Stock Code：2609

2015

YANG MING

YANG MING MARINE TRANSPORT CORP.

陽 明 海 運 股 份 有 限 公 司

ANNUAL REPORT

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ANNUAL REPORT
YM WELLHEAD

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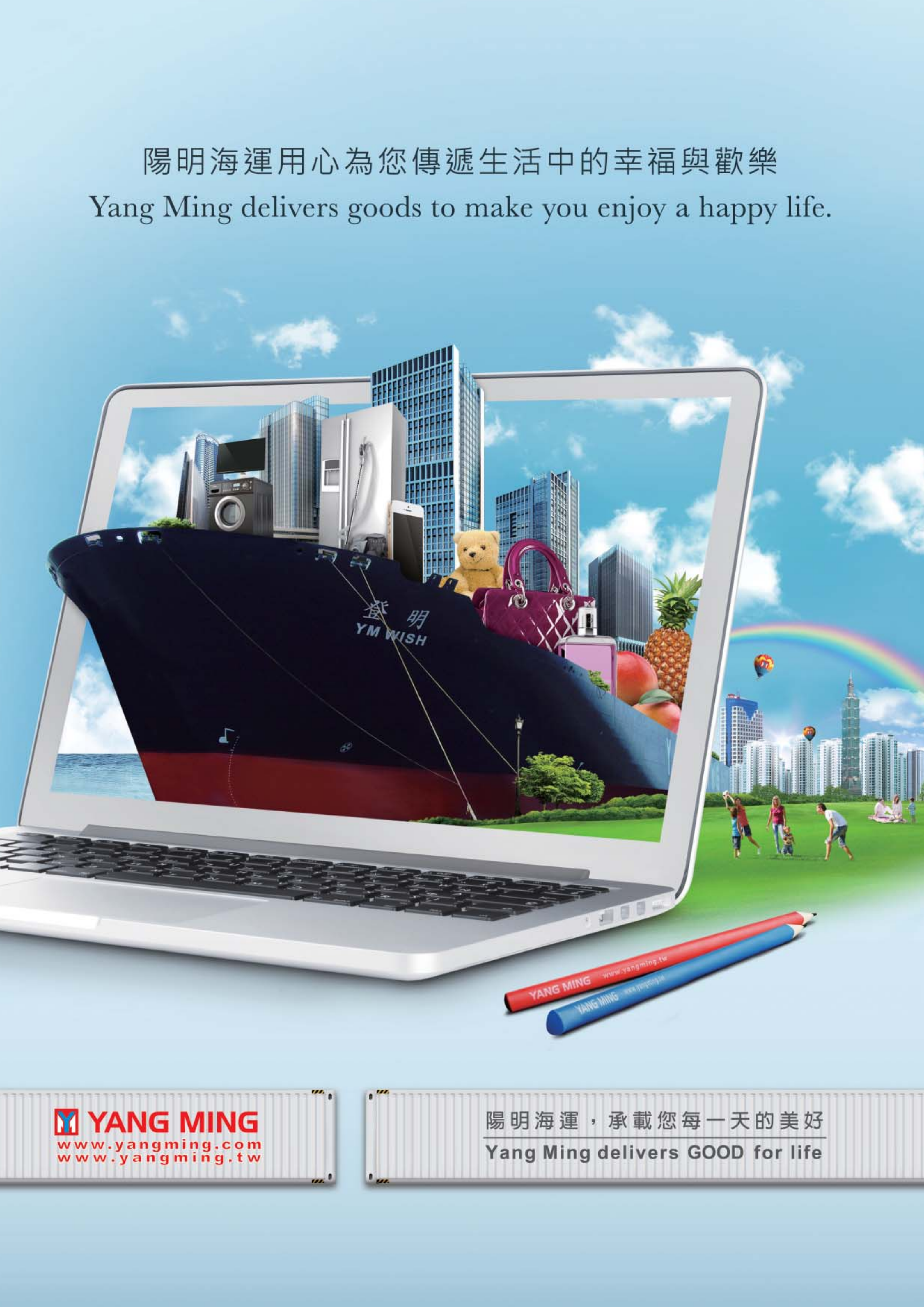
http://www.yangming.com

2015 ANNUAL REPORT

Contents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I Letter to Shareholders

1. Business Report, 2015

In the comprehensive perspective, the global economy in 2015 appeared to be a lukewarm reaction. The United States was the only country with relatively robust economic performance as a result of FED's rate hike and US dollar appreciation. ASEAN and China's economic growth remained subdued, and the Eurozone and Japan were on a downward trajectory. In the meantime, shipping industry encountered the challenge of enlargement of mega-vessels, gloomy economy, imbalance between supply and demand, shipping consolidation, and alliance reconfiguration.

The World Bank and Global Insight reported the global GDP grew at a rate between 2.4% and 2.5% in 2015. As its economic growth slowed, China's exports dropped and demand weakened. It has entered the stage of "New Normal" and marched on its way of structural reformation. At the end of the year, ECB extended and expanded quantitative easing program and Japan modified the QE as well so as to pep up their economy. Since the United States tasted the fruit of quantitative easing, it has ended a seven-year experiment with near-zero interest rates by raising its benchmark rate and has intended to raise rates gradually, only if economic growth continues.

Based on IMF, Global Insight and World Bank, the growth of world trade volume fell to the level between 2.2% and 3.6%, which was lower than forecast. Drewry Container Forecaster 2015 Q4 estimated the growth rate at 1.4% for demand, compared to 5.4% in 2014, while the growth rate at 8.2% for supply, compared to 4.9% in 2014, indicating the gap between supply and demand was widening. The Drewry Global Supply/Demand Index synchronously pointed out that the index for 2015 had fallen to 89.8 compared to 95.9 in 2014, representing a whopping deterioration in oversupply. (Container Forecaster, 2015 Q4 set the index 100 as equilibrium. Index smaller than 100 refers to oversupply in capacity.) Furthermore, Drewry estimated main East-West trades at 26.47 million TEU in demand and at 30.04 million TEU in supply. Another aspect of Intra-Asia region provided by IADA, estimated at 14.79 million TEU in demand and at 18.12 million TEU in supply, revealing a situation of oversupply.

Since the global economic downturn and Great Recession in 2009, shipping industry has faced a low equilibrium of adjustment. For the purpose of pursuing economies of scale, carriers vied to enlarge their containerships to cut down on the cost of transportation by saving the energy and to reduce the discharge of harmful biological materials in line with recent environmental requirements. In addition, Oil prices plunged to the extremely low level and the situation has sustained since dramatic collapse in the second half of 2014, owing to expectation of sanction relief in Iran and competition for market share between OPEC and the booming shale oil from US. As a consequence, carriers are able to trim down the operating cost and alleviate the burden of recent shipping depression.

Confront with crucible global market and tipping balance between supply and demand, Yang Ming would move forward on following strategies: promote the raise of freight scheme, implement fuel-saving plan, seek business opportunities in emerging markets and expand the coverage of feeder network. Moreover, we will not merely strengthen the cooperation within shipping alliance, but build up close cooperation with China airlines and Chunghwa Post. Our consolidated revenue gain at NT$127.56 billion, while the net loss and loss per share coming to NT$7.72 billion and NT$2.24. The total container business volume amounted to 4.02 million TEU in 2015.

2. Business Outlook and Strategies for 2016

In 2016, conservative atmosphere prevails in global economy. World Bank and Global Insight projected the global economic growth rate at 2.9% and 3.1%, while predicting the growth of world trade volume as 3.8% and 4.6%. Global economy is on a stable path of recovery with lackluster growth, notwithstanding the dramatically shrinking global demand, slipping commodity prices, sliding oil prices, which are the imperative issue in 2016.

Although the global financial crisis occurred long ago in 2009, the world economic revival is still on the steep road. Regardless of the fact that the United States is still in the grips of many uncertainties, it would take resurgence a step further from its economic independence and multiple advantages. The Euro zone is eager to stimulate its economic growth by ECB's quantitative easing initiatives and injecting abundant liquidity into market. At the beginning of China's "13th Five-Year Plan" in 2016, China still faces a grim economic climate, including more intricate problems and contradictions and stays in a critical period characterized by change of stage and structural shift. The overall competitiveness in China and emerging market is abated by depreciating currency caused by the reflux in US dollars and rampant capital outflow.

In terms of liner shipping industry, the Drewry Global Supply/Demand Index was projected at 87.9 for 2016 and at 89.8 for 2015, decrease by 1.9 and there is no signs of recuperation on imbalance between supply and demand. With respect to the increase of large numbers of megaships, tight collaboration among shipping alliances, intensification of regional layout, cost-saving through delicate management, cancelation of voyage plans and implementation of other projects would be our main emphases in shipping line operation for 2016.

For the sake of sustainable development, Yang Ming sets its annual policy as "Grow greatly, Expand niche." In anticipation of employing new mega ships, Yang Ming could increase our competitiveness, broaden incomes, limit expenditures, elevate service quality and be sensitive to market trend and investment. Our main strategies are:

1.Augment vessel efficiency

Proceeding with vessel upgrade and old vessel demolition with a view to creating economies of scale and cutting down on unit cost.

2.Intensify regional layout

In Europe and the US, we persistently develop regional feeder service network (Southeast / Baltic Sea / Eastern Mediterranean / Northern Europe) in order to boost our medium and long-term profit margin. In consideration of tremendous potential in Southeast Asia and India area after setting up AEC, we proactively seek the probability to establish partnership amid regional carriers so as to reinforce our feeder intensity. Taking southeast feeder for example, we harmonized 5 loops in 2015 (SE4/SE5/SE6/SBS/RSZ) and persisted on service layout in 2016 (e.g., launched SE7 in Feb) for creating the niche to our business.

3.Tighten cooperation among alliance members

Consolidate and reinforce collaboration in CKYHE and adjust our strategy whenever necessary in order to cope with competitive environment.

4.Exploit and update systems

Strive vigorously to effectively regulate the flow and integration of sources via accelerated the circulation of IT key system and by elevating our income and cost management system. Ramp up the efficiency of management through the employment of cloudification, big data, business intelligence and related measures.

5.Diversify risks

To bear fruit in overall synergy, we are committed to decentralization of liner service and strengthening of coverage across global markets. Moreover, with the aim of reaching comprehensive profitability, we are dedicated to logistic, bulk and terminal business aside from container business.

6.Horizontal strategy alliance

Devoted to carving out an innovative business mode, we have established a trio strategic alliance among Yang

Ming, China Airlines, Chunghwa Post to seize the initiative on “freight-to-post” for e-commerce and unveil a new cooperation mechanism through logistic operations on sea-air freight, parcel post, warehousing and delivery services.

7.Corporate Social Responsibility (CSR)

For the purpose of minimizing the pollution by sea transportation activities, we broadly increase the performance in energy-efficiency and environment-friendliness, and implement flexible operational policy on the basis of meeting international rules and standards, corporate social responsibility and profitability.

The shipping industry is still challenging and unpredictable in the coming years. Yang Ming will keep providing best service as our first priority. Moreover, we will do the best to boost our performance in response to our stakeholders’ and the public’s trust and support.

Yours truly,

Frank F.H. Lu, Ph.D

Chairman

II Company Profile

2.1 Date of Incorporation: December 29, 1972

2.2 Major Events

1972-1981

- Established on Dec. 29, 1972, with a capital of NT$100,000,000.
- Completes and puts in service four multiple-purpose ships, namely Ming Spring, Ming Summer, Ming Autumn, and Ming Winter, and deploys seven 2,054 TEU full-container vessels, Ming Sun, Ming Moon, Ming Star, Ming Galaxy, Ming Glory, Ming Ocean, and Ming Universe.
- Leases Dock No.70 at Kaohsiung Harbor for exclusive use.

1982-1991

- Completes and puts in service four 2,054 TEU full-container vessels, Ming Comfort, Ming Energy, Ming Fortune, Ming Longevity, and eight 3,266 TEU full-container vessels, including Ming Propitious and Ming Peace.
- Completes and puts in service three 66,000 D.W.T. Panamax-class bulk carriers, Ming Wisdom, Ming Mercy and Ming Courage.
- Named as one of the world's "most satisfactory marine transporters in service and reliability" and cited by the American press as one of the Top Ten liner services in the world.
- Cited by the London-based British Shipper Consultation (part of the Freight Transport Association Ltd.) as the world's "Second Most Acclaimed Shipping Company" in customer service.

1992-2001

- Listed on the Taiwan Stock Exchange (1992).
- Completes and puts in service three 3,604 TEU full-container vessels (Ming Asia, Ming America, Ming Europe), and five 3,725 TEU full-container vessels (Ming East, Ming West, Ming South, Ming North, Ming Zenith), as well as seven 5,500 TEU full-container vessels (Ming Plum, Ming Orchid, Ming Bamboo, and so on).
- Merges the China Merchants Steam Navigation Co., Ltd. (1995).
- Completes privatization on Feb. 15, 1996.
- Obtains ISO 9002/ISM CODE accreditation and wins the ROC National Outstanding Quality Case Award (1996).
- Enters into agreement with COSCO Container Lines Ltd., Kawasaki Kisen Kaisha, Ltd., and Hanjin Shipping Co., Ltd. to establish CKYH consortium in order to provide best services to customers.

2002-2011

- Establishes Yang Ming Cultural Foundation, YM Oceanic Culture & Art Museum (OCAM) in Keelung and YM

Museum of Marine Exploration in Kaohsiung (MOME) to promote oceanic culture on Nov. 19th 2003.

- Transfers bulk business to subsidiary Kuang Ming Shipping Corp. in 2008 and begins over-the-counter stock transaction (2010).
- After Straits Exchange Foundation and Association for Relations Across the Taiwan Straits signed an agreement on cross-strait direct shipping link, assigns a 1,500 TEU full-container vessel, YM Heights, to sail from Keelung in Taiwan to Shanghai on the mainland on December 15, 2008, opening a new epoch of bi-coastal shipping.
- Inaugurates Kao Ming Container Terminal (KMCT), a subsidiary of Yang Ming on Jan. 1st 2011.
- Completes and puts in service four 1,500 TEU full-container vessels, thirteen 1,805 TEU full-container vessels, five 4,250 TEU full-container vessels, two 6,500 TEU full-container vessels, three 6,600 TEU full-container vessels and nine 8,200 TEU full-container vessels.
- Certified by U.S. Customs as a member of the Customs-Trade Partnership Against Terrorism (C-TPAT).
- Acquires the Certification of the OHSAS 18001 (Occupational Health and Safety Assessment Serial), ISO 14001:2004 Environmental Management System and ISO 9001:2008; obtains ISPS Code Certificate for all self-owned vessels, putting Yang Ming at the forefront among domestic and world competitors.
- Obtains ISO27001 Certificate for Information Security Management System.
- Wins the 7th–10th Art & Business Award granted by the Council for Cultural Affairs.
- Wins governance model in the emerging market, cited by the EURO Money magazine, obtains the 2007 Quest for Quality Award offered by Logistics Management magazine; rated 2nd place in World Trade magazine’s Liner Service evaluation and as one of the 50 Outstanding Businesses by Global View magazine (2008).
- Credited as one of the most reputable enterprises in the marine industry and one of the best corporate citizens, making Yang Ming the only one to receive such honor among domestic shipping-related industries (2006), also wins 15th place in the Corporate Social Responsibility Evaluation conducted in 2007 and 15th place in the Corporate Citizen in 2009, the only domestic shipping company winning this honor given by the CommonWealth magazine.

2012

- Acquires the AEO certificate given by Directorate General of Customs, Ministry of Finance, making Yang Ming the first shipping company to receive this honor.
- Kao Ming Container Terminal (KMCT) acquires the investment from Cheer Dragon Investment Limited.
- Completes and puts in service a 6,600 TEU full-container vessel, YM Masculinity.
- Completes and puts in service four 8,626 TEU full-container vessels, YM Uniformity, YM Ubiquity, YM Unanimity and YM Upsurgence.
- Decides to charter ten 14,000 TEU full-container vessels in 2015 from Seaspan Corp.
- YM Unanimity, an 8,626 TEU full-container vessel, wins the Green Passport (GP) issued by ABS.
- Launches the Mobile E-service on its iOS and Android operating systems.

- Wins “CO2 Reduction Label” from the Environmental Protection Administration (EPA).
- Wins the Best Shipping Line Intra-Asia Award of Asian Freight and Supply Chain Awards (AFSCAs).
- Wins the LOG-NET Outstanding E-commerce Award from 2008-2012.

2013

- Establishes Yang Ming (Australia) Pty Ltd.
- Charters five full-container vessels from Seaspan Corp., following their delivery by China Shipbuilding Corp., Taiwan. (CSBC).
- Completes and puts in service an 8,626-TEU full-container vessel, YM Unicorn.
- Kao Ming Container Terminal (KMCT) acquires the investment from NYK Line and Nippon Container Terminal Co. Ltd., a subsidiary of NYK Line. The company’s shareholders also include Ports America, Cheer Dragon Investment Limited, which is a joint venture of Cosco Pacific, CS Terminal and CMHI.
- Elects Mr. Hermann Yu as Yang Ming’s New President and Chief Operation Officer (COO).
- Wins the leading pack title in North American Shipper Sentiment Survey made by Containerisation International magazine (CI) from 2012-2013.
- Wins the 11th Arts & Business Award granted by the Ministry of Culture.

2014

- CKYH and Evergreen establish CKYHE alliance to provide the best service between Asia and Europe, including the Mediterranean region.
- Opens with Orient Express Lines the Southeast Asia Service II (SEA2).
- Upgrades Intra-Asia Service (PA2 / JTS / TMI).
- Opens feeder service to Myanmar (SE3).
- Completes and puts in service two 4,662 TEU full-container vessels, YM Evolution and YM Essence.
- Wins 2013 Carrier of the Year from Target Store.
- Wins 2014 Work-Life Balance Award.
- Wins the Best Shipping Line Asia-Europe Award of Asian Freight and Supply Chain Awards (AFSCAs).
- Wins A+ in the 11th ‘Information Transparency and Disclosure Ranking System Award.
- Wins Logistics Management 2014 Quest for Quality Award.
- YES Logistics Corporation, a subsidiary of Yang Ming group, obtains AEO certificate.

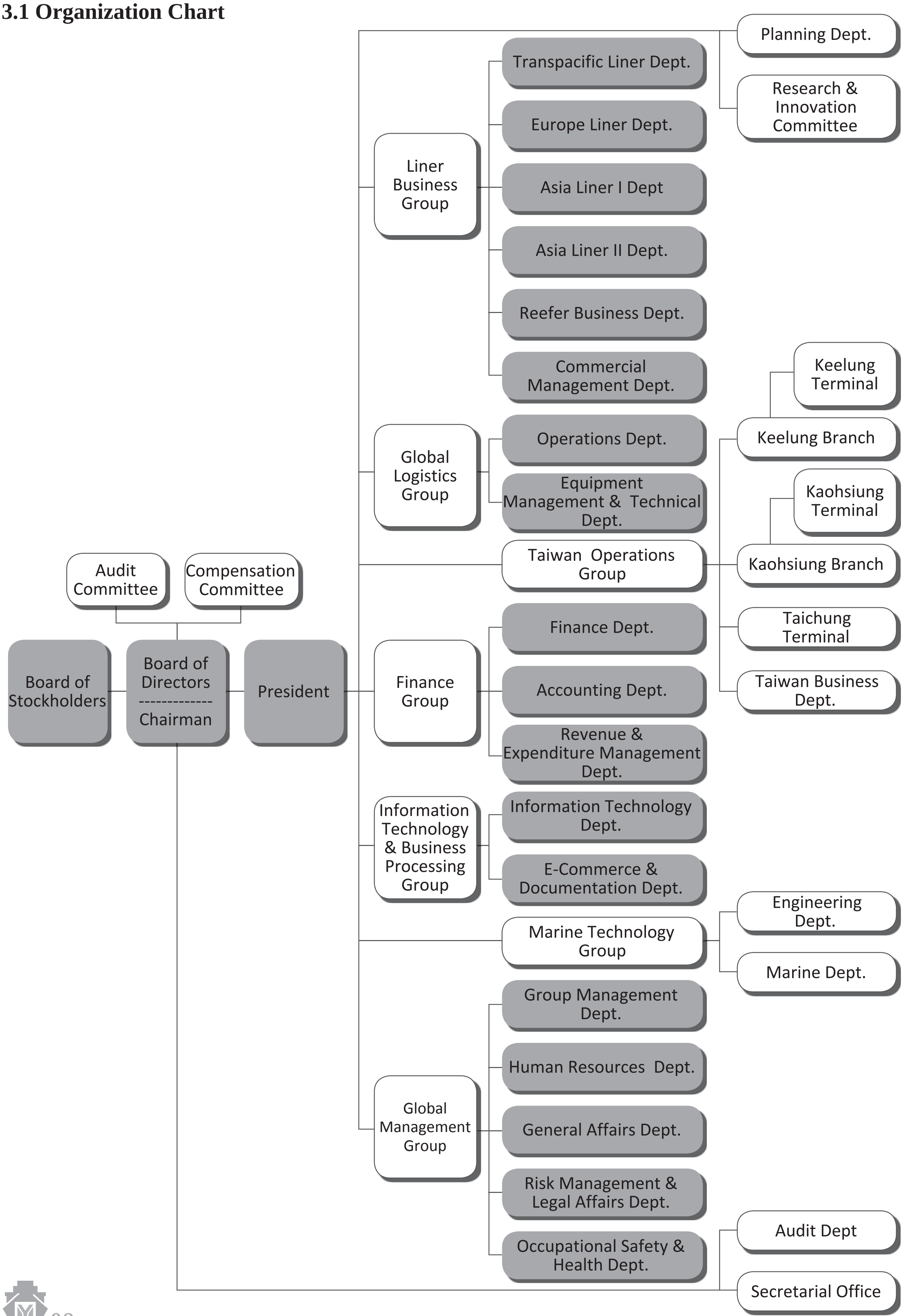
2015

- Opens Japan-Taiwan-Thailand, Far East-Latin America, China Gulf Express II, Asia-ECSA, feeder service to Belawan, East Mediterranean and North Europe service.
- CKYHE Alliance reorganizes European service network.
- Completes and puts in service three 4,662 TEU full-container vessels, YM Enlightenment, YM Excellence and YM Express.
- Holds maiden voyage ceremony for YM WISH, a 14,000-TEU full container vessel, at Kao Ming container terminal, Kaohsiung.
- Signs memorandum of understanding with China Airlines Company and Chunghwa Post Co., Ltd.
- Wins the top 20% of the best TWSE/TPEx listed companies in the 1st Corporate Governance Evaluation.
- Wins the 11th China Transport award.
- Wins A++ in the 12th Information Transparency and Disclosure Ranking System Award.
- Wins 2014 Blue Circle Awards, GP Carrier of the Year and Carrier of Year from Target Corporation.
- Establishes Yang Ming (Russia) LLC.
- Establishes Yang Ming Shipping (Vietnam) Co. Ltd.

2016

- Opens South East Asia feeder network loop 7.
- YES Logistics Corporation, a subsidiary of Yang Ming group, acquires ECU-Line Bulgaria EOOD.
- Signs letter of intent with Regional Container Lines.

3.1 Organization Chart



3.2 Directors, Supervisors and Management Team

Mar. 31, 2016

Position		Chairman / Board of Directors	Director	Director	Director	Director	Director	Director	Director	Independent Director	Independent Director	Independent Director
Name		Feng-Hai Lu	Ding-Huan Huang	Ying-Rong, Chen	Youn-Ger Wu	Tyh-Ming Lin	Mao-Shong Shu	Wing-Kong Leung	Mon-Chang Hsieh	Kuen-Mu Chen	Jin-Ru, Yen	Heng-Chih, Chou
Date appointed		June 14, 2013	October 9, 2014	July 7, 2015	June 14, 2013	January 16, 2015	June 1, 2014	June 14, 2013	June 14, 2013	June 14, 2013	June 14, 2013	June 14, 2013
Term of appointment		Reelection upon expiration of effectual period										
Holding shares	shares	Directors herein as representatives of the MOTC, holding a total of 1,000,842,140 shares						65,707,426	319,000	0	0	0
	Ratio of holding shares (%)	which represent 33.31% of the company's stocks						2.19%	0.01%	0%	0%	0%
Spouse, under-aged children's holding shares	shares	0	0	0	0	0	0	0	0	0	0	0
	Ratio of holding shares (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

3.2.1 Top management

Mar. 31, 2016

Position	Name	Date appointed	Entitled for other companies presently
President	Hwa-Ming Yu	Jun.25, 2013	Director of Kao Ming Container Terminal Corp., Kuang Ming Shipping Corp., Transyang Shipping Pte. Ltd. , Yang Ming Line (Singapore) Pte. Ltd., Yangming (Japan) Co., Ltd., Young-Carrier Company Ltd., Yang Ming (Australia) Pty. Ltd., Yang Ming Line (B.V.I.) Holding Co., Ltd., Yang Ming Line Holding Co., and YES Logistics Corp. Director and Chairman of West Basin Container Terminal LLC, and United Terminal Leasing LLC.
Senior Executive Vice President	Wen-Bor Lin	Apr. 20, 2013	Director of Ching Ming Investment Corp., Transyang Shipping Pte. Ltd., Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line (B.V.I.) Holding Co., Ltd., Yang Ming Line N.V., Yang Ming Line B.V., and Yang Ming Line Holding Co. Supervisor of Kao Ming Container Terminal Corp., and Yangming (Japan) Co., Ltd. Director and General Manager of Yang Ming Shipping (B.V.I.) Inc.
Senior Executive Vice President	Tsai-Ding Chou	Nov. 12, 2014	Director of Jing Ming Transportation Co., Ltd., Kao Ming Container Terminal Corp., Formosa International Development Corporation, Yang Ming (U.A.E.) LLC, and Yang Ming Shipping Europe GmbH. Supervisor of Taipei Port Container Terminal Corp., and United Stevedoring Corporation.
Executive Vice President	Fu-Tien Lin	Sep. 1, 2008	Director of Jing Ming Transportation Co., Ltd., Kao Ming Container Terminal Corp., Formosa International Development Corporation, Taipei Port Container Terminal Corp., and United Stevedoring Corporation.
Executive Vice President	Chih-Chien Tsao	Jul. 16, 2012	Director of Yang Ming Line (M) Sdn. Bhd., Yang Ming Line (India) Pvt. Ltd., Yang Ming (Vietnam) Company Limited, Yang Ming Shipping Europe GmbH, Yang Ming (America) Corp., and YES Logistics Corp. Chairman of Yangming (Japan) Co., Ltd.
Executive Vice President	Wen-Che Huang	Jun. 1, 2014	Director of Yang Ming Line (Hong Kong) Ltd., Young-Carrier Company Ltd., Yang Ming (Singapore) Pte. Ltd., and Sunbright Insurance Pte. Ltd.
Executive Vice President	Chia Chen	Jun.1, 2014	Director of Kuang Ming Shipping Corp., and Yang Ming (Liberia) Corp. Director and General Manager of All Oceans Transportation Inc.
Executive Vice President	Der-Shi Tsao	Nov. 12, 2014	Director of Yang Ming (Korea) Co. Ltd., and LogiTrans Technology Private Limited.
Executive Vice President	Tai-Shing Chia	Nov. 12, 2015	Director of All Oceans Transportation Inc., and Yang Ming (LIBERIA) Corp.

3.3 Status of Corporate Governance

3.3.1 Deviations from "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and reasons

Mar. 31, 2016

Item	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Description of operation	
1. The company has established and disclosed corporate governance principles based on "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies".	V		The Company has established "Best-Practice Principles for Corporate Governance of Yang Ming Marine Transport Corporation" and disclosed on our official website. (http://www.yangming.com)	None
2. Shareholding structure and shareholders' rights (1) Handling of shareholders' proposals and disputes (2) Name list of major shareholders that control the Company. (3) Establishment of risk-control mechanism and a risk-control firewall (4) Procedures to prohibit the use of undisclosed information to trade securities on the market	V		(1) Yang Ming holds shareholders' meetings in accordance with the "Shareholders Meeting Regulations" and related provisions. Shareholders' proposals and disputes are handled by the related departments with extreme care. (2) The Company sets up the roster of major shareholders and files reports on major shareholders' status in accordance with the law and regulations. (3) A. The Company has established rules to keep track of its funds with its affiliates and established the internal control system to manage the risk. B. The Company always complies with the related regulations when it acquires/disposes assets, makes endorsements/guarantees and engages in loaning or lending of funds to/from its affiliates. (4) The Company has established "Procedures for Handling Material Inside Information" to prohibit the use of undisclosed information to trade securities on the market.	None
3. Composition and responsibilities of the board of directors (1) The Board of Directors has drawn out and implemented The diversification policy for the members. (2) Establishment of other functional committees except audit committee and remuneration committee. (3)The company has set up the procedure to review the board performance annually. (4) Periodic review of CPA's independence	V		(1) Composition of the Board members is based on the standard of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and "Article of Incorporation of Yang Ming Marine Transport Corporation." (2) The Company has established the audit committee and the remuneration committee in accordance with regulations. (3) The Company complies and coordinates with the Ministry of Transportation and Communications to carry out annual performance evaluation and review of the authorized representatives of government in accordance with regulations. (4) The Audit Committee and Board of Directors annually review the independence of external auditors.	None

Item	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Description of operation	
4. Communication channel with interested parties	V		The Company has staff to handle relationship with investors, to protect the rights and interests of banks, creditors and investors and maintain channels for them to air their grievances and complaints. Our company had set up an exclusive section for interested parties on our official website.	None
5. Service provided by Securities Handling Agent	V		The company has commissioned KGI Securities to handle shareholders meeting.	None
6. Openness of Information (1) The Company has established a website to Publish financial, operational and other information on corporate governance (2) Other ways of disclosing information	V		(1) The Company has an official website to disclose its financial and business information for the benefit of investors and other interested parties. (http://www.yangming.com) (2) A.The Planning Department is responsible for gathering industrial and business information and the Finance Department is in charge of releasing material information on MOPS. B.The Company has appointed a spokesperson and deputy spokespersons to serve as the main communication channel between the Company and investors.	None
7. Other important information about Yang Ming's corporate governance practices	V		(1) Rights of employees: We strictly comply with the law and always try to provide better working environment than what the law requires and constantly listen to the views of the staff for improvement. (2) Care for employees: We always believe talented staff members are the company's best assets. Therefore, we always strive to provide a good learning and working environment for them to fulfill their potentials. Besides, we provide them with munificent salaries, fringe benefits and good cares. (3) Relation with investors: In order to protect investors' rights and interests, the Company discloses its significant operational and financial information in accordance with related regulations. All relevant business and financial information is posted on the Company's official website. Resolutions of shareholders' meeting are posted on both MOPS and the Company's official website. (4) Dealings with suppliers: The Company demands all suppliers to observe the law in dealings with Yang Ming. "The Code of Conduct" for the staff was established in 2008 (and revised in 2013) and "Code of Ethical Management of Yang Ming Marine Transport Corporation" was established in 2012. The suppliers must be selected fairly, the negotiation must be conducted objectively, and no confidential information shall be divulged to would-be suppliers. All staff members are obliged with the responsibility of keeping confidentiality. (5) Rights of interested parties: All transactions with banks/creditors are made in line with the agreements. The Company gives adequate information to make banks/creditors fully understand the Company's operation and financial status. (6) Policy of risk management and standard of risk assessment A.Risk Management Policy We define the risks arising from human activities, natural disasters and worldwide or regional economic fluctuations in accordance with their negative impact on business operations, their frequency and their severity. Our risk management policy is to efficiently prevent and control the risks in order to ensure regular and permanent operation. B.Yang Ming's Risk Assessment Standard We assess individual risks according to frequency and severity, and then rank their risk degrees according to quantitative and non-quantitative indexes. Finally, all individual risks are classified by their risk scores which are based on risk frequency and severity.	None

Item	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Description of operation	
	V		C. Execution of Policy of risk management in 2015 The standard of risk assessment for the yearly risk assessment of Yang Ming was approved by our CEO in accordance with our standard procedure of risk management, and there are no extreme risks detected this year. All risks ranked "HIGH RISK" and the higher risks are well controlled by effective means. The result of the yearly risk assessment is delivered to all related departments including the Audit Department for their reference of risk management decision making. (7) Execution of Customer Policy: Making our transport group par excellence is our vision and mission. All of us at Yang Ming are committed to enhancing customer services, expanding our service scope and broadening our service networks through partnership with members in CKYHE alliance (COSCO of Mainland China, K-Line of Japan, Hanjin of South Korea and Evergreen of Taiwan) and other shipping companies. We will continue to improve our services and comply with the laws and regulations. We will actively visit our customers at all times to find out their needs in order to provide them with comprehensive services characterized by "correctness, promptness, reliability and economics." (8) Liability Insurance for Directors and Supervisors In order to strengthen corporate governance and enforce risk management, Yang Ming has prescribed liability insurance in its Article of Incorporation for all of our directors, supervisors and executives.	None
8. If the company governance reports have received assurance from external institutions	V		The company has joined the corporate governance evaluation system of Taiwan Stock Exchange since 2014, which evaluates the performance of corporate governance. Referring to the outcome, we make improvements on our corporate governance.	None

3.3.2 Implement of Corporate Social Responsibility

Item	Implementation Status			Deviations from " Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Description of operation	
1. Fostering a sustainable environment (1) The company endeavors to utilize all resources more efficiently and use renewable materials which have a low impact on the environment. (2) The company establishes proper environmental management systems based on the characteristics of our operations. (3) The company monitors the impact of climate change on its operations in its effort to establish company strategies for energy onservation and carbon and greenhouse gas reduction	V		(1) The company actively complies with international conventions and environmental laws/regulations. We make our best to contribute to environmental protection by following the most advanced standards in regard with our vessels, containers, equipment and terminals. (2) Since 2004, the company has got got ISO14001 certificate, proving the software/hardware facilities and procedures used in our offices/terminals and on our ships have met international environmental standard. (3) The company has issued annual Environmental Performance Report since 2007 and combined it with CSR report from 2015, which includes information on CO_2 /NO_X/SO_X emission of our fleet.	None
2. Promoting public welfare (1) The company provides safe and healthy work environments and organizes training on safety and healthcare for its employees on a regular basis. (2) The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints. (3) Does the company comply with relevant laws, regulations and international guidelines for the marketing and labeling to its products and services?	V		(1) We inspect our lighting, air conditioning systems, machinery and equipment regularly and take measures to maintain a comfortable, clean and safety workplace. We provide regular health examination for all employees, set up an infirmary with qualified physician and nurse to provide medical consultation and healthcare service. All workplaces are equipped with AED (Automated External Defibrillator) for first aid. All employees as well as contractors' members are required to take safety and health trainings on a regular basis. For the safety and health to sea crews, we strive to meet standards of MLC (MARITIME LABOR CONVENTION). By now all container ships of fleet have acquired MLC certification. (2) In providing qualified service, the company has been accredited ISO9001 certification since 1996. In this respect, we have set up procedures for planning, procurement, providing service and handling customer complaints. We make correction and improvement constantly and assure certification validity by the 3rd party. (3) Yang Ming complies with relevant laws, regulations and international guidelines when providing services and will adjust the contents of services promptly according to the change of relevant laws, regulations and international guidelines.	None

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Description of operation	
(4) The company cooperates with its suppliers to foster a stronger sense of corporate social responsibility. (5) The company and its major suppliers have written in their contracts the terms for terminating or rescinding their deals at any time when its major suppliers violate the company's social responsibility policy and has caused significant negative impact on the environment or society.	V		(4) According to our internal procurement and selling process, evaluations are performed before entering into a contract with a new company. And we will check if the new company meets the laws and decrees, the basic requirements on environmental protection, occupational safety and health, and require related certificates as evidence. Besides, contract fulfillments by our daily suppliers are evaluated periodically, and the compliance with environmental protection regulations is included in the evaluations. (5) Yang Ming always seeks to write related terms into the relevant contracts to make sure its major suppliers will comply with all domestic and/or international laws and regulations regarding environmental protection and labor health and safety, and to entitle Yang Ming to terminate or rescind, at any time, such contracts when its major suppliers are found having violated the said requirements.	None
3. Enhancing Information Disclosure (1) The measures of disclosing relevant and reliable information relating to their corporate social responsibility.	V		(1) The company has published the CSR report since 2012. The report was prepared in accordance with the GRI guidelines and the figures in the report were computed and disclosed in accordance with the GRI indicators. The reports are published in both Chinese and English and are available on our website, http://www.yangming.com/files/Investor_Relations/csr_2015(eng).pdf.	None

3.4 Internal Control Statement

Yang Ming Marine Transport Corp.

Internal Control System Statement

Date:21, March, 2016

The Company states the following with regard to its internal control system during fiscal year 2015, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of 31, December, 2015 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on 21, March, 2016, where none of the 11 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Yang Ming Marine Transport Corp.

Chairman: Lu Feng-hai (signature)

President: Yu Hwa-ming (signature)

IV Capital Overview

4.1 Capital and Shares Issuance

4.1.1 Shares Issued

Date	Par value (NT$)	Authorized capital		Actual capital received		Notes	
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of capital	Remarke
Jan.2005	10	2,400,000,000	24,000,000,000	2,268,754,549	22,687,545,490	Convertible bonds transformation 22,016,416 Shares	-
May 2005	10	2,400,000,000	24,000,000,000	2,276,103,048	22,761,030,480	Convertible bonds transformation 7,348,499 Shares	-
Aug.2005	10	2,400,000,000	24,000,000,000	2,289,127,926	22,891,279,260	Convertible bonds transformation 13,024,878 shares	-
Nov.2005	10	2,400,000,000	24,000,000,000	2,289,816,718	22,898,167,180	Convertible bonds transformation 688,792 Shares	-
May 2006	10	2,400,000,000	24,000,000,000	2,289,834,417	22,898,344,170	Convertible bonds transformation 17,699 Shares	-
May 2007	10	2,400,000,000	24,000,000,000	2,294,211,277	22,942,112,770	2007Q1 Convertible bonds transformation 4,376,860 Shares	-
July 2007	10	2,400,000,000	24,000,000,000	2,299,005,213	22,990,052,130	2007 Q2 Convertible bonds transformation 4,793,936 Shares	-
Oct.2007	10	2,400,000,000	24,000,000,000	2,317,397,254	23,173,972,540	2006 Recapitalization new issuance of 18,392,041 shares	-
Nov. 2007	10	2,400,000,000	24,000,000,000	2,320,743,953	23,207,439,530	2007 Q3 Convertible bonds transformation 3,346,699 Shares	-
Jan.2008	10	2,400,000,000	24,000,000,000	2,328,698,193	23,286,981,930	2007 Q4 Convertible bonds transformation 7,954,240 Shares	-
May 2008	10	2,400,000,000	24,000,000,000	2,328,962,146	23,289,621,460	2008 Q1 Convertible bonds transformation 263,953Shares	-
Aug. 2008	10	2,400,000,000	24,000,000,000	2,329,561,125	23,295,611,250	2008 Q2 Convertible bonds transformation 598,979 Shares	-
Sep. 2008	10	3,000,000,000	30,000,000,000	2,562,466,476	25,624,664,760	2007 Recapitalization new issuance of 232,905,351 shares	-
Oct. 2011	10	3,000,000,000	30,000,000,000	2,818,713,123	28,187,131,230	2010 Recapitalization new issuance of 256,246,647 shares	-
Feb. 2015	10	3,600,000,000	36,000,000,000	2,856,379,965	28,563,799,650	2014 Q4 Convertible bonds transformation 37,666,842 Shares	-

Date	Par value (NT$)	Authorized capital		Actual capital received		Notes	
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of capital	Remarke
May. 2015	10	3,600,000,000	36,000,000,000	2,997,918,707	29,979,187,070	2015 Q1 Convertible bonds transformation 141,538,742 Shares	-
Aug. 2015	10	3,600,000,000	36,000,000,000	3,004,440,135	30,044,401,350	2015 Q2 Convertible bonds transformation 6,521,428 Shares	-

4.1.2 Type of Stock

Dec. 31, 2015

Shares category	Authorized capital					Remark
	Shares issued			Un-issued shares	Total shares	
	Listed	Unlisted	Total			
Common stock	3,004,440,135	0	3,004,440,135	595,559,865	3,600,000,000	-

4.1.3 Share price, Net worth, Earnings, and Dividends and Related Information

Unit：NT$

Items	Year	2014	2015	Jan. 1, 2016~ Mar. 31, 2016
Market-price per share	Highest price	17.10	17.10	9.95
	Lowest price	11.95	11.95	7.50
	Average price	13.12	13.12	8.46
Net worth per share	Before earnings appropriation	13.11(Note2)	10.33	-
	After earnings appropriation	13.11(Note2)	10.33	-
Earnings per share	Weighted average number of outstanding shares	3,276,386 (Note1) thousand shares	3,444,489 thousand shares	N.A.
	Earnings per share	0.10(Note2)	-2.24	N.A.
Dividends per share	Cash dividend	0	0	-
	Stock dividend	0	0	-
Return on Investment	Price / Earnings ratio	131.2(Note2)	N.A.	-
	Price / Cash dividends ratio	N.A.	N.A.	-
	Cash dividends/ Price ratio	N.A.	N.A.	-

Note1: The shares are weighted average shares after Treasury stock deduction.

Note2: Audited after Restated.

4.2 Issuance of Corporate Bond

Mar. 31,2016

Bond Category	Fifteenth Debenture Bonds	Sixteenth Debenture Bonds	Seventeenth Debenture Bonds	First Private Placement Debenture Bonds	Second Private Placement Debenture Bonds	Third Private Placement Debenture Bonds	First Private Placed Secured Mandatory Convertible Bonds	Fourth Convertible Bonds
Date of Issuance	Dec. 27, 2011	Nov. 1, 2013	Oct. 12, 2015	Mar. 6, 2012	Mar. 30, 2012	Jul. 8, 2014	Jun. 27, 2012	Jun. 7, 2013
Par Value	NTD 10 million	NTD 10 million	NTD 10 million	NTD 1 million	NTD 1 million	NTD 1 million	NTD 100 thousand	NTD 100 thousand
Place of Issuance and Exchange	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.
Issuance Price	100% of par value	100% of par value	100% of par value	100% of par value	100% of par value	100% of par value	100% of par value	100.2% of par value
Total Amount	NTD 6,500 million	NTD 5,000 million	NTD 4,000 million	NTD 5,544 million	NTD 4,350 million	NTD 3,850 million	NTD 5,800 million	NTD 4,600 million
Interest Rate	1.3%	5 years（1,100 million）-2.20% 7 years（2,900 million）-2.45%	1.1%	4 years（1,759 million）, 2.08% 5 years（3,785 million）, 2.18%	4 years（1,550 million）, 2.08% 5 years（2,800 million）, 2.18%	2.2%	3%	0%
Terms of Reimbursement	5 years, Date of maturity: Dec 27, 2016	5 years, Date of maturity: Nov 1, 2018 7 years, Date of maturity: Nov 1, 2020	5 years, Date of maturity: Oct 12, 2020	4 years, Date of maturity: Mar 6, 2016 5 years, Date of maturity: Mar 6, 2017	4 years, Date of maturity: Mar 30, 2016 5 years, Date of maturity: Mar 30, 2017	5 years	7 years	5 years
Guarantor	A:Bank of Taiwan B:Mega International Commercial Bank C:Taipei Fubon Bank D:Taiwan Corporative Bank E:First Commercial Bank F:Chang Hwa Bank G:Hua Han Bank H: Shin Kong Bank	Nil	A:Bank of Taiwan B:Mega International Commercial Bank C: Chinatrust Commercial Bank D: Yuanta Commercial Bank	Nil	Nil	Nil	Bank of Taiwan Taiwan Corporative Bank Land Bank of Taiwan First Commercial Bank Hua Han Bank Shanghai Commercial & Saving Bank	Nil
Trustee	E.SUN Bank	Mega International Commercial Bank	Taipei Fubon Bank	Taipei Fubon Bank	Taipei Fubon Bank	E.SUN Bank	Mega International Commercial Bank	Taipei Fubon Bank
Underwriter	Nil	Nil	Nil	Nil	Nil	Nil	Nil	KGI Securities Co. Ltd.
Audit Lawyer	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	Attorney at Law Jason S. G. Lin	NA
Audit Accountant	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	NA	NA	NA	NA	Deloitte & Touche

Bond Category	Fifteenth Debenture Bonds	Sixteenth Debenture Bonds	Seventeenth Debenture Bonds	First Private Placement Debenture Bonds	Second Private Placement Debenture Bonds	Third Private Placement Debenture Bonds	First Private Placed Secured Mandatory Convertible Bonds	Fourth Convertible Bonds
Way of Reimbursement	Maturity: 5years-For 4.5years,50%. 50% due respectively	Maturity: 5years-reimbursed in cash upon maturity 7years-reimbursed in cash upon maturity	Maturity: 5years-For 4.5years,50%. 50% due respectively	Maturity: 4years-reimbursed in cash upon maturity 5years-reimbursed in cash upon maturity	Maturity: 4years-reimbursed in cash upon maturity 5years-reimbursed in cash upon maturity	Maturity: 5years-reimbursed in cash upon maturity	The Bonds will be compulsorily redeemed in the Company common stocks with the converted price at Maturity.	In addition to the bond holder to convert into common stocks or exercise put option, or the Company recalled the bond, or the Company buy the bond from Securities Dealers to cancel, the Company will be redeemed in cash upon maturity at par value.
Unreimbursed Amount	NTD 3,250 million	NTD 5,000 million	NTD 4,000 million	NTD 3,785 million	NTD 2,800 million	NTD 3,850 million	NA	NTD 1,957.1 million
Conditions of Recall or Recall in Advance	Nil	Nil	Nil	Nil	Nil	Nil	From 2018.06.27 to 2019.06.27, the Company shall issue the Recall Notice matured in 30 days to bond holder by registered letter within 30 business days after the BOD resolution date. The Company may redeem the Bonds at principal amount plus the accumulated interest calculated from the issued date of Recall Notice to the redeemed based date.	1.From 2013.09.08 to 2018.04.28, if the common stocks of the closing price exceed the converted price 30% within 30 business days, the Company have right to redeem in cash with the par value of the Bond. 2.From 2013.09.08 to 2018.04.28, when the outstanding bonds less than 10% of the principal amount, the Company have right to redeem in cash with the par value of the Bond.
Conditions of Restriction	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Bond Category	Fifteenth Debenture Bonds	Sixteenth Debenture Bonds	Seventeenth Debenture Bonds	First Private Placement Debenture Bonds	Second Private Placement Debenture Bonds	Third Private Placement Debenture Bonds	First Private Placed Secured Mandatory Convertible Bonds	Fourth Convertible Bonds
Credit Rating Agency, Rating Date, Rating	Taiwan Ratings Corp. A：Oct 2015 twAAA B：Oct 2015 twAA+ C : Nov 2015 twAA+ D：Feb 2015 twAA E：Oct 2015 twAA+ F：Nov 2015 twAA G：Jun 2015 twAA H：May 2015 twAA-	Taiwan Ratings Corp, Dec 2015 twBBB	Taiwan Ratings Corp, A：Oct 2015 twAAA B：Oct 2015 twAA+ C : Nov 2015 twAA- D：Aug 2015 twAA	Nil	Nil	Nil	Taiwan Ratings Corp. Bank of Taiwan: Oct 2015 twAAA Taiwan Corporative Bank : Feb 2015 twAA Land Bank of Taiwan: Jun 2015 twAA First Commercial Bank: Oct 2015 twAA+ Hua Han Bank: Jun 2015 twAA Shanghai Commercial & Saving Bank : Dec 2015 twAA	Nil
Amount of Converted Common Stock , GDR or other valuable securities	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Nil	NTD 2,642.9 million

Issuance		First Private Placed Secured Mandatory Convertible Bond		Forth Convertible Bond	
Item / Year		2015	Jan 1~Mar. 31 ,2016	2015	Jan 1~Mar. 31 ,2016
Market price	The highest	NIL	NIL	136.90	99.95
	The lowest	NIL	NIL	99.60	99.75
	Average	NIL	NIL	117.86	99.78
Conversation Price		NT$12.68		NT$14.23	
Issue Date and Conversation Price		June 27, 2012：NT$12.68		June7, 2013：NT$14.23	
Settlement Upon Conversion		Underlying common shares of the Company		Underlying common shares of the Company	

4.3 Issuance of GDR

Conditions of the issuance of GDR

Mar. 31, 2016

Items / Date of Issuance			Nov. 14, 1996
Place of Issuance and Exchange			London Stock Exchange
Total amount of Issuance			USD 116,392,201.2
Issuance price			USD 11.64
Total units of Issuance			9,999,330 units of GDR
Underling security			Capital increase by public offering of common shares
Units of underling security			99,993,300 common shares
The right & obligation of GDR holders			Same right & obligation with the YMTC'S common shares
Depository			Citibank N. A.
Custodian			Citibank Taiwan Ltd.
Outstanding shares (Mar. 31,2016)			852,710 shares
Allocation of related expenses for issuance and During existence.			To be borne by the company
Major covenants of deposit agreement and Custody agreement			In accordance with the law of R.O.C. and State of New York, U.S.A.
Market price per unit	2015	the highest	USD 6.07
		the lowest	USD 2.29
		the average	USD 4.02
	From Jan. 1, 2016 to Mar. 31, 2016	the highest	USD 2.88
		the lowest	USD 2.26
		the average	USD 2.52

V Operational Highlights

5.1 Business Profile, Operation Status

5.1.1 Business profile

(1) Domestic and overseas marine shipment service

(2) Domestic and overseas marine passenger service

(3) Warehouse, pier, tug boat, barge, container freight station and terminal operations

(4) Maintenance and repairs, chartering, sales and purchase of ships

(5) Maintenance and repairs, lease, sales, and purchase of containers as well as chassis

(6) Shipping agency

(7) G402011 Ocean freight forwarding service

(8) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

5.1.2 Operation status

As of Dec. 31, 2015, YM operated 106 full container vessels. The scope of our container liner service of year 2015 was as follows:

－ Offering fixed-day weekly liner services for Asia/US East Coast, Asia/US West Coast, Asia/ ECSA, Asia/ WCSA, USEC/ECSA, Asia/North Europe, Asia/Mediterranean, Asia/Black Sea, Asia/Red Sea, US East Coast/North Europe, and Intra-Europe as well as Intra-Asia regional trades.

5.1.3 Liner Services for full container vessels from 2013 to 2015

Unit：TEU

Items	2013	Pct.	2014	Pct.	2015	Pct.
Cargo for trans-ocean transportation	2,177,935	61	2,259,169	57	2,306,487	57
Cargo for intra-Asia transportation	1,382,625	39	1,708,669	43	1,711,868	43
Total	3,560,560	100	3,967,838	100	4,018,355	100

5.2 Market Analysis

5.2.1 Transpacific Trade

According to Drewry Report, the total volume of transpacific trade on the eastbound leg increased 5.7% in 2015; it is forecasted that the total cargo volume for the eastbound trade will be increasing at a rate of 2.5% in 2016. According to Alphaliner, YM’s 2015 market share in the transpacific trade was 4.6%.

5.2.2 Asia-Europe/Mediterranean Trade

According to Drewry Report, the overall westbound volumes of Asia-Europe trade decreased by 4.4% in 2015 while the total westbound volume of Asia-Mediterranean trade decreased by 5.8%. It is forecasted that the total westbound volume of Asia-Europe trade and Asia-Mediterranean trade will grow by 2.8% and 2.3% respectively in 2016. According to Alphaliner, YM's 2015 market share in the Asia-Europe and Asia-Mediterranean trade was 4.2%.

5.2.3 Transatlantic Trade

YM is mainly focused on the container market between Northern Europe/Mediterranean and East Coast of North America in the Transatlantic trade. According to Drewry Report, in 2015 the overall westbound volume of Transatlantic trade increased by 5.9% and the total eastbound volume decreased by 4.5%; it is anticipated that the annual westbound volume will grow by 2.9% and eastbound volume will grow by 0.9% in 2016.

5.2.4 Intra-Asia Trade

Intra-Asia Trade, focused around China, will remain the single-largest trading region. According to Global Insight report, the overall Intra Asia volume in 2014 increased by 3.4%, the volume grew by 3.2% in 2015 and 4.7% is forecasted for 2016. YM's 2015 market share in Intra Asia trade was 7.3%.

5.3. Employees Status

Year		2013	2014	2015
Number of employees	Office service	3,234	3,268	3,345
	Sea service	1,289	1,251	1,292
	Total	4,523	4,519	4,637
Average age		39.81	40.10	40.01
Average service years		10.03	9.89	10.36
Education level	Ph.D	0.10%	0.13%	0.13%
	Master's degree	11.20%	11.46%	11.02%
	College degree	57.60%	59.61%	55.49%
	High school degree	25.60%	23.26%	28.04%
	Middle school and below	5.40%	5.53%	5.31%

5.4 Environmental Protection

5.4.1 Cases of environmental pollution resulted in punishment, compensation, and losses in the recent years:

There was no major environmental pollution case in YM fleet vessels in 2015, and thus the loss and penalty fine on this subject had not occurred.

5.4.2 The Company's coping strategies for future environmental protection

Yang Ming always treats environmental protection as a duty and responsibility. All newly built vessels comply with the international standards and adopt advanced designs to prevent pollution of ocean and air. We set up our environmental policy and were the first shipping company in Taiwan to be certificated by ISM in 1996, ISO14001 in 2004 and OHSAS 18001 in 2005. Since 2006, we have joined the Business for Social Responsibility (BSR) and its Clean Cargo Working Group (CCWG) to work with other companies for more responsible business practices, innovation and collaboration. We have circulated annual environment Performance Report via Yang Ming Website since 2007 to provide related environmental information for the knowledge of our customers and the public.

1.The following environmental protection measures will be developed and carried out continuously this year:

(1) Implementation of ship energy efficiency management plan to save energy and reduce carbon emission

(2) Use of low-sulphur fuel oil and reduction of speed by vessels in Emission Control Areas in keeping with MARPOL 73/78/97 Regulations and local rules

(3) Application for Observant of the Oil Pollution of 1990, Non-Tanker Vessels Response Plan and Financial Guaranty and Financial Responsibility Certificate for all vessels sailing to US ports

(4) Acquirement of Bunker Convention Certificates from the signatory states by observing the 2001 Bunker Convention

(5) Purchase of the Liability Insurance of the Protection and Indemnity

(6) Strict auditing of ISM/ISO14001 codes and corrective measures in order to ensure the safety of personnel, ships, cargoes and environment and to avoid occurrence of maritime accident and pollution

(7) Conduction of organized training courses and practical exercises on environmental protection, risk management and energy saving for all Yang Ming crew members to reinforce personnel's professional knowledge and skill of preventing maritime pollution and accidents

(8) Paying close attention to development of international environmental regulations, and observing new regulations coming into effect to ensure the fleet can meet international environmental regulations while voyaging in the world's ports

(9) Since 2013, Yang Ming has provided the service of carbon calculator for cargo transportation on our website, to help our customers achieve a door-to-door green supply chain by keeping the carbon footprint as low as possible

2.Estimated capital expenditure on environmental protection for the next 3 years:

In compliance with MARPOL 73/78/97 Regulations and local rules, facilities for preventing oil, water, sewage and air pollution have been installed on vessels under construction. Expenditure for future purchase/ installment/re-equipment of such facilities will be included in the overall shipbuilding cost.

3.Effects of setting up additional equipment on the Company:

All of the Company's vessels have been equipped with facilities to prevent oil, sewage and air pollution in compliance with international environmental protection standards as required by MARPOL 73/78/97 Regulations and local rules.

5.4.3 The Taiwan Stock Exchange's Letter No.0950007006 dated on 13 April 1995 requested for disclosure of RoHS Information (EU legislation restricting the use of hazardous substances in electrical and electronic equipment): According to the characteristics of maritime shipping industry, the Company should not be covered by the EU RoHS.

5.5 Relationship with Employees

5.5.1 The employment relationship is good and there is no significant dispute between our employees and our management.

5.5.2 Policy of Security and Health

We regularly inspect our lighting, air condition system, machinery and equipment and constantly try to make our workplaces safe, clean and comfortable. We provide regular health examination for all employees, set up an infirmary with qualified physicians and nurses on duty to provide medical consultation and healthcare service. All workplaces are equipped with AED (Automated External Defibrillator) for first aid. All staff members and contract employees are required to take safety and health trainings on a regular basis. Yang Ming has won well-deserved five-star safety and health awards granted by the Ministry of Labor and by the Department of Health respectively for its excellent safety and health record. For the safety and health of sea crews, we strive to meet the standards of MLC (MARITIME LABOR CONVENTION). By now all of our container ships have acquired MLC certification.

5.6 Important Contracts

5.6.1 Joint Party Contract

Mar. 31, 2016

Agreement	Counterparty	Period	Major Contents	Restrictions
Slot Charter Agreement	UASC	2014.05.05 ~ the indefinite duration	Mediterranean / U.S East Coast	-
Slot Charter Agreement	Hamburg Sud	2015.09.30~ the indefinite duration	U.S East Coast / S.A East cost	-
Vessel Sharing and Slot Allocation Agreement	COSCON/ HJS/ "K"Line/ EMC	2012.03.05~ the indefinite duration	U.S East Coast / North Europe	-
Vessel Sharing and Slot Allocation Agreement	CSCL/UASC/CMA/ PIL	2015.01.12~2016.05.19	Asia / U.S West Coast	-
Vessel Sharing and Slot Allocation Agreement	CMA/CSCL / UASC	2015.01.01~2016.05.19	Asia / Black Sea Service	-
Vessel Sharing and Slot Allocation Agreement	COSCON/ HJS/ "K"Line/ EMC	2014.03.01~ the indefinite duration	Asia / Europe; Asia / Mediterranean	-
Vessel Sharing and Slot Allocation Agreement	COSCON/ "K"Line/ HJS	2002.03.22~ the indefinite duration	Asia/U.S. West Coast ; Asia/U.S. East Coast	-
Vessel Sharing and Slot Allocation Agreement	COSCON/GSS	2014.05.22~ the indefinite duration	Europe / Russia / Finland Service	-
MOU for Vessel Sharing and Slot Allocation agreement	COSCON-HAM/ GSS	2015.04.16~ the indefinite duration	Intra- Europe & Intra- Mediterranean	-
Vessel Sharing and Slot Allocation Agreement	COSCON/ HJS/"K"Line	2010.04.01~ the indefinite duration	Asia / Europe; Asia / Mediterranean	-

Agreement	Counterparty	Period	Major Contents	Restrictions
Slot Exchange Agreement	CSCL	2011.07.09~ the indefinite duration	Asia / Europe	-
Slot Exchange Agreement	CSCL	2012.02.23~2016.03.20	Asia / Mediterranean	-
Joint Service Agreement	EMC/OOCL	2006.04.04~ the indefinite duration	THX Taiwan-Ho chi minh service	-
Joint Service Agreement	TNC	2010.03.21~ the indefinite duration	TCX Taiwan-China service	-
Joint Service Agreement	TNC	2010.07.15~ the indefinite duration	TC2 Taiwan-China service	-
Joint Service Agreement	OEL	2010.10.11~ the indefinite duration	SCS Intra-Asia service	-
Joint Service Agreement	COSCO	2014.04.30~ the indefinite duration	PA2 China-Singapore-Malaysia service	-
Joint Service Agreement	EMC/PIL/SNL	2013.06.07~ the indefinite duration	CAT China-Australia-Taiwan service	-
Joint Service Agreement	CSCL/HJS/UASC	2012.07.22~ the indefinite duration	RES Far East-Red sea service	-
Joint Service Agreement	NYK/X-Press Feeder/Hapag-Lloyd	2016.02.29~ the indefinite duration	WIN Far East – West India service	-
Slot exchange Agreement	NYK	2015.07.30~ the indefinite duration	JSX Japan-Singapore Express	-
Slot exchange Agreement	CUL	2015.07.08~ the indefinite duration	SCT South China-Taiwan Service	-
Slot exchange Agreement	SNL	2015.07.08~ the indefinite duration	SPS South China- Philippines Service	-
Slot exchange Agreement	ACL	2014.08.08~ the indefinite duration	SS1 Singapore-Semarang Service	-
Slot exchange Agreement	OOCL	2012.05.10~ the indefinite duration	CCI China- west India service	-
Slot exchange Agreement	KWY	2013.01.07~ the indefinite duration	PR5 Intra-Asia service	-
Slot exchange Agreement	CNC/CST	2009.01.13~ the indefinite duration	JTX,MCT,CN1,Intra-Asia service	-
Slot exchange Agreement	CSCL	2014.01.29~ the indefinite duration	AMA ,Asia-Middle East service	-
Slot exchange Agreement	EMC	2009.09.06~ the indefinite duration	NSD,JTH,TPI,JTP Intra-Asia service	-
Slot charter Agreement	SNL	2012.01.04~ the indefinite duration	TC3 Intra-Asia service	-
Slot charter Agreement	SNL	2014.06.27~ the indefinite duration	CPS Intra-Asia service	-
Slot charter Agreement	CNC	2012.05.09~ the indefinite duration	JTS Japan-Taiwan-South China service	-
Slot charter Agreement	WHL	2014.05.28~ the indefinite duration	PA2 China-Singapore-Malaysia service	-
Slot charter Agreement	SNL	2014.04.12~ the indefinite duration	CTI Intra-Asia service	-
Slot charter Agreement	OOCL	2011.03.17~ the indefinite duration	CPX China-Pakistan service	-

5.6.2 Long-term Loan Contract

Mar. 31, 2016

Agreement	Counterparty	Period	Major Contents	Restrictions
Bank Mortgage Loan	Yang Ming and Bank of Taiwan	2008.05.30~ 2016.05.30	The principal shall be repaid in 14 successive semiannual installments commencing on the date of expiry, 1.5 years from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Bank of Taiwan	2009.06.30~ 2016.06.30	The principal shall be repaid in 12 successive semiannual installments commencing on the date of expiry, 1.5 years from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Bank of Taiwan	2012.06.18~ 2020.06.18	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, 6 months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Bank of Taiwan	2012.12.27~ 2022.12.27	The principal shall be repaid in 18 successive semiannual installments commencing on the date of expiry, 1.5 years from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Bank of Taiwan	2016.03.29~ 2023.03.29	The principal shall be repaid in successive semiannual installments with NTD 50 million, commencing the date of expiry, 1.5 year from the date on which the initial Advance is made. The rest principal shall be repaid on the final maturity date.	-
Bank Mortgage Loan	Yang Ming and Land Bank of Taiwan	2013.06.21~ 2023.06.21	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and E.Sun Bank, Yuanta Bank	2012.08.10~ 2022.08.10	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry of six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Taipei Fubon Bank,Far Eastern Bank, Agricultural Bank of Taiwan	2013.03.20~ 2023.03.20	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Taiwan Cooperative Bank	2014.04.24~ 2024.04.24	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and First Bank	2014.07.16~ 2024.07.16	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Shanghai Bank	2015.07.17~ 2020.07.17	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Hua Nan Bank	2015.08.27~ 2020.08.27	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Yang Ming and Taipei Fubon Bank	2015.11.30~ 2020.11.30	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Taiwan Cooperative Bank	2011.04.19~ 2019.04.19	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Chang Hwa Bank	2011.05.17~ 2019.05.31	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Bank of Taiwan	2011.10.14~ 2019.10.14	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Bank of Taiwan	2015.01.07~ 2025.01.07	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Hua Nan Bank	2012.04.20~ 2020.04.20	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	All Oceans and Mega Bank	2015.03.25~ 2025.03.25	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-

Agreement	Counterparty	Period	Major Contents	Restrictions
Bank Mortgage Loan	All Oceans and Chang Hwa Bank	2015.05.29~ 2025.05.29	The principal shall be repaid in 20 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	YM-Liberia and Taipei Fubon Bank, E.Sun Bank	2009.12.30~ 2017.12.30	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	YM-Liberia and Taiwan Cooperative Bank	2009.12.17~ 2017.12.17	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	YM-Liberia and Mega Bank	2009.12.18~ 2017.12.18	The principal shall be repaid in 16 successive semiannual installments commencing on the date of expiry, six months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming and Chang Hwa Bank	2010.12.03~ 2017.12.03	The principal shall be repaid in 12 successive semiannual installments commencing on the date of expiry, eighteen months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming - Liberia and Land Bank of Taiwan	2010.02.23~ 2017.02.23	The principal shall be repaid in 10 successive semiannual installments commencing on the date of expiry, thirty months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming - Liberia and Mega International Commercial Bank	2010.12.09~ 2017.12.09	The principal shall be repaid in 12 successive semiannual installments commencing on the date of expiry, eighteen months from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming - Liberia and Taiwan Cooperative Bank	2012.08.15~ 2019.08.15	The principal shall be repaid in 11 successive semiannual installments commencing on the date of expiry, 2 years from the date on which the initial advance is made.	-
Bank Mortgage Loan	Kuang Ming - Liberia and Land Bank of Taiwan	2013.01.23~ 2020.01.23	The principal shall be repaid in 20 successive quarter installments commencing on the date of expiry, twenty-seven months from the date on which the initial advance is made.	-

VI Financial Information

6.1 Condensed Balance Sheets and Statements of Comprehensive Income–IFRSs

a. Balance Sheet – IFRSs

UNIT：NT$1,000

<table>
<tr><th colspan="2" rowspan="2">Year / Item</th><th colspan="5">Accounting data for the past 5 years</th></tr>
<tr><th>Year 2011</th><th>Year 2012</th><th>Year 2013</th><th>Year 2014 <Audited after Restated></th><th>Year 2015</th></tr>
<tr><td colspan="2">Current Assets</td><td rowspan="21">N.A.</td><td>27,051,955</td><td>27,507,727</td><td>38,417,874</td><td>35,571,463</td></tr>
<tr><td colspan="2">Property, Plant and Equipment</td><td>88,682,589</td><td>89,727,302</td><td>86,085,989</td><td>90,573,485</td></tr>
<tr><td colspan="2">Intangible Assets</td><td>27,971</td><td>47,022</td><td>40,387</td><td>50,623</td></tr>
<tr><td colspan="2">Other Assets</td><td>28,974,663</td><td>24,971,805</td><td>28,044,031</td><td>28,780,530</td></tr>
<tr><td colspan="2">Total Assets</td><td>144,737,178</td><td>142,253,856</td><td>152,588,281</td><td>154,976,101</td></tr>
<tr><td rowspan="2">Current Liabilities</td><td>Unappropriated</td><td>25,937,413</td><td>30,148,712</td><td>34,927,504</td><td>41,503,286</td></tr>
<tr><td>Appropriated</td><td>25,937,413</td><td>30,148,712</td><td>34,927,504</td><td>41,503,286</td></tr>
<tr><td colspan="2">Non-current Liabilities</td><td>80,237,065</td><td>78,532,204</td><td>79,214,371</td><td>81,741,483</td></tr>
<tr><td rowspan="2">Total Liabilities</td><td>Unappropriated</td><td>106,174,478</td><td>108,680,916</td><td>114,141,875</td><td>123,244,769</td></tr>
<tr><td>Appropriated</td><td>106,174,478</td><td>108,680,916</td><td>114,141,875</td><td>123,244,769</td></tr>
<tr><td colspan="2">Shareholders’ Equity Attributable to Shareholders of the Parent</td><td>34,789,407</td><td>32,675,884</td><td>37,448,913</td><td>31,038,710</td></tr>
<tr><td colspan="2">Capital Stock</td><td>28,187,131</td><td>28,187,131</td><td>28,563,800</td><td>30,044,401</td></tr>
<tr><td colspan="2">Capital surplus</td><td>8,210,248</td><td>8,562,852</td><td>4,899,288</td><td>5,500,037</td></tr>
<tr><td rowspan="2">Retained Earnings</td><td>Unappropriated</td><td>(763,793)</td><td>(3,794,292)</td><td>4,223,073</td><td>(3,865,480)</td></tr>
<tr><td>Appropriated</td><td>(763,793)</td><td>-</td><td>4,223,073</td><td>-</td></tr>
<tr><td colspan="2">Others Equity</td><td>(844,179)</td><td>(279,807)</td><td>(237,248)</td><td>(640,248)</td></tr>
<tr><td colspan="2">Treasury Stocks</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Noncontrolling Interests</td><td>3,773,056</td><td>897,056</td><td>997,493</td><td>692,622</td></tr>
<tr><td rowspan="2">Total Stock-holders’ Equities</td><td>Unappropriated</td><td>38,562,700</td><td>33,572,940</td><td>38,446,406</td><td>31,731,332</td></tr>
<tr><td>Appropriated</td><td>38,562,700</td><td>33,572,940</td><td>38,446,406</td><td>31,731,332</td></tr>
</table>

b. Statements of Comprehensive Income – IFRSs

UNIT：NT$1,000

Items \ Year		Accounting data for the past 5 years				
		Year 2011	Year 2012	Year 2013	Year 2014 <Audited after Restated>	Year 2015
Operating revenue			131,424,639	118,873,960	134,777,858	127,559,424
Gross profit (loss)			1,782,728	(4,130,277)	5,744,443	(791,393)
Operating income (loss)			(1,946,779)	(6,035,232)	2,786,625	(6,460,794)
Non-operating income and expenses			361,359	3,020,828	(1,797,303)	(1,481,733)
Income (loss) before income tax			(1,585,420)	(3,014,404)	989,322	(7,942,527)
Net income (loss)			(1,608,894)	(2,909,910)	436,933	(7,788,491)
Other comprehensive income			(990,390)	492,930	59,522	(790,499)
Total comprehensive income for the period		N.A.	(2,599,284)	(2,416,980)	496,455	(8,578,990)
Net Income (Loss) Attributable to :	Shareholders of the parent		(1,622,702)	(2,946,114)	320,346	(7,721,756)
	Noncontrolling Interests		13,808	36,204	116,587	(66,735)
Total Comprehensive Income(Loss) Attributable to	Shareholders of the parent		(2,585,326)	(2,466,127)	365,949	(8,491,553)
	Noncontrolling Interests		(13,958)	49,147	130,506	(87,437)
Earnings per share			(0.50)	(0.90)	0.10	(2.24)

c. Individual balance Sheet – IFRSs

UNIT：NT$1,000

Items \ Year		Accounting data for the past 5 years				
		Year 2011	Year 2012	Year 2013	Year 2014 <Audited after Restated>	Year 2015
Current Assets			17,446,734	19,187,882	28,167,094	25,143,687
Property, Plant and Equipment			29,482,929	34,300,241	38,346,259	39,648,516
Intangible Assets			14,644	27,012	17,045	32,943
Other Assets			57,116,830	59,075,175	59,762,313	61,172,137
Total Assets			104,061,137	112,590,310	126,292,711	125,997,283
Current Liabilities	Unappropriated		18,613,251	21,402,922	27,895,100	33,489,625
	Appropriated		18,613,251	21,402,922	27,895,100	33,489,625
Non-current Liabilities			50,658,479	58,511,504	60,948,698	61,468,948
Total Liabilities	Unappropriated		69,271,730	79,914,426	88,843,798	94,958,573
	Appropriated	N.A	69,271,730	79,914,426	88,843,798	94,958,573
Capital Stock			28,187,131	28,187,131	28,563,800	30,044,401
Capital surplus			8,210,248	8,562,852	4,899,288	5,500,037
Retained Earnings	Unappropriated		(763,793)	(3,794,292)	4,223,073	(3,865,480)
	Appropriated		(763,793)	-	4,223,073	-
Others Equity			(844,179)	(279,807)	(237,248)	(640,248)
Treasury Stocks			-	-	-	-
Total Stockholders' Equities	Unappropriated		34,789,407	32,675,884	37,448,913	31,038,710
	Appropriated		34,789,407	32,675,884	37,448,913	31,038,710

d. Individual statements of Comprehensive Income–IFRSs

UNIT：NT$1,000

Items \ Year	Accounting data for the past 5 years				
	Year 2011	Year 2012	Year 2013	Year 2014 <Audited after Restated>	Year 2015
Operating revenue	N.A.	109,756,521	96,472,969	114,322,265	106,245,724
Gross profit (loss)		(3,130,393)	(7,895,780)	1,872,224	(4,318,451)
Operating income (loss)		(3,148,684)	(6,492,721)	1,026,753	(5,857,740)
Non-operating income and expense		1,389,369	3,178,388	(626,842)	(2,164,686)
Income (loss) before income tax		(1,759,315)	(3,314,333)	399,911	(8,022,426)
Net income (loss)		(1,622,702)	(2,946,114)	320,346	(7,721,756)
Other comprehensive income		(962,624)	479,987	45,603	(769,797)
Total comprehensive income for the period		(2,585,326)	(2,466,127)	365,949	(8,491,553)
Earnings per share		(0.50)	(0.90)	0.10	(2.24)

6.1.1 Condensed Balance Sheets and Income Statements – R.O.C. GAAP

a. Consolidated Balance Sheet– R.O.C. GAAP.

UNIT：NT$1,000

Items \ Year		Accounting data for the past 5 years				
		Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Current Assets		23,833,451	24,747,748	N.A		
Investments in Shares of Stock		4,550,743	4,082,316			
Net Properties		80,549,866	88,374,817			
Other Assets		20,661,464	22,007,934			
Total Assets		129,595,524	139,212,815			
Current Liabilities	Unappropriated	30,184,051	24,010,238			
	Appropriated	30,184,051	24,010,238			
Total Long-Term Debts		66,178,045	75,703,388			
Other Liabilities		2,828,512	2,801,933			
Total Liabilities	Unappropriated	99,190,608	102,515,559			
	Appropriated	99,190,608	102,515,559			
Capital stock	Unappropriated	28,187,131	28,187,131			
	Appropriated	28,187,131	28,187,131			
Capital surplus		4,719,493	5,756,621			
Retained Earnings	Unappropriated	(3,376,574)	51,435			
	Appropriated	(3,376,574)	51,435			
Unrealized loss on financial instruments		42,923	(487,048)			
Unrealized loss on investments in shares of stock		-	-			
Cumulative translation adjustments		(158,441)	(467,361)			
Net loss not recognized as pension costs		(67,069)	(127,140)			
Minority Interest		1,057,453	3,783,618			
Total Stockholders' Equities	Unappropriated	30,404,916	36,697,256			
	Appropriated	30,404,916	36,697,256			

b. Statements of Comprehensive Income – IFRSs

Items \ Year	Accounting data for the past 5 years				
	Jan. 1, 2011~ Dec. 31, 2011	Jan. 1, 2012~ Dec. 31, 2012	Jan. 1, 2013~ Dec. 31, 2013	Jan. 1, 2014~ Dec. 31, 2014	Jan. 1, 2015~ Dec. 31, 2015
Operating revenue	118,554,959	131,724,184	N.A		
Gross profit (loss)	(4,932,279)	1,591,736			
Operating income (loss)	(10,564,344)	(3,817,438)			
Non-operating income	2,715,237	5,651,288			
Non-operating expenses	2,005,328	1,906,672			
Income (loss) before income tax	(9,854,435)	(72,822)			
Cumulative effect of change in accounting principles	-	-			
Consolidated net income(Loss)	(9,295,286)	65,239			
Minority interest	103,592	13,804			
Controlling interest	(9,398,878)	51,435			
Earnings per share	(3.33)	0.02			

c. Individual balance Sheet– R.O.C. GAAP.

UNIT：NT$1,000

Items \ Year		Accounting data for the past 5 years				
		Dec. 31, 2011	Dec.31,2012	Dec.31,2013	Dec.31,2014	Dec.31,2015
Current Assets		16,367,689	15,850,841	N.A.		
Investments in Shares of Stock		22,807,044	22,049,835			
Net Properties		19,445,134	29,482,929			
Other Assets		29,390,549	31,740,504			
Total Assets		88,010,416	99,124,109			
Current Liabilities	Unappropriated	22,860,582	17,320,072			
	Appropriated	22,860,582	17,320,072			
Total Long-Term Debts		34,095,655	47,075,636			
Other Liabilities		1,706,716	1,814,763			
Total Liabilities	Unappropriated	58,662,953	66,210,471			
	Appropriated	58,662,953	66,210,471			
Capital stock	Unappropriated	28,187,131	28,187,131			
	Appropriated	28,187,131	28,187,131			
Capital surplus		4,719,493	5,756,621			
Retained Earnings	Unappropriated	(3,376,574)	51,435			
	Appropriated	(3,376,574)	51,435			
Unrealized loss on financial instruments		42,923	(487,048)			
Unrealized loss on investments in shares of stock		-	-			
Cumulative translation adjustments		(158,441)	(467,361)			
Net loss not recognized as pension costs		(67,069)	(127,140)			
Total Stockholders' Equities	Unappropriated	29,347,463	32,913,638			
	Appropriated	29,347,463	32,913,638			

d. Individual income Statement –R.O.C. GAAP.

UNIT：NT$1,000

Items \ Year		Accounting data for the past 5 years				
		Jan. 1, 2011~ Dec. 31,2011	Jan. 1, 2012~ Dec. 31,2012	Jan. 1, 2013~ Dec. 31,2013	Jan. 1, 2014~ Dec. 31,2014	Jan. 1, 2015~ Dec. 31,2015
Operating revenue		98,029,207	109,897,605	N.A.		
Gross profit (loss)		(9,498,202)	(3,470,580)			
Operating income (loss)		(10,977,174)	(5,050,414)			
Non-operating income		2,589,375	5,897,193			
Non-operating expenses		1,818,326	1,093,321			
Income (loss) before income tax		(10,206,125)	(246,542)			
Cumulative effect of change in accounting principles		-	-			
Net income (loss)		(9,898,878)	51,435			
Earnings per share	Basic	(3.33)	0.02			
	Diluted	(3.33)	0.02			

6.2 CPA and Audit results for the past 5 years

Year	CPA name	Audit Opinion
Jan. 1, 2011~ Dec. 31, 2011	Hung Yu Mei、Lin An Hwei	Modified Unqualified
Jan. 1, 2012~ Dec. 31, 2012	Hung Yu Mei、Lin An Hwei	Modified Unqualified
Jan. 1, 2013~ Dec. 31, 2013	Hung Yu Mei、Chin-Hsiang Chen	Modified Unqualified
Jan. 1, 2014~ Dec. 31, 2014	Chin-Tsung Cheng、Chin-Hsiang Chen	Modified Unqualified
Jan. 1, 2015~ Dec. 31, 2015	Chin-Tsung Cheng、Chin-Hsiang Chen	Modified Unqualified

6.3 Financial Statement Analysis

a. Financial Statement Analysis – IFRSs

Items		Financial Analysis for the past 5 years				
	Year	Year 2011	Year 2012	Year 2013	Year 2014 <Audited after Restated>	Year 2015
Financial conditions	Debt to Total Assets Ratio	N.A.	73.36	76.40	74.80	79.53
	Long-term funds to Property, Plant and Equipment Ratio		133.96	124.94	131.17	119.90
Institutional solvency	Current ratio (%)		104.3	91.24	109.99	85.71
	Acid-test ratio (%)		88.55	77.50	96.95	77.84
	Time interest earned		0.10	(0.62)	1.56	(3.38)
Operating performance	Receivables turnover		28.52	19.07	18.64	17.33
	Average collection period(days)		12.80	19.14	19.58	21.07
	Payables turnover		-	-	-	-
	Turnover of the Property, Plant and Equipment		1.48	1.32	1.57	1.41
	Turnover of the total assets		0.91	0.84	0.88	0.82
Profitability	Return on total assets (%)		(0.11)	(0.95)	1.28	(4.09)
	Return on stockholder's equity (%)		(3.99)	(8.07)	1.15	(22.20)
	Pre-tax income (Loss) to Ratio of income against paid-in capital (%)		(5.62)	(10.69)	3.46	(26.44)
	Profit Margin (%)		(1.22)	(2.45)	0.32	(6.11)
	Earnings per share (note1)		(0.50)	(0.90)	0.10	(2.24)
Cash flow	Cash flow ratio (%)		13.82	0.09	18.14	3.30
	Cash flow adequacy ratio (%)		28.92	19.60	26.93	53.07
	Cash reinvestment ratio (%)		2.41	0.20	4.04	0.87
Leverage	Operation Leverage		(11.09)	(2.31)	7.41	(2.29)
	Finance Leverage		0.53	0.76	2.75	0.78

Note 1：According to the adjusted outstanding shares.

b. Individual financial Statement Analysis– IFRSs

Items		Financial Analysis for the years for the past 5 years				
	Year	Year 2011	Year 2012	Year 2013	Year 2014 <Audited after Restated>	Year 2015
Financial conditions	Debt to Total Assets Ratio	N.A	66.57	70.98	70.35	75.37
	Long-term funds to Property, Plant and Equipment Ratio		289.82	265.85	256.60	233.32
Institutional solvency	Current ratio (%)		93.73	89.65	100.98	75.08
	Acid-test ratio (%)		76.43	71.26	87.83	66.52
	Time interest earned		(0.85)	(2)	1.33	(5.66)
Operating performance	Receivables turnover		27.71	18.25	19.99	17.89
	Average collection period(days)		13.17	20	18.26	20.40
	Payables turnover		-	-	-	-
	Turnover of the Property, Plant and Equipment		4.49	3.03	3.15	2.72
	Turnover of the total assets		1.13	0.98	0.94	0.84
Profitability	Return on total assets (%)		(0.86)	(1.87)	1.08	(5.33)
	Return on stockholder’s equity (%)		(4.97)	(8.73)	0.87	(22.55)
	Pre-tax income (Loss) to Ratio of income against paid-in capital (%)		(6.24)	(11.76)	1.40	(26.70)
	Profit Margin (%)		(1.48)	(3.05)	0.28	(7.27)
	Earnings per share (note1)		(0.50)	(0.90)	0.10	(2.24)
Cash flow	Cash flow ratio (%)		-	-	16.67	0.89
	Cash flow adequacy ratio (%)		49.33	50.36	10.78	11.70
	Cash reinvestment ratio (%)		-	-	4.05	0.27
Leverage	Operation Leverage		(1.27)	0.12	9.27	(0.62)
	Finance Leverage		0.77	0.85	5.93	0.83

Note 1：According to the adjusted outstanding shares.

c. Consolidated Financial Statement Analysis –R.O.C GAAP

Items			Financial Analysis for the past 5 years: Jan. 1, 2011~ Dec. 31,2011	Jan. 1, 2012~ Dec. 31,2012	Jan. 1, 2013~ Dec. 31,2013	Jan. 1, 2014~ Dec. 31,2014	Jan. 1, 2015~ Dec. 31,2015
Financial conditions	Debt to Total Assets Ratio		76.54	73.64	N.A.		
	Long-term funds to net properties		118.59	122.90			
Institutional solvency	Current ratio (%)		78.83	103.07			
	Acid-test ratio (%)		54.30	82.51			
	Time interest earned		(5.00)	0.96			
Operating performance	Receivables turnover		46.14	48.25			
	Average collection period(days)		7.91	7.56			
	Payables turnover		-	-			
	Turnover of the fixed assets		1.47	1.49			
	Turnover of the total assets		0.92	0.95			
Profitability	Return on total assets (%)		(6.10)	1.12			
	Return on stockholder’s equity (%)		(26.33)	0.17			
	"Ratio of income against paid-in capital (%)	Operating income (Loss)	(37.48)	(13.54)			
		Pre-tax income (Loss)	(34.96)	(0.26)			
	Profit Margin (%)		(7.93)	0.04			
	Earnings per share (note1)		(3.33)	0.02			
			(3.33)	0.02			
Cash flow	Cash flow ratio (%)		16.13	7.64			
	Cash flow adequacy ratio (%)		19.55	9.77			
	Cash reinvestment ratio (%)		6.36	1.25			
Leverage	Operation Leverage		(0.51)	(3.31)			
	Finance Leverage		0.87	0.68			

Note 1：According to the adjusted outstanding shares.

d. Individual financial Statement Analysis –R.O.C GAAP

<table>
<tr><th colspan="3" rowspan="2">Items / Year</th><th colspan="5">Financial Analysis for the years for the past 5 years</th></tr>
<tr><th>Jan. 1, 2011~ Dec. 31, 2011</th><th>Jan. 1, 2012~ Dec. 31, 2012</th><th>Jan. 1, 2013~ Dec. 31, 2013</th><th>Jan. 1, 2014~ Dec. 31, 2014</th><th>Jan. 1, 2015~ Dec. 31, 2015</th></tr>
<tr><td rowspan="2">Financial conditions</td><td colspan="2">Debt to Total Assets Ratio</td><td>66.65</td><td>66.80</td><td colspan="3" rowspan="22">N.A.</td></tr>
<tr><td colspan="2">Long-term funds to net properties</td><td>326.27</td><td>271.31</td></tr>
<tr><td rowspan="3">Institutional solvency</td><td colspan="2">Current ratio (%)</td><td>71.66</td><td>91.52</td></tr>
<tr><td colspan="2">Acid-test ratio (%)</td><td>45.36</td><td>68.04</td></tr>
<tr><td colspan="2">Time interest earned</td><td>(11.10)</td><td>0.74</td></tr>
<tr><td rowspan="5">Operating performance</td><td colspan="2">Receivables turnover</td><td>63.41</td><td>51.33</td></tr>
<tr><td colspan="2">Average collection period(days)</td><td>5.76</td><td>7.11</td></tr>
<tr><td colspan="2">Payables turnover</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Turnover of the fixed assets</td><td>5.04</td><td>3.73</td></tr>
<tr><td colspan="2">Turnover of the total assets</td><td>1.11</td><td>1.11</td></tr>
<tr><td rowspan="7">Profitability</td><td colspan="2">Return on total assets (%)</td><td>(9.54)</td><td>0.90</td></tr>
<tr><td colspan="2">Return on stockholder’s equity (%)</td><td>(26.33)</td><td>0.17</td></tr>
<tr><td rowspan="2">Ratio of income against paid-in capital (%)</td><td>Operating income (Loss)</td><td>(38.94)</td><td>(17.92)</td></tr>
<tr><td>Pre-tax income (Loss)</td><td>(36.21)</td><td>(0.87)</td></tr>
<tr><td colspan="2">Profit Margin (%)</td><td>(9.59)</td><td>0.05</td></tr>
<tr><td colspan="2" rowspan="2">Earnings per share (note1)</td><td>(3.33)</td><td>0.02</td></tr>
<tr><td>(3.33)</td><td>0.02</td></tr>
<tr><td rowspan="3">Cash flow</td><td colspan="2">Cash flow ratio (%)</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cash flow adequacy ratio (%)</td><td>16.22</td><td>-</td></tr>
<tr><td colspan="2">Cash reinvestment ratio (%)</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Leverage</td><td colspan="2">Operation Leverage</td><td>0.21</td><td>(0.70)</td></tr>
<tr><td colspan="2">Finance Leverage</td><td>0.93</td><td>0.84</td></tr>
</table>

Note 1：According to the adjusted outstanding shares.

6.4 Cash Flow Analysis for the Next Year

Cash and cash equivalents ①	Estimated cash outlay for operational activities ②	Estimated cash outlay for investing and financing activities ③	Estimated cash shortage ①+②−③	Supplementary plan for the cash shortage	
				Investment plan	Financing plan
23,749,249	4,558,105	18,861,031	9,446,323	N.A.	N.A.

Analysis of the 2016 cash flow
1. Operation Activities: An estimated inflow of NT$4,558,105 thousand is expected from operation activities.
2. Investing Activities: NT$3,196,764 thousand of outflow is expected for capital expenditure such as purchase of fixed assets and investments.
3. Financing Activities: NT$15,664,267 thousand of outflow is expected for net repayment of debts, We will arrange the financing plan depend on business development.

6.5 Major capital expenditure items

The Company's major capital expenditure item in 2016 is for acquiring 2 x 60,000 DWT bulk carriers through subsidiary. The amount is about NT$1.7-1.9 billion. The new buildings would be delivered in second half of year 2016. After completion of the project, the revenue would be increased NT$100-110 million. The Company's subsidiary plans to arrange the funding with operating and financing activities.

6.6 Investment policy and improvement plans

134,045 thousand Taiwan Dollars at the end of 2015. Most of the profit came from invested companies in Middle East for shipping agency business, and from container terminal business in US West Coast and Kaohsiung.

6.7 Risk management analysis

6.7.1 Effects of change in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures

A. Effects on Corporate Finance

(1) Interest rate movement

As the interest rate stayed at low level, net interest expense for year 2015 was NT$1,594,534 thousand It was as low as 1.26% of the revenue. Due to a NT$7,942,527 loss before tax, net interest expense was about 20.08% of loss before tax.

(2) Foreign exchange rate movement

Despite the fluctuation or exchange rates of different currencies, we have maintained relative balance between revenue and expenditure in foreign currency structure and also between foreign currency assets and liabilities. In the whole year, we had a net foreign exchange loss of 213,845 thousand, accounting for 0.1% of net business revenue.

(3) Inflation

Excluding some countries that have the concern of deflation, CPI in major countries still stayed at low level and fuel oil price in major market dropped 70% from last year's highest level.

B. Future measures

For interest rate risks, the Company will continuously manage asset and liability which are sensitive to interest rate. For foreign exchange rate risks, the Company will keep seeking natural hedge by balancing the positions. For the fuel oil price risks, we will continue to reduce the impact of the fluctuation of bunker price on our business performance through price transfer, bunker saving and fuel oil hedge.

6.7.2 The policy and main reason of profits and losses regarding: high leverage investment, funds loaned to other parties, endorsed guarantees and derivative transactions

A. The Company never engages in high-risk, high leverage financial investment.

B. The Company mainly makes loans and endorsements/guarantees to/for its affiliates for business development. The Company has complied with the Regulations when making loans or providing guarantees to others.

C. The Company's main purpose in trading derivatives is for risk hedging. According to the derivative positions and future prospects, the Company acquires reasonable benefits with limited risks. The Company complies with the Regulations whenever it enters into derivative transactions.

6.7.3 Future research & development projects and corresponding budget

Due to the nature of container shipping business, Yang Ming does not incur research & development expenses. However, Yang Ming sets up future business plans (both short-term and long-term) every year and reviews them periodically. Yang Ming has finalized the business plans of 2016, including harmonizing Asia–Europe and Asia–U.S. services, upsizing Asia–U.S. East Coast III and Asia–Mediterranean II services, launching Asia–U.S. Pacific Southwest IV services, launching Asia–Middle East service II and Asia–South America service and upsizing Asia–U.S. Pacific Northwest service and China–India Express Service. Moreover, the new market developments (such as the Asia–South Africa service, Asia–East India or West Africa, India–Gulf–Red Sea region) are under study and Yang Ming is looking for the suitable opportunities to step into the new markets in view of the global factors. Yang Ming will keep strengthening the existing market and advancing the service quality by rendering cost-competitive services to customers as usual.

6.7.4 The influence of and response to changes in policies and law

A. The Finance Department has staff in charge of tracking amendment to Company Act and related securities and futures transactions laws made by R.O.C. government. The Finance Department also has staff taking related training courses, analyzing the effects on the changes and planning countermeasures in advance.

The changes in policies and laws have no major influence on the Company's financial status.

B. The influence of important policy and legislative changes on corporate business issues and the response measures: So far, the policy and legislative changes at home and abroad have not influenced our corporate finance and business. We strictly comply with related laws and rules and keep watching for the updates and changes of related legislations.

6.7.5 The influence of and response to changes in technology and in industry

A. For Yang Ming itself—

Yang Ming has numerous subsidiaries and agents worldwide and keeps establishing information systems and undertaking improvement in operation process to meet the expanding commercial and information technology requirements. To enhance our competitiveness, we also provide timely information feedback, improve operating efficiency/quality, and lower the cost of communication.

B. For customers —

In order to meet customers' requirements, we design and implement a user-friendly interface for them. Through EDI (electronic data interchange), we provide customers with timely information such as on-line booking, cargo tracking, B/L proof and print, and arrival notice for USA/Canada import shipments. Moreover, we provide easy shipping package, a new tool for users to easily submit e-booking without accessing Yang Ming website or EDI.

C. For environment —

Environmental protection is an important trend Yang Ming always follows and obeys international environmental regulations to reduce exhaust fumes by using energy efficiently. We build environment-friendly new ships to reduce bunker consumption through the use of new technologies.

D. For safety —

In response to the counter-terrorism policy at ports, YM has also installed the ship security alert system on operating vessels, as well as updating the electronic navigation charts and the maritime satellite communications system to enhance the safety of navigation and the integration of information. For safety, in response to the counter-terrorism policy, Yang Ming has also installed ship security.

6.7.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company follows "Regulations Governing Establishment of Internal Control Systems by Public Companies" and sets up our own internal control system. It comprises control environment, risk assessment, control activities, information and communications, and monitoring activities. This system helps the company operate soundly and effectively.

The company has never ceased to strengthen corporate governance in recent years in order to cope with possible business risks. In doing so, we have never failed to reveal the key elements of information according to the law and regulations. We are devoted to environmental protection and the fulfillment of social responsibility. All these efforts are important to us in forming our good corporate image. Besides establishing a mechanism for coping with various kinds of risks, we have worked out a reporting procedure and a communication conduit. When a risk emerges, all concerned departments immediately assess its impact and propose the most appropriate response to it so that we can protect our image.

6.7.7 Anticipated benefit and possible risk for expansion plans

Fleet expansion helps Yang Ming enlarge business, increase revenue and diversify services; we can also lower unit cost by operating bigger vessels. However, in view of the uncertainties in the dismal global economy and forecasted containership overcapacity in the following years, Yang Ming has adopted the following plans to stay flexible and responsive to changes, aiming to reduce our risk exposure.

A. Strategic cooperation

With aim to stay competitive by reducing the unit cost, enhancing the capacity utilization, widening the service scope, and increasing the sailing frequency, Yang Ming actively continues to cooperate with our CKYHE Alliance (COSCO, “K” LINE, Yang Ming, Hanjin Shipping, and Evergreen Line) on the Asia-Europe services (including Mediterranean services), Asia-US services, and also with other strategic partners in the various services. Through the expanded coverage, Yang Ming will seek the opportunity to enhance the service quality, reduce the operation cost and lower the risk of expanding fleets. Moreover, we look for further cooperation opportunities to explore new markets and diversify the deployment of vessel capacity as well as optimizing our vessel deployment on different routes to better meet the changing market demand and achieve operational efficiency. Through cooperation with Alliance members and strategic partners, Yang Ming can better deploy its fleet deployment, increase the operational flexibility and enhance the competitiveness.

B. Seasonal service adjustments

Yang Ming makes service and/or capacity adjustments to cope with seasonal decline or short-term swing in cargo volume during the specific periods (such as Chinese Lunar New Year holiday, China Labor Day holiday, China National Day holiday, Golden Week in Japan and the traditional winter slack season), aiming to reduce the operating costs and enhance service utilization.

6.7.8 Litigations or non-litigations and the influence of the results

Most of the litigations or non-litigations we are currently involved are cargo claim, hull indemnity and shipowner’s liability resulted from cargo damage or vessel operation accidents during the process of transportation. The related risks are well managed to a reasonable scope to enable us to recover financial losses from our insurer.

6.7.9 Risk management structure

A. Yang Ming established a department for integrating all risk management affairs of Yang Ming through periodical risk assessment, risk analysis and risk control, on July 1st, 2004, based on updated development of Corporate Governance and Internal Audit.

B. The organization of Yang Ming’s risk management is based on the characteristics of specific risks. The Risk Management and Legal Affairs Department is responsible for integrating all risk management affairs of Yang Ming, and the initial risk identification, risk assessment and risk control, and general operation risks are directly handled by the respective departments in charge. High-risk projects are assigned to designated committees or Audit Department for further examination in accordance with the characteristics of risks and investment amount, and the projects whose investment amounts are over internal management standards are required to be sent to the Boards for approval.

6.8 Independent Auditors' Report and Financial Reports As of Dec.31,2015

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, 2015, December 31, 2014 and January 1, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. 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 Holding Co. and some subsidiaries of Yang Ming Line (Singapore) Pte. Ltd. as of and for the years ended December 31, 2015 and 2014; these subsidiaries had been audited by other auditors. The combined total assets of these subsidiaries were 2.87% (NT$4,449,056 thousand), 3.03% (NT$4,627,220 thousand) and 4.26% (NT$6,232,362 thousand) of the total consolidated assets as of December 31, 2015, December 31, 2014 and January 1, 2014, respectively. The combined total operating revenues of these subsidiaries were 0.81% (NT$1,031,866 thousand) and 0.73% (NT$987,835 thousand) of the total consolidated operating revenues for the years ended December 31, 2015 and 2014, respectively. Also, we did not audit the financial statements of the following equity-method associates and joint ventures: 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., Chang Ming Logistics Company Limited, ANSHIP-YES Logistics Corporation Limited, Sino-YES Tianjin Cold Chain Logistics Company Limited, YES LIBERAL Logistics Corp. and LogiTrans Technology Private Limited for the years ended December 31, 2015 and 2014; these associates and joint ventures had been audited by other auditors. The carrying values of these associates and joint ventures were NT$1,761,049 thousand, NT$1,664,788 thousand and NT$1,604,797 thousand as of December 31, 2015, December 31, 2014 and January 1, 2014, respectively. The amounts of profit or loss recognized on investments accounted for using equity method were NT$117,764 thousand and NT$77,980 thousand for the years ended December 31, 2015 and 2014, respectively. The financial statements of these subsidiaries, associates and joint ventures 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, associates and joint ventures included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation 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, 2015, December 31, 2014 and January 1, 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations 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.

As disclosed in Note 3 to the consolidated financial statements, the Company and its subsidiaries applied the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the 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 starting January 1, 2015 had retrospectively adjusted the prior reporting periods for the impact of retrospective application of the above standards and interpretations.

As disclosed in Note 3 to the consolidated financial statements, the Company and its subsidiaries changed their accounting policy for investment properties effective January 1, 2015 and subsequently measured investment properties using the fair value model. As a result of this retrospective application of the accounting policy, the consolidated financial statements as of and for the year ended December 31, 2014 have been restated.

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, 2015 and 2014 on which we have issued an unqualified opinion modified report.

March 21, 2016 Deloitte & Touche

<u>*Notice to Readers*</u>

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)

	December 31, 2015		December 31, 2014 (Audited after Restated)		January 1, 2014 (Audited after Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 36)	$ 23,749,249	15	$ 21,683,555	14	$ 13,631,975	9
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	847,046	1	1,868,239	1	1,886,873	1
Available-for-sale financial assets - current (Notes 4 and 8)	2,365	-	2,648	-	51,433	-
Notes receivable, net (Notes 4, 5 and 10)	218,416	-	364,608	-	332,878	-
Trade receivable, net (Notes 4, 5 and 10)	5,967,345	4	7,479,618	5	5,465,270	4
Trade receivable from related parties (Notes 4, 5, 10 and 36)	319,935	-	373,677	-	445,394	-
Shipping fuel (Notes 4, 5 and 11)	1,730,036	1	3,199,263	2	3,543,069	3
Prepayments (Note 16)	754,290	-	756,119	1	599,066	1
Prepayments to shipping agents (Note 36)	780,717	1	599,718	-	354,000	-
Other financial assets - current (Notes 4, 17 and 36)	82,700	-	1,055,463	1	696,719	1
Other current assets (Notes 29 and 36)	1,119,364	1	1,034,966	1	501,050	-
Total current assets	35,571,463	23	38,417,874	25	27,507,727	19
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 8)	976,464	1	1,538,992	1	2,002,458	1
Financial assets carried at cost - non-current (Notes 4 and 9)	494,597	-	494,597	-	499,500	-
Investments accounted for using equity method (Notes 4 and 13)	8,630,101	6	8,671,138	6	8,367,436	6
Property, plant and equipment (Notes 4, 5, 14, 36 and 37)	90,573,485	58	86,085,989	57	89,727,302	61
Investment properties (Notes 4, 5, 15 and 37)	7,942,862	5	7,903,220	5	7,961,419	6
Other intangible assets (Note 4)	50,623	-	40,387	-	47,022	-
Deferred tax assets (Notes 4, 5 and 29)	2,813,823	2	2,655,515	2	2,787,737	2
Prepayments for equipment (Notes 32 and 36)	1,065,059	1	507,033	-	1,062,717	1
Refundable deposits (Notes 33 and 37)	1,556,487	1	636,196	1	409,081	-
Other financial assets - non-current (Notes 4, 17, 24, 36 and 37)	4,719,728	3	5,011,864	3	5,219,619	4
Long-term prepayments for lease (Note 16)	568,133	-	599,705	-	631,278	-
Other non-current assets	13,276	-	25,771	-	57,962	-
Total non-current assets	119,404,638	77	114,170,407	75	118,773,531	81
TOTAL	$ 154,976,101	100	$ 152,588,281	100	$ 146,281,258	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 4 and 18)	$ 4,949,787	3	$ 947,025	1	$ 937,835	1
Short-term bills payable (Notes 4 and 18)	99,872	-	-	-	79,831	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	89,105	-	78,658	-	19,820	-
Notes payable (Note 4)	53,624	-	50,151	-	50,654	-
Trade payable (Notes 4 and 20)	13,561,068	9	14,084,195	9	12,185,629	8
Trade payable to related parties (Notes 4 and 36)	1,165,804	1	1,084,507	1	954,063	1
Payables on equipment (Note 32)	624,378	-	2,733	-	538,033	-
Other payables (Notes 4, 22 and 36)	3,063,322	2	2,896,352	2	2,369,662	2
Current tax liabilities (Notes 4, 5 and 29)	149,392	-	126,170	-	72,092	-
Provisions-current (Notes 4, 5 and 23)	741,512	1	620,012	-	562,680	-
Current portion of long-term liabilities (Notes 4, 18, 19, 21, 24, 36 and 37)	15,176,994	10	13,124,982	9	11,317,717	8
Advance from customers	1,274,957	1	1,469,997	1	413,015	-
Other current liabilities (Note 32)	553,471	-	442,722	-	645,100	-
Total current liabilities	41,503,286	27	34,927,504	23	30,146,131	20
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4, 19 and 36)	19,891,948	13	26,431,834	17	28,864,549	20
Long-term borrowings (Notes 4, 18, 36 and 37)	47,389,835	31	37,942,145	25	34,579,517	24
Provisions - non-current (Notes 4, 5 and 23)	158,425	-	102,300	-	115,708	-
Deferred tax liabilities (Notes 4, 5 and 29)	2,039,154	1	2,327,541	2	2,495,153	2
Finance lease payables - non-current (Notes 4 and 21)	5,183,473	3	5,380,340	4	5,407,688	4
Other financial liabilities - non-current (Notes 4, 19 and 24)	4,399,379	3	4,715,322	3	5,027,132	3
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	2,522,877	2	2,079,333	1	2,040,661	1
Other non-current liabilities	156,392	-	235,556	-	130,190	-
Total non-current liabilities	81,741,483	53	79,214,371	52	78,660,598	54
Total liabilities	123,244,769	80	114,141,875	75	108,806,729	74
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital - ordinary shares	30,044,401	19	28,563,800	18	28,187,131	19
Capital surplus	5,500,037	4	4,899,288	3	8,562,852	6
Retained earnings (accumulated deficits)						
Legal reserve	41,137	-	-	-	5,143	-
Special reserve	4,098,535	2	-	-	46,291	-
Unappropriated earnings (accumulated deficits)	(8,005,152)	(5)	4,223,073	3	53,957	-
Total retained earnings (accumulated deficits)	(3,865,480)	(3)	4,223,073	3	105,391	-
Other equity	(640,248)	-	(237,248)	-	(279,807)	-
Total equity attributable to owners of the Company	31,038,710	20	37,448,913	24	36,575,567	25
NON-CONTROLLING INTERESTS	692,622	-	997,493	1	898,962	1
Total equity	31,731,332	20	38,446,406	25	37,474,529	26
TOTAL	$ 154,976,101	100	$ 152,588,281	100	$ 146,281,258	100

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

(With Deloitte & Touche auditors' report dated March 21, 2016)

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 Years Ended December 31			
	2015		2014 (Audited after Restated)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 36)	$ 127,559,424	100	$ 134,777,858	100
OPERATING COSTS (Notes 4, 5, 11, 28 and 36)	128,350,817	100	129,033,415	96
GROSS PROFIT (LOSS)	(791,393)	-	5,744,443	4
OPERATING EXPENSES (Notes 28 and 36)				
Selling and marketing expenses	5,164,866	4	5,052,324	4
General and administrative expenses	856,882	1	852,056	-
Total operating expenses	6,021,748	5	5,904,380	4
OTHER OPERATING INCOME AND EXPENSES (Notes 14 and 28)	352,347	-	2,946,562	2
PROFIT (LOSS) FROM OPERATIONS	(6,460,794)	(5)	2,786,625	2
NON-OPERATING INCOME AND EXPENSES (Notes 28 and 36)				
Other gains and losses	(186,336)	-	(498,222)	-
Share of profit or loss of associates and joint ventures	134,045	-	138,069	-
Other income	383,434	-	337,195	-
Finance costs	(1,812,876)	(1)	(1,774,345)	(1)
Total non-operating income and expenses	(1,481,733)	(1)	(1,797,303)	(1)
PROFIT (LOSS) BEFORE INCOME TAX	(7,942,527)	(6)	989,322	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 29)	(154,036)	-	552,389	1
NET PROFIT (LOSS) FOR THE YEAR	(7,788,491)	(6)	436,933	-

(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 Years Ended December 31			
	2015		2014 (Audited after Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (442,817)	-	$ 1,684	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(450)	-	221	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	75,279	-	(287)	-
	(367,988)	-	1,618	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	245,015	-	564,141	-
Unrealized gain (loss) on available-for-sale financial assets	(562,811)	(1)	(473,393)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(39,864)	-	(32,844)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(64,851)	-	-	-
	(422,511)	(1)	57,904	-
Other comprehensive income (loss) for the year, net of income tax	(790,499)	(1)	59,522	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (8,578,990)	(7)	$ 496,455	-
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (7,721,756)	(6)	$ 320,346	-
Non-controlling interests	(66,735)	-	116,587	-
	$ (7,788,491)	(6)	$ 436,933	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (8,491,553)	(7)	$ 365,949	-
Non-controlling interests	(87,437)	-	130,506	-
	$ (8,578,990)	(7)	$ 496,455	-

(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 Years Ended December 31			
	2015		2014 (Audited after Restated)	
	Amount	%	Amount	%
EARNINGS (LOSS) PER SHARE (Note 30)				
From continuing operations				
Basic	$ (2.24)		$ 0.10	
Diluted	$ (2.24)		$ 0.10	

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

(With Deloitte & Touche auditors' report dated March 21, 2016) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital Stock (Notes 4 and 26)			Retained Earnings (Accumulated Deficits) (Note 26)			Other Equity				
	Shares (In Thousand)	Amount	Capital Surplus (Notes 4 and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 26)	Total	Non-controlling Interests (Note 26)	Total Equity
BALANCE AT JANUARY 1, 2014	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
Effect of retrospective application and retrospective restatement	-	-	-	-	-	3,899,683	-	-	3,899,683	1,906	3,901,589
BALANCE AT JANUARY 1, 2014 AS RESTATED	2,818,713	28,187,131	8,562,852	5,143	46,291	53,957	(58,417)	(221,390)	36,575,567	898,962	37,474,529
Compensation of 2013 deficit											
Legal reserve for compensating deficit	-	-	-	(5,143)	-	5,143	-	-	-	-	-
Special reserve for compensating deficit	-	-	-	-	(46,291)	46,291	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	-	(3,794,292)	-	-	3,794,292	-	-	-	-	-
Convertible bonds converted to ordinary shares	37,667	376,669	130,728	-	-	-	-	-	507,397	-	507,397
Net profit for the year ended December 31, 2014	-	-	-	-	-	320,346	-	-	320,346	116,587	436,933
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	3,044	548,796	(506,237)	45,603	13,919	59,522
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	-	323,390	548,796	(506,237)	365,949	130,506	496,455
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	(31,975)	(31,975)
BALANCE AT DECEMBER 31, 2014	2,856,380	28,563,800	4,899,288	-	-	4,223,073	490,379	(727,627)	37,448,913	997,493	38,446,406
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	-	3,719,463	(3,719,463)	-	-	-	-	-
Appropriation of 2014 earnings											
Legal reserve	-	-	-	41,137	-	(41,137)	-	-	-	-	-
Special reserve	-	-	-	-	379,072	(379,072)	-	-	-	-	-
Convertible bonds converted to ordinary shares	148,060	1,480,601	515,288	-	-	-	-	-	1,995,889	-	1,995,889
Arising from donations	-	-	50,308	-	-	-	-	-	50,308	-	50,308
Net loss for the year ended December 31, 2015	-	-	-	-	-	(7,721,756)	-	-	(7,721,756)	(66,735)	(7,788,491)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(366,797)	199,675	(602,675)	(769,797)	(20,702)	(790,499)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(8,088,553)	199,675	(602,675)	(8,491,553)	(87,437)	(8,578,990)
Changes in percentage of ownership interest in subsidiaries (Note 31)	-	-	35,153	-	-	-	-	-	35,153	(35,153)	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	(182,281)	(182,281)
BALANCE AT DECEMBER 31, 2015	3,004,440	$ 30,044,401	$ 5,500,037	$ 41,137	$ 4,098,535	$ (8,005,152)	$ 690,054	$ (1,330,302)	$ 31,038,710	$ 692,622	$ 31,731,332

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

(With Deloitte & Touche auditors' report dated March 21, 2016)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ (7,942,527)	$ 989,322
Adjustments for:		
Depreciation expenses	6,330,124	6,530,901
Amortization expenses	29,414	32,076
Impairment loss recognized on trade receivables	7,030	6,919
Net loss arising on financial assets/liabilities at fair value through profit and loss	165,423	209,933
Finance costs	1,812,876	1,774,345
Interest income	(218,342)	(155,037)
Dividend income	(50,915)	(66,194)
Share of profit of associates and joint ventures	(134,045)	(138,069)
Gain on disposal of property, plant and equipment	(290,484)	(2,786,915)
Gain on disposal of available-for-sale financial assets	(9,327)	(21,612)
Write-down of shipping fuel	24,675	37,295
Net loss on foreign currency exchange	462,318	556,933
(Gain) loss on change in fair value of investment properties	(46,040)	58,199
Amortization of long-term prepayments for lease	31,572	31,573
Provision for liabilities	854,579	1,103,318
Impairment loss recognized on financial assets carried at cost	-	4,903
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(303)	(123,339)
Decrease (increase) in notes receivable	146,214	(32,662)
Decrease (increase) in trade receivable	1,512,322	(2,019,521)
Decrease in trade receivable from related parties	47,521	71,717
Decrease in shipping fuel	1,444,552	306,511
Decrease (increase) in prepayments	73,223	(143,108)
Increase in advances to shipping agents	(180,999)	(245,718)
Increase in other current assets	(34,021)	(382,393)
Increase (decrease) in notes payable	3,473	(503)
Decrease (increase) in trade payable	(523,127)	1,898,566
Increase in trade payable to related parties	81,297	130,444
Increase in other payables	184,383	443,316
Decrease in provisions	(700,699)	(1,087,409)
Increase (decrease) in advances from customers	(195,040)	1,056,982
Increase in other current liabilities	146,799	38,402
Increase in net defined benefit liabilities	727	40,356
Cash generated from operations	3,032,653	8,119,531
Dividend received	245,912	202,879
Interest received	224,834	143,367

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
Interest paid	$ (1,782,876)	$ (1,560,936)
Income tax paid	(351,269)	(567,250)
Net cash generated from operating activities	1,369,254	6,337,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(2,407,456)	(6,617,126)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	3,278,715	6,610,890
Acquisition of available-for-sale financial assets	(20,079,606)	(21,184,278)
Proceeds from disposal of available-for-sale financial assets	20,088,933	21,244,915
Acquisition of associates and joint ventures accounted for using equity method	(25,000)	(352,181)
Capital reduction from investment accounted for using equity method	-	3,029
Acquisition of property, plant and equipment	(9,844,229)	(9,378,392)
Proceeds from disposal of property, plant and equipment	393,106	10,820,819
Increase in refundable assets	(1,136,657)	(230,090)
Decrease in refundable deposits	216,366	2,975
Acquisition of intangible assets	(40,982)	(19,869)
Decrease (increase) in other financial assets	1,028,336	(150,989)
Decrease in other non-current assets	10,455	25,829
Increase in prepayments for equipment	(558,008)	(1,021,577)
Net cash used in investing activities	(9,076,027)	(246,045)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short-term debt	4,002,762	9,190
Increase in short-term bills payable	99,872	260,680
Decrease in short-term bills payable	-	(340,511)
Proceeds from issuance of bonds	4,000,000	3,850,000
Repayment of principal of bonds	(5,924,000)	(2,674,000)
Proceeds from long-term debts	30,109,509	24,635,975
Repayment of long-term debts	(21,798,660)	(23,425,995)
Payment for obligations under finance leases	(347,692)	(286,275)
Decrease in other financial liabilities	(153,460)	(286,284)
Increase (decrease) in other non-current liabilities	(79,164)	105,366
Net change in non-controlling interests	(182,281)	(31,975)
Net cash generated from financing activities	9,726,886	1,816,171

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	$ 45,581	$ 143,863
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,065,694	8,051,580
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,683,555	13,631,975
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 23,749,249	$ 21,683,555

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

(With Deloitte & Touche auditors' report dated March 21, 2016) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yang Ming Marine Transport Corporation (the "Company" or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Company simultaneous to the Company's listing of its shares of stock on the ROC Taiwan Stock Exchange. The percentages of ownership of MOTC were 33.31% and 35.04% at December 31, 2015 and 2014, respectively. Half of the directors were appointed by the MOTC.

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by YMTC's board of directors on March 21, 2016.

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

a. Initial application of new accounting policies

The management of the Company and entities controlled by the Company (collectively, the "Group") considered that the fair value model can provide reliable and more relevant information. Therefore, on November 11, 2015, the Company's board of directors resolved to change the Group's accounting policy for investment properties effective January 1, 2015. Under the new accounting policy, investment properties are subsequently measured using the fair value model, and a special reserve should be appropriated in accordance with Rule No. 1030006415 issued by the Financial Supervisory Commission (FSC).

The impact of the change to the Group as of and for the years ended December 31, 2015 and 2014 is set out below:

Impact on Assets, Liabilities and Equity	December 31, 2015	December 31, 2014	January 1, 2014
Increase in investment properties	$ 4,074,765	$ 4,010,885	$ 4,033,921
Decrease in property, plant and equipment	-	(8,571)	-
Total effect on assets	$ 4,074,765	$ 4,002,314	$ 4,033,921
Increase in deferred tax liabilities	$ 284,426	$ 222,297	$ 164,382
Increase in retained earnings	$ 3,790,339	$ 3,779,155	$ 3,869,131
Increase in non-controlling interests	-	862	408
Total effect on equity	$ 3,790,339	$ 3,780,017	$ 3,869,539

Impact on Total Comprehensive Income	For the Year Ended December 31	
	2015	2014
Increase (decrease) in other operating income and expense	$ 63,880	$ (31,607)
Increase in income tax expense	$ 53,558	$ 57,915
Total effect on net profit for the year	$ 10,322	$ (89,522)
Impact on net profit attributable to:		
Owners of the Company	$ 11,184	$ (89,976)
Non-controlling interests	(862)	454
	$ 10,322	$ (89,522)
Impact on total comprehensive income attributable to:		
Owners of the Company	$ 11,184	$ (89,976)
Non-controlling interests	(862)	454
	$ 10,322	$ (89,522)
Impact on earnings per share		
Decrease in basic earnings per share	$ -	$ (0.03)
Decrease in diluted earnings per share	$ -	$ (0.03)

b. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

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

2) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in past standards. Please refer to Notes 12 and 13 for related disclosures.

3) IFRS 13 "Fair Value Measurement"

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

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Notes 15 and 35 for related disclosures.

4) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

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

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. The application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

5) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 accelerates the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

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

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 that resulted from the retrospective application in the past are adjusted to investments accounted for using equity method, deferred tax assets, other payables, net defined benefit liabilities and retained earnings (deficits). In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group elected not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact of the change to the Group as of and for the years ended December 31, 2015 and 2014 is set out below:

Impact on Assets, Liabilities and Equity	December 31, 2015	December 31, 2014	January 1, 2014
Increase in investment accounted for using equity	$ 23	$ 23	$ 38
Decrease in deferred tax assets	(5,343)	(5,134)	(6,557)
Total effect on assets	$ (5,320)	$ (5,111)	$ (6,519)
Increase (decrease) in other payables	$ (591)	$ 3,184	$ (2,581)
Decrease in net defined benefit liabilities	(30,833)	(33,381)	(35,988)
Total effect on liabilities	$ (31,424)	$ (30,197)	$ (38,569)
Increase in retained earnings	$ 24,848	$ 23,709	$ 30,552
Increase in non-controlling interests	1,256	1,377	1,498
Total effect on equity	$ 26,104	$ 25,086	$ 32,050

Impact on Total Comprehensive Income	For the Year Ended December 31 2015	2014
Increase (decrease) in operating cost	$ (5,390)	$ 1,052
Decrease in share of profit or loss of associates and joint ventures	-	(15)
Increase (decrease) in income tax expense	917	(179)
Total effect on net profit for the year	4,473	(888)

(Continued)

Impact on Total Comprehensive Income	For the Year Ended December 31 2015	2014
Items that will not be reclassified subsequently to profit or loss:		
Decrease in remeasurement of the defined benefit plans	$ (4,163)	$ (7,320)
Increase in income tax relating to items that will may be reclassified subsequently to profit or loss	708	1,244
Total effect on other comprehensive income for the year, net of income tax	(3,455)	(6,076)
Total effect on total comprehensive income for the year	$ 1,018	$ (6,964)
Impact on net profit attributable to:		
Owners of the Company	$ 4,429	$ (1,045)
Non-controlling interests	44	157
	$ 4,473	$ (888)
Impact on total comprehensive income attributable to:		
Owners of the Company	$ 1,139	$ (6,843)
Non-controlling interests	(121)	(121)
	$ 1,018	$ (6,964)
Impact on earnings per share:		
Increase (decrease) in basic earnings per share	$ -	$ -
Increase (decrease) in diluted earnings per share	$ -	$ -

(Concluded)

6) Annual Improvements to IFRSs: 2009-2011 Cycle

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The initial application of new accounting policies and the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 had material effect on the consolidated balance sheet. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group presented the consolidated balance sheet as of January 1, 2014 in accordance with the above amendments to IAS 1 and disclosed related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but did not require to make disclosures about the line items of the balance sheet as of January 1, 2014.

The impact of the initial application of new accounting policies and the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version is summarized below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Investment Properties under the Fair Value Model	Adjustments Arising from Initial Application	Restated
December 31, 2014				
Investments accounted for using equity method	$ 8,671,115	$ -	$ 23	$ 8,671,138
Property, plant and equipment	86,094,560	(8,571)	-	86,085,989
Investment properties	3,892,335	4,010,885	-	7,903,220
Deferred tax assets	2,660,649	-	(5,134)	2,655,515
Total effect on assets	$ 101,318,659	$ 4,002,314	$ (5,111)	$ 105,315,862
Other payables	$ 2,893,168	$ -	$ 3,184	$ 2,896,352
Deferred tax liabilities	2,105,244	222,297	-	2,327,541
Net defined benefit liabilities	2,112,714	-	(33,381)	2,079,333
Total effect on liabilities	$ 7,111,126	$ 222,297	$ (30,197)	$ 7,303,226
Retained earnings	$ 420,209	$ 3,779,155	$ 23,709	$ 4,223,073
Non-controlling interests	995,254	862	1,377	997,493
Total effect on equity	$ 1,415,463	$ 3,780,017	$ 25,086	$ 5,220,566
January 1, 2014				
Investments accounted for using equity method	$ 8,367,398	$ -	$ 38	$ 8,367,436
Investment properties	3,927,498	4,033,921	-	7,961,419
Deferred tax assets	2,794,294	-	(6,557)	2,787,737
Total effect on assets	$ 15,089,190	$ 4,033,921	$ (6,519)	$ 19,116,592
Other payables	$ 2,372,243	$ -	$ (2,581)	$ 2,369,662
Deferred tax liabilities	2,330,771	164,382	-	2,495,153
Net defined benefit liabilities	2,076,649	-	(35,988)	2,040,661
Total effect on liabilities	$ 6,779,663	$ 164,382	$ (38,569)	$ 6,905,476
Retained earnings (accumulated deficits)	$ (3,794,292)	$ 3,869,131	$ 30,552	$ 105,391
Non-controlling interests	897,056	408	1,498	898,962
Total effect on equity	$ (2,897,236)	$ 3,869,539	$ 32,050	$ 1,004,353

Impact on Total Comprehensive Income	As Originally Stated	Investment Properties under the Fair Value Model	Adjustments Arising from Initial Application	Restated
For the year ended December 31, 2014				
Operating cost	$ 129,032,363	$ -	$ 1,052	$ 129,033,415
Other income and loss	$ (466,615)	$ (31,607)	$ -	$ (498,222)
Share of the profit or loss of associates and joint ventures	$ 138,084	$ -	$ (15)	$ 138,069
Income tax expense	$ 494,653	$ 57,915	$ (179)	$ 552,389
Net profit for the year	$ 527,343	$ (89,522)	$ (888)	$ 436,933
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of the defined benefit plans	$ 9,004	$ -	$ (7,320)	$ 1,684
Income tax relating to items that will may be reclassified subsequently to profit or loss	(1,531)	-	1,244	(287)
Other comprehensive income for the year, net of income tax	$ 65,598	$ -	$ (6,076)	$ 59,522
Total comprehensive income for the year	$ 592,941	$ (89,522)	$ (6,964)	$ 496,455
Earnings per share:				
Basic	$ 0.13	$ (0.03)	$ -	$ 0.10
Diluted	$ 0.13	$ (0.03)	$ -	$ 0.10

c. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Hedge accounting

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

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

4) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

5) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12 and Schedule G for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the separate financial statements of the Company and its subsidiaries, transactions in currencies other than their functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

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

f. Shipping fuel

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

g. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint venture attributable to the Group.

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

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

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

h. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

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

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer from investment property to property, plant and equipment, the property's deemed cost for subsequent accounting is its fair value at the commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

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

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

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

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 35.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 35.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

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

2) Dismantling provisions

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

n. Revenue recognition

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

1) Cargo revenue

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

2) Rental revenues on ships, container and warehouse

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

3) Terminal operating revenue

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

4) Forwarding agency revenue

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

5) Other service revenue

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

6) Dividend and interest income

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

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

o. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

3) Sales and leaseback

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties that are measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Non-financial assets impairment

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

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

The Group did not recognize any impairment loss for the years ended December 31, 2015 and 2014.

b. Provisions for onerous contracts

The Group estimates provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. Expected economic benefits are estimated according to related charter-out hire contract price and expected future market price; unavoidable costs are estimated by irrevocable charter-in contracts. As of December 31, 2015 and 2014, the provisions for onerous contracts were $797,637 thousand and $620,012 thousand, respectively.

c. Estimation of operating costs

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

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

The Group's major operating assets are ships and containers. The management estimates ships and containers' useful life based on the Company's business model, assets management policy, industry practices, expected repairs and maintenance and new technology or changes in business environment. Management also estimates ships and containers' residual value by considering current price of scrap steel and historical disposal price. As mentioned in Note 4, the Group reviews estimated useful life and residual value of property, plant and equipment every reporting period.

e. Income taxes

As of December 31, 2015 and 2014, the carrying amount of deferred tax assets in relation to unused tax losses was $2,241,809 thousand and $2,261,055 thousand, respectively. As of December 31, 2015 and 2014, no deferred tax asset has been recognized on tax losses of $2,223,475 thousand and $1,380,099 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

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

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

g. Fair value measurements and valuation processes

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group would determine whether to engage third party qualified valuers and to determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group or engaged valuers would determine appropriate inputs by referring to market prices or rates and specific features of derivatives and the existing lease contracts and rentals of similar properties in the vicinity of the Group’s investment properties. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 15 and 35.

h. Impairment of shipping fuel

Net realizable value of shipping fuel is the estimated revenue generated in the ordinary course of business less the estimated costs necessary to generate the revenue. The estimation of net realizable value was based on current market conditions. Change in market conditions may have a material impact on the estimation of net realizable value.

i. Recognition and measurement of defined benefit plans

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

j. Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the carrying amounts of investment properties are presumed to be recovered entirely through sale.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 15,319	$ 8,352
Checking accounts and demand deposits	15,528,470	12,996,967
Cash equivalents (investments with original maturities less than three months)		
Time deposits	8,205,460	8,678,236
	$ 23,479,249	$ 21,683,555

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2015	2014
Time deposits	0.25%-9.05%	0.25%-8.75%

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Financial assets designated as at FVTPL		
Principal guaranteed notes (a)	$ 98,545	$ 960,158
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Oil swap and oil swap option (b)	-	78,486
Non-derivative financial assets		
Domestic quoted shares	46,965	203,301
Overseas quoted shares	291	-
Open-end funds	692,694	617,635
Closed-end funds	8,551	8,659
	748,501	908,081
	$ 847,046	$ 1,868,239
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option (b)	$ 82,830	$ 77,844
Put option of bond (Note 19)	6,275	814
	$ 89,105	$ 78,658

a. Principal guaranteed notes were held to link to TTT50 and interest rate within the range of six-month Libor, three-month Shibor and one-month CNY time deposits of Bank of Taiwan. Realized profit and loss arose from redemption were $12,958 thousand and $10,683 thousand for the years ended December 31, 2015 and 2014, respectively.

b. The Company's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts. The contracts were settled in amounts that ranged from US$1,181 thousand to US$4,884 thousand and from US$9,112 thousand to US$57,690 thousand every month for the years ended December 31, 2015 and 2014, respectively. The terms of the derivatives mentioned above did not qualify as effective hedging instruments, thus hedge accounting was not applied.

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

	Maturity Date	Unsettled Amount Notional Amount	Fair Value
December 31, 2015	2016.12.31	US$ 10,494 thousand	$ (82,830)
December 31, 2014	2015.03.31	US$ 5,982 thousand	78,486
December 31, 2014	2015.03.31	US$ 5,982 thousand	(77,844)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2015	2014
Domestic investments		
Domestic quoted stocks	$ 976,473	$ 1,539,004
Open-end funds	2,356	2,636
	$ 978,829	$ 1,541,640
Current	$ 2,365	$ 2,648
Non-current	976,464	1,538,992
	$ 978,829	$ 1,541,640

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31 2015	2014
Domestic unquoted common stocks	$ 494,457	$ 494,457
Overseas unquoted common stocks	140	140
	$ 494,597	$ 494,597
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 494,597	$ 494,597

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

Some investees had continuing deficits; thus, the Group recognized impairment loss of $4,903 thousand in 2014.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2015	2014
Notes receivable		
Notes receivable - non-related-parties	$ 231,105	$ 380,495
Less: Allowance for impairment loss	(12,689)	(15,887)
	$ 218,416	$ 364,608
Trade receivable		
Trade receivable - non-related parties	$ 5,985,362	$ 7,495,594
Trade receivable - related parties	319,935	373,677
Less: Allowance for impairment loss	(18,017)	(15,976)
	$ 6,287,280	$ 7,853,295

Trade Receivable

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

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

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

The aging of receivables was as follows:

	December 31	
	2015	2014
Less than 90 days	$ 6,196,794	$ 7,719,119
91-180 days	67,493	67,962
181-365 days	33,847	25,605
Over 365 days	7,163	56,585
	$ 6,305,297	$ 7,869,271

The above aging schedule was based on the invoice date.

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

	December 31 2015	December 31 2014
Less than 90 days	$ 284,623	$ 290,211
91-180 days	23,234	48,888
181-365 days	4,078	6,957
Over 365 days	6,437	5,799
	$ 318,372	$ 351,855

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

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

	For the Year Ended December 31, 2014				
	Notes Receivable		Trade Receivable		
	Individually Assessed for Impairment	Collectively Assessed for Impairment	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ -	$ 15,405	$ 28,289	$ 9,539	$ 53,233
Add: Impairment losses recognized on receivables	-	2,004	1,988	2,927	6,919
Less: Amounts written off as uncollectible	-	(450)	(26,086)	(939)	(27,475)
Effect of exchange rate changes	-	(1,072)	165	93	(814)
Balance at December 31, 2014	$ -	$ 15,887	$ 4,356	$ 11,620	$ 31,863

	For the Year Ended December 31, 2015				
	Notes Receivable		Trade Receivable		
	Individually Assessed for Impairment	Collectively Assessed for Impairment	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ -	$ 15,887	$ 4,356	$ 11,620	$ 31,863
Add: Impairment losses recognized on receivables	-	1,120	4,388	1,522	7,030
Less: Amounts written off as uncollectible	-	(3,176)	(91)	(4,040)	(7,307)
Effect of exchange rate changes	-	(1,142)	216	46	(880)
Balance at December 31, 2015	$ -	$ 12,689	$ 8,869	$ 9,148	$ 30,706

11. SHIPPING FUEL

	December 31 2015	December 31 2014
Shipping fuel	$ 1,730,036	$ 3,199,263

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2015 and 2014, was $17,969,625 thousand and $27,534,762 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2015 and 2014 included shipping fuel write-downs of $24,675 thousand and $37,295 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements.

			Proportion of Ownership December 31		
Investor	**Investee**	**Nature of Activities**	**2015**	**2014**	**Note**
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	
〃	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
〃	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	
〃	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	93.07	86.57	Note a
〃	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	
〃	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
〃	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	
〃	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Triumph Logistics, Inc.	Container transportation	100.00	100.00	
〃	Olympic Container Terminal LLC	Terminal operation and stevedoring	100.00	100.00	
〃	Topline Transportation, Inc.	Container transportation	100.00	100.00	
〃	Coastal Tarheel Express, Inc.	Container transportation	100.00	100.00	
〃	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
〃	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV).	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Shipping Europe GmbH (Yangming-ERO)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
〃	Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands)	Shipping agency	100.00	100.00	
〃	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
〃	Yang Ming (Russia) LLC.	Shipping agency	60.00	-	Note c
Yangming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l. (Yang Ming-Naples)	Forwarding agency	60.00	60.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2015	2014	Note
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	91.00	91.00	
〃	Yang Ming Shipping (B.V.I.) Inc. (YMS-BVI)	Forwarding agency and shipping agency	51.00	51.00	
〃	Yangming (Japan) Co., Ltd. (Yangming Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
〃	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	
〃	Yang Ming Line (Hong Kong) Ltd. (YML-HK)	Forwarding agency and shipping agency	51.00	51.00	
〃	Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (M) Sdn. Bhd. (YML-M)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (India) Pvt. Ltd. (YML-India)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
〃	Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea)	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
〃	Yang Ming Anatolia Shipping Agency S.A.	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
〃	Yang Ming Shipping (Vietnam) Co. Ltd.	forwarding agency and shipping managers	100.00	-	Note b
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
Yes-USA	Yes Logistics (Shanghai) Corp.	Forwarding agency	100.00	100.00	
〃	Golden Logistics USA Corporation (Golden-USA)	Container transportation	100.00	100.00	
〃	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	
Yes Logistics Europe GmbH	Yes MLC GmbH	Forwarding agency	80.00	80.00	
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	

(Concluded)

Note a: In August 2015, the Group paid $1,943,941 thousand in cash to acquire Kuang Ming Shipping Corp. The Group's interest in Kuang Ming Shipping Corp. was increased from 86.57% to 93.07%.

Note b: The Group's board of directors resolved to establish Yang Ming Shipping (Vietnam) Co. Ltd. in January 2015 and had registered in September 2015.

Note c: The Group's board of directors resolved to establish Yang Ming (Russia) LLC. in November 2014 and had registered in November 2015.

The Group's board of directors resolved to acquire 49% interest each of Yang Ming Shipping (B.V.I.) Inc. and Yang Ming Line (Hong Kong) Ltd. in August 2015. Yang Ming Shipping (B.V.I.) Inc. had registered in January 2016 and Yang Ming Line (Hong Kong) Ltd. is still in the process of registration.

The Group signed a contract about acquiring 100% equity interest of ECU-LINE BULGARIA EOOD. Since the acquisition is still in the process, the Group did not disclose the related information by IFRS 3 "Business Combinations".

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

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

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

The financial statements of some insignificant consolidated entities as of and for the year ended December 31, 2015 (Yes Logistics Benelux B.V., Golden Logistics USA Corporation, Yes Logistics Europe GmbH, YES MERLIN GmbH, Merlin Logistics GmbH and YangMing (Russia) LLC.), and December 31, 2014 (Yes Logistics Benelux B.V., Golden Logistics USA Corporation, Yes Logistics Europe GmbH, YES MERLIN GmbH and Merlin Logistics GmbH) were unaudited. YMTC's management believed that the unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	2014
Investment in associates	$ 8,198,956	$ 8,253,363
Investments in joint ventures	431,145	417,775
	$ 8,630,101	$ 8,671,138

a. Investment in associates

	December 31	
	2015	2014
Material associates		
Kao Ming Container Terminal Corp.	$ 6,207,506	$ 6,267,723
Associates that are not individually material		
West Basin Container Terminal LLC	898,954	827,993
United Terminal Leasing LLC	272,286	232,099
Sino Trans PFS Cold Chain Logistics Co., Ltd.	251,281	296,025
Formosa International Development Corporation	211,188	213,957
Yang Ming (U.A.E.) LLC	90,113	100,485
Yunn Wang Investment Co., Ltd.	88,966	127,809
Transyang Shipping Pte. Ltd.	77,392	75,064
Yang Ming Shipping (Egypt) S.A.E.	43,207	55,567
Yang Ming (Australia) Pty. Ltd.	32,719	25,772
Sino-Yes Tianjin Cold Chain Logistics Company Limited	16,015	15,770
Corstor Ltd.	5,823	6,312
Yang Ming (Vietnam) Corp.	3,506	7,248
ANSHIP-YES Logistics Corporation Limited	-	1,539
	1,991,450	1,985,640
	$ 8,198,956	$ 8,253,363

All the associates are accounted for using the equity method.

1) Material associates

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

	December 31	
	2015	2014
Kao Ming Container Terminal Corp.	47.50%	47.50%

Refer to Schedule G "Information on Investees" and Schedule H "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 was based on the associates' financial statements audited by the auditors for the same years.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Kao Ming Container Terminal Corp.

	December 31	
	2015	2014
Current assets	$ 1,586,491	$ 1,650,093
Non-current assets	18,095,338	18,035,970
Current liabilities	(735,291)	(718,143)
Non-current liabilities	(5,878,104)	(5,772,715)
Equity	$ 13,068,434	$ 13,195,205
Proportion of the Group's ownership	47.50%	47.50%
Carrying amount	$ 6,207,506	$ 6,267,723

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 2,721,946	$ 3,863,680
Net profit for the year	$ 96,536	$ 63,130
Other comprehensive income	(947)	465
Total comprehensive income for the year	$ 95,589	$ 63,595
Dividends received from Kao Ming Container Terminal Corp.	$ 105,621	$ 86,887

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Group's share of:		
Profit from continuing operations	$ 95,671	$ 117,472
Profit (loss) from discontinued operations		
Other comprehensive income	-	-
Total comprehensive income for the year	$ 95,671	$ 117,472

YMTC acquired 20% equity interest in Sino Trans PFS Cold Chain Logistics Co., Ltd., Sino Trans PFS Logistics (Shanghai) Co., Ltd. and Sinotrans PFS Cold Storage (Tianjin) Co., Ltd. for RMB60,000 thousand in 2014. After reorganization in December 2014, Sino Trans PFS Cold Chain Logistics Co., Ltd. acquired 100% equity interest in Sino Trans PFS Logistics (Shanghai) Co., Ltd. and Sinotrans PFS Cold Storage (Tianjin) Co., Ltd. YMTC remained 20% equity interest in Sino Trans PFS Cold Chain Logistics Co., Ltd.

The Group's share of losses of an associate is limited to its interest in that associate which included any long-term interest that, in subsidiaries, form part of the Group's net investment in the associate. The amount of unrecognized share of losses of those associates extracted from the relevant audited financial statements of associates, both for the period and cumulatively, were as follows:

	For the Year Ended December 31	
	2015	2014
Unrecognized share of losses of associates for the year	$ 452	$ -
Accumulated unrecognized share of losses of associates	$ 452	$ -

Except for Sino Trans PFS Cold Chain Logistics Co., Ltd. investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited in 2015 and 2014. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of Sino Trans PFS Cold Chain Logistics Co., Ltd. that have not been audited.

b. Investments in joint ventures

	December 31	
	2015	2014
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	$ 345,886	$ 358,080
YES LIBERAL Logistics Corp.	74,881	50,013
LogiTrans Technology Private Limited	10,378	9,682
	$ 431,145	$ 417,775

All the joint ventures are accounted for using the equity method.

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2015	2014
The Group's share of:		
Net profit for the year	$ (7,480)	$ (9,390)
Other comprehensive income	-	-
Total comprehensive income for the year	$ (7,480)	$ (9,390)

The board of directors of Yes Logistics resolved to establish a joint venture, YES Liberal Logistics Corp. with LIBERAL Logistics Corp. in which Yes Logistics is required to own 50% equity interest. Also, Yes Logistics acquired 2,500 thousand of ordinary shares of YES Liberal Logistics Corp. for $25,000 thousand by cash.

The Group acquired 51% equity interest in LogiTrans Technology Private Limited in July 2014. The number of the Group's board member is same as the number of the other investors, and the board of directors has control over the investee company. Therefore, the investee is classified as a jointly controlled entity of the Group.

The investments in joint ventures accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 was based on the joint ventures' financial statements audited by the auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Property in Construction	Total
Cost									
Balance at January 1, 2014	$ 690,597	$ 1,271,830	$ 20,369,051	$ 93,804,260	$ 8,632,936	$ 475,739	$ 3,570,595	$ 1,669,549	$ 130,484,557
Additions (a)	-	445	3,747,167	1,326,688	-	3,106	141,523	5,201,424	10,420,353
Disposals (d)	-	-	(2,200,747)	(14,359,074)	-	(80)	(77,701)	-	(16,637,602)
Reclassification	-	-	-	4,949,243	-	43	93	(4,950,476)	(1,097)
Effect of foreign currency exchange differences	(182)	22,995	400	714,274	348,692	742	10,941	-	1,097,862
Balance at December 31, 2014	$ 690,415	$ 1,295,270	$ 21,915,871	$ 86,435,391	$ 8,981,628	$ 479,550	$ 3,645,451	$ 1,920,497	$ 125,364,073
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ -	$ 366,539	$ 11,314,654	$ 22,668,948	$ 3,492,089	$ 309,252	$ 2,605,773	$ -	$ 40,757,255
Disposals (d)	-	-	(2,100,351)	(6,189,850)	-	(80)	(72,637)	-	(8,362,918)
Reclassification	-	-	-	-	-	-	(1,098)	-	(1,098)
Depreciation expenses	-	27,481	1,416,364	4,418,135	419,456	31,816	217,649	-	6,530,901
Effect of foreign currency exchange differences	-	7,635	-	250,916	86,241	715	8,437	-	353,944
Balance at December 31, 2014	$ -	$ 401,655	$ 10,630,667	$ 21,148,149	$ 3,997,786	$ 341,703	$ 2,758,124	$ -	$ 39,278,084
Carrying amount at December 31, 2014	$ 690,415	$ 893,615	$ 11,285,204	$ 65,287,242	$ 4,983,842	$ 137,847	$ 887,327	$ 1,920,497	$ 86,085,989
Cost									
Balance at January 1, 2015	$ 690,415	$ 1,295,270	$ 21,915,871	$ 86,435,391	$ 8,981,628	$ 479,550	$ 3,645,451	$ 1,920,497	$ 125,364,073
Additions (a)	-	174,476	4,089,510	387,145	50,348	6,927	152,735	5,604,733	10,465,874
Disposals	-	-	(2,428,929)	(143,899)	(47,925)	(1,166)	(77,477)	-	(2,699,386)
Reclassification	-	6,399	-	7,524,356	-	874	-	(7,525,230)	6,399
Effect of foreign currency exchange differences	819	13,103	104	444,586	218,741	(379)	(1,950)	-	675,024
Balance at December 31, 2015	$ 691,234	$ 1,489,248	$ 23,576,556	$ 94,647,589	$ 9,202,792	$ 485,806	$ 3,718,759	$ -	$ 133,811,984
Accumulated depreciation and impairment									
Balance at January 1, 2015	$ -	$ 401,655	$ 10,630,667	$ 21,148,149	$ 3,997,786	$ 341,703	$ 2,758,124	$ -	$ 39,278,084
Disposals	-	-	(2,345,274)	(143,889)	(47,925)	(181)	(73,753)	-	(2,611,022)
Reclassification	-	-	-	-	-	-	-	-	-
Depreciation expenses	-	29,880	1,448,987	4,166,751	446,515	26,377	211,614	-	6,330,124
Effect of foreign currency exchange differences	-	4,421	-	170,709	65,434	(192)	941	-	241,313
Balance at December 31, 2015	$ -	$ 435,956	$ 9,734,380	$ 25,341,720	$ 4,461,810	$ 367,707	$ 2,896,926	$ -	$ 43,238,499
Carrying amount at December 31, 2015	$ 691,234	$ 1,053,292	$ 13,842,176	$ 69,305,869	$ 4,740,982	$ 118,099	$ 821,833	$ -	$ 90,573,485

a. Additions to ships and property in construction for the years ended December 31, 2014 included reclassification of prepayment for equipment with carrying amount of $1,090,450 thousand and $486,811 thousand.

b. The Group entered into sale and leaseback contracts of ships in June, July and December 2014. The leaseback periods were 48 months to 72 months. Proceeds from disposal of $8,232,032 thousand and gain from disposal of $946,350 thousand were included in other operating income and expenses.

c. The Group entered into contracts to purchase containers in February and May 2015. As of December 31, 2015, updated amount of these contracts was US$13,262 thousand.

d. The Group entered into sale and leaseback contracts of containers in March 2016. The leaseback period is 6 years. Proceeds from disposal were $1,100,000 thousand to $1,200,000 thousand and future rentals are estimated from $960,000 thousand to $1,080,000 thousand.

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

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

The dry dock is a significant component of ships.

f. The Company’s property, plant and equipment pledged as collaterals for the secured loans were summarized in Note 37.

15. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2014	$ 7,961,419
Loss on change in fair value of investment properties	(58,199)
Balance at December 31, 2014	7,903,220
Transferred to property, plant and equipment	(6,398)
Gain on change in fair value of investment properties	46,040
Balance at December 31, 2015	$ 7,942,862

The investment properties are leased out for 0.5 to 6.5 years. All lease contracts contain market review clauses applicable to contract renewals. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

The commitments on future minimum lease payments under non-cancellable operating lease are as follows:

	December 31 2015	December 31 2014
Not later than one year	$ 96,226	$ 99,107
Later than one year and not later than five years	89,199	90,972
Later than five years	-	-
	$ 185,425	$ 190,079

The fair values of investment properties were assessed as follows:

	December 31 2015	December 31 2014
Independent valuation	$ 7,934,730	$ 7,880,806
Valuation by the Group	8,132	22,414
	$ 7,942,862	$ 7,903,220

As of December 31, 2015 and 2014, the fair values were based on the valuations carried out at January 8, 2016 and January 28, 2015, respectively, by independent qualified professional valuer from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm, a member of certified ROC real estate appraisals.

The fair values of the other investment properties were determined by the Group's management by reference to rentals of similar properties in the vicinity.

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

	Keelung	Taipei	Kaohsiung	Hong Kong	Total
Balance at January 1, 2015	$ 365,724	$ 6,865,597	$ 665,501	$ 6,398	$ 7,903,220
Recognized in profit or loss (gain arising from the change in fair value of investment property) - unrealized	(11,509)	44,036	13,513	-	46,040
Reclassification	-	-	-	(6,398)	(6,398)
Balance at December 31, 2015	$ 354,215	$ 6,909,633	$ 679,014	$ -	$ 7,942,862

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were stated below. The increase in estimated future net cash inflows or the decrease in discount rates would result in increase in the fair value.

	December 31 2015	December 31 2014
Expected future cash inflows	$ 8,884,153	$ 8,844,589
Expected future cash outflows	(782,414)	(699,015)
Expected future cash inflows, net	$ 8,101,739	$ 8,145,574
Discount rate	4.485%	4.485%

The market rentals in the area where the investment property is located were between $0.2 thousand and $3 thousand per ping. The market rentals for comparable properties were between $0.2 thousand and $3 thousand per ping.

The investment property had been leased out under operating leases. The rental income generated for the years ended December 31, 2015 and 2014 was $107,514 thousand and $104,648 thousand, respectively.

The expected future cash inflows generated by investment property included rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Group's current rental rate, taking into account the annual rental growth rate; the income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the average deposit interest rate of the first five banks announced by the Central Bank of the Republic of China for a year; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment property included expenditure such as land value taxes, house taxes, insurance premium, and maintenance costs. The expenditure was extrapolated on the basis of the current level of expenditure, taking into account the future adjustment to the government-announced land value, the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and any asset-specific risk premiums 2.5%.

The fair value of undeveloped land located in area Keelung, Taipei, and Kaohsiung was measured by land development analysis. The increase in estimated total sale price, the increase in rate of return, or the decrease in overall capital interest rate would result in increase in the fair value. The significant assumptions used were as follows:

	December 31	
	2015	**2014**
Estimated total sale price	$ 5,197,926	$ 5,180,222
Rate of return	10%-20%	10%-20%
Overall capital interest rate	0.78%-4.91%	0.75%-4.72%

The rate of returns was determined by reference to the annual profit rate and construction period of the similar product constructed by competitors. Overall capitalization rate referred to current average benchmark interest rate and deposit interest rate of the top five banks, and to the proportion of equity funds and borrowed funds. The cost of the equity funds and borrowed funds is determined by the deposit and benchmark interest rate, respectively.

The total sale price is estimated on the basis of the most effective use of land or property available for sale after development is completed, taking into account the related regulations, domestic macroeconomic prospects, local land use, and market rates.

All of the Group's investment property was held under freehold interests.

The carrying amount of investment properties pledged by the Group to secure borrowings granted to the Group, were reflected in Note 37.

16. LONG-TERM PREPAYMENTS FOR LEASE

	December 31	
	2015	2014
Current asset (included in prepayments)	$ 185,603	$ 193,348
Non-current asset	568,133	599,705
	$ 753,736	$ 793,053

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

b. The Group entered into agreements to lease ships and offices with other company. As of December 31, 2015 and 2014, prepayments for lease were $154,031 thousand and $161,776 thousand, respectively.

17. OTHER FINANCIAL ASSETS

	December 31	
	2015	2014
Time deposits with original maturities over three months	$ 82,700	$ 1,055,463
Deposit of stand-by letter of credit (Notes 24 and 37)	4,604,493	4,910,558
Restricted bank balance (Note 37)	76,906	72,781
Cash surrender value of life insurance	38,329	28,525
	$ 4,802,428	$ 6,067,327
Current	$ 82,700	$ 1,055,463
Non-current	$ 4,719,728	$ 5,011,864

The interest rate of time deposits with original maturities over three months were 0.03%-9.10% and 0.43%-9.05% per annum as of December 31, 2015 and 2014, respectively.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Line of credit borrowings	$ 3,776,370	$ 530,859
Loans from related parties	1,045,507	416,166
Other borrowings	127,910	-
	$ 4,949,787	$ 947,025

1) The range of weighted average effective interest rate on credit borrowings was 1.25%-2.20% and 1.10%-2.15% per annum as of December 31, 2015 and 2014, respectively.

2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rate was 1.29%-1.93% and 1.03%-2.35% per annum as of December 31, 2015 and 2014.

3) Other borrowings of the Group were the unsecured borrowings from Young-Carrier (Shanghai). Interest rate was 1.50% per annum as of December 31, 2015.

b. Short-term bills payable

	December 31	
	2015	2014
Commercial paper	$ 100,000	$ -
Less: Unamortized discount on bills payable	128	-
	$ 99,872	$ -

Interest rate of the outstanding short-term bills payable was 1.63% as of December 31, 2015.

c. Long-term borrowings

	December 31	
	2015	2014
Secured borrowings (Note 37)		
Secured bank loans	$ 6,377,368	$ 5,939,742
Loans from related parties	22,071,986	20,675,368
	28,449,354	26,615,110
Unsecured borrowings		
Line of credit borrowings	13,365,950	10,716,667
Loans from related parties	6,054,150	4,800,000
	19,420,100	15,516,667
Long-term bills payable		
Commercial paper	5,500,000	2,500,000
Less: Unamortized discount on bills payable	4,684	1,961
	5,495,316	2,498,039
Less: Current portion	5,974,935	6,687,671
Long-term borrowings	$ 47,389,835	$ 37,942,145

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

	December 31	
	2015	2014
NT$		
Amount	$ 40,364,035	$ 34,649,080
Interest rate	1.25%-2.00%	1.26%-2.08%
Contract term	2008/05/30-2024/07/16	2008/05/30-2024/07/16

(Continued)

	December 31	
	2015	2014
US$		
Foreign currency amount	$ 396,002	$ 314,651
New Taiwan dollar amount	13,000,735	9,980,736
Interest rate	0.81%-2.12%	0.75%-1.53%
Contract term	2009/12/17 2025/05/29	2009/12/17- 2020/04/20

(Concluded)

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars and New Taiwan dollars. The loans are repayable in installment at varying amounts before March 20, 2023. Interest rates were 1.55%-1.81% and 1.21%-1.90% on December 31, 2015 and 2014, respectively. The Group's ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities. Interest rates were 0.81%-2.10% and 0.75%-2.08% and on December 31, 2015 and 2014, respectively. The loans are repayable in installment at varying amounts before May 29, 2025. The Group's ships and containers are pledged as collaterals for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

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

The loans are expected to be fully repaid before December 29, 2018. Interest rates were 1.32%-2.00% and 1.39%-1.75% on December 31, 2015 and 2014, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in one-lump sum payment. The loans are expected to be fully repaid before October 28, 2018. Interest rates were 1.33%-2.12% and 1.43%-1.69% on December 31, 2015 and 2014, respectively.

Commercial paper

YMTC signed three-year underwriting contracts for issuance of commercial paper with a bills finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial paper is expected to be fully repaid before December 30, 2018. The issuance period of each commercial paper cannot be over 60 or 90 days. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained to a certain level specified in the contracts. As of December 31, 2015 and 2014, YMTC met the above requirements.

As of December 31, 2015 and 2014, the interest rates were 1.29%-1.38% and 1.41%-1.46%, respectively.

19. BONDS PAYABLE

	December 31	
	2015	2014
Domestic privately placed secured mandatory convertible bonds	$ 634,885	$ 775,898
Domestic privately placed unsecured bonds	13,742,276	13,740,180
Secured domestic bonds	7,192,663	8,939,292
Unsecured domestic bonds	5,000,000	5,000,000
Domestic unsecured convertible bonds	1,877,307	3,832,063
	28,447,131	32,287,433
Less: Current portion	8,555,183	5,855,599
	$ 19,891,948	$ 26,431,834

a. Domestic privately placed secured mandatory convertible bonds

YMTC issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate face value of $5,800,000 thousand at June 27, 2012; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into YMTC's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into YMTC's common shares at the prevailing conversion price at the last day of the seven-year tenor. The initial conversion price is $12.68 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds of $4,413,702 thousand. The effective interest rate of the liability component was 4.79% per annum. Movements of the convertible bonds' liability and equity component for the years ended December 31, 2015 and 2014 were as follows:

	Liability Component	Equity Component
January 1, 2014	$ 910,466	$ 4,413,702
Interest charged using effective interest rate method	39,432	-
Interest paid	(174,000)	-
December 31, 2014	$ 775,898	$ 4,413,702
January 1, 2015	$ 775,898	$ 4,413,702
Interest charged using effective interest rate method	32,987	-
Interest paid	(174,000)	-
December 31, 2015	$ 634,885	$ 4,413,702

As of December 31, 2015, no bondholder requested to convert the bonds into YMTC's common shares.

The bond was guaranteed by banks (including government-owned banks amounting to $5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. As of December 31, 2015 and 2014, unamortized cost of issuance was recognized as other financial liabilities (Note 24).

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

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

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

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

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

As of December 31, 2015 and 2014, YMTC had received waivers to the above 1) to 3) and 2) to 3) financial ratios, respectively. Meanwhile, YMTC met the other financial ratio requirements based on 2015 and 2014 consolidated financial statements.

b. Domestic privately placed unsecured bonds

YMTC issued the first privately placed unsecured bonds with an aggregate face value of $5,544,000 thousand on March 6, 2012 (the "March 6 2012 Bonds"), issued the second privately placed unsecured bonds with an aggregate face value of $4,350,000 thousand on March 30, 2012 (the "March 30 2012 Bonds"), and issued the third privately placed unsecured bonds with an aggregate face value of $3,850,000 thousand on July 8, 2014 (the "July 8 2014 Bonds").

The bond features and terms are as follows:

March 6 2012 Bonds:	Type A - aggregate face value of $1,759,000 thousand and maturity on March 6, 2016. The principal will be repaid in a lump sum payment at maturity; interest rate is 2.08%
	Type B - aggregate face value of $3,785,000 thousand and maturity on March 6, 2017. The principal will be repaid in a lump sum on March 6, 2017; interest rate is 2.18% annual interest is repayable semiannually.
March 30 2012 Bonds:	Type A - aggregate face value of $1,550,000 thousand and maturity on March 30, 2016. The principal will be repaid in a lump sum on March 30, 2016; 2.08% annual interest is repayable semiannually.
	Type B - aggregate face value of $2,800,000 thousand and maturity on March 30, 2017. The principal will be repaid in a lump sum on March 30, 2017; 2.18% annual interest is repayable semiannually.
July 8 2014 Bonds:	Aggregate face value of $3,850,000 thousand and maturity on July 8, 2019. The principal will be repaid in a lump sum on July 8, 2019; 2.20% annual interest is repayable semiannually.

c. Secured domestic bonds

YMTC issued five-year domestic secured bonds with an aggregate face value of $5,000,000 thousand on May 20, 2010 (the "May 2010 Bonds"), issued another five-year domestic secured bonds with an aggregate face value of $6,500,000 thousand on December 27, 2011 (the "December 2011 Bonds"), and issued another five-year domestic secured bonds with an aggregate face value of $4,000,000 thousand on October 12, 2015 (the "October 2015 Bonds").

The bond features and terms are as follows:

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

The Type-A to Type-H bonds had been 100% repaid as of May 20, 2015.

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

The bond features and terms are as follows:

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

The Type-A to Type-H bonds had been 50% repaid as of December 27, 2015.

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

The bond features and terms are as follows:

October 2015 Bonds:	Type A - aggregate face value: $2,000,000 thousand; repayments: 50% - October 12, 2019 and 50%- October 12, 2020, 1.10% annual interest.
	Type B - aggregate face value: $1,000,000 thousand; repayments: 50% - October 12, 2019 and 50%- October 12, 2020, 1.10% annual interest.
	Type C - aggregate face value: $500,000 thousand; repayments: 50% - October 12, 2019 and 50%- October 12, 2020, 1.10% annual interest.
	Type D - aggregate face value: $500,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, 1.10% annual interest.

The bond is guaranteed by banks ($3,000,000 thousand is guaranteed by government - owned banks).

d. Domestic unsecured bonds

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

The bond features and terms were as follows:

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

e. Domestic unsecured convertible bonds

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

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

2) Conversion by the holders, from July 8, 2013 to 10 days before the due date, into YMTC's common shares at the prevailing conversion price;

3) Reselling to YMTC by the holders before maturity.

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

The initial conversion price was $14.23 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of convertible bonds of $352,604 thousand. There were 2,642,900 thousand bonds converted into 185,727 thousand common shares of YMTC as of December 31, 2015. Movements of the convertible bonds' liability and equity components for the years ended December 31, 2015 and 2014 were as follows:

	Liability Component		Equity Component
	Bond	Financial Liability	Option
January 1, 2014	$ 4,263,875	$ 19,820	$ 352,604
Interest charged using effective interest rate method	73,598	-	-
Bonds payable converted to common stock	(505,410)	(1,987)	(41,086)
Valuation (gain) loss	-	(17,019)	-
December 31, 2014	$ 3,832,063	$ 814	$ 311,518
January 1, 2015	$ 3,832,063	$ 814	$ 311,518
Interest charged using effective interest rate method	40,744	-	-
Bonds payable converted to common stock	(1,995,500)	(389)	(161,501)
Valuation (gain) loss	-	5,850	-
December 31, 2015	$ 1,877,307	$ 6,275	$ 150,017

20. TRADE PAYABLE

	December 31	
	2015	2014
Trade payable		
Operating	$ 13,561,068	$ 14,084,195
Payable for cost of voyage in sailing	$ 8,963,351	$ 8,576,869
Fuel	2,197,418	3,821,944
Space hire	1,718,769	1,142,040
Payable for freight expenses	395,355	395,490
Payable for stevedoring expenses	281,330	143,625
Payable for management expenses	4,845	4,227
	$ 13,561,068	$ 14,084,195

21. OBLIGATION UNDER FINANCE LEASE

	December 31 2015	December 31 2014
Minimum lease payments		
Not later than one year	$ 771,865	$ 745,695
Later than one year and not later than five years	2,723,047	2,762,421
Later than five years	4,899,533	5,348,002
	8,394,445	8,856,118
Less: Future finance charges	2,825,618	3,127,677
Present value of minimum lease payments	$ 5,568,827	$ 5,728,441
Present value of minimum lease payments		
Not later than one year	$ 385,354	$ 348,101
Later than one year and not later than five years	1,436,455	1,421,194
Later than five years	3,747,018	3,959,146
	$ 5,568,827	$ 5,728,441
Current (included in current portion of long-term borrowings and bond payables)	$ 385,354	$ 348,101
Non-current	5,183,473	5,380,340
	$ 5,568,827	$ 5,728,441

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

Interest rates were 0.2182%-7.2428% and 0.0167%-7.2413% for the years ended December 31, 2015 and 2014.

22. OTHER PAYABLES

	December 31 2015	December 31 2014
Payable for container lease	$ 768,232	$ 737,423
Payable for salary and bonus	416,130	422,800
Payable for interest expenses	229,218	246,631
Equipment M&R expenses	181,830	168,470
Payable for annual leave	173,730	165,176
Payable for vessel charter hire	166,787	148,405
Others	1,127,395	1,007,447
	$ 3,063,322	$ 2,896,352

23. PROVISIONS

	December 31	
	2015	2014
Restoration cost for leased assets (a)	$ 102,300	$ 102,300
Onerous leases (b)	797,637	620,012
	$ 899,937	$ 722,312
Current	$ 741,512	$ 620,012
Non-current	158,425	102,300
	$ 899,937	$ 722,312

	Restoration Cost for Leased Assets	Onerous Leases	Total
Balance at January 1, 2014	$ 115,708	$ 562,680	$ 678,388
Additional provisions recognized	-	1,103,318	1,103,318
Utilized	(13,408)	(1,074,001)	(1,087,409)
Effect of foreign currency exchange differences	-	28,015	28,015
Balance at December 31, 2014	$ 102,300	$ 620,012	$ 722,312
Balance at January 1, 2015	$ 102,300	$ 620,012	$ 722,312
Additional provisions recognized	-	854,579	854,579
Utilized	-	(700,699)	(700,699)
Effect of foreign currency exchange differences	-	23,745	23,745
Balance at December 31, 2015	$ 102,300	$ 797,637	$ 899,937

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

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

24. OTHER FINANCIAL LIABILITIES

	December 31	
	2015	2014
Cost of issuance of bonds (Note 19,a)	$ 166,984	$ 215,185
Others	4,493,917	4,733,748
	$ 4,660,901	$ 4,948,933

(Continued)

	December 31	
	2015	2014
Current (included in current portion of long-term liabilities)	$ 261,522	$ 233,611
Non-current	4,399,379	4,715,322
	$ 4,660,901	$ 4,948,933

(Concluded)

YML-BVI leased ships under 25-year capital lease agreements in 2000 and 2001. The lease contracts were secured by standby letters of credit issued by a bank. YML-BVI deposited a portion of its lease payments in bank as collaterals (included in other financial assets). The balance was $4,604,493 thousand and $4,910,558 thousand, respectively as of the years ended December 31, 2015 and 2014.

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

	December 31	
	2015	2014
Current (included in current portion of long-term liabilities)	$ 212,019	$ 185,410
Non-current	4,281,898	4,548,338
	$ 4,493,917	$ 4,733,748

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

Related gains and losses for the years ended 2015 and 2014 are included in the following account.

	For the Year Ended December 31	
	2015	2014
Non-operating income and expenses		
Other income	$ 28,967	$ 30,260
Finance costs	$ (27,274)	$ (28,007)

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide medical care covered by the agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US$4.05 per working hour. In addition to the US$4.05 per hour contribution, the Company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2015 and 2014, the balance of the accrued expense was $74,606 thousand and $91,285 thousand, respectively.

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

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

b. Defined benefit plans

1) Pension plan of YMTC

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

The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributed amounts equal to 3% of salaries every month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

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

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

2) Pension plan of subsidiaries

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

The Company's pension plan is defined benefit plan. Pension benefits are calculated on the basis of the length of service and the basic salary of the month before retirement. Employees can accumulate two base points for every service year within the first 12 years and one base point for every service year thereafter. Employees can accumulate up to 40 base points.

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2015	2014
Present value of defined benefit obligation	$ 3,291,174	$ 2,819,578
Fair value of plan assets	(842,903)	(831,530)
Net defined benefit liability	$ 2,448,271	$ 1,988,048

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	$ 2,793,594	$ (832,779)	$ 1,960,815
Current service cost	126,165	-	126,165
Past service cost	2,377	-	2,377
Net interest expense (income)	59,229	(17,487)	41,742
Recognized in profit or loss	187,771	(17,487)	170,284
Remeasurement			
Return on plan assets	-	(2,002)	(2,002)
Actuarial loss - changes in financial assumptions	42,009	-	42,009
Actuarial gain - experience adjustments	(41,691)	-	(41,691)
Recognized in other comprehensive income	318	(2,002)	(1,684)
Contributions from the employer	-	(33,136)	(33,136)
Benefits paid	(156,092)	53,874	(102,218)
Exchange differences on foreign plans	(6,013)	-	(6,013)
Balance at December 31, 2014	2,819,578	(831,530)	1,988,048

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Current service cost	$ 119,066	$ -	$ 119,066
Past service cost	7,790	-	7,790
Net interest expense (income)	55,765	(16,655)	39,110
Recognized in profit or loss	182,621	(16,655)	165,966
Remeasurement			
Return on plan assets	-	(5,779)	(5,779)
Actuarial loss - changes in financial assumptions	177,603	-	177,603
Actuarial loss - experience adjustments	270,993	-	270,993
Recognized in other comprehensive income	448,596	(5,779)	442,817
Contributions from the employer	-	(32,324)	(32,324)
Benefits paid	(162,045)	43,385	(118,660)
Exchange differences on foreign plans	2,424	-	2,424
Balance at December 31, 2015	$ 3,291,174	$ (842,903)	$ 2,448,271

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2015	2014
Current service cost	$ 119,066	$ 126,165
Past service cost	7,790	2,377
Net interest expense (income)	39,110	41,742
	$ 165,966	$ 170,284
An analysis by function		
Operating costs	$ 102,227	$ 98,812
Selling and marketing expenses	49,982	56,018
General and administrative expenses	13,757	15,454
	$ 165,966	$ 170,284

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	**2014**
Discount rates	1.25%-1.50%	1.625%-2.25%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2015
Discount rates	
0.11%-0.50% increase	$ (168,454)
0.12%-0.50% decrease	$ 183,537
Expected rates of salary increase	
0.11%-0.50% increase	$ 180,830
0.12%-0.50% decrease	$ (167,706)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	**2014**
The expected contributions to the plan for the next year	$ 83,314	$ 33,186
The average duration of the defined benefit obligation	12 years	10 years

c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of $26,171 thousand and $82,586 thousand for the years ended December 31, 2015 and 2014, respectively.

26. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	3,004,440	2,856,380
Shares issued	$ 30,044,401	$ 28,563,800

The changes in YMTC's ordinary shares were due to the convertible bonds converted to ordinary shares.

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

2) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US$11.64 dollar per unit. As of December 31, 2015 and 2014, there were 85,262 and 5,330,595 units outstanding, representing 852,710 and 53,306,040 shares, 0.03% and 1.87% of total issued shares, respectively.

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

b. Capital surplus

A reconciliation of the carrying amount for the years ended 2015 and 2014, for each class of capital surplus was as follows:

	Share Premium	Differences Between Consideration and Carrying Amount of Subsidiaries Disposed	Changes in Percentage of Ownership Interest in Subsidiaries	Conversion Options	Total
Balance at January 1, 2014	$ 1,333,992	$ 2,462,554	$ -	$ 4,766,306	$ 8,562,852
Capital surplus used to offset accumulated deficits	(1,331,738)	(2,462,554)	-	-	(3,794,292)
Convertible bonds converted to ordinary shares	171,814	-	-	(41,086)	130,728
Balance at December 31, 2014	174,068	-	-	4,725,220	4,899,288
Convertible bonds converted to ordinary shares	676,789	-	-	(161,501)	515,288
Arising from changes in percentage of ownership interest in subsidiaries	-	-	35,153	-	35,153
Arising from donations	50,308	-		-	50,308
Balance at December 31, 2015	$ 901,165	$ -	$ 35,153	$ 4,563,719	$ 5,500,037

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

The capital surplus from changes in percentage of ownership interest in subsidiaries resulted from equity transactions other than actual disposal or acquisition. Such capital surplus may be used to offset a deficit.

The capital surplus from conversion options may not be used for any purpose.

c. Retained earnings and dividend policy

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

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

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

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation are subject to the resolution of the shareholders in their meeting to be held on 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors, please refer to employee benefits expense in Note 28,f.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

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

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

The appropriation of earnings for 2014 have been approved in the shareholders' meetings on June 18, 2015, was as follows:

	Appropriation of Earnings
Legal reserve	$ 41,137
Special reserve	379,072
	$ 420,209

The offsetting of deficit for 2013 approved in the shareholders' meetings on June 18, 2014 was as follows:

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

The offsetting of deficit for 2015 had been proposed by the Company's board of directors on March 21, 2016, was as follows:

	Offsetting of Deficit
Legal reserve	$ 41,137
Special reserve	4,098,535
Capital surplus - share premium	901,165
Capital surplus - changes in percentage of ownership interest in subsidiaries	35,153
	$ 5,075,990

The offsetting of deficit for 2015 will be resolved in the stockholders' meeting on June 22, 2016.

d. Special reserves

Special reserve should be appropriated for the amount equal to the net debit balance reserves. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve at the amount that were the same as the net increase arising from fair value measurement and transferred to retained earnings. Additional special reserve should be appropriated for subsequent net increase in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31 2015	2014
Balance at January 1	$ 490,379	$ (58,417)
Exchange differences arising on translating the financial statements of foreign operations	264,526	548,796
Related income tax	(64,851)	-
Balance at December 31	$ 690,054	$ 490,379

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

	For the Year Ended December 31 2015	2014
Balance at January 1	$ (727,627)	$ (221,390)
Unrealized gain arising on revaluation of available-for-sale financial assets	(553,484)	(451,781)
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(9,327)	(21,612)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates and joint ventures accounted for using the equity method	(39,864)	(32,844)
Balance at December 31	$ (1,330,302)	$ (727,627)

f. Non-controlling interests

	For the Year Ended December 31 2015	2014
Balance at January 1	$ 997,493	$ 898,962
Attributable to non-controlling interests:		
Share of profit (loss) for the year	(66,735)	116,587
Exchange difference arising on translating the financial statements of foreign entities	(19,511)	15,345
Issue of ordinary share for cash by subsidiaries	3,335	-
Changes in percentage of ownership interest in subsidiaries (see Note 31)	(35,153)	-
Remeasurement on defined benefit plan	(1,384)	(1,717)
Related income tax	193	291
Cash dividends distributed by subsidiaries	(185,616)	(31,975)
Balance at December 31	$ 692,622	$ 997,493

27. REVENUE

	For the Year Ended December 31	
	2015	2014
Cargo revenue	$ 115,201,172	$ 123,807,070
Rental revenue on ships	2,461,749	2,868,719
Slottage revenue	758,135	577,860
Commission revenue	883,488	674,352
Other operating revenue	8,254,880	6,849,857
	$ 127,559,424	$ 134,777,858

28. NET PROFIT (LOSS)

Net Profit (loss) included items below:

a. Other operating income and expenses

	For the Year Ended December 31	
	2015	2014
Gain on disposal and retirement of property, plant and equipment	$ 290,484	$ 2,786,915
Reimbursement income	61,863	151,322
Others	-	8,325
	$ 352,347	$ 2,946,562

b. Other income

	For the Year Ended December 31	
	2015	2014
Rental income	$ 114,177	$ 115,964
Interest income		
Bank deposits	214,475	154,667
Short-term bills	848	19
Others	3,019	351
Dividends	50,915	66,194
	$ 383,434	$ 337,195

c. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Net foreign exchange losses	$ (213,845)	$ (295,827)
Gain on disposal of available-for-sale financial assets	9,327	21,612
Net loss arising on financial assets/liabilities designated as at fair value through profit and loss	(165,423)	(209,933)
Gain (loss) on change in fair value of investment properties	46,040	(58,199)
Others	137,565	44,125
	$ (186,336)	$ (498,222)

d. Finance costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans	$ 665,461	$ 630,996
Interest on obligations under finance leases	396,392	406,447
Interest on other financial liabilities	27,274	28,007
Interest on bonds	671,624	704,412
Other interest expenses	59,089	30,864
	1,819,840	1,800,726
Less: Capitalized interest	(6,964)	(26,381)
	$ 1,812,876	$ 1,774,345

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2015	2014
Capitalized interest	$ 6,964	$ 26,381
Capitalization rate	1.1321%-1.3461%	0.8836%-1.7840%

e. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 6,330,124	$ 6,530,901
Intangible assets	29,414	32,076
	$ 6,359,538	$ 6,562,977
An analysis of depreciation by function		
Operating costs	$ 6,203,823	$ 6,402,775
Operating expenses	126,301	128,126
	$ 6,330,124	$ 6,530,901
An analysis of amortization by function		
Operating costs	$ 4,712	$ 6,125
Operating expenses	24,702	25,951
	$ 29,414	$ 32,076

f. Employee benefits expense

	For the Year Ended December 31	
	2015	2014
Retirement benefits (Note 25)		
Defined contribution plans	$ 264,446	$ 232,447
Defined benefit plans	165,966	170,284
Termination benefits	26,171	82,586
Other employee benefits	6,699,380	6,433,924
Total employee benefits expense	$ 7,155,963	$ 6,919,241
An analysis of employee benefits by function		
Operating costs	$ 2,966,241	$ 2,808,725
Operating expenses	4,189,722	4,110,516
	$ 7,155,963	$ 6,919,241

To be in compliance with the Company Act as amended in May 2015, the Company proposed amendments to its Articles of Incorporation of the Company which stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates 1%-5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. The amendments are subject to the resolution and adoption by the shareholders in their meeting to be held on June 22, 2016. YMTC did not accrue bonus to employees because of the losses for the year ended December 31, 2015.

YMTC did not accrue bonus to employees because of appropriation for special reserve for expenditure for transportation equipment for the year ended December 31, 2014.

29. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 239,214	$ 492,515
In respect of prior periods	2,589	167
	241,803	492,682
Deferred tax		
In respect of the current year	(395,839)	59,707
Income tax expense (benefit) recognized in profit or loss	$ (154,036)	$ 552,389

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

	For the Year Ended December 31	
	2015	2014
Profit (loss) before tax	$ (7,942,527)	$ 989,322
Tax expense (benefit) calculated at the statutory rate	$ (1,536,096)	$ 531,452
Nondeductible expenses in determining taxable income	10,156	812
Tax-exempt income	298,937	(35,854)
Unrecognized loss carryforwards and deductible temporary differences	846,024	(165,241)
Offshore income tax	99,872	132,102
Income tax on unappropriated earnings	-	10
Land value increment tax	62,559	62,534
Adjustments for prior years' tax	2,589	167
Others	61,923	26,407
Income tax expense (benefit) recognized in profit or loss	$ (154,036)	$ 552,389

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 64,851	$ -
Remeasurement on defined benefit plan	(75,279)	287
	$ (10,428)	$ 287

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable (included in other current assets)	$ 151,158	$ 58,898
Current tax liabilities		
Income tax payable	$ 149,392	$ 126,170

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Tax losses	$ 2,261,055	$ (19,246)	$ -	$ -	$ 2,241,809
Temporary differences					
Unrealized shipping fuel valuation losses	31,559	(4,022)	-	-	27,537
Investment loss on investments accounted for using equity method	4,636	8,731	-	-	13,367
Defined benefit plan	249,070	14,790	75,279	-	339,139
Unrealized loss on voyage in sailing	24,114	73,512	-	-	97,626
Payable for annual leave	17,366	3,283	-	-	20,649
Others	67,715	5,981	-	-	73,696
	$ 2,655,515	$ 83,029	$ 75,279	$ -	$ 2,813,823

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investment gain on investments accounted for using equity method	$ 1,321,000	$ (302,162)	$ -	$ -	$ 1,018,838
Reserve for land value increment tax	690,023	62,559	-	-	752,582
Investment properties	11,913	(430)	-	-	11,483
Property, plant and equipment	78,063	(19,421)	-	-	58,642
Exchange differences on translating foreign operations	-	-	64,851	-	64,851
Sales and leaseback	152,646	(116,515)	-	-	36,131
Others	73,896	63,159	-	(40,428)	96,627
	$ 2,327,541	$ (312,810)	$ 64,851	$ (40,428)	$ 2,039,154

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Tax losses	$2,329,685	$ (68,630)	$ -	$ -	$ 2,261,055
Temporary differences					
Unrealized shipping fuel valuation losses	25,227	6,332	-	-	31,559
Investment loss on investments accounted for using equity method	9,275	(4,639)	-	-	4,636
Defined benefit plan	256,019	(6,662)	(287)	-	249,070
Unrealized loss on voyage in sailing	75,763	(51,649)	-	-	24,114
Payable for annual leave	16,661	705	-	-	17,366
Others	75,107	(7,392)	-	-	67,715
	$ 2,787,737	$ (131,935)	$ (287)	$ -	$ 2,655,515

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Investment gain on investments accounted for using equity method	$ 1,373,772	$ (52,772)	$ -	$ -	$ 1,321,000
Reserve for land value increment tax	627,489	62,534	-	-	690,023
Investment properties	16,532	(4,619)	-	-	11,913
Property, plant and equipment	83,938	(5,875)	-	-	78,063
Sales and leaseback	338,248	(185,602)	-	-	152,646
Others	55,174	114,106	-	(95,384)	73,896
	$ 2,495,153	$ (72,228)	$ -	$ (95,384)	$ 2,327,541

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

	December 31	
	2015	2014
Loss carryforwards		
Expire in 2019	$ 854,623	$ 948,478
Expire in 2021	9,246,501	7,138,380
Expire in 2022	1,687,905	31,373
Expire in 2023	377,718	-
Expire in 2024	381,489	-
Expire in 2025	531,028	-
	$ 13,079,264	$ 8,118,231
Deductible temporary differences	$ 60,436	$ 44,856

f. Information about unused loss carry-forward

As of December 31, 2015, unused loss carryforwards comprised of:

Unused Amount	Expiry Year
$ 854,623	2019
9,246,501	2021
2,701,422	2022
8,069,750	2023
407,131	2024
4,986,949	2025
$ 26,266,376	

g. Integrated income tax

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

	Balance of Imputation Credit Account (ICA) December 31		Estimated Rates of	Actual Rates of
	2015	2014	2015	2014
Yang Ming Marine Transport Corporation	$ 548,006	$ 605,457	-	20.48%
Kuang Ming Shipping Corp.	$ 11,924	$ 18,728	-	20.48%
Honming Terminal & Stevedoring Co., Ltd.	$ 5,469	$ 4,772	20.69%	20.69%
Jing Ming Transportation Co., Ltd.	$ 3,447	$ 3,287	20.54%	20.54%
YES Logistics Corp.	$ 32,339	$ 31,605	-	-
Ching Ming Investment Corp.	$ 11,585	$ 10,417	-	-

YMTC, YES Logistics Corp. and Ching Ming Investment Corp. had no unappropriated earnings as of December 31, 2015. Thus, the ICA balance will be accumulated until the date of dividend distribution in the future.

h. As of December 31, 2015 and 2014, the Company had no unappropriated retained earnings generated before June 30, 1998.

i. Income tax assessments

Company	Year
Yang Ming Marine Transport Corporation	2013
Kuang Ming Shipping Corp.	2013
Honming Terminal & Stevedoring Co., Ltd.	2013
Jing Ming Transportation Co., Ltd.	2013
YES Logistics Corp.	2013
Ching Ming Investment Corp.	2013

30. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2015	2014
Basic earnings (loss) per share	$ (2.24)	$ 0.10
Diluted earnings (loss) per share	$ (2.24)	$ 0.10

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2015	2014
Earnings (loss) used in the computation of basic loss per share	$ (7,721,756)	$ 320,346
Effect of dilutive potential common stock:		
Convertible bonds	-	-
Earnings (loss) used in the computation of diluted loss per share	$ (7,721,756)	$ 320,346

Number of Ordinary Shares

	For the Year Ended December 31	
	2015	2014
Outstanding shares	2,987,076	2,818,973
Not exercised number of convertible shares of mandatory convertible bonds	457,413	457,413
Weighted average number of ordinary shares used in the computation of basic loss per share	3,444,489	3,276,386
Effect of dilutive potential common stock:		
Convertible bonds	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	3,444,489	3,276,386

The Company did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the years ended December 31, 2015 and 2014 due to their anti-dilutive effect.

If the Group offered to settle bonuses paid to employees in cash or shares, the Group will assume the entire amount of the bonus would be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year. YMTC did not accrue bonus to employees because of the losses for the year ended December 31, 2015. YMTC did not accrue bonus to employees because of appropriation for special reserve for expenditure for transportation equipment for the year ended December 31, 2014.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 2015, the Group subscribed for additional new shares of Kuang Ming Shipping Corp. at a percentage different from its existing ownership percentage, increasing its continuing interest from 86.57% to 93.07%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Amount
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	$ 35,153
Line items adjusted for equity transaction	
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ 35,153

32. NON-CASH TRANSACTIONS

For the years ended December 31, 2015 and 2014, the Group entered into the following non-cash acquiring and disposing of property, plant and equipment which were not reflected in the consolidated statement of cash flows:

	For the Year Ended December 31	
	2015	2014
Proceeds from acquisition of property, plant and equipment	$ 10,465,874	$ 10,420,353
Reclassification of prepayments for equipment	-	(1,577,261)
Decrease (increase) in payables on equipment	(621,645)	535,300
Cash paid	$ 9,844,229	$ 9,378,392
Proceeds from disposal of property, plant and equipment	$ 378,848	$ 11,061,599
Increase (decrease) in advances from disposal of property, plant and equipment (included in other current liabilities)	14,258	(240,780)
Cash received	$ 393,106	$ 10,820,819

33. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The Group entered into operating lease agreements to lease office, ships, containers, terminal and container yard that will expire on various dates until September 2036. The rentals are paid monthly or quarterly, and the Group has deposited $365,203 thousand and $361,946 thousand as guarantee fund as of December 31, 2015 and 2014. The total rental for the years ended December 31, 2015 and 2014 was $19,531,442 thousand and $15,862,955 thousand, respectively.

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

	December 31	
	2015	2014
Not later than 1 year	$ 20,536,372	$ 16,399,838
Later than 1 year and not later than 5 years	68,867,255	53,473,074
Later than 5 years	28,765,996	11,935,916
	$ 118,169,623	$ 81,808,828

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

b. The Group as lessor

Ship

The Company signed ship lease contracts under operating lease. As of December 31, 2015 and 2014, the future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 544,729	$ 665,251
Later than 1 year and not later than 5 years	-	28,434
Later than 5 years	-	-
	$ 544,729	$ 693,685

34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns to maintain the capital structure through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, other equity and non-controlling interests).

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

	December 31	
	2015	2014
Debt (a)	$ 123,155,664	$ 114,063,217
Cash and cash equivalents	(23,749,249)	(21,683,555)
Net debt	$ 99,406,415	$ 92,379,662
Equity (b)	$ 31,731,332	$ 34,446,406
Net debt to equity ration	313.28%	240.28%

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

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

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

1) Financial liabilities have significant variance between fair value and carrying amount

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable (included current portion)	$ 28,614,115	$ 28,695,709	$ 32,502,618	$ 32,954,048
Financial lease payables (included current portion)	5,568,827	5,153,694	5,728,441	5,945,228

Note: Included other financial liabilities - cost of issuance of bonds.

2) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Domestic privately placed secured mandatory convertible bonds	$ -	$ -	$ 656,560	$ 656,560
Domestic privately placed unsecured bonds	-	13,960,399	-	13,960,399
Secured domestic bonds	-	7,198,126	-	7,198,126
Unsecured domestic bonds	-	5,008,948	-	5,008,948
Domestic unsecured convertible bonds	-	1,871,676	-	1,871,676
Finance lease payables	-	-	5,153,694	5,153,694
	$ -	$ 28,039,149	$ 5,810,254	$ 33,849,403

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Principal guaranteed notes	$ -	$ 98,545	$ -	$ 98,545
Open-end funds	692,694	-	-	692,694
Closed-end funds	8,551	-	-	8,551
Domestic quoted shares	46,965	-	-	46,965
Overseas quoted shares	291	-	-	291
	$ 748,501	$ 98,545	$ -	$ 847,046

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 89,105	$ 89,105
Available-for-sale financial assets				
Domestic quoted shares	$ 976,473	$ -	$ -	$ 976,473
Open-end funds	2,356	-	-	2,356
	$ 978,829	$ -	$ -	$ 978,829

(Concluded)

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Principal guaranteed notes	$ -	$ 960,158	$ -	$ 960,158
Derivative financial instruments	-	-	78,486	78,486
Open-end funds	617,635	-	-	617,635
Closed-end funds	8,659	-	-	8,659
Domestic quoted shares	203,301	-	-	203,301
	$ 829,595	$ 960,158	$ 78,486	$ 1,868,239
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 78,658	$ 78,658
Available-for-sale financial assets				
Domestic quoted shares	$ 1,539,004	$ -	$ -	$ 1,539,004
Open-end funds	2,636	-	-	2,636
	$ 1,541,640	$ -	$ -	$ 1,541,640

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

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

For the year ended December 31, 2015

Financial assets at fair value through profit or loss:

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	Oil Swap and Oil Swap Options	Total
Balance at January 1, 2015	$ -	$ 78,486	$ 78,486
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	17,247	28,619	45,866
Unrealized	-	-	-

(Continued)

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	Oil Swap and Oil Swap Options	Total
Reclassification	$ -	$ -	$ -
Purchases	-	-	-
Disposals/settlements	(17,247)	(107,105)	(124,352)
Transfers out of Level 3	-	-	-
Balance at December 31, 2015	$ -	$ -	$ -

(Concluded)

Financial liabilities at fair value through profit or loss:

	Held for Trading		
	Oil Swap and Oil Swap Options	Put Option of Bonds	Total
Balance at January 1, 2015	$ 77,844	$ 814	$ 78,658
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	148,260	-	148,260
Unrealized	82,830	5,850	88,680
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	(226,104)	(389)	(226,493)
Transfers out of Level 3	-	-	-
Balance at December 31, 2015	$ 82,830	$ 6,275	$ 89,105

For the year ended December 31, 2014

Financial assets at fair value through profit or loss:

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	Oil Swap and Oil Swap Options	Total
Balance at January 1, 2014	$ -	$ 55,590	$ 55,590
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	3,668	57,173	60,841
Unrealized	-	78,486	78,486
Reclassification	-	-	-
Purchases	-	38,788	38,788
Disposals/settlements	(3,668)	(151,551)	(155,219)
Transfers out of Level 3	-	-	-
Balance at December 31, 2014	$ -	$ 78,486	$ 78,486

Financial liabilities at fair value through profit or loss:

	Held for Trading		
	Oil Swap and Oil Swap Options	Put Option of Bonds	Total
Balance at January 1, 2014	$ -	$ 19,820	$ 19,820
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	315,277	-	315,277
Unrealized	77,844	(17,019)	60,825
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	(315,277)	(1,987)	(317,264)
Transfers out of Level 3	-	-	-
Balance at December 31, 2014	$ 77,844	$ 814	$ 78,658

4) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Designated as at FVTPL - Principal guaranteed notes	Income approach: Future cash flows are estimated based on the total date satified with the terms of the contract

5) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) The fair values of oil swap and oil swap options are determined using Black-Scholes models where the significant unobservable inputs are implied volatility. An increase in the implied volatility used in isolation would result in a decrease in the fair value.

b) The fair values of put option of bonds are determined using convertible bonds of Binary tree pricing models where the significant unobservable inputs are volatility. An increase in the volatility used in isolation would result in a decrease in the fair value.

c. Categories of financial instruments

	December 31			
	2015		2014	
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	$	748,501	$	908,081
Designated as at FVTPL		98,545		960,158
Loans and receivables (1)		35,505,619		36,581,838
Available-for-sale financial assets (2)		1,473,426		2,036,237
Financial liabilities				
Fair value through profit or loss (FVTPL)				
Held for trading		89,105		78,658
Amortized cost (3)		109,405,447		100,348,909

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 39.

Sensitivity analysis

Monetary assets and liabilities were mainly exposed to the U.S. dollars, GBP, RMB, EUR and JPY.

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

	For the Year Ended December 31	
Profit (Loss) of 1% Variation (i)	**2015**	**2014**
U.S. dollars	$ (96,696)	$ (47,135)
RMB	663	13,630
GBP	5,756	8,004
EUR	(3,184)	(4,644)
JPY	(2,015)	(2,383)

i. This was mainly attributable to the exposure of outstanding foreign currency deposits, receivables and payables at the end of the reporting period.

The Group's sensitivity to foreign currency exchange rate during the current period was mainly due to the increase in RMB and GBP's monetary assets, trade receivables and cash equivalents that was greater than the increase in the relevant currency payables, which caused the increase in net assets. The increase of U.S. dollars, EUR and JPY is due to the increase of liabilities in foreign currency.

b) Interest rate risk

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

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

	December 31	
	2015	**2014**
Fair value interest rate risk		
Financial assets	$ 8,167,231	$ 8,271,056
Financial liabilities	39,132,729	41,676,122
Cash flow interest rate risk		
Financial assets	18,758,993	18,154,002
Financial liabilities	57,958,559	46,865,525

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2015 would decrease/increase by $39,200 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2014 would decrease/increase by $28,712 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

The Group's sensitivity to interest rate has not changed significantly from the prior year.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $2,363 thousand and $10,165 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the years ended December 31, 2015 and 2014 would increase/decrease by $48,824 thousand and $76,950 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

If mutual funds prices had been 5% higher/lower, pre-tax profit before income tax for the years ended December 31, 2015 and 2014 would have increased/decreased by $35,062 thousand and $31,315 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the years ended December 31, 2015 and 2014 would increase/decrease by $118 thousand and $132 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

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

If oil prices had been increase/decrease by US$1 dollar, fair value increase/decrease by $1,477 thousand (US$45 thousand) for holding oil swap and oil swap option contracts (oil swap and oil swap option for hedging purpose but not determined to be an effective hedge) for the years ended December 31, 2015.

The Group's sensitivity to other price decreased during the current year mainly due to the decrease in available-for-sale and held for trading investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014, the Group had available unutilized short-term bank loan facilities $8,251,460 thousand and $10,533,591 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2015

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 18,468,196	$ 128,335	$ -
Finance lease liabilities	771,865	2,723,047	4,899,533
Other financial liabilities (i)	261,522	988,875	3,410,504
Variable interest rate liabilities	6,899,128	42,568,710	6,093,390
Fixed interest rate liabilities	14,125,662	20,867,477	-
Financial guarantee liabilities	965,654	-	-
	$ 41,492,027	$ 67,276,444	$ 14,403,427

i. Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Cash inflows expected to occur not later than one year, later than one year but not later than five years, and later than five years were $238,687 thousand, $1,245,380 thousand and $2,567,989 thousand, respectively.

December 31, 2014

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 18,117,938	$ 142,754	$ -
Finance lease liabilities	745,695	2,762,421	5,348,002
Other financial liabilities (i)	203,489	1,122,977	3,656,879
Variable interest rate liabilities	7,340,542	33,754,707	5,378,467
Fixed interest rate liabilities	7,250,678	24,475,593	3,995,550
Financial guarantee liabilities	1,016,746	-	-
	$ 34,675,088	$ 62,258,452	$ 18,378,898

i. Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Cash inflows expected to occur not later than one year, to occur later than one year and not later than five years, and to occur later than five years were $273,586 thousand, $1,127,484 thousand and $2,972,105 thousand, respectively.

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

b) Derivative instruments

Derivative instruments the Group held are all settled within one year as of December 31, 2015 and 2014.

4) Reclassifications

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

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

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

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

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets	$ 2,356	$ 2,356	$ 2,636	$ 2,636

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized) for 2015 and 2014 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Year Ended December 31			
	2015		2014	
	Gains (Losses) Recorded	Pro Forma Gains (Losses)	Gains (Losses) Recorded	Pro Forma Gains (Losses)
Available-for-sale financial assets	$ -	$ (280)	$ -	$ 59

36. TRANSACTIONS WITH RELATED PARTIES

Most of YMTC's directors in the board were appointed by MOTC. Transactions with other government-related entities were mainly bank deposits, borrowing and guaranteed business with government-owned banks (see Notes 18 and 19), concession right of Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 16) and shipbuilding contracts signed with CSBC Corporation (see Note 38).

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

a. Profit (loss) from operation

Related Parties Types	For the Year Ended December 31 2015	2014
Operating revenue		
Government - related parties	$ 340,008	$ 299,608
Associates	279,061	245,329
Investors that have significant influence over the subsidiaries	2,971	3,048
	$ 622,040	$ 547,985
Operating cost		
Associates	$ 4,875,510	$ 4,124,667
Government - related parties	630,306	766,534
Investors that have significant influence over the subsidiaries	433,372	425,271
	$ 5,939,188	$ 5,316,472
Operating expenses		
Government - related parties	$ 53,664	$ 57,406
Other related parties - others	33,793	29,327
Investors that have significant influence over the subsidiaries	10,205	9,827
Associates	6	5
	$ 97,668	$ 96,565

b. Bank deposits

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

	December 31 2015	2014
Government - related parties	$ 7,688,123	$ 7,645,767

c. Receivables and payables from related parties

	December 31	
	2015	2014
Trade receivable		
Associates	$ 298,512	$ 373,378
Government - related parties	21,423	270
Investors that have significant influence over the subsidiaries	-	29
	$ 319,935	$ 373,677
Other receivable - related parties (included in other current assets)		
Associates	$ 207,133	$ 142,869
Government - related parties	10,752	11,353
Investors that have significant influence over the subsidiaries	2,418	288
	$ 220,303	$ 154,510
Trade payable to related parties		
Associates	$ 1,002,284	$ 934,190
Investors that have significant influence over the subsidiaries	121,506	103,370
Government - related parties	42,014	46,947
	$ 1,165,804	$ 1,084,507
Other payable - related parties (included in other payables)		
Government - related parties	$ 37,098	$ 40,159
Associates	72,218	171
	$ 109,316	$ 40,330

d. Prepayments to shipping agents

	December 31	
	2015	2014
Associates	$ 245,197	$ 79,586

e. Bonds payables

	December 31	
	2015	2014
Government - related parties	$ 8,999,000	$ 7,699,000
Investors that have significant influence over the subsidiaries	450,000	450,000
Associates	25,000	25,000
	$ 9,474,000	$ 8,174,000

Note: Original investment amount of privately placed bonds.

f. Others

Related Parties Types	For the Year Ended December 31 2015	2014
Rental income		
Other related parties - others	$ 3,429	$ 3,429
Interest income		
Government - related parties	$ 16,622	$ 26,795
Associates	2,773	45
	$ 19,395	$ 26,840
Dividend income		
Government - related parties	$ 45,993	$ 56,607
Finance cost		
Government - related parties	$ 520,810	$ 496,356
Investors that have significant influence over the subsidiaries	3,233	3,154
Associates	537	537
	$ 524,580	$ 500,047

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

g. Property

The Group acquired property transactions from government-related parties; the amounts were $5,597,770 thousand and $5,165,456 thousand during the years ended December 31, 2015 and 2014, respectively.

h. Compensation of key management personnel

	For the Year Ended December 31 2015	2014
Short-term employee benefits	$ 37,846	$ 27,179
Post-employment benefits	3,147	10,396
	$ 40,993	$ 37,575

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to those mentioned in Note 17, the following assets had been pledged as collaterals for syndicated bank loans, long-term bank loans, bonds and credit lines:

	December 31	
	2015	2014
Property, plant and equipment, net	$ 58,643,240	$ 48,081,824
Refundable deposits	1,136,657	230,090
Deposit of stand-by letter of credit (included in other financial assets)	4,604,493	4,910,558
Pledged time deposits (included in other financial assets)	76,906	72,781
Investment properties, net	-	1,492,000
	$ 64,461,296	$ 54,787,253

38. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Schedule B and Note 14, commitments and contingent liability on reporting periods were as follows:

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

b. The Company signed shipbuilding contracts with government-related entity. As of December 31, 2015 and 2014, unpaid amount for these contracts were $0 thousand and $5,294,992 thousand, respectively.

c. The Company signed tramp ships building contracts with non-related party. As of December 31, 2015 and 2014, unpaid amounts for these contracts were $2,755,094 thousand and $3,016,572 thousand, respectively.

d. The Group signed ship lease contracts with other companies which will start in 2015 and 2018 with lease periods from 10 to 12 years. As of December 31, 2015 and 2014, future rentals for these contracts were estimated from US$1,584,000 thousand to US$1,894,000 thousand and from US$2,527,000 thousand to US$3,032,000 thousand, respectively.

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

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 417,762	32.8300 (USD:NTD)	$ 13,715,143
GBP	96,018	1.4842 (GBP:USD)	4,678,601
RMB	225,235	5.0557 (RMB:NTD)	1,138,731
USD	34,296	2.9188 (USD:TRY)	1,125,932
EUR	16,352	35.8520 (EUR:NTD)	586,236
GBP	5,012	48.7263 (GBP:NTD)	244,216
HKD	54,217	4.2360 (HKD:NTD)	229,666
JPY	744,849	0.2727 (JPY:NTD)	203,126
USD	5,503	0.9157 (USD:EUR)	180,677
Non-monetary items			
Investments accounted for using equity method			
USD	44,466	32.8300 (USD:NTD)	1,459,820
AUD	1,362	24.0283 (AUD:NTD)	32,719
AED	10,082	8.9382 (AED:NTD)	90,113
INR	20,919	0.4961 (INR:NTD)	10,378
GBP	120	48.7263 (GBP:NTD)	5,823
RMB	121,285	5.0557 (RMB:NTD)	613,182
VND	2,337,333	0.0015 (VND:NTD)	3,506
EGP	10,304	4.1931 (EGP:NTD)	43,207
Financial assets at fair value through profit or loss			
GBP	1,476	48.7263 (GBP:NTD)	71,897
THB	318	0.9109 (THB:NTD)	291
Financial liabilities			
Monetary items			
USD	738,671	32.8300 (USD:NTD)	24,250,579
GBP	87,877	1.4842 (GBP:USD)	4,281,898
RMB	212,112	5.0557 (RMB:NTD)	1,072,383
EUR	25,233	35.8520 (EUR:NTD)	904,653
USD	13,425	2.9188 (USD:TRY)	440,744
JPY	1,483,805	0.2727 (JPY:NTD)	404,645
KRW	6,364,225	0.0279 (KRW:NTD)	177,632
GBP	1,340	48.7263 (GBP:NTD)	65,312

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 500,036	31.7200 (USD:NTD)	$ 15,861,140
GBP	104,585	1.5567 (GBP:USD)	5,164,072
RMB	470,661	5.1111 (RMB:NTD)	2,405,594
USD	24,661	2.3256 (USD:TRY)	782,258
EUR	12,408	38.5620 (EUR:NTD)	478,467
GBP	5,649	49.3770 (GBP:NTD)	278,948
JPY	1,049,906	0.2651 (JPY:NTD)	278,338
RMB	49,029	0.1611 (RMB:USD)	250,590
HKD	6,657	0.1289 (HKD:USD)	27,230
Non-monetary items			
Investments accounted for using equity method			
USD	42,532	31.7200 (USD:NTD)	1,349,113
AUD	992	25.9834 (AUD:NTD)	25,772
AED	11,636	8.6360 (AED:NTD)	100,485
INR	19,291	0.5019 (INR:NTD)	9,682
GBP	133	47.3770 (GBP:NTD)	6,312
RMB	131,063	5.1111 (RMB:NTD)	669,875
THB	1,596	0.9641 (THB:NTD)	1,539
VND	4,832,000	0.0015 (VND:NTD)	7,248
EGP	12,526	4.4363 (EGP:NTD)	55,567
Financial assets at fair value through profit or loss			
GBP	1	49.3770 (GBP:NTD)	59
Financial liabilities			
Monetary items			
USD	660,276	31.7200 (USD:NTD)	20,943,957
GBP	92,115	1.5567 (GBP:USD)	4,548,339
RMB	253,022	5.1111 (RMB:NTD)	1,293,219
USD	13,020	2.3256 (USD:TRY)	412,984
EUR	24,450	38.5620 (EUR:NTD)	942,858
GBP	1,910	49.3770 (GBP:NTD)	94,318
JPY	1,948,715	0.2651 (JPY:NTD)	516,618

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange losses were $213,845 thousand and $295,827 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided: Please see Schedule A attached;

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

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

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

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

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

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

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

9) Trading in derivative instruments. (Note 7)

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

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

b. Information on investments in mainland China

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None;

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

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

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

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

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

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

41. SEGMENT INFORMATION

a. Segment revenues and results

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

	Year Ended December 31, 2015					
	Containership Department	Bulk shipping Department	Wharf Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	$ 119,858,488	$ 2,026,163	$ 1,074,769	$ 4,612,021	$ (12,017)	$ 127,559,424
Intercompany sales	704,048	-	957,757	1,213,326	(2,875,131)	-
Total revenue	$ 120,562,536	$ 2,026,163	$ 2,032,526	$ 5,825,347	$ (2,887,148)	$ 127,559,424
Segment operating income (loss)	$ (4,382,309)	$ (2,229,824)	$ 87,503	$ 79,891	$ (1,993)	$ (6,446,732)
Administration cost						(366,409)
Other operating income and expenses						352,347
Share of profit of associates and joint ventures accounted for using the equity method						134,045
Other income						383,434
Financial costs						(1,812,876)
Other gains and losses						(186,336)
Continuing operation loss before tax expense						$ (7,942,527)

	Year Ended December 31, 2014					
	Containership Department	Bulk shipping Department	Wharf Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	$ 126,674,134	$ 2,755,293	$ 657,979	$ 4,690,452	$ -	$ 134,777,858
Intercompany sales	1,098,570	-	867,521	1,169,859	(3,135,950)	-
Total revenue	$ 127,772,704	$ 2,755,293	$ 1,525,500	$ 5,860,311	$ (3,135,950)	$ 134,777,858
Segment operating income (loss)	$ 807,483	$ (839,689)	$ 56,378	$ 139,397	$ 49,498	$ 213,067
Administration cost						(373,004)
Other operating income and expenses						2,946,562
Share of profit of associates and joint ventures accounted for using the equity method						138,069
Other income						337,195
Financial costs						(1,774,345)
Other gains and losses						(498,222)
Continuing operation loss before tax expense						$ 989,322

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

b. Segment assets

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

c. Geographical information

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

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

	Revenue From External Customers	Noncurrent Assets
	For the Year Ended December 31, 2015	December 31, 2015
Domestic	$ 7,187,378	$ 10,492,882
America	56,084,073	29,316
Europe	30,755,986	84,347
Asia	33,515,296	520,960
Others	16,691	138,991
	$ 127,559,424	11,266,496
Containers		14,095,323
Ships and construction in process		74,851,620
		$ 100,213,439

	Revenue From External Customers	Noncurrent Assets
	For the Year Ended December 31, 2014	December 31, 2014
Domestic	$ 5,758,293	$ 10,729,222
America	54,887,133	21,647
Europe	40,440,196	76,816
Asia	33,673,961	187,768
Others	18,275	168,574
	$ 134,777,858	11,184,027
Containers		11,631,590
Ships and construction in process		72,346,488
		$ 95,162,105

Noncurrent assets excluded those classified as financial assets, deferred tax assets, post-employment benefit assets and assets arising from insurance contracts.

d. Critical customer

No single customer accounted for at least 10% of the Group's total operating revenues for the years ended December 31, 2015 and 2014.

SCHEDULE A

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Borrower	Financial Statement Account	Maximum Balance for the Year (Note C)	Ending Balance (Note C)	Amount Actually Drawn (Note C)	Interest Rate	Nature of Financing (Note A)	In the Last Five Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral Item	Collateral Value	Maximum Amount of Financing to Individual Borrower	Maximum Amount of Financing that Can Be Provided by the Financier
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	$ 2,500,000	$ 2,500,000	$ 1,359,588	1.8238%	1	$ 1,423,169	Repayment of loans/ obtain working capital	$ -	-	$ -	$ 10,426,890	$ 15,519,354
		All Oceans Transportation, Inc.	Other receivables	3,500,000	3,500,000	1,363,096	1.8238%	1	3,536,962	Obtain working capital	-	-	-	12,415,483	15,519,354
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	229,810 (US$ 7,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	243,003	729,009
2	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	6,778 (HK$ 1,600 thousand)	-	-	-	2	-	Repayment of loans	-	-	-	54,075	108,151
3	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Kung Ming (Liberia) Corp.	Other receivables	262,640 (US$ 8,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	413,995	1,241,987
4	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	328,300 (US$ 10,000 thousand)	262,640 (US$ 8,000 thousand)	-	-	2	-	Obtain working capital	-	-	-	349,982	1,049,946
5	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	17,030 (EUR 475 thousand)	17,030 (EUR 475 thousand)	10,756 (EUR 300 thousand)	2.7080%	1	182,821	Obtain working capital	-	-	-	454,894	617,315
		Yes Logistics (Shanghai) Corp.	Other receivables	300,720 (US$ 3,000 thousand and RMB 40,000 thousand)	300,720 (US$ 3,000 thousand and RMB 40,000 thousand)	142,475 (US$ 3,000 thousand and RMB 8,700 thousand)	1.826%-3.0000%	1	84,295	Obtain working capital	-	-	-	493,852	617,315
		Sino Trans PFS Cold Chain Logistics Co., Ltd.	Other receivables	33,697 (RMB 6,665 thousand)	33,697 (RMB 6,665 thousand)	33,697 (RMB 6,665 thousand)	6.0000%	2	-	Obtain working capital	-	-	-	61,731	123,463
6	Kung Ming (Liberia) Corp.	Kung Ming Shipping Corp.	Other receivables	295,470 (US$ 9,000 thousand)	182,073 (US$ 5,546 thousand)	-	-	2	-	Obtain working capital	-	-	-	182,703	546,219
7	Yang Ming Line Holding Co.	Olympic Container Terminal LLC	Other receivables	328,300 (US$ 10,000 thousand)	328,300 (US$ 10,000 thousand)	328,300 (US$ 10,000 thousand)	2.0000%	2	-	Obtain working capital	-	-	-	986,667	986,667
		Kung Ming (Liberia) Corp.	Other receivables	164,150 (US$ 5,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	197,333	592,000
8	Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistics Co., Ltd.	Other receivables	16,861 (RMB 3,335 thousand)	16,861 (RMB 3,335 thousand)	16,861 (RMB 3,335 thousand)	6.0000%	2		Obtain working capital	-	-	-	157,277	314,554

(Continued)

Notes:

A. Nature of financing:

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

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

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

(Continued)

D. For a borrower that is a subsidiary of the Corporation, maximum financing is the lower of 40% of the latest net assets audited or reviewed by CPA of the Corporation or the total amount of transactions between the Corporation and the subsidiary in the last five years.

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

F. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.

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

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

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

J. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.

K. The maximum financing amount is the 60% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with short-term financing need, the maximum is the 30% of the latest net assets audited or reviewed by CPA of the lender.

L. For borrowers with transactions with the lender, maximum financing is 15% of the latest net assets or received by CPA of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 30% of the latest net assets. For the borrower needing short-term financing maximum financing is 10% of the total assets of the lender.

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

N. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 40% of the latest net assets. For the borrower needing short-term financing, maximum financing is 5% of the financing amount.

O. The maximum financing amount is 60% of the net assets of the lender. For borrower with transactions with lender maximum financing is 30% of the net total assets of the lender. For subsidiaries with transaction with the lender, maximum financing is 30% of the latest net assets. For the borrower needing short-term financing, maximum financing is 30% of the total assets of the lender.

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

Q. The maximum financing amount is 80% of the net assets of the lender. For borrower with transactions with lender maximum financing is 50% of the net total assets of the lender. For the borrower needing short-term financing, maximum financing is 30% of the net total assets. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on non ROC corporation, maximum financing is 50% of the net total assets.

R. For borrower with transaction with the lender, maximum financing is 25% of the total amount of transaction between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on non ROC corporation, maximum financing is 50% of the net total assets.

S. The maximum financing amount is 50% of the total assets of the lender. For borrower with transactions with lender maximum financing is 30% of the total assets of the lender. For the borrower needing short-term financing maximum financing is 20% of the total assets of the lender.

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

U. United States dollars, Euros dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US$1=NT$32.83, US$1=EUR0.9157, US$1=HK$7.7502 and US$=RMB6.4936 as of December 31, 2015.

(Concluded)

SCHEDULE B

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount	Ending Balance (Note M)	Actual Borrowing Amount (Note M)	Value of Collaterals Property, Plant or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can Be Provided by the Guarantor	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	$ 49,661,934	$ 13,985,511 (US$ 425,998 thousand)	$ 13,985,511 (US$ 425,998 thousand)	$ 9,238,532 (US$ 281,405 thousand)	$ -	45.06%	$ 62,077,418	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	49,661,934	5,104,619 (US$ 155,486 thousand)	4,516,417 (US$ 137,570 thousand)	4,286,577 (US$ 130,569 thousand)	-	14.55%	62,077,418	Y	N	N
		Yang Ming (Liberia) Corp.	Subsidiary	49,661,934	6,809,270 (US$ 207,410 thousand)	6,809,270 (US$ 207,410 thousand)	1,702,318 (US$ 51,853 thousand)	-	21.94%	62,077,418	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	49,661,934	262,640 (US$ 8,000 thousand)	262,640 (US$ 8,000 thousand)	164,150 (US$ 5,000 thousand)	-	0.85%	62,077,418	Y	N	N
		United Terminal Leasing LLC	Investments in associates	49,661,934	236,376 (US$ 7,200 thousand)	236,376 (US$ 7,200 thousand)	27,436 (US$ 835 thousand)	-	0.76%	62,077,418	N	N	N
		West Basin Container Terminal LLC	Investments in associates	49,661,934	611,951 (US$ 18,640 thousand)	525,280 (US$ 16,000 thousand)	204,912 (US$ 6,242 thousand)	-	1.69%	62,077,418	N	N	N
		Olympic Container Terminal LLC	Subsidiary	49,661,934	164,155 (US$ 5,000 thousand)	164,155 (US$ 5,000 thousand)	164,155 (US$ 5,000 thousand)	-	0.53%	62,077,418	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	853,290	146,049 (US$ 4,449 thousand)	146,094 (US$ 4,449 thousand)	-	-	0.47%	1,066,613	N	N	N
		United Terminal Leasing LLC	Investments in associates	853,290	57,949 (US$ 1,765 thousand)	57,949 (US$ 1,765 thousand)	56,197 (US$ 1,712 thousand)	-	0.19%	1,066,613	N	N	N
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	3,453,549	9,486 (GBP 195 thousand)	5,561 (GBP 114 thousand)	5,561 (GBP 114 thousand)	-	0.02%	4,316,937	N	N	N
3	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	26,224,049	5,950,000	1,450,000	120,833	1,450,000 (Note P)	4.67%	32,780,061	N	Y	N

(Continued)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount	Ending Balance (Note M)	Actual Borrowing Amount (Note M)	Value of Collaterals Property, Plant or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can Be Provided by the Guarantor	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	$ 11,199,428	$ 5,099,754 (US$ 27,8000 thousand JPY 10,220,000 thousand and NT$ 1,400,000 thousand)	$ 5,099,754 (US$ 27,800 thousand JPY 10,220,000 thousand and NT$ 1,400,000 thousand)	$ 3,176,106 (US$ 96,744 thousand)	$ -	16.43%	$ 13,999,285	N	N	N
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	2,931,172	1,296,980 (US$ 6,000 thousand and NT$ 1,100,000 thousand)	1,296,980 (US$ 6,000 thousand and NT$ 1,100,000 thousand)	500,000	-	4.18%	3,641,465	N	N	N

A. Represents 200% of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation").

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

C. Represents 300% of the latest net assets audited or reviewed by CPA of the Corporation, and subsidiaries.

D. Represents 60% of the amount mentioned in Note C.

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

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

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

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

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

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

K. Represents 400% of its latest audited or reviewed net asset value.

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

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

N. Represents 80% of the amount mentioned in Note M.

O. United States dollars, Great Britain Pounds and Japanese yen translated into New Taiwan dollars at the exchange rate of US$1=NT$32.83, US$1=GBP0.6738 and US$1=JPY120.39 on December 31, 2015.

P. Represents 5 ships used as guarantees, with carrying value of $1,466,883 thousand as of December 31, 2015.

(Concluded)

SCHEDULE C

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
Yang Ming Marine Transport Corporation	Domestic unquoted common stocks							
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	51,000,000	$ 472,188	9,.81	$ -	
	United Stevedoring Corp.	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Overseas unquoted common stocks							
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	-	14.02	-	
	Domestic quoted stocks							
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	976,464	16.96	976,464	
	Open-end funds							
	BlackRock ICS GBP Liquidity Funds	-	Financial assets at fair value through profit or loss - current	1,475,096	71,897	-	71,897	
	Corporates bonds							
	Domestic Privately Placed Unsecured Bonds - Kuang Ming Shipping Corp.	Subsidiary	Debt investment with no active market	-	1,000,000	-	-	
Ching Ming Investment Corp.	Domestic unquoted common stocks							
	Ascentek Venture Capital Corporation	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,155	6,420	1.40	-	
	Domestic quoted stocks							
	China Steel Corporation	-	Available-for-sale financial assets - current	471	9	-	9	
	China Steel Corporation.	-	Financial assets at fair value through profit or loss - current	50,000	897	-	897	
	Taiwan Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss - current	585,000	8,073	0.14	8,073	
	Catcher Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	2,760	-	2,760	
	Runtex Industries Limited	-	Financial assets at fair value through profit or loss - current	73,327	4,502	0.01	4,502	
	Hiwin Technologies Corp.	-	Financial assets at fair value through profit or loss - current	40,000	5,180	0.01	5,180	
	Advantech Co., Ltd.	-	Financial assets at fair value through profit or loss - current	35,000	7,402	0.01	7,402	
	MediaTek Inc.	-	Financial assets at fair value through profit or loss - current	6,000	1,500	-	1,500	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	Elan Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	130,000	$ 5,954	0.03	$ 5,954	
	Dynapack International Technology Corp.	-	Financial assets at fair value through profit or loss - current	10,000	485	0.01	485	
	Makalot Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	35,041	8,165	0.02	8,165	
	Sunspring Metal Corp.	-	Financial assets at fair value through profit or loss - current	25,000	1,035	0.02	1,035	
	T3EX Global Holdings Corp.	-	Financial assets at fair value through profit or loss - current	36,000	1,012	0.03	1,012	
	Overseas quoted stocks							
	RCLf.BKRegional Contain_F/R	-	Financial assets at fair value through profit or loss - current	61,400	291	-	291	
	Open-end funds							
	Franklin Templeton Developing Market Trust	-	Available-for-sale financial assets - current	2,254	1,006	-	1,006	
	Hua Nan Global Infrastructure Fund A	-	Available-for-sale financial assets - current	200,000	1,350	-	1,350	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,247,864	135,102	-	135,102	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,283,899	90,152	-	90,152	
	Taishin North American Income Trust	-	Financial assets at fair value through profit or loss - current	52,854	1,024	-	1,024	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,416,575	111,970	-	111,970	
	Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss - current	107,875	868	-	868	
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,767,569	170,302	-	170,302	
	Fuh Hwa China New Economy A Shares Equity Fund	-	Financial assets at fair value through profit or loss - current	800,000	5,824	-	5,824	
	Capital India Medium and Small Cap Equity Fund	-	Financial assets at fair value through profit or loss - current	79,365	1,008	-	1,008	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,883,898	91,845	-	91,845	
	Taishin Lation America Fund	-	Financial assets at fair value through profit or loss - current	500,000	2,195	-	2,195	
	PineBridge BRIIC Infrastructure Equity Fund	-	Financial assets at fair value through profit or loss - current	623,609	3,630	-	3,630	
	Nomura Global Multi-Asset Dynamically Balanced Fund-TWD	-	Financial assets at fair value through profit or loss - current	500,000	5,000	-	5,000	
	Pinebridge China Balanced Fund-A	-	Financial assets at fair value through profit or loss - current	100,000	925	-	925	
	Mirae Asset Asia Great Consumer Equity Fund	-	Financial assets at fair value through profit or loss - current	57,670	925	-	925	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value	
	Closed-end funds							
	Yuanta Daily CSI 300 Bull 2X ETF	-	Financial assets at fair value through profit or loss - current	150,000	$ 1,964	0.02	$ 1,964	
	Yuanta CSI 300 Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	100,000	1,872	0.01	1,872	
	Fubon SZSE 100 ETF	-	Financial assets at fair value through profit or loss - current	395,000	4,760	0.20	4,760	
Yes Logistics Corp.	Overseas unquoted common stocks							
	B2B.Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	140	9.88	-	
	Domestic unquoted common stocks							
	United Raw Material Solutions Inc./URMS	-	Financial asset carried at cost - noncurrent	319,751	2,953	2.76	-	

(Concluded)

SCHEDULE D

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corp.	Open-end funds														
	Jih Sun Money Market Fund	Available-for-sale financial assets - current	-	-	-	$ -	212,988,605	$ 3,100,000	212,988,605	$ 3,101,624	$ 3,100,000	$ 1,624	$ -	-	$ -
	Mega Diamond Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	77,089,177	950,000	77,089,177	950,812	950,000	812	-	-	-
	UPAMC James Bond Money Market	Available-for-sale financial assets - current	-	-	-	-	109,195,093	1,800,000	109,195,093	1,800,749	1,800,000	749	-	-	-
	Capital Money Market	Available-for-sale financial assets - current	-	-	-	-	160,365,362	2,550,000	160,365,362	2,551,301	2,550,000	1,301	-	-	-
	Cathy Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	138,218,598	1,700,000	138,218,598	1,700,407	1,700,000	407	-	-	-
	Franklin Templeton Sinoam Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	49,312,583	500,000	49,312,583	500,635	500,000	635	-	-	-
	Nomura Taiwan Money Market	Available-for-sale financial assets - current	-	-	-	-	75,204,869	1,210,000	75,204,869	1,210,662	1,210,000	662	-	-	-
	Shin Kong Chi-Shin Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	42,499,421	650,000	42,499,421	650,303	650,000	303	-	-	-
	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	143,772,708	2,150,000	143,772,708	2,150,871	2,150,000	871	-	-	-
	Taishin 1699 Money Market	Available-for-sale financial assets - current	-	-	-	-	37,471,990	500,000	37,471,990	500,041	500,000	41	-	-	-
	Fubon Chi-Hsian Money Market	Available-for-sale financial assets - current	-	-	-	-	83,937,541	1,300,000	83,937,541	1,300,430	1,300,000	430	-	-	-
	Union Money Market	Available-for-sale financial assets - current	-	-	-	-	42,183,987	550,000	42,183,987	550,209	550,000	209	-	-	-
	Fuh Hwa Money Market	Available-for-sale financial assets - current	-	-	-	-	63,042,781	900,000	63,042,781	900,254	900,000	254	-	-	-
	Eastspring Inv well Pool Money Market	Available-for-sale financial assets - current	-	-	-	-	52,132,653	700,000	52,132,653	700,233	700,000	233	-	-	-
	Black Rock ICS_GBP_Liquidity Fund	Financial assets at fair value through profit or loss - current	-	-	1,196	59	14,753,900	809,697	13,280,000	737,858	737,858	-	-	1,475,096	71,897

Note A: Carrying value is the original acquisition amount.

SCHEDULE E

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	$ 22,297,493 (Note E)	-	$ -	-	$ -	$ -
	Yang Ming (Liberia) Corp.	A	1,359,588 (Note F)	-	-	-	-	-
	Young-Carrier Company Limited	A	1,214,974	-	-	-	909,034	-
	Yang Ming (Italy) S.P.A.	A	166,427	-	-	-	166,427	-
	Yang Ming Shipping Europe GmbH.	A	153,467	-	-	-	153,153	-
	Olympic Container Terminal LLC	A	152,214	-	-	-	-	-
Yang Ming Line (M) Sdn. Bhd.	Yang Ming Marine Transport Corporation	C	124,473	-	-	-	124,473	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,888,188 (Note G)	-	-	-	-	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	706,530	-	-	-	706,530	-
	Yang Ming (UK Ltd.)	B	259,654	-	-	-	259,654	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	159,280	-	-	-	159,280	-
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	C	397,229	-	-	-	397,229	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	A	3,788,260 (Note H)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	286,756	-	-	-	286,756	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	2,134,890	-	-	-	-	-
	Young-Carrier Company Limited	B	255,100	-	-	-	209,525	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	C	124,021	-	-	-	75,238	-
Yang Ming Line Holding Co.	Olympic Container Terminal LLC	A	331,583 (Note I)	-	-	-	-	-
	West Basin Container Terminal LLC	D	124,754	-	-	-	-	-
Olympic Container Terminal LLC	Yang Ming Marine Transport Corporation	C	200,651	-	-	-	126,978	-
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp.	A	170,385	-	-	-	8,903	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Shipping Europe GmbH.	Yang Ming Marine Transport Corporation	C	$ 103,489	-	$ -	-	$ 103,489	$ -
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	A	108,019	-	-	-	-	-

Notes:

A. Subsidiary of the Corporation.

B. The same parent company.

C. Parent company.

D. Associates.

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

F. Financing provided.

G. Interest receivable and proceeds from sale of ships.

H. Accounts receivable.

I. Interest receivable and financing provided.

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

(Concluded)

SCHEDULE F

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Advances	$ 58,978	Conducted as agreed terms	-
				Long-term note receivables	22,297,493	Conducted as agreed terms	0.14
				Operating revenue	10,074	Conducted as agreed terms	-
				Operating cost	3,536,962	Conducted as agreed terms	0.03
				Interest revenue	364,030	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	1	Long-term note receivables	1,359,588	Conducted as agreed terms	0.01
				Operating cost	1,423,169	Conducted as agreed terms	0.01
				Interest revenue	21,257	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	1	Other payable	17,498	Conducted as agreed terms	-
				Trade payable	37,344	Conducted as agreed terms	-
				Other receivable	58,573	Conducted as agreed terms	-
				Operating cost	258,519	Conducted as agreed terms	-
				Operating revenue	79,513	Conducted as agreed terms	-
				Other income	43,851	Conducted as agreed terms	-
				Rent income	420	Conducted as agreed terms	-
		Jing Ming Transportation Co.,	1	Trade payable	48,992	Conducted as agreed terms	-
				Other payable	74,913	Conducted as agreed terms	-
				Operating cost	680,301	Conducted as agreed terms	0.01
				Marketing expense	15	Conducted as agreed terms	-
				Rent income	726	Conducted as agreed terms	-
				Other receivable	31	Conducted as agreed terms	-
		Ching Ming Investment Corp.	1	Refundable deposit from related parties	145	Conducted as agreed terms	-
				Rent income	863	Conducted as agreed terms	-
				Interest expense	1	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.	1	Operating cost	186,606	Conducted as agreed terms	-
				Payable to shipping agent	25,553	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	1	Payable to shipping agent	148,586	Conducted as agreed terms	-
				Operating cost	90,465	Conducted as agreed terms	-
				Trade receivable	37,848	Conducted as agreed terms	-
		Yang Ming Line (India) Pvt. Ltd.	1	Operating cost	24,043	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Trade receivable	29,109	Conducted as agreed terms	-
				Payable to shipping agent	23,603	Conducted as agreed terms	-
				Operating cost	152,644	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Trade receivable	1,214,974	Conducted as agreed terms	0.01
				Payable to shipping agent	706,530	Conducted as agreed terms	-
				Operating cost	544,688	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Trade receivable	58,643	Conducted as agreed terms	-
				Operating cost	215,628	Conducted as agreed terms	-
				Advanced to shipping agent	35,683	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming (Singapore) Pte. Ltd.	1	Operating cost	$ 91,711	Conducted as agreed terms	-
				Payable to shipping agent	9,982	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	1	Payable to shipping agent	119,720	Conducted as agreed terms	-
				Operating cost	52,279	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Advances	2,836	Conducted as agreed terms	-
				Other income	22,451	Conducted as agreed terms	-
				Operating cost	35,903	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Payable to shipping agent	44,008	Conducted as agreed terms	-
				Operating cost	50,077	Conducted as agreed terms	-
				Trade receivable	59,103	Conducted as agreed terms	-
		Yang Ming (America) Corp.	1	Payable to shipping agent	349,695	Conducted as agreed terms	-
				Operating cost	1,178,626	Conducted as agreed terms	-
		Olympic Container Terminal LLC	1	Operating cost	681,881	Conducted as agreed terms	0.01
				Trade payable	217,636	Conducted as agreed terms	-
				Other receivable	152,214	Conducted as agreed terms	-
		Triumph Logistics, Inc.	1	Operating cost	81,343	Conducted as agreed terms	-
				Trade payable	797	Conducted as agreed terms	-
		Topline Transportation, Inc.	1	Operating cost	24,238	Conducted as agreed terms	-
				Trade payable	511	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	1	Operating cost	79,329	Conducted as agreed terms	-
				Trade payable	1,019	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	1	Trade payable	6,297	Conducted as agreed terms	-
				Operating cost	44,035	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Operating cost	16,749	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Trade receivable	65,291	Conducted as agreed terms	-
				Payable to shipping agent	32,158	Conducted as agreed terms	-
				Operating cost	55,677	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Trade receivable	82,392	Conducted as agreed terms	-
				Payable to shipping agent	34,902	Conducted as agreed terms	-
				Operating cost	75,419	Conducted as agreed terms	-
				Operating revenue	8,852	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	1	Trade receivable	153,467	Conducted as agreed terms	-
				Payable to shipping agent	103,489	Conducted as agreed terms	-
				Operating cost	334,737	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A	1	Trade receivable	166,427	Conducted as agreed terms	-
				Payable to shipping agent	40,453	Conducted as agreed terms	-
				Operating cost	92,128	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	1	Trade payable	2,134,890	Conducted as agreed terms	0.01
				Operating revenue	1,031,577	Conducted as agreed terms	0.01
				Operating cost	5,735,632	Conducted as agreed terms	0.04
				Payable to shipping agent	55,473	Conducted as agreed terms	-
				Trade receivable	92,939	Conducted as agreed terms	-
				Advances to shipping agents	101,735	Conducted as agreed terms	-
				Marketing expense	3	Conducted as agreed terms	-
				Administrative expense	5	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
		Kuang Ming Shipping Corp.	1	Operating revenue	$ 438	Conducted as agreed terms	-
				Other receivable	2,395	Conducted as agreed terms	-
				Marketing expense	722	Conducted as agreed terms	-
				Refundable deposit from related parties	702	Conducted as agreed terms	-
				Refundable deposits	126	Conducted as agreed terms	-
				Interest revenue	23,002	Conducted as agreed terms	-
				Rent income	4,523	Conducted as agreed terms	-
				Interest expense	10	Conducted as agreed terms	-
				Non-active market debt instruments - noncurrent	1,000,000	Conducted as agreed terms	0.01
		Kuang Ming (Liberia) Shipping Corp.	1	Operating revenue	52	Conducted as agreed terms	-
		YES Logistics Corp.	1	Other payable	4,060	Conducted as agreed terms	-
				Rent income	6,114	Conducted as agreed terms	-
				Refundable deposit from related parties	1,030	Conducted as agreed terms	-
				Operating revenue	577,211	Conducted as agreed terms	-
				Operating cost	10,571	Conducted as agreed terms	-
				Interest expense	14	Conducted as agreed terms	-
		YES Logistics Corp. (USA)	1	Other receivable	1,759	Conducted as agreed terms	-
				Trade payable	78	Conducted as agreed terms	-
				Operating revenue	41,643	Conducted as agreed terms	-
				Operating cost	149	Conducted as agreed terms	-
		Golden Logistics USA Corporation	1	Operating cost	45,455	Conducted as agreed terms	-
				Trade payable	13,792	Conducted as agreed terms	-
1	All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	2	Long-term note receivables	6,888,188	Conducted as agreed terms	0.04
				Interest revenue	112,395	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	2	Advances	4,570	Conducted as agreed terms	-
				Operating cost	51,645	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Operating revenue	438,277	Conducted as agreed terms	-
2	Yang Ming (Liberia) Corp.	Sunbright Insurance Pte. Ltd.	2	Operating cost	20,594	Conducted as agreed terms	-
				Advances	1,526	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Operating revenue	276,270	Conducted as agreed terms	-
3	Jing Ming Transportation Co., Ltd.	Yes Logistics Corp.	2	Trade receivable	1,072	Conducted as agreed terms	-
				Operating revenue	5,807	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	2	Trade receivable	16,660	Conducted as agreed terms	-
				Operating revenue	67,872	Conducted as agreed terms	-
4	Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	2	Other payable	4,126	Conducted as agreed terms	-
				Operating cost	31,717	Conducted as agreed terms	-
				Operating revenue	17,297	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
5	Yang Ming Shipping (Singapore) Pte. Ltd.	Young-Carrier Company Ltd.	2	Rent income	$ 28,185	Conducted as agreed terms	-
				Other payable	1,562	Conducted as agreed terms	-
				Refundable deposit from related parties	7,249	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Refundable deposit from related parties	148	Conducted as agreed terms	-
				Rent income	574	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.		Interest revenue	1,138	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.		Other receivable	108,019	Conducted as agreed terms	-
6	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	2	Interest revenue	13	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Trade receivable	286,756	Conducted as agreed terms	-
				Marketing expense	24,697	Conducted as agreed terms	-
7	Karlman Properties Limited	Yang Ming Line (Hong Kong) Ltd.	2	Refundable deposit from related parties	847	Conducted as agreed terms	-
				Rent income	9,879	Conducted as agreed terms	-
8	Yang Ming Line (Hong Kong) Ltd.	Yes Logistics Company Ltd.	2	Rent income	247	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other income	26	Conducted as agreed terms	-
9	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.	2	Other receivable	75	Conducted as agreed terms	-
				Operating revenue	472	Conducted as agreed terms	-
				Rent income	158	Conducted as agreed terms	-
		Kuang Ming Shipping Corp.	2	Trade receivable	5	Conducted as agreed terms	-
				Operating revenue	5	Conducted as agreed terms	-
10	Manwa & Co., Ltd.	Yes Logistics Company Ltd.	2	Operating revenue	407	Conducted as agreed terms	-
11	Sunbright Insurance Pte. Ltd.	Kuang Ming Shipping Corp.	2	Advances	457	Conducted as agreed terms	-
				Operating revenue	5,824	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	42,581	Conducted as agreed terms	-
				Advances	1,003	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Operating revenue	11,531	Conducted as agreed terms	-
12	Yang Ming (America) Corp.	Yang Ming Line Holding Corp.	2	Other payable	39,268	Conducted as agreed terms	-
				Other receivable	6,812	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Trade receivable	10,999	Conducted as agreed terms	-
		Topline Transportation, Inc.	2	Trade receivable	657	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	2	Trade receivable	12,475	Conducted as agreed terms	-
				Marketing expense	306	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	2	Operating revenue	4,212	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Other current asset	8,208	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	2	Operating revenue	6,063	Conducted as agreed terms	-
13	Triumph Logistics, Inc.	Coastal Tarheel Express, Inc.	2	Other payable	9,621	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
14	Yang Ming Line Holding Corp	Olympic Container Terminal LLC	2	Interest revenue	$ 6,382	Conducted as agreed terms	-
				Long-term note receivables	328,300	Conducted as agreed terms	-
				Other receivable	3,283	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Interest revenue	652	Conducted as agreed terms	-
15	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	2	Other receivable	3,351	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Trade receivable	3,788,260	Conducted as agreed terms	0.02
				Operating revenue	244,590	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Interest revenue	520	Conducted as agreed terms	-
16	Yang Ming Line N.V.	Yang Ming Line B.V.	2	Other receivable	4,297	Conducted as agreed terms	-
17	Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	2	Trade receivable	9,963	Conducted as agreed terms	-
				Other payable	117	Conducted as agreed terms	-
18	Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	2	Notes payable	601	Conducted as agreed terms	-
				Other payable	752	Conducted as agreed terms	-
				Operating cost	2,582	Conducted as agreed terms	-
19	Yang Ming (U.K.) Ltd.	Yes Logistics Corp.	2	Trade receivable	84	Conducted as agreed terms	-
				Operating revenue	202	Conducted as agreed terms	-
		Yang Ming Line (Hone Kong) Ltd.	2	Trade receivable	9,544	Conducted as agreed terms	-
				Payable to shipping agent	10,694	Conducted as agreed terms	-
				Operating cost	20,165	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	2	Trade receivable	255,100	Conducted as agreed terms	-
				Payable to shipping agent	259,654	Conducted as agreed terms	-
				Operating cost	126,246	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	2	Operating cost	18	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Payable to shipping agent	59,811	Conducted as agreed terms	-
				Operating cost	199,492	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	2	Trade receivable	10,090	Conducted as agreed terms	-
				Payable to shipping agent	11,343	Conducted as agreed terms	-
				Operating cost	22,503	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	2	Trade receivable	2,477	Conducted as agreed terms	-
				Payable to shipping agent	438	Conducted as agreed terms	-
				Operating cost	5,051	Conducted as agreed terms	-
		Yang Ming Shipping (Singapore) Pte. Ltd.	2	Payable to shipping agent	2,263	Conducted as agreed terms	-
				Operating cost	15,967	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn Bhd.	2	Operating cost	4,869	Conducted as agreed terms	-
				Payable to shipping agent	4,752	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	2	Payable to shipping agent	1,760	Conducted as agreed terms	-
				Operating cost	22,057	Conducted as agreed terms	-
		Yang Ming Line (India) Pvt. Ltd.		Trade payable	59,716	Conducted as agreed terms	-
				Payable to shipping agent	5,832	Conducted as agreed terms	-
				Operating cost	714	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co. Ltd.		Trade receivable	6,221	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
20	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	2	Other receivable	$ 70,439	Conducted as agreed terms	-
				Interest expense	1,176	Conducted as agreed terms	-
				Other income	5,714	Conducted as agreed terms	-
		Yes Logistics Corp.		Administrative expense	34	Conducted as agreed terms	-
21	Yes Logistics Corp.	Yes Benelux B.V	2	Trade payable	5,214	Conducted as agreed terms	-
				Trade receivable	1,451	Conducted as agreed terms	-
				Operating revenue	567	Conducted as agreed terms	-
				Operating cost	26,783	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Operating revenue	1,969	Conducted as agreed terms	-
				Operating cost	10,365	Conducted as agreed terms	-
				Trade receivable	7,786	Conducted as agreed terms	-
				Trade payable	2,667	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Trade payable	47,661	Conducted as agreed terms	-
				Operating revenue	82,409	Conducted as agreed terms	-
				Operating cost	392,698	Conducted as agreed terms	-
				Trade receivable	35,589	Conducted as agreed terms	-
				Other income	11,436	Conducted as agreed terms	-
				Other receivable	50,259	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Trade receivable	4,399	Conducted as agreed terms	-
				Long-term note receivables	25,862	Conducted as agreed terms	-
				Operating revenue	782	Conducted as agreed terms	-
				Operating cost	184,423	Conducted as agreed terms	-
				Interest revenue	288	Conducted as agreed terms	-
				Other income	850	Conducted as agreed terms	-
				Trade payable	17,503	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivable	27,910	Conducted as agreed terms	-
				Long-term note receivables	142,475	Conducted as agreed terms	-
				Trade payable	30,911	Conducted as agreed terms	-
				Operating revenue	72,620	Conducted as agreed terms	-
				Operating cost	92,189	Conducted as agreed terms	-
				Interest revenue	2,505	Conducted as agreed terms	-
22	Yes Benelux B.V.	Yes Logistics Europe GmbH	2	Trade receivable	390	Conducted as agreed terms	-
				Operating revenue	6,537	Conducted as agreed terms	-
				Trade payable	7	Conducted as agreed terms	-
				Operating cost	482	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivable	304	Conducted as agreed terms	-
				Trade payable	641	Conducted as agreed terms	-
				Operating cost	632	Conducted as agreed terms	-
				Operating revenue	75	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	2	Trade payable	1,065	Conducted as agreed terms	-
		Yes Logistics GmbH	2	Operating revenue	70	Conducted as agreed terms	-
23	Yes Logistics Company Ltd.	YES Logistics (Shanghai) Corp.	2	Trade receivable	13,017	Conducted as agreed terms	-
				Trade payable	9,953	Conducted as agreed terms	-
				Operating revenue	289	Conducted as agreed terms	-
				Operating cost	18	Conducted as agreed terms	-

(Continued)

Number (Note A)	Company Name	Counterparty	Nature of Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Consolidated Asset/Revenue
24	Yes Logistics Corp. (USA)	YES Logistics (Shanghai) Corp.	2	Trade receivable	$ 258	Conducted as agreed terms	-
				Trade payable	58	Conducted as agreed terms	-
				Operating revenue	3,625	Conducted as agreed terms	-
				Operating cost	4,184	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Trade receivable	3	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Trade receivable	50	Conducted as agreed terms	-
				Operating revenue	47	Conducted as agreed terms	-
25	YES Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	2	Trade receivable	1,454	Conducted as agreed terms	-
				Trade payable	283	Conducted as agreed terms	-
				Operating revenue	5,443	Conducted as agreed terms	-
				Operating cost	2,893	Conducted as agreed terms	-
		Yes Logistics GmbH	2	Operating revenue	1	Conducted as agreed terms	-
26	Yes Logistics Europe GmbH	Yes Logistics GmbH	2	Trade receivable	30,138	Conducted as agreed terms	-
				Operating revenue	1,207	Conducted as agreed terms	-
				Interest revenue	355	Conducted as agreed terms	-
27	Yang Ming Shipping (Singapore) Pte. Ltd.	Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	356	Conducted as agreed terms	-
28	Yang Ming (Netherlands) B.V.	Yang Ming Shipping Europe GmbH	2	Trade receivable	197	Conducted as agreed terms	-
29	YES MLC GmbH	Yes Logistics GmbH	2	Trade receivable	5,155	Conducted as agreed terms	-

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

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

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

1. Yang Ming Marine Transport Corp. to its subsidiaries.
2. Subsidiaries to its parent company Yang Ming Marine Transport Corp.

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

(Concluded)

SCHEDULE G

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	$ 3,272,005	$ 3,272,005	10,351	100	$ 4,139,958	$ 699,939	$ 699,939	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100	2,430,033	253,272	253,272	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Investment	1,500,013	1,500,013	160,650,000	100	1,555,360	(11,702)	(11,702)	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100	826,376	(846,285)	(846,285)	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50	536,528	601	(9,503)	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	5,530,987	3,587,496	372,269,087	93.07	3,197,317	(2,077,457)	(1,946,373)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	124,382	22,128	17,519	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	119,621	20,822	10,615	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100	1,973,335	100,903	100,903	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,399	3,399	1	100	596,926	(176,349)	(176,349)	Subsidiary
	Kao Ming Container Terminal Corp.	Taiwan	Terminal operation and stevedoring	3,181,313	3,181,313	323,000,000	47.50	6,207,506	96,536	45,854	Investments in associates
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services, chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49	77,392	(592)	(290)	Investments in associates
	Yuan Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	88,966	6,242	3,106	Investments in associates
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	32,725	22,128	-	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	572,135	601	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100	174,622	19,428	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	120,078	120,078	(Note K)	100	(226,361) (Note C)	12,998	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100	(4,292) (Note C)	2,213	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100	5,746	2,616	-	Subsidiary
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100	6,717	72	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100	11,960	(1,161)	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100	22,835	424	-	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40	898,954	102,025	-	Investments in associates
	United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note E)	40	272,286	77,914	-	Investments in associates
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100	(2,601,645) (Note C)	660,301	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100	(2,062,590) (Note C)	660,951	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	27,145	12,049	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	15,285	15,285	(Note G)	100	85,942	47,583	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50	38,451	34,236	-	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100	(2,536,087) (Note C)	569,954	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100	135,612	13,326	-	Subsidiary
	YangMing (Russia) LLC.	Russia	Shipping agency	3,017	-	(Note O)	60	2,425	(491)	-	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49	43,207	65,168	-	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	3,043	12,049	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A) December 31, 2015	Investment Amount (Note A) December 31, 2014	Balance as of December 31, 2015 Shares	Balance as of December 31, 2015 Percentage of Ownership	Balance as of December 31, 2015 Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	$ 25	$ 25	500	50	$ 5,823	$ 4,046	$ -	Investments in associates
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	238	238	(Note I)	60	1,701	(735)	-	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51	159,980	39,144	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51	(92,989) (Note C)	(39,339)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60	73,599	81,552	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60	31,330	10,079	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91	157,400	15,743	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100	(44,548) (Note C)	(26,079)	-	Subsidiary
	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100	133,921	5,883	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100	34,319	2,841	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	5,000,000	100	246,106	58,459	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50	104,127	177,375	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	251,329	251,329	(Note J)	30	211,188	(27,672)	-	Investments in associates
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note L)	49	90,113	61,472	-	Investments in associates
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note H)	49	3,506	2,695	-	Investments in associates
	Yang Ming shipping (Vietnam) Co. Ltd	Vietnam	Forwarding agency and shipping managers	9,881	-	(Note N)	100	9,604	(229)	-	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50	32,719	41,691	-	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51	10,378	(1,969)	-	Investments in joint ventures
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100	2,698	26	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100	94,379	219	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	1,960,904	1,960,904	2	100	1,820,732	(1,731,757)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100	59,246	(19,712)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	34,214	34,214	1,471,304	100	35,694	(3,611)	-	Subsidiary
	ANSHIP-YES Logistics Corporation Limited	Thailand	Terminal operation and stevedoring	3,763	3,763	39,200	49	-	(3,470)	-	Investments in associates
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	50,000	7,500,000	50	74,881	(264)	-	Investments in joint ventures
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70	(395)	(3,445)	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100	34,397	(1,045)	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100	2,853	1,758	-	Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	1,158	1,158	(Note F)	100	11,262	(22,622)	-	Subsidiary
Yes Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	7,771	7,771	(Note M)	80	(19,688) (Note C)	(32,172)	-	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	1	100	2,682	(790)	-	Subsidiary

Notes:

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

B. This is equivalent to EUR 818 thousand, and no shares were issued.

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

D. This is equivalent to US$3,800 thousand, and no shares were issued.

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

F. This is equivalent to EUR 25 thousand, and no shares were issued.

(Continued)

G. This is equivalent to EUR 400 thousand, and no shares were issued.

H. This is equivalent to US$94 thousand, and no shares were issued.

I. This is equivalent to EUR 6 thousand, and no shares were issued.

J. This is equivalent to US$7,700 thousand, and no shares were issued.

K. This is equivalent to US$4,000 thousand, and no shares were issued.

L This is equivalent to AED 245 thousand, and no shares were issued.

M. This is equivalent to EUR 200 thousand, and no shares were issued.

N. This equivalent to US $300 thousand and no shares were issued.

O. This equivalent to US$92 thousand and no shares were issued.

M. The information on investments in mainland China is provided in Schedule H.

(Concluded)

SCHEDULE H

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows for the Period Ended December 31, 2015		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Gain (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2015 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2015
						Outflow	Inflow						
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US$ 5,000 thousand	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	$ 164,150 (US$ 5,000 thousand)	$ -	$ -	$ 164,150 (US$ 5,000 thousand)	$ (1,140)	96.36	$ (1,099)	$ 13,399	$ -
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	305,352 (US$ 9,301 thousand)	-	-	305,352 (US$ 9,301 thousand)	(17,045)	47.22	(8,049)	345,886	-
	Sino - Yes Tianjin Cold Chain Logistics Company Limited	Stevedoring, container inspection, repair and maintenance, cleaning, dismantling and loading services	RMB 7,000 thousand	Investee's direct investment in Mainland China	- (Note G)	-	-	-	851	47.22	402	16,015	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US$ 46,242 thousand	Investee's direct investment in Mainland China	202,364 (US$ 6,164 thousand)	-	-	202,364 (US$ 6,164 thousand)	(213,637)	12.85	(27,452)	166,619	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US$ 46,242 thousand	Investee's direct investment in Mainland China	101,248 (US$ 3,084 thousand)	-	-	101,248 (US$ 3,084 thousand)	(213,637)	6.67	(14,250)	84,662	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	$ -	$ 214,281 (US$ 6,527 thousand)	$ 19,038,799
Yes Logistics Corp. (Note C)	$ 729,246 (US$ 14,301 thousand) (RMB 40,000 thousand)	$ 729,246 (US$ 14,301 thousand) (RMB 40,000 thousand)	- (Note F)
Ching Ming Investment Corp. (Note D)	$ 129,872 (RMB 20,000 thousand)	$ 129,872 (RMB 20,000 thousand)	933,216

Notes:

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

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

C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 16, 2013.

D. Ching Ming Investment Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013

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

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

G. Yes Logistics (Shanghai) Corp. reinvested RMB3,430 thousand directly in 2013.

H. United States dollars and Renminbi Yuan translated into New Taiwan dollars at the exchange rate of US$1=NT$32.83 and RMB1=NT$6.4936 as of December 31, 2015.

YANG MING

YANG MING MARINE TRANSPORT CORP.

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