, trademarks, franchises and other intangible assets. 5. **Equipment** (including but not limited to vessels, containers, chassis, leased assets, machinery, computer hardware and peripherals). 6. Derivatives. 7. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with	Article 3 Scope of Assets 1. Investment in stocks (including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. 2. Real estate. 3. Memberships. 4. Patents, copyrights, trademarks, franchises and other intangible assets. 5. **Fixed assets** (including but not limited to vessels, containers, chassis, leased assets, machinery, computer hardware and peripherals). 6. Derivatives. 7. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws. 8. Other assets.	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.

laws. 8. Other assets.		
<u>Article 4 Defined terms</u> **"Derivatives"** means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements. **"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws"** means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares") under paragraph <u>**8**</u> of Article 156 of R.O.C. Company Act. **"Leased assets"** means leased assets defined in Statement of International Accounting Standard No. 17. **"Related parties"** means related parties defined in Statements of International Accounting Standard No. 24. **"Subsidiaries"** means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28. **"Professional appraisers"** means real estate appraisers or other persons duly authorized by laws to engage in appraising real estate, <u>**equipment**</u> or	<u>Article 4 Defined terms</u> **"Derivatives"** means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements. **"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws"** means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares") under paragraph <u>**6**</u> of Article 156 of R.O.C. Company Act. **"Leased assets"** means leased assets defined in Statement of International Accounting Standard No. 17. **"Related parties"** means related parties defined in Statements of International Accounting Standard No. 24. **"Subsidiaries"** means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28. **"Professional appraisers"** means real estate appraisers or other persons duly authorized by laws to engage in appraising real estate, <u>**fixed assets**</u> or other assets.	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.

other assets. **"Date of occurrence"** means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply. **"Investments in Mainland China"** means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C.	**"Date of occurrence"** means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply. **"Investments in Mainland China"** means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C.	
<u>Article 5 Operation procedures for acquiring or disposing assets</u> The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments. 1. Authorized quota for the Company (1). The total amount of purchasing non-business real estate shall not exceed 30% of the Company's paid-in capital. (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed 50% of the Company's paid-in capital. 2. Authorized quota for the management	<u>Article 5 Operation procedures for acquiring or disposing assets</u> The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by <u>**one-two of all members of**</u> audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments. 1. Authorized quota for the Company (1). The total amount of purchasing non-business real estate shall not exceed 30% of the Company's paid-in capital. (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed 50% of the Company's paid-in capital. 2. Authorized quota for the	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.and comply with the set-up of audit committee.

(1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit. (2). Real estate, **<u>equipment</u>** and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million. (3). Non-business real estate The amount for each transaction is within TWD10 million. (4). Memberships and intangible assets The amount for each transaction is within TWD10 million. 3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.	management (1). Investments in securities The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit. (2). Real estate, **<u>fixed assets</u>** and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million. (3). Non-business real estate The amount for each transaction is within TWD10 million. (4). Memberships and intangible assets The amount for each transaction is within TWD10 million. 3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by **<u>one-two of all members of</u>** audit committee and reported to board of directors for approval and then implement.	
<u>Article 6 Assessment procedures for acquiring or disposing assets</u> The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter "CPA") of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or TWD300 million, the Company shall also engage a CPA prior to the date of	<u>Article 6 Assessment procedures for acquiring or disposing assets</u> The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter "CPA") of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or TWD300 million, the Company shall also engage a CPA prior to the date of	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.

occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by **<u>ROC</u>** Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC. If the amount of the Company acquiring or disposing real estate, **<u>equipment</u>** or other assets is over and above 20% of the Company's paid-in capital or TWD300 million unless transacting with government institutions, engaging others to build on its own land or acquiring or disposing business equipments, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted to the board of directors in advance for approval and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained. 3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be	occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC. If the amount of the Company acquiring or disposing real estate, **<u>fixed assets</u>** or other assets is over and above 20% of the Company's paid-in capital or TWD300 million unless transacting with government institutions, engaging others to build on its own land or acquiring or disposing business **<u>machines and</u>** equipments, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted to the board of directors in advance for approval and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained. 3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be	

retained pursuant to Financial Accounting Standards No. 20 published by **ROC** Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply: (1). The discrepancy between the appraisal result and the transaction amount is over and above 20%. (2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount. 4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser. If the amount of the Company acquiring or disposing memberships or intangible assets is over and above 20% of the Company's paid-in capital or TWD300 million, **except in transactions with a government agency,** a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by **ROC** Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event. The calculation of the transaction amounts referred to in the preceding	retained pursuant to Financial Accounting Standards No. 20 published by Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply: (1). The discrepancy between the appraisal result and the transaction amount is over and above 20%. (2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount. 4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser. If the amount of the Company acquiring or disposing memberships or intangible assets is over and above 20% of the Company's paid-in capital or TWD300 million, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in	

three paragraphs shall be done in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion. The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall not be the related parties to the Company.	accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount. When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion. The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall not be the related parties to the Company.	
<u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital,	<u>Article 7 Related Party Transactions</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein. The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital,	Amend wording according to the letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.and comply with the set of audit committee.

10% of the Company's total assets, or TWD300 million, **<u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds,</u>** may not proceed with the transaction until the followings were passed by audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article. 4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties. 5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article.	10% of the Company's total assets, or TWD300 million, may not proceed with the transaction until the followings were passed by **<u>one-two of all members of</u>** audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount. 1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets. 2. Reasons for choosing related parties as counterparties. 3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article. 4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties. 5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article. 7. Restrictive covenants and other important stipulations associated with the transaction.	

7. Restrictive covenants and other important stipulations associated with the transaction. With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the	With respect to the acquisition or disposal of business-use **machinery and** equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below: 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a	

loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties. The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties. If one of the following circumstances exists when the Company acquiring real estate from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs. 1. Related party acquires the real estate through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction. 3. The real estate is acquired through signing of a joint development contract with the related party**, or through engaging a related party to build real property, either on the company's own land or on rented land,** When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for	related party of one of the counterparties. The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties. If one of the following circumstances exists when the Company acquiring real estate from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs. 1. Related party acquires the real estate through inheritance or as a gift. 2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction. 3. The real estate is acquired through signing of a joint development contract with the related party. When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply: 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures	

development, it may submit proof of compliance with one of the following conditions: (1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3). Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of	according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3). Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 3. Completed transactions for neighboring or closely valued parcels	

transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 3. Completed transactions for neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a	of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property. Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the provisions of Article 218 of Company Act. 3. Actions taken pursuant to	

proportion consistent with the share of the Company's equity stake in the other company. 2. Audit committee shall comply with the provisions of Article 218 of Company Act. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.	subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.	
Article 8 Procedures for engaging in derivatives There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time. "Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions. The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging. The quota for engaging in derivatives is	Article 8 Procedures for engaging in derivatives There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time. "Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions. The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging. The quota for engaging in derivatives is	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013 and comply with the set-up of audit committee.

as follows: 1. Hedging transactions: (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors. (2). There is no limits of losses for hedging transactions, however, the measures of controlling the losses shall report to the **next** board of directors if the accumulated losses(include unrealized losses) for each hedging derivatives is over and above USD10 million in the same fiscal year. 2. Trading transactions: (1). The total amount in trading transactions shall not exceed 15% of the Company's total assets. (2). The total losses for all transactions should not exceed USD5 million in the same fiscal year. (3). The losses for each transaction should not exceed USD1 million in the same fiscal year. The authority and responsibility for the Company engaging in derivatives is as follows: 1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives. 2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows: (1). Control the authorized quota by the board of directors. (2). Confirm the transaction. (3). Appoint and remove dealers. 3. When the Company engages in	as follows: 1. Hedging transactions: (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors. (2). There is no limits of losses for hedging transactions, however, the measures of controlling the losses shall report to the board of directors if the accumulated losses(include unrealized losses) for each hedging derivatives is over and above USD10 million in the same fiscal year. 2. Trading transactions: (1). The total amount in trading transactions shall not exceed 15% of the Company's total assets. (2). The total losses for all transactions should not exceed USD5 million in the same fiscal year. (3). The losses for each transaction should not exceed USD1 million in the same fiscal year. The authority and responsibility for the Company engaging in derivatives is as follows: 1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by **one-two of all members of** audit committee and for approval of the board of directors when the Company engages in derivatives. 2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows: (1). Control the authorized quota by the board of directors. (2). Confirm the transaction. (3). Appoint and remove dealers. 3. When the Company engages in	

derivatives, the authority and responsibility for dealers is as follows: (1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility. (2). Draw up trading strategy and negotiate transaction terms with counterparties. (3). Prepare transaction reports. 4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows: (1). Open accounts. (2). Provide transaction documents immediately. (3). Complete the settlement of the transaction. 5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement. The procedures for risk management when the Company engages in derivatives are as follows: 1. Scope of risk management (1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information. (2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors. (3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.	derivatives, the authority and responsibility for dealers is as follows: (1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility. (2). Draw up trading strategy and negotiate transaction terms with counterparties. (3). Prepare transaction reports. 4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows: (1). Open accounts. (2). Provide transaction documents immediately. (3). Complete the settlement of the transaction. 5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement. The procedures for risk management when the Company engages in derivatives are as follows: 1. Scope of risk management (1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information. (2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors. (3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.	

(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired. (5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivates to avoid operation risk. (6). Legal risks Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance. 2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action. Measures of periodic evaluation and handling irregular circumstances: 1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by	(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired. (5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivates to avoid operation risk. (6). Legal risks Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance. 2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action. Measures of periodic evaluation and handling irregular circumstances: 1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by	

the board of directors. 2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures. (2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion. Internal audit system: 1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. 2. The company shall file the audit	the board of directors. 2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures. (2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion. Internal audit system: 1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. 2. The company shall file the audit	

report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC(hereinafter "SFB") before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May. The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.	report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC(hereinafter "SFB") before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May. The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.	
<u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements**<u>, or subscription or redemption of domestic money market funds</u>**. 2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. 4. Where an asset transaction other than	<u>Article 10 Public disclosure of information</u> Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 2. Merger, split-up, tender offer or transfer of shares. 3. Losses from derivatives are over and above the authorized quota set out in the Procedures. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.

any of those referred to in the preceding three subparagraphs, a disposal of receivables by financial institutions, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances: (1). Trading of government bonds. (2). Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets. (3). Trading of bonds under repurchase/resale agreements**, or subscription or redemption of domestic money market funds**. (4). The amount of acquiring or disposing business equipment that the counterparties are not related parties is less than TWD500 million. (5). Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and the amount the Company expects to invest in the transaction is less than TWD500 million. The amount of transactions above shall be calculated as follows: 1. The amount of each transaction. 2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within	disposal of receivables by financial institutions, or an investment in the mainland China area is over and above 20% of the Company's paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances: (1). Trading of government bonds. (2). Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets. (3). Trading of bonds under repurchase/resale agreements. (4). The amount of acquiring or disposing business equipment**/machinery** that the counterparties are not related parties is less than TWD500 million. (5). Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and the amount the Company expects to invest in the transaction is less than TWD500 million. The amount of transactions above shall be calculated as follows: 1. The amount of each transaction. 2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year. 3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year. 4. The cumulative transaction amounts	

the same development project within one year. 4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact: 1. Change, termination or rescission of a contract signed in regard to the original transaction. 2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month. When the Company at the time of public announcement makes an error or omission in an item required by	of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year. Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact: 1. Change, termination or rescission of a contract signed in regard to the original transaction. 2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract. 3. Change to the originally publicly announced and reported information. The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced	

regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.	and reported in their entirety. The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.	
Article 13 Others **For the calculation of 10 percent of total assets under the procedure, the total assets stated in the most recent parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.** Anything that is not specified in the Procedures shall follow the related regulations, the Company's internal control system and operation procedures.	Article 13 Others Anything that is not specified in the Procedures shall follow the related regulations, the Company's internal control system and operation procedures.	Amend wording according to Letter No. 1020053073 of Financial Supervisory Commission dated December 30, 2013.
Article 14 Enforcement The Procedures shall be first implemented upon approval by audit committee and then submitted to the board of directors and shareholders' meeting for approval. The amendments hereof shall be subjected to the same.	Article 14 Enforcement The Procedures shall be first implemented upon approval by **one-two of all members of** audit committee and then submitted to the board of directors and shareholders' meeting for approval. The amendments hereof shall be subjected to the same. **In case the directors have any written objections or different written opinions, the Company should submit such information to audit committee and shareholders' meeting for discussion.** **The Company has set up independent directors, when this procedure was reported to the board of directors for discussion in accordance with preceding paragraph, the Company should consider opinions of each independent director, if the**	Amend wording to comply with the set-up of audit committee.

	independent directors have dissenting opinion or qualified opinion, the Company should record in the minutes of the board of directors. **If the first paragraph has not been passed by one-two of all members of audit committee, it shall be implemented upon approval by two-three of all directors and record the resolution of audit committee in the minutes of the board of directors.** **All members of audit committee referred to in the first paragraph and all directors referred to in the preceding paragraph should be counted by actually incumbent.**	