

Minutes of the 2016 Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m., Wednesday, June 22, 2016

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

Number of shares represented: 1,589,430,010 (including 288,645,795 shares using electronic voting), or 52.90% of the total 3,004,440,135 shares issued

Directors attending: Feng-Hai Lu, Wing-Kong Leung, and Kuen-Mu Chen (Independent Director)

Others attending: Chin-Tsung Cheng (Accountant) and Jason S.G. Lin (Lawyer)

Chairman: Feng-Hai Lu

Minute Taker: Susan Huang

I. The Chairman announces opening of the 2016 Shareholders Meeting of Yang Ming Marine Transport Corporation and delivers his opening address. (omitted)

II. Management Report:

Report 1. 2015 Business Report. (Please refer to Handbook pages 5-7)

Shareholder No. 578611, No. 586760 and No. 593181 raise the concern for the performance, cost, profitability of the subsidiaries, newly-built megaships, alliance members, horizontal strategy alliance and the native crew training.

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

Report 2. Audit Committee's Review Report on the 2015 Financial Statements
(See Appendix 1)

Shareholder No. 578611 raises the concern for the bonus for employees and directors and the operation of Audit Committee.

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

Report 3. Report on the 2015 Issue of Domestic Secured Bonds. (Please refer to Handbook page 11)

Report 4. Report on the Change of Accounting Policy. (Please refer to Handbook page 12)

III. Matters for Recognition

Proposal 1. Adoption of the 2015 Business Report and Financial Statements (Proposed by the Board)

Explanation: Yang Ming Marine Transport Corporation's 2015 Financial Statements and Consolidated Financial Statements have been duly audited by the Certified Public Accountants, Chin-Tsung Cheng and Chin-Hsiang Chen of Deloitte & Touche. Also, the Business Report and the aforementioned Financial Statements have been examined by the audit committees.

(See Appendix 2)

Resolution: The shares eligible for voting are 1,589,420,010 with 1,516,997,517 shares (including 223,659,006 electronic votes) voting for the proposal, 766,541 shares (including 766,541 electronic votes) against it, 71,655,952 shares (including 64,220,248 shares in electronic votes) abstaining, and zero invalid shares. With 95.44% of share eligible for voting voted for this proposal, this motion is approved as proposed.

Proposal 2. Adoption of the Proposal for 2015 Deficit Compensation

Explanation:

1. The net loss after tax for 2015 is NT\$7,721,756,353. The Board has adopted a Proposal for 2015 Deficit Compensation in accordance with the Company Act and Articles of Incorporation. (See Appendix 3)
2. It is proposed not to distribute dividend for 2015

Resolution: The shares eligible for voting are 1,589,420,010 with 1,521,101,662 shares (including 227,763,151 electronic votes) voting for the proposal, 912,590 shares (including 912,590 electronic votes) against it, 67,405,758 shares (including 59,970,054 shares in electronic votes) abstaining, and zero invalid shares. With 95.70% of share eligible for voting voted for this proposal, this motion is approved as proposed.

IV. Matters for Discussion

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

Explanation:

1. In order to conform to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Company Act, the company here by proposed to amend the Articles of Incorporation
2. The amended articles have been approved by the 309th meeting of the board of directors. (See Appendix 4)

Shareholder No. 578611 raises the concern for the amended Articles.

The Chairman, or persons designated by the Chairman, clarifies the concerns

raised by the Shareholders.

Resolution: The shares eligible for voting are 1,589,430,010 with 1,521,795,714 shares (including 228,447,203 electronic votes) voting for the proposal, 827,327 shares (including 827,327 electronic votes) against it, 66,806,969 shares (including 59,371,265 shares in electronic votes) abstaining, and zero invalid shares. With 95.74% of share eligible for voting voted for this proposal, this motion is approved as proposed.

V. Elections

Proposal 1. The Election of Directors

Explanation:

1. The term of the 17th Board ended on June 13, 2016. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
2. According to the Articles of Incorporation, the shareholders' meeting shall elect 11 directors (including 3 independent directors). Their three-year term will start from June 22, 2016 and end on June 21, 2018.
3. There are no shareholders who hold more than 1% shares of the Company nominating the directors or independent directors' nominees during the nomination period from April 18, 2016 to April 27, 2016.
4. The Board election proposal has been approved by the 310th meeting of the board of directors, and the nomination list has been reviewed by the 311th meeting of the board of directors. Please refer to page 40 for the nomination list.

Shareholder No. 1468 raises the concern for the qualification of juristic person director Leader Container Transportation Co., Ltd.

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

Voting Results:

Director/ Independent Director	Name	Votes
Director	Representative of MOTC: Feng-Hai Lu	1,569,705,444
Director	Representative of MOTC: Ding-Huan Huang	1,544,328,250
Director	Representative of MOTC: Ying-Rong Chen	1,542,780,101
Director	Representative of MOTC: Tyh-Ming Lin	1,541,644,262
Director	Representative of MOTC: Youn-Ger Wu	1,539,604,560
Director	Representative of MOTC: Ping-Jen Tseng	1,538,725,631

Director/ Independent Director	Name	Votes
Director	Representative of Chinachem Group: Wing-Kong Leung	1,432,804,254
Director	Representative of Leader Container Transportation Co., Ltd: Michael F. Hassing	1,431,760,872
Independent Director	Kuen-Mu Chen	1,432,820,062
Independent Director	Jin-Ru Yen	1,431,668,276
Independent Director	Heng-Chih Chou	1,431,586,017

VI. Other Matters

Proposal 1. Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business

Explanation:

1. According to Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. Under the circumstances that there is no harm to the company, the Board proposes for releasing the prohibition on directors from participation in competitive business if the director does anything for himself or on behalf of another person as the provision prescribes.
3. Please refer to page 42 for the list of release the prohibition on Directors. For releasing the prohibition on Mr. Michael F. Hassing, please see the updated list below:

Name	Company	Job Title
Michael F. Hassing	American Intermodal Solutions, Inc.	Director and President
	Dockside Software, Inc.	Director and President
	Embarcadero Systems Corporation	Director, President and CEO
	First Marine Contractors, Inc.	Director and President
	HHH Oakland, Inc.	Director and President
	Marine Terminals Corporation	Director, President and CEO
	Marine Terminals Corporation – East	Director, President and CEO
	MTC Holdings	Director, President and CEO
	Port Newark Container Terminal LLC	Manager

	Ports America Baltimore, Inc.	Director, President and CEO
	Ports America Chesapeake, LLC	Manager
	Ports America Cruise, Inc.	Director
	Ports America Florida, Inc.	Director, President and CEO
	Ports America Group, Inc.	Director, President and CEO
	Ports America Gulfport, Inc.	Director and President
	Ports America Services, Inc.	Director, President and CEO
	Ports America Shared Services, Inc.	Director, President and CEO
	Ports America Terminal Holdings, Inc.	Director, President and CEO
	Ports America Terminals, Inc.	Director
	Ports America Texas, Inc.	Director, President and CEO
	Ports America, Inc.	Director and President
	Smart-Tecs LLC	Director, President and CEO
	Tricor Services LLC	Director, President and CEO
	West Coast Marine Services, LLC	Director, President and CEO
	West Coast Terminal and Stevedores, Inc.	Director and President
	Chesapeake Repair Services Holdings, Inc.	President and CEO
	Ports America Group Holdings I, Inc.	President and CEO
	Ports America Terminal Holdings II, Inc.	President and CEO
	Ports America Management, Inc.	President and CEO
	Outer Harbor Terminal, LLC	Manager
	Kao Ming Container Terminal Corp.	Director

Resolution: For releasing the prohibition on Director Feng-Hai Lu from participation in competitive business, the shares eligible for voting are 1,589,430,010 with 1,493,837,272 shares(including 200,543,761 electronic votes) voting for the proposal, 1,603,978 shares(including 1,558,978 electronic votes) against it, 93,988,760 shares(including 93,988,760 shares in electronic votes) abstaining, and zero invalid shares. With 93.99% of share eligible for voting voted for this proposal, this motion is approved as proposed.

For releasing the prohibition on Director Michael F. Hassing from participation in competitive business, the shares eligible for voting are 1,589,430,010 with 1,493,842,841 shares(including 200,539,330 electronic votes) voting for the proposal, 1,609,617 shares(including 1,564,617 electronic votes) against it, 93,977,552 shares abstaining(including 86,541,848 shares in electronic votes), and zero invalid shares. With 93.99% of share eligible for voting voted for this proposal, this motion is approved as proposed.

VII. Extempore Motions

None

VIII. Adjournment: 11:15 a.m.

Chairman: Feng-Hai Lu

Minute Taker: Susan Huang

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

Audit Committee's Review Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2015 Business Report, individual and consolidated Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2015. The CPA firm of Deloitte & Touche, Taiwan, was retained to audit Yang Ming Marine Transport Corporation's Financial Statements and has issued an Independent Auditors' Report relating to the Financial Statements. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, the undersigned hereby certifies the Business Report, Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2015 have been examined and approved by the undersigned.

To: 2016 Shareholders Meeting
YANG MING MARINE TRANSPORT CORP.

Independent director: Chen, Kuen-Mu

Independent director: Yen, Jin-Ru

Independent director: Chou, Heng-Chih

March 21, 2016

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation (the "Company") as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of some subsidiaries, associates and joint ventures of Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co., and some subsidiaries, associates and joint ventures of Yes Logistics Corp., as of and for the year ended December 31, 2015 and 2014; The Company has investments in these investees accounted for using equity method. The carrying values of these investments were NT\$3,233,303 thousand, NT\$3,178,877 thousand and NT\$4,080,074 thousand as of December 31, 2015, December 31, 2014 and January 1, 2014, respectively. The comprehensive income recognized by investments accounted for using equity method were NT\$259,027 thousand and NT\$708,513 thousand for the years ended December 31, 2015 and 2014, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these investees included in the accompanying 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its 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.

As disclosed in Note 3 of the financial statements, the Company apply 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 and adjust the impact on the prior reporting periods resulting from the retrospective application of the above standards and interpretations.

As disclosed in Note 3 of the financial statements, the Company changed its 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.

The accompanying schedules of major accounting items of Yang Ming Marine Transport Corporation as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 21, 2016

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Audited after Restated)		January 1, 2014 (Audited after Restated)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 16,439,781	13	\$ 15,349,985	12	\$ 8,864,766	8
Financial assets at fair value through profit or loss - current	170,442	-	1,038,703	1	1,009,141	1
Trade receivable, net	3,043,385	3	3,971,140	3	2,447,600	2
Trade receivable from related parties	2,211,666	2	2,650,373	2	2,367,051	2
Other receivable from related parties	224,715	-	110,507	-	2,202	-
Shipping fuel	1,432,976	1	2,453,195	2	2,901,520	2
Prepayments	514,745	-	518,172	-	266,720	-
Prepayments to shipping agents	918,134	1	694,125	1	768,675	1
Other financial assets - current	12,000	-	985,696	1	374,759	-
Other current assets	175,843	-	395,198	-	185,448	-
Total current assets	<u>25,143,687</u>	<u>20</u>	<u>28,167,094</u>	<u>22</u>	<u>19,187,882</u>	<u>16</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current	976,464	1	1,538,992	1	2,002,458	2
Financial assets carried at cost - non-current	477,188	-	477,188	-	477,188	1
Debt investment with no active market - non-current	1,000,000	1	1,000,000	1	-	-
Investments accounted for using equity method	21,873,700	17	22,271,161	18	22,320,214	19
Property, plant and equipment	39,648,516	32	38,346,259	30	34,300,241	29
Investment properties	8,363,761	7	8,298,976	7	8,385,361	7
Other intangible assets	32,943	-	17,045	-	27,012	-
Deferred tax assets	2,743,448	2	2,402,294	2	2,569,020	2
Prepayments for equipment	-	-	-	-	486,763	1
Refundable deposits	1,450,368	1	542,080	-	322,323	-
Long-term prepayments for lease	568,133	-	599,705	1	631,278	1
Long-term receivables from related parties	23,657,081	19	22,584,846	18	25,922,615	22
Other non-current assets	61,994	-	47,071	-	49	-
Total non-current assets	<u>100,853,596</u>	<u>80</u>	<u>98,125,617</u>	<u>78</u>	<u>97,444,522</u>	<u>84</u>
TOTAL	<u>\$ 125,997,283</u>	<u>100</u>	<u>\$ 126,292,711</u>	<u>100</u>	<u>\$ 116,632,404</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 2,410,000	2	\$ -	-	\$ -	-
Financial liabilities at fair value through profit or loss - current	89,105	-	78,658	-	19,820	-
Trade payable	10,520,380	8	11,214,067	9	9,808,631	8
Trade payable to related parties	5,195,555	4	3,362,539	3	2,358,669	2
Payables on equipment	615,616	1	2,084	-	538,350	1
Other payables	1,688,850	1	1,556,005	1	1,425,814	1
Other payables to related parties	200,205	-	94,658	-	144,406	-
Current tax liabilities	14,182	-	22,334	-	16,524	-
Current portion of long-term liabilities	11,386,948	9	10,086,522	8	6,524,680	6
Advance from customers	1,196,616	1	1,267,706	1	15,125	-
Other current liabilities	172,168	-	210,527	-	548,322	1
Total current liabilities	<u>33,489,625</u>	<u>26</u>	<u>27,895,100</u>	<u>22</u>	<u>21,400,341</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Bonds payable	19,891,948	16	26,431,834	21	28,864,549	25
Long-term borrowings	37,027,266	29	30,050,141	24	25,111,695	21
Deferred tax liabilities	1,887,173	2	1,969,436	2	2,188,317	2
Finance lease payables - non-current	173,298	-	285,218	-	374,411	-
Other financial liabilities - non-current	117,481	-	166,984	-	215,185	-
Net defined benefit liabilities - non-current	2,257,398	2	1,837,119	1	1,796,809	2
Other non-current liabilities	114,384	-	207,966	-	105,530	-
Total non-current liabilities	<u>61,468,948</u>	<u>49</u>	<u>60,948,698</u>	<u>48</u>	<u>58,656,496</u>	<u>50</u>
Total liabilities	<u>94,958,573</u>	<u>75</u>	<u>88,843,798</u>	<u>70</u>	<u>80,056,837</u>	<u>69</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital - ordinary shares	30,044,401	24	28,563,800	23	28,187,131	24
Capital surplus	5,500,037	4	4,899,288	4	8,562,852	7
Retained earnings (accumulated deficits)						
Legal reserve	41,137	-	-	-	5,143	-
Special reserve	4,098,535	3	-	-	46,291	-
Unappropriated earnings (accumulated deficits)	(8,005,152)	(6)	4,223,073	3	53,957	-
Total retained earnings (accumulated deficits)	<u>(3,865,480)</u>	<u>(3)</u>	<u>4,223,073</u>	<u>3</u>	<u>105,391</u>	<u>-</u>
Other equity	(640,248)	-	(237,248)	-	(279,807)	-
Total equity	<u>31,038,710</u>	<u>25</u>	<u>37,448,913</u>	<u>30</u>	<u>36,575,567</u>	<u>31</u>
TOTAL	<u>\$ 125,997,283</u>	<u>100</u>	<u>\$ 126,292,711</u>	<u>100</u>	<u>\$ 116,632,404</u>	<u>100</u>

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

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

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 106,245,724	100	\$ 114,322,265	100
OPERATING COSTS	<u>110,564,175</u>	<u>104</u>	<u>112,450,041</u>	<u>98</u>
GROSS PROFIT(LOSS)	<u>(4,318,451)</u>	<u>(4)</u>	<u>1,872,224</u>	<u>2</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,513,306	2	1,462,567	1
General and administrative expenses	<u>366,601</u>	<u>-</u>	<u>373,115</u>	<u>1</u>
Total operating expenses	<u>1,879,907</u>	<u>2</u>	<u>1,835,682</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES	<u>340,618</u>	<u>1</u>	<u>990,211</u>	<u>1</u>
PROFIT(LOSS) FROM OPERATIONS	<u>(5,857,740)</u>	<u>(5)</u>	<u>1,026,753</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	191,543	-	(5,620)	-
Share of profits or loss of subsidiaries and associates	(1,859,294)	(2)	(112,833)	-
Other income	706,933	1	691,395	-
Finance costs	<u>(1,203,868)</u>	<u>(1)</u>	<u>(1,199,784)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(2,164,686)</u>	<u>(2)</u>	<u>(626,842)</u>	<u>(1)</u>
PROFIT(LOSS) BEFORE INCOME TAX	(8,022,426)	(7)	399,911	-
INCOME TAX EXPENSE (BENEFIT)	<u>(300,670)</u>	<u>-</u>	<u>79,565</u>	<u>-</u>
NET PROFIT(LOSS) FOR THE YEAR	<u>(7,721,756)</u>	<u>(7)</u>	<u>320,346</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(413,336)	-	(13,861)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(25,717)	-	17,287	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

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	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 72,256	-	\$ (382)	-
	<u>(366,797)</u>	-	<u>3,044</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	264,526	-	548,796	-
Unrealized gain (loss) on available-for-sale financial assets	(562,528)	(1)	(463,466)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(40,147)	-	(42,771)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(64,851)</u>	-	<u>-</u>	-
	<u>(403,000)</u>	<u>(1)</u>	<u>42,559</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>(769,797)</u>	<u>(1)</u>	<u>45,603</u>	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (8,491,553)</u>	<u>(8)</u>	<u>\$ 365,949</u>	-
EARNINGS(LOSS) PER SHARE				
From continuing operation				
Basic	<u>\$ (2.24)</u>		<u>\$ 0.10</u>	
Diluted	<u>\$ (2.24)</u>		<u>\$ 0.10</u>	

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

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

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

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Share Capital Stock		Capital Surplus	Retained Earnings (Accumulated Deficits) (Note 26)		Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for Foreign Assets	
	Shares (In Thousand)	Amount		Legal Reserve	Special Reserve				
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
Effect of retrospective application and retrospective restatement	-	-	-	-	-	3,899,683	-	-	3,899,683
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
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
Net profit for the year ended December 31, 2014	-	-	-	-	-	320,346	-	-	320,346
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	3,044	548,796	(506,237)	45,603
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	-	323,390	548,796	(506,237)	365,949
BALANCE AT DECEMBER 31, 2014	2,856,380	28,563,800	4,899,288	-	-	4,223,073	490,379	(727,627)	37,448,913
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
Change in percentage of ownership interest in subsidiaries	-	-	35,153	-	-	-	-	-	35,153
Arising from donations	-	-	50,308	-	-	-	-	-	50,308
Net loss for the year ended December 31, 2015	-	-	-	-	-	(7,721,756)	-	-	(7,721,756)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(366,797)	199,675	(602,675)	(769,797)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(8,088,553)	199,675	(602,675)	(8,491,553)
BALANCE AT DECEMBER 31, 2015	<u>3,004,440</u>	<u>\$ 30,044,401</u>	<u>\$ 5,500,037</u>	<u>\$ 41,137</u>	<u>\$ 4,098,535</u>	<u>\$ (8,005,152)</u>	<u>\$ 690,054</u>	<u>\$ (1,330,302)</u>	<u>\$ 31,038,710</u>

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

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	\$ (8,022,426)	\$ 399,911
Adjustments for:		
Depreciation expenses	2,858,235	2,843,328
Amortization expenses	19,608	16,767
Impairment loss recognized on trade receivables	1,258	3,253
Net loss arising on financial assets/liabilities at fair value through profit and loss	166,653	223,988
Finance costs	1,203,868	1,199,784
Interest income	(540,971)	(517,144)
Dividend income	(46,732)	(57,338)
Share of loss of subsidiaries and associates	1,859,294	112,833
Gain on disposal of property, plant and equipment	(277,773)	(812,817)
Gain on disposal of available-for-sale financial assets	(9,327)	(11,235)
Write-down (reversal) of shipping fuel	(25,714)	32,957
(Gain) loss on change in fair value of investment properties	(64,785)	86,385
Amortization of long-term prepayments for lease	31,572	31,573
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(158,815)	(188,476)
(Increase) decrease in trade receivable	926,497	(1,526,793)
(Increase) decrease in trade receivable from related parties	438,707	(283,322)
Increase in other receivable from related parties	(114,208)	(108,305)
Decrease in shipping fuel	1,045,933	415,368
(Increase) decrease in prepayments	3,427	(251,452)
(Increase) decrease in prepayments to shipping agents	(224,009)	74,550
(Increase) decrease in other current assets	223,333	(195,045)
Increase (decrease) in trade payable	(693,687)	1,405,436
Increase in trade payable to related parties	1,833,016	1,003,870
Increase in other payable	135,212	85,730
Increase (decrease) in other payable to related parties	105,547	(49,748)
Increase (decrease) in advances from customers	(71,090)	1,252,581
Decrease in other current liabilities	(2,309)	(97,015)
Increase in net defined benefit liabilities	<u>6,943</u>	<u>26,449</u>
Cash generated from operations	607,257	5,116,073
Dividend received	762,205	516,870
Interest received	193,615	171,351
Interest paid	(1,127,037)	(1,028,788)
Income tax paid	<u>(137,478)</u>	<u>(126,292)</u>
Net cash generated from operating activities	<u>298,562</u>	<u>4,649,214</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
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	(19,200,000)	(21,161,000)
Proceeds from disposal of available-for-sale financial assets	19,209,327	21,172,235
Purchase of debt investments with no active market	-	(1,000,000)
Acquisition of property, plant and equipment	(3,628,839)	(8,578,482)
Proceeds from disposal of property, plant and equipment	373,910	1,204,487
Increase in refundable deposits	(1,136,657)	(230,090)
Decrease in refundable deposits	228,369	10,333
(Increase) decrease in long-term receivables from related parties	(714,873)	4,676,040
Acquisition of intangible assets	(35,506)	(6,800)
(Increase) decrease in other financial assets	973,696	(610,937)
Increase in other non-current assets	<u>(14,923)</u>	<u>(47,022)</u>
Net cash used in investing activities	<u>(3,074,237)</u>	<u>(4,577,472)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,410,000	-
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	24,465,153	24,004,000
Repayment of long-term debts	(18,899,148)	(18,745,153)
Payment for obligations under finance leases	(101,260)	(77,166)
Decrease in other financial liabilities	(48,201)	(46,640)
Increase (decrease) in other non-current liabilities	(93,582)	102,436
Acquisition of subsidiaries	<u>(1,943,491)</u>	<u>-</u>
Net cash generated from financing activities	<u>3,865,471</u>	<u>6,413,477</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

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

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,089,796	\$ 6,485,219
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>15,349,985</u>	<u>8,864,766</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 16,439,781</u>	<u>\$ 15,349,985</u>

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

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

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

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Audited after Restated)		January 1, 2014 (Audited after Restated)	
	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)	<u>1,119,364</u>	<u>1</u>	<u>1,034,966</u>	<u>1</u>	<u>501,050</u>	<u>-</u>
Total current assets	<u>35,571,463</u>	<u>23</u>	<u>38,417,874</u>	<u>25</u>	<u>27,507,727</u>	<u>19</u>
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	<u>13,276</u>	<u>-</u>	<u>25,771</u>	<u>-</u>	<u>57,962</u>	<u>-</u>
Total non-current assets	<u>119,404,638</u>	<u>77</u>	<u>114,170,407</u>	<u>75</u>	<u>118,773,531</u>	<u>81</u>
TOTAL	<u>\$ 154,976,101</u>	<u>100</u>	<u>\$ 152,588,281</u>	<u>100</u>	<u>\$ 146,281,258</u>	<u>100</u>
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)	<u>553,471</u>	<u>-</u>	<u>442,722</u>	<u>-</u>	<u>645,100</u>	<u>-</u>
Total current liabilities	<u>41,503,286</u>	<u>27</u>	<u>34,927,504</u>	<u>23</u>	<u>30,146,131</u>	<u>20</u>
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	<u>156,392</u>	<u>-</u>	<u>235,556</u>	<u>-</u>	<u>130,190</u>	<u>-</u>
Total non-current liabilities	<u>81,741,483</u>	<u>53</u>	<u>79,214,371</u>	<u>52</u>	<u>78,660,598</u>	<u>54</u>
Total liabilities	<u>123,244,769</u>	<u>80</u>	<u>114,141,875</u>	<u>75</u>	<u>108,806,729</u>	<u>74</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital - ordinary shares	<u>30,044,401</u>	<u>19</u>	<u>28,563,800</u>	<u>18</u>	<u>28,187,131</u>	<u>19</u>
Capital surplus	<u>5,500,037</u>	<u>4</u>	<u>4,899,288</u>	<u>3</u>	<u>8,562,852</u>	<u>6</u>
Retained earnings (accumulated deficits)						
Legal reserve	41,137	-	-	-	5,143	-
Special reserve	4,098,535	2	-	-	46,291	-
Unappropriated earnings (accumulated deficits)	<u>(8,005,152)</u>	<u>(5)</u>	<u>4,223,073</u>	<u>3</u>	<u>53,957</u>	<u>-</u>
Total retained earnings (accumulated deficits)	<u>(3,865,480)</u>	<u>(3)</u>	<u>4,223,073</u>	<u>3</u>	<u>105,391</u>	<u>-</u>
Other equity	<u>(640,248)</u>	<u>-</u>	<u>(237,248)</u>	<u>-</u>	<u>(279,807)</u>	<u>-</u>
Total equity attributable to owners of the Company	31,038,710	20	37,448,913	24	36,575,567	25
NON-CONTROLLING INTERESTS						
	<u>692,622</u>	<u>-</u>	<u>997,493</u>	<u>1</u>	<u>898,962</u>	<u>1</u>
Total equity	<u>31,731,332</u>	<u>20</u>	<u>38,446,406</u>	<u>25</u>	<u>37,474,529</u>	<u>26</u>
TOTAL	<u>\$ 154,976,101</u>	<u>100</u>	<u>\$ 152,588,281</u>	<u>100</u>	<u>\$ 146,281,258</u>	<u>100</u>

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)	<u>128,350,817</u>	<u>100</u>	<u>129,033,415</u>	<u>96</u>
GROSS PROFIT (LOSS)	<u>(791,393)</u>	<u>-</u>	<u>5,744,443</u>	<u>4</u>
OPERATING EXPENSES (Notes 28 and 36)				
Selling and marketing expenses	5,164,866	4	5,052,324	4
General and administrative expenses	<u>856,882</u>	<u>1</u>	<u>852,056</u>	<u>-</u>
Total operating expenses	<u>6,021,748</u>	<u>5</u>	<u>5,904,380</u>	<u>4</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 14 and 28)	<u>352,347</u>	<u>-</u>	<u>2,946,562</u>	<u>2</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(6,460,794)</u>	<u>(5)</u>	<u>2,786,625</u>	<u>2</u>
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	<u>(1,812,876)</u>	<u>(1)</u>	<u>(1,774,345)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(1,481,733)</u>	<u>(1)</u>	<u>(1,797,303)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(7,942,527)	(6)	989,322	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 29)	<u>(154,036)</u>	<u>-</u>	<u>552,389</u>	<u>1</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(7,788,491)</u>	<u>(6)</u>	<u>436,933</u>	<u>-</u>

(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	<u>75,279</u>	<u>-</u>	<u>(287)</u>	<u>-</u>
	<u>(367,988)</u>	<u>-</u>	<u>1,618</u>	<u>-</u>
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	<u>(64,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(422,511)</u>	<u>(1)</u>	<u>57,904</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(790,499)</u>	<u>(1)</u>	<u>59,522</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (8,578,990)</u>	<u>(7)</u>	<u>\$ 496,455</u>	<u>-</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (7,721,756)	(6)	\$ 320,346	-
Non-controlling interests	<u>(66,735)</u>	<u>-</u>	<u>116,587</u>	<u>-</u>
	<u>\$ (7,788,491)</u>	<u>(6)</u>	<u>\$ 436,933</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (8,491,553)	(7)	\$ 365,949	-
Non-controlling interests	<u>(87,437)</u>	<u>-</u>	<u>130,506</u>	<u>-</u>
	<u>\$ (8,578,990)</u>	<u>(7)</u>	<u>\$ 496,455</u>	<u>-</u>

(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	<u>\$ (2.24)</u>		<u>\$ 0.10</u>	
Diluted	<u>\$ (2.24)</u>		<u>\$ 0.10</u>	

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						Other Equity		Total	Non-controlling Interests (Note 26)	Total Equity
	Share Capital Stock (Notes 4 and 26)		Capital Surplus (Notes 4 and 26)	Retained Earnings (Accumulated Deficits) (Note 26)			Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 26)			
	Shares (In Thousand)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
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	<u>3,032,653</u>	<u>8,119,531</u>
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	<u>(351,269)</u>	<u>(567,250)</u>
Net cash generated from operating activities	<u>1,369,254</u>	<u>6,337,591</u>
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	<u>(558,008)</u>	<u>(1,021,577)</u>
Net cash used in investing activities	<u>(9,076,027)</u>	<u>(246,045)</u>
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	<u>(182,281)</u>	<u>(31,975)</u>
Net cash generated from financing activities	<u>9,726,886</u>	<u>1,816,171</u>

(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	\$ <u>45,581</u>	\$ <u>143,863</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,065,694	8,051,580
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>21,683,555</u>	<u>13,631,975</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 23,749,249</u>	<u>\$ 21,683,555</u>

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 CORP.
Statement of Deficit Compensation
2015

		Unit : NT\$
Item		Amount
Beginning balance un-appropriated retained earnings		0
Effect of retrospective application and retrospective restatement	3,802,863,725	
On the initial application of fair value model to investment properties, a special reserve under Rule No. 1030006415 issued by the FSC	(3,719,463,190)	
Beginning balance un-appropriated retained earnings after adjusted		83,400,535
Actuarial gain (loss) arising from defined benefit plans		(366,797,022)
Net Loss after tax for 2015		(7,721,756,353)
Deficit to be compensated		(8,005,152,840)
Compensation Item :		
Legal Reserve	41,136,662	
Special Reserve	4,098,535,471	
Capital surplus - share premium	901,165,041	
Capital surplus - changes in percentage of ownership interest in subsidiaries	35,152,428	
Total		5,075,989,602
Ending Balance of Un-appropriated Retained Earnings		(2,929,163,238)

The Amendment to the Articles of Incorporation of Yang Ming Marine Transport Corporation

New (29th amendment)	Now (28th amendment)
<p>Article 15</p> <p><u>From the 17th term of board or directors,</u> this company shall establish an Audit Committee, which shall be composed of independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations of the Republic of China.</p> <p><u>This Company shall establish a Remuneration Committee, composed of all independent directors, propose the following matters and then submit its recommendation to the board of directors for deliberation.</u></p> <p>A. <u>Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managers.</u></p> <p>B. <u>Periodically evaluate and prescribe the remuneration of directors and managers.</u></p> <p>C. <u>Others in connection with remuneration assigned by the board of directors.</u></p>	<p>Article 15</p> <p><u>In compliance with Articles 14-4 and 181-2 of the Securities and Exchange Act of the Republic of China,</u> this company shall establish an Audit Committee, which shall be composed by independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations of the Republic of China.</p>
<p>Article 18</p> <p><u>If there is net profit at the year-end, it shall appropriate 1% to 5% of the profits as employees' bonus and no more than 2% for the directors. But if there is an accumulated loss, it shall first keep the amount for making up the losses.</u></p>	<p>Article 18</p> <p><u>If there is current net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for disbursing the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for</u></p>

New (29th amendment)	Now (28th amendment)
<p><u>The employees' bonus shall be distributed in stocks or cash.</u></p> <p><u>The distribution of bonus for employees and directors shall be determined by the board of directors and reported at the shareholders' meeting.</u></p>	<p><u>increasing the equipment of transportation and improving financial structure, the company may set aside a special reserve. If there are more surpluses, plus the undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% and work out an allocation proposal for approval by the shareholders' meeting.</u></p> <p>The proportions of the distribution of the earnings are as follows:</p> <ul style="list-style-type: none"> a. 1% - 5% for staff as bonus b. Not more than 2% for directors as remuneration c. The remaining amounts after deducting the disbursements of the proceeding two subparagraphs shall be distributed to shareholders as dividends. <p><u>The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.</u></p>
<p>Article 18-1</p> <p>If there is current net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for disbursing the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for increasing the equipment of transportation and improving financial structure, the company may set</p>	<p>Article 18</p> <p>If there is current net profit at the year-end, it shall first be used for making up the losses carried over from previous year, for disbursing the income taxes and for paying the various reserves required by the laws and regulations of the Republic of China. If there are needs for increasing the equipment of transportation and improving financial structure, the company may set aside a special reserve. If there are more surpluses, plus the</p>

New (29th amendment)	Now (28th amendment)
<p>aside <u>or rotate</u> a special reserve. If there are more surpluses, plus the undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% and work out an allocation proposal for approval by the shareholders' meeting.</p> <p>The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.</p>	<p>undistributed cumulative earnings from the previous year, the board of directors shall appropriate at least 25% and work out an allocation proposal for <u>approval</u> by the shareholders' meeting.</p> <p><u>The proportions of the distribution of the earnings are as follows:</u></p> <p>a. <u>1% - 5% for staff as bonus</u></p> <p>b. <u>Not more than 2% for directors as remuneration</u></p> <p>c. <u>The remaining amounts after deducting the disbursements of the proceeding two subparagraphs shall be distributed to shareholders as dividends.</u></p> <p>The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and operation capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account for no less than 20% of the total dividends.</p>
<p>Article 21</p> <p>This Charter was established on Dec. 28, 1972. ...The 28th amendment was approved on June 18, 2014. <u>The 29th amendment was approved on June 22, 2016.</u></p>	<p>Article 21</p> <p>This Charter was established on Dec. 28, 1972. ...The 28th amendment was approved on June 18, 2014.</p>