Stock Code : 2609

YANG MING

YANG MING MARINE TRANSPORT CORP.

陽明海運股份有限公司

Handbook for 2015 Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

June 18, 2015

This is a translation of the Chinese text and for reference only. If there is any discrepancy, the Chinese text governs.

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Agenda for 2015 Annual Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

I. Time: 09:00 a.m. on Tuesday, June 18, 2015

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

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Management Presentation

Report No.1

2014 Business Report

Explanation:

The 2014 Business Report is attached as pp. [5-7].

Yang Ming Marine Transport Corporation's 2014 Business Report

OUR STRATEGY

Although global economy has still been shadowed by the depression since 2008 Financial Crisis, it is gradually back on the track of recovery after the QE policy adopted by the United States successfully, along with the falling of oil price brought by the energy revolution of Shale Oil/Gas. As a result, not only is the shipping market expected to be back on equilibrium, the balance sheets of most carriers are also improved by the dropping bunker price.

Continuing with last year's strategy, our annual strategy was "Strengthening our competitiveness to meet new challenges" in 2014. We have devised and implemented different internal projects and strived to trim down operating cost during market recession in order to lay a solid foundation before another recovery of shipping industry.

IMPLEMENTATION

According to Drewry's Global Supply/Demand Index provided by Drewry Maritime Research, the Index was 95.7 in 2014 with a slight increase from 95.3 of which in 2013, revealing the global container market was still oversupplied with little improvement (Container Forecaster, 2014 Q4; the index sets 100 as equilibrium. Index smaller than 100 refers to oversupply in capacity.) In addition, the growth rate of global port throughput had hit the highest record since 2008 Financial Crisis, reaching 5.2% before 2013 Q4.

After receiving two 4,662 TEU full container vessels in 2014, three sister ships are scheduled to join Yang Ming in 2015. In preparation of the delivery of the fifteen 14,000 TEU long-term charter vessels in following two years, 2014 business plan focused on boosting mid and long-term competitiveness with relevant supporting measures aimed for reducing operating cost. Meanwhile, several task forces had been launched to maximize profitability in hopes of taking the initiative of the coming recovery in shipping market.

PERFORMANCE

In 2014, our consolidated revenue amounted to NT$134.78 billion; consolidated expenditure (combination of operating costs and expenses) was NT$134.94 billion; other operating income and expenses was NT$2.95 billion; total non-operating income and expenses lost was NT$1.77 billion; income tax expense was NT$0.5 billion. The net profit was NT$0.53 billion, including NT$0.41 billion for owner of the company.

REVENUE AND EXPENDITURE

Operating Revenue

Consolidated revenue in 2014 was NT$134.78 billion, which showed a significant increase of 13.38%, namely NT$15.9 billion in comparison to NT$118.87 billion in 2013, owing to higher operating volumes.

Operating Expenditure

Consolidated expenditure was NT$134.94 billion, increased by 4.92% in comparison to NT$128.61 billion in previous year. The higher expenditure came along with the increased operating volumes.

ANALYSIS OF PROFITABILITY

Despite the great effort was made to seek every opportunity of lifting freight rate, it had been proved that a total restoration is almost unattainable under an unbalanced condition in shipping market. A gap between revenue and expenditure remained. However, via cost saving and revenue expansion policy initiated by cross-department task forces, Yang Ming finally returned to black in 2014. The net profit was NT$0.41 billion, with significant improvement of NT$3.36 billion than that of 2013.

RESEARCH AND DEVELOPMENT

In response to the trust and support from our valued stakeholders and the public, we are determined to provide the best service to our customers, boost operation efficiency and profitability, along with enhancing competitiveness while attending to mid- and long-term liner deployment and development by following strategies:

1. To be prepared for the delivery of 14,000TEU vessels in the coming two years, we are devoted to promoting inter-port-cargo (IPC) on long haul services, strengthening our global hub & spoke deployment with the expanded feeder network to increase cargo volume, maximizing the overall effect of megaships.
2. The scale of CKYHE alliance has expanded as Evergreen joined the operation on Asia-Europe long haul services. Yang Ming is determined to devising optimized cooperation plans with our partners, while keeping strategic flexibility in market today.
3. Yang Ming will continue to innovate with sales plan in regional markets to boost mid and long-term profit. In order to provide the best service and enlarge our market share, Yang Ming has launched the second feeder service in South-East Asia, in parallel to our upgrade on Intra-Asia services in 2014.
4. We aim to build Kao Ming Container Terminal into the first and foremost transsһipment center in Asia-Pacific region and a high tech, efficient, safe and green terminal. The second phase of the BOT project had completed in August 2014 and begun operating in September. Overall, KMCT will increase cargo volume of Port of Kaohsiung by 1.17 million TEU each year. It also meets the need of berthing the megaships, in line with global fleet development trend.
5. Yang Ming will focus on business process innovation and management strategy improvement to provide the best service in the field. We have organized several cross-department task forces to push forward multiple cost saving and revenue

expansion policies, such as cargo structure optimization, construction of detention/demurrage fee management system, implementation of slow steaming policy to control fuel cost and upgrades on our IT system. Furthermore, we adopt diversified training schemes to ensure the competitiveness of our employees.

6. As environmental protection standards are getting more rigorous, Yang Ming will carry on our green policies, which focus on improving the operation efficiency while being in compliance with international regulations. The mission is to seek for long-term cost saving and to fulfill our Corporate Social Responsibility.

Report No.2

Audit Committee’s Report on the 2014 Financial Statements

Explanation:

The 2014 Audit Committee’s Report is attached as pp. [9].

Audit Committee's Report

The Board of Directors has prepared and submitted to the Audit Committee the Company's 2014 Business Report, individual and consolidated Financial Statements, and Deficit Compensation Proposal of the year ending on December 31, 2014. The CPA firm of Deloitte & Touche, Taiwan, was retained to audit YANG MING Marine Transportation's Financial Statements and has issued an Independent Auditors' Report 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, 2014 have been examined and approved by the undersigned.

To: 2015 Shareholders Meeting
YANG MING MARINE TRANSPORT CORP.

Independent director: Chen, Kuen-Mu

Independent director: Yeh, Jin-Ru

Independent director: Chou, Heng-Chih

Mar. 25, 2015

Report No.3

Report on 2014 Issue of Private Placed Domestic Unsecured Straight Bonds

Explanation:

The 2014 Issue of Private Placed Domestic Unsecured Straight Bonds Report is attached as pp. [11]

In order to enhance working capital and refinancing of debt service, the BOD of the Company have approved private placed unsecured straight bond dated June 24, 2014. The funding has been completed on July 8, 2014.

<table>
<tr><th>Item</th><th colspan="5">Yang Ming Marine Transport Corp 3rd private placed domestic unsecured straight bond
Date of issuance: July 8, 2014</th></tr>
<tr><td>Securities under private placement</td><td colspan="5">Unsecured Straight Bond</td></tr>
<tr><td>Date of resolution and approved quantity</td><td colspan="5">June 24, 2014, thousands of NTD3,850,000</td></tr>
<tr><td>Basis and rationality of price setting</td><td colspan="5">N.A.</td></tr>
<tr><td>Method of selection of specified parties</td><td colspan="5">According to Article 43-6 of Securities and Exchange Act</td></tr>
<tr><td>The reasons for private placement</td><td colspan="5">Enhance working capital and refinancing of debt service</td></tr>
<tr><td>Date of payment and completion</td><td colspan="5">July 8, 2014</td></tr>
<tr><td rowspan="8">Information of contributing parties</td><td>Target</td><td>Eligibility</td><td>Quantity purchased (thousands of NTD)</td><td>Relationship with the company</td><td>Participation in company operations</td></tr>
<tr><td>Shin Kong Life Insurance</td><td rowspan="7">Paragraph 1, Article 43-6 of Securities and Exchange Act</td><td>1,000,000</td><td>Nil</td><td rowspan="7">Nil</td></tr>
<tr><td>TransGlobe Life Insurance</td><td>1,000,000</td><td>Nil</td></tr>
<tr><td>Mercuries Life Insurance</td><td>1,000,000</td><td>Nil</td></tr>
<tr><td>Farglory Life Insurance</td><td>500,000</td><td>Nil</td></tr>
<tr><td>Taiwan Financial Asset Service Corporation</td><td>200,000</td><td>Government related party</td></tr>
<tr><td>Mega Bills Finance Co., Ltd.</td><td>100,000</td><td>Government related party</td></tr>
<tr><td>Farmers’ Association of Singang township , Chiayi county</td><td>50,000</td><td>Nil</td></tr>
<tr><td>Actual purchase (or conversion) price</td><td colspan="5">N.A.</td></tr>
<tr><td>Difference between the actual purchase (or conversion) price and the reference price</td><td colspan="5">N.A.</td></tr>
<tr><td>Impact of private placement on shareholder's equity (ex. causing an increase in accumulated losses)</td><td colspan="5">N.A.</td></tr>
<tr><td>Use of funds from private placement and the progress of proposed plans</td><td colspan="5">Enhance working capital and refinancing of debt service</td></tr>
<tr><td>Effectiveness of private placement</td><td colspan="5">Enhance cash position, current ratio, and diversify funding source</td></tr>
</table>

Matters for Recognition

Proposal No.1 **Proposed by the Board**

Adoption of the 2014 Business Report and Financial Statements

Explanation:

Yang Ming Transport Corporation's 2014 Financial Statements and consolidated Financial Statements have been duly audited by the Certified Public Accountants, Cheng Chin Tsung and Chen Chin Hsiang of Deloitte & Touche. Also, the Business Report and the aforementioned Financial Statements have been examined by the audit committees. (Please refer to the Handbook p.9 and pp.13-28)

Resolution:

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, 2014 and 2013 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 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, 2014,and 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 years ended December 31, 2013; the Company has investments in these investees accounted for using equity method. The carrying values of these investments were NT$3,178,877 thousand and NT$4,080,074 as of December 31, 2014 and 2013, respectively. The comprehensive income recognized by investments accounted for using equity method were NT$708,513 thousand and NT$1,115,284 thousand for the years ended December 31, 2014 and 2013, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2014, and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Yang Ming Marine Transport Corporation as of and for the year ended December 31, 2014 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 25, 2015

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

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
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents	$ 15,349,985	13	$ 8,864,766	8
Financial assets at fair value through profit or loss - current	1,038,703	1	1,009,141	1
Trade receivable, net	3,971,140	3	2,447,600	2
Trade receivable from related parties	2,650,373	2	2,367,051	2
Other receivable from related parties	110,507	-	2,202	-
Shipping fuel	2,453,195	2	2,901,520	3
Prepayments	518,172	-	266,720	-
Prepayments to shipping agents	694,125	1	768,675	1
Other financial assets - current	985,696	1	374,759	-
Other current assets	395,198	-	185,448	-
Total current assets	28,167,094	23	19,187,882	17
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	1,538,992	1	2,002,458	2
Financial assets carried at cost - non-current	477,188	-	477,188	-
Debt investment with no active market - non-current	1,000,000	1	-	-
Investments accounted for using equity method	22,383,472	18	22,463,693	20
Property, plant and equipment	38,346,259	31	34,300,241	31
Investment properties	4,167,309	3	4,194,637	4
Other intangible assets	17,045	-	27,012	-
Deferred tax assets	2,406,128	2	2,574,171	2
Prepayments for equipment	-	-	486,763	-
Refundable deposits	542,080	1	322,323	-
Long-term prepayments for lease	599,705	1	631,278	1
Long-term receivables from related parties	22,584,846	19	25,922,615	23
Other non-current assets	47,071	-	49	-
Total non-current assets	94,110,095	77	93,402,428	83
TOTAL	$ 122,277,189	100	$ 112,590,310	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current	$ 78,658	-	$ 19,820	-
Trade payable	11,214,067	9	9,808,631	9
Trade payable to related parties	3,362,539	3	2,358,669	2
Payables on equipment	2,084	-	538,350	-
Other payables	1,552,821	2	1,428,395	1
Other payables to related parties	94,658	-	144,406	-
Current tax liabilities	22,334	-	16,524	-
Current portion of long-term liabilities	10,086,522	8	6,524,680	6
Advance from customers	1,267,706	1	15,125	-
Other current liabilities	210,527	-	548,332	1
Total current liabilities	27,891,916	23	21,402,922	19
NON-CURRENT LIABILITIES				
Bonds payable	26,431,834	22	28,864,549	26
Long-term borrowings	30,050,141	25	25,111,695	22
Deferred tax liabilities	1,734,225	1	2,015,608	2
Finance lease payables - non-current	285,218	-	374,411	-
Other financial liabilities - non-current	166,984	-	215,185	-
Accrued pension liabilities	1,862,856	1	1,824,526	2
Other non-current liabilities	207,966	-	105,530	-
Total non-current liabilities	60,739,224	49	58,511,504	52
Total liabilities	88,631,140	72	79,914,426	71
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	28,563,800	24	28,187,131	25
Capital surplus	4,899,288	4	8,562,852	7
Retained earnings (accumulated deficits)				
Legal reserve	-	-	5,143	-
Special reserve	-	-	46,291	-
Unappropriated earnings (accumulated deficits)	420,209	-	(3,845,726)	(3)
Total retain earnings (accumulated deficits)	420,209	-	(3,794,292)	(3)
Other equity	(237,248)	-	(279,807)	-
Total equity	33,646,049	28	32,675,884	29
TOTAL	$ 122,277,189	100	$ 112,590,310	100

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

(With Deloitte & Touche audit report dated March 25, 2015)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE	$ 114,322,265	100	$ 96,472,969	100
OPERATING COSTS	112,448,221	98	104,368,749	108
GROSS PROFIT(LOSS)	1,874,044	2	(7,895,780)	(8)
OPERATING EXPENSES				
Selling and marketing expenses	1,462,567	1	1,338,827	2
General and administrative expenses	373,115	1	340,922	-
Total operating expenses	1,835,682	2	1,679,749	2
OTHER OPERATING INCOME AND EXPENSES	990,211	1	3,082,808	3
PROFIT(LOSS) FROM OPERATIONS	1,028,573	1	(6,492,721)	(7)
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	53,437	-	4,223,234	5
Share of profits or loss of subsidiaries and associates	(144,881)	-	(651,904)	(1)
Other income	691,395	1	711,789	1
Finance costs	(1,199,784)	(1)	(1,104,731)	(1)
Total non-operating income and expenses	(599,833)	1	3,178,388	4
PROFIT(LOSS) BEFORE INCOME TAX	428,740	-	(3,314,333)	(3)
INCOME TAX EXPENSE (BENEFIT)	17,373	-	(368,219)	-
NET PROFIT(LOSS) FOR THE YEAR	411,367	-	(2,946,114)	(3)
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	548,796	-	298,714	-
Unrealized gain (loss) on available-for-sale financial assets	(463,466)	-	245,894	-
Actuarial loss arising from defined benefit plans	(7,936)	-	(116,416)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
Share of other comprehensive income of subsidiaries and associates	$ (24,604)	-	$ 36,297	-
Income tax relating to components of other comprehensive income	(1,389)	-	15,498	-
Other comprehensive income (loss) for the year, net of income tax	51,401	-	479,987	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 462,768	-	$ (2,466,127)	(3)
EARNINGS(LOSS) PER SHARE				
From continuing operation				
	$0.13		$(0.90)	
	$0.13		$(0.90)	

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

(With Deloitte & Touche audit report dated March 25, 2015) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
	Capital Stock - Common Stock			Retained Earnings (Accumulated Deficits)			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2013	2,818,713	$28,187,131	$8,210,248	$ -	$ -	$ (763,793)	$(357,131)	$(487,048)	$34,789,407
Appropriation of 2012 earnings									
Legal reserve	-	-	-	5,143	-	(5,143)	-	-	-
Special reserve	-	-	-	-	46,291	(46,291)	-	-	-
Equity component of convertible bonds	-	-	352,604	-	-	-	-	-	352,604
Net loss for the year ended December 31,2013	-	-	-	-	-	(2,946,114)	-	-	(2,946,114)
Other comprehensive loss for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(84,385)	298,714	265,658	479,987
Total comprehensive income (loss) for the year ended December31, 2013	-	-	-	-	-	(3,030,499)	298,714	265,658	(2,466,127)
BALANCE AT DECEMBER 31, 2013	2,818,713	28,187,131	8,562,852	5,143	46,291	(3,845,726)	(58,417)	(221,390)	32,675,884
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	-	-	-	-	-	411,367	-	-	411,367
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	8,842	548,796	(506,237)	51,401
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	-	420,209	548,796	(506,237)	462,768
BALANCE AT DECEMBER 31, 2014	2,856,380	$28,563,800	$4,899,288	$ -	$ -	$ 420,209	$ 490,379	$ (727,627)	$33,646,049

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

(With Deloitte & Touche audit report dated March 25, 2015)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 428,740	$ (3,314,333)
Adjustments for:		
Depreciation expenses	2,870,656	3,259,097
Amortization expenses	16,767	16,077
Impairment loss recognized(reversal of impairment loss) on trade receivables	3,253	(2,916)
Net gain (loss)arising on financial assets/liabilities at fair value through profit and loss	223,988	(343,629)
Finance costs	1,199,784	1,104,731
Interest income	(517,144)	(522,241)
Dividend income	(57,338)	(58,161)
Share of loss of subsidiaries and associates	144,881	651,904
Gain on disposal of property, plant and equipment	(812,817)	(2,973,780)
Gain on disposal of available-for-sale financial assets	(11,235)	(4,795)
Gain on disposal of investments for using equity method and fair value of residual investment	-	(3,763,334)
Write-down of shipping fuel	32,957	48,799
Unrealized exchange loss	-	7,056
Amortization of long-term prepayments for lease	31,573	31,572
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(188,476)	325,082
Increase in trade receivable	(1,526,793)	(987,320)
(Increase) decrease in trade receivable from related parties	(283,322)	1,933,293
(Increase) decrease in other receivable from related parties	(108,305)	174,295
(Increase) decrease in shipping fuel	415,368	(114,789)
Increase in prepayments	(251,452)	(32,062)
(Increase) decrease in advances to shipping agents	74,550	(618,681)
(Increase) decrease in other current assets	(195,045)	28,510
Increase in trade payable	1,405,436	3,499,143
Increase in trade payable to related parties	1,003,870	122,146
Increase in other payable	79,965	210,412
Decrease in other payable to related parties	(49,748)	(1,058,799)
Increase (decrease) in advances from customers	1,252,581	(313,247)
Increase (decrease) in other current liabilities	(97,015)	192,769
Increase (decrease) in accrued pension liabilities	30,394	(54,924)
Cash generated from (used in) operations	5,116,073	(2,558,125)
Dividend received	516,870	471,571
Interest received	171,351	145,926
Interest paid	(1,028,788)	(1,029,116)
Income tax paid	(126,292)	(148,093)
Net cash generated from (used in) operating activities	4,649,214	(3,117,837)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	$ (6,617,126)	$ (3,723,089)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	6,610,890	3,815,098
Acquisition of available-for-sale financial assets	(21,161,000)	(30,495,406)
Proceeds from disposal of available-for-sale financial assets	21,172,235	30,576,548
Purchase of debt investments with no active market	(1,000,000)	-
Acquisition of financial assets carried at cost	-	(100,000)
Net cash generated from deconsolidation of subsidiary	-	1,659,313
Acquisition of property, plant and equipment	(8,578,482)	(5,889,939)
Proceeds from disposal of property, plant and equipment	1,204,487	4,642,058
Increase in refundable deposits	(219,757)	(244)
(Increase) decrease in long-term receivables from related parties	4,676,040	(2,159,278)
Acquisition of intangible assets	(6,800)	(28,445)
Increase in other financial assets	(610,937)	(348,300)
(Increase) decrease in other non-current assets	(47,022)	7,786
Net cash used in investing activities	(4,577,472)	(2,043,898)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	3,850,000	9,575,092
Repayment of principal of bonds	(2,674,000)	(3,174,000)
Proceeds from long-term debts	24,004,000	33,894,021
Repayment of long-term debts	(18,745,153)	(33,071,338)
Payment for obligations under finance leases	(77,166)	(85,076)
Decrease in other financial liabilities	(46,640)	(45,474)
Increase in other non-current liabilities	102,436	10,958
Net cash generated from financing activities	6,413,477	7,104,183
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 6,485,219	$ 1,942,448
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,864,766	6,922,318
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 15,349,985	$ 8,864,766

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

(With Deloitte & Touche audit report dated March 25, 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, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 year ended December 31, 2014, and of Yes Logistics Company Ltd., Yang Ming Line Holding Co. and Yang Ming Line (Singapore) Pte. Ltd. as of and for the year ended December 31, 2013; these subsidiaries had been audited by other auditors. The combined total assets of these subsidiaries were 3.11% (NT$4,627,220 thousand) and 4.38% (NT$6,232,362 thousand) of the total consolidated assets as of December 31, 2014 and 2013, respectively. The combined total operating revenue of these subsidiaries were 0.73% (NT$987,835 thousand) and 1.18% (NT$1,405,087 thousand) of the total consolidated operating revenue for the years ended December 31, 2014 and 2013, 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 year ended December 31, 2014; 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 and Sino-YES Tianjin Cold Chain Logistics Company Limited for the year ended December 31, 2013; these associates and joint ventures had been audited by other auditors. The carrying values of these associates and joint ventures were NT$1,664,788 thousand and NT$1,604,797 thousand as of December 31, 2014 and 2013, respectively. The profit or loss recognized by investments accounted for using equity method were NT$77,980 thousand and NT$119,409 thousand for the years ended December 31, 2014 and 2013, 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 Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified opinion modified report.

March 25, 2015

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
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	$ 21,683,555	15	$ 13,631,975	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,868,239	1	1,886,873	1
Available-for-sale financial assets - current (Notes 4 and 8)	2,648	-	51,433	-
Notes receivable, net (Notes 4, 5 and 10)	364,608	-	332,878	-
Trade receivable, net (Notes 4, 5 and 10)	7,479,618	5	5,465,270	4
Trade receivable from related parties (Notes 4, 5, 10 and 35)	373,677	-	445,394	-
Shipping fuel (Notes 4, 5 and 11)	3,199,263	2	3,543,069	3
Prepayments (Notes 15 and 35)	756,119	1	599,066	-
Prepayments to shipping agents (Note 35)	599,718	-	354,000	-
Other financial assets - current (Notes 4, 16, 35 and 36)	1,055,463	1	696,719	1
Other current assets (Notes 4, 5 and 35)	1,034,966	1	501,050	-
Total current assets	38,417,874	26	27,507,727	19
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,538,992	1	2,002,458	1
Financial assets carried at cost - non-current (Notes 4 and 9)	494,597	-	499,500	-
Investments accounted for using equity method (Notes 4 and 12)	8,671,115	6	8,367,398	6
Property, plant and equipment (Notes 4, 5, 13, 35 and 36)	86,094,560	58	89,727,302	63
Investment properties (Notes 4, 14 and 36)	3,892,335	3	3,927,498	3
Other intangible assets (Note 4)	40,387	-	47,022	-
Deferred tax assets (Notes 4, 5 and 28)	2,660,649	2	2,794,294	2
Prepayments for equipment (Note 31)	507,033	-	1,062,717	1
Refundable deposits (Note 32)	636,196	1	409,081	-
Other financial assets - non-current (Notes 4, 16, 35 and 36)	5,011,864	3	5,219,619	4
Long-term prepayments for lease (Note 15)	599,705	-	631,278	1
Other non-current assets (Note 24)	25,771	-	57,962	-
Total non-current assets	110,173,204	74	114,746,129	81
TOTAL	$ 148,591,078	100	$ 142,253,856	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 947,025	1	$ 937,835	1
Short-term bills payable (Notes 4 and 17)	-	-	79,831	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	78,658	-	19,820	-
Notes payable (Note 4)	50,151	-	50,654	-
Trade payable (Notes 4 and 19)	14,084,195	10	12,185,629	9
Trade payable to related parties (Notes 4 and 35)	1,084,507	1	954,063	1
Payables on equipment (Note 35)	2,733	-	538,033	-
Other payables (Notes 4, 21 and 35)	2,893,168	2	2,372,243	2
Current tax liabilities (Notes 4 and 5)	126,170	-	72,092	-
Provisions-current (Notes 4 and 22)	620,012	-	562,680	-
Current portion of long-term liabilities (Notes 4, 17, 18, 20, 23, 35 and 36)	13,124,982	9	11,317,717	8
Advance from customers	1,469,997	1	413,015	-
Other current liabilities (Note 31)	442,722	-	645,100	-
Total current liabilities	34,924,320	24	30,148,712	21
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 18, 35 and 36)	26,431,834	18	28,864,549	20
Long-term borrowings (Notes 4, 17 and 36)	37,942,145	26	34,579,517	24
Provisions - non-current (Notes 4 and 22)	102,300	-	115,708	-
Deferred tax liabilities (Notes 4, 5 and 28)	2,105,244	1	2,330,771	2
Finance lease payables - non-current (Notes 4 and 20)	5,380,340	4	5,407,688	4
Other financial liabilities - non-current (Notes 4, 18 and 23)	4,715,322	3	5,027,132	4
Accrued pension liabilities (Notes 4, 5 and 24)	2,112,714	1	2,076,649	1
Other non-current liabilities	235,556	-	130,190	-
Total non-current liabilities	79,025,455	53	78,532,204	55
Total liabilities	113,949,775	77	108,680,916	76
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	28,563,800	19	28,187,131	20
Capital surplus	4,899,288	3	8,562,852	6
Retained earnings (accumulated deficits)				
Legal reserve	-	-	5,143	-
Special reserve	-	-	46,291	-
Unappropriated earnings (accumulated deficits)	420,209	-	(3,845,726)	(3)
Total retain earnings (accumulated deficits)	420,209	-	(3,794,292)	(3)
Other equity	(237,248)	-	(279,807)	-
Total equity attributable to owners of the company	33,646,049	22	32,675,884	23
NON-CONTROLLING INTERESTS	995,254	1	897,056	1
Total equity	34,641,303	23	33,572,940	24
TOTAL	$ 148,591,078	100	$ 142,253,856	100

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

(With Deloitte & Touche auditors' report dated March 25, 2015)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	$ 134,777,858	100	$ 118,873,960	100
OPERATING COSTS (Notes 4, 5, 11, 27 and 35)	129,032,363	96	123,004,237	103
GROSS INCOME (LOSS)	5,745,495	4	(4,130,277)	(3)
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing expenses	5,052,324	4	4,775,447	4
General and administrative expenses	852,056	-	827,563	1
Total operating expenses	5,904,380	4	5,603,010	5
OTHER OPERATING INCOME(LOSS) AND EXPENSES (Notes 13, 27 and 30)	2,946,562	2	3,698,055	3
PROFIT(LOSS) FROM OPERATIONS	2,787,677	2	(6,035,232)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 12, 27, 34 and 35)				
Other gains and losses	(466,615)	-	4,464,085	4
Share of profit or loss of associates and joint ventures	138,084	-	118,794	-
Other income	337,195	-	296,311	-
Finance costs	(1,774,345)	(1)	(1,858,362)	(1)
Total non-operating income and expenses	(1,765,681)	(1)	3,020,828	3
PROFIT (LOSS) BEFORE INCOME TAX	1,021,996	1	(3,014,404)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 28)	494,653	1	(104,494)	-
NET PROFIT (LOSS) FOR THE YEAR	527,343	-	(2,909,910)	(2)
OTHER COMPREHENSIVE INCOME(LOSS)(Notes 24, 25 and 28)				
Exchange differences on translating foreign operations	564,141	-	310,585	-
Unrealized gain (loss) on available-for-sale financial assets	(473,393)	-	249,111	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	2014		2013	
	Amount	**%**	**Amount**	**%**
Actuarial gain and loss arising from defined benefit plans	9,004	-	(100,377)	-
Share of other comprehensive income of associates and joint ventures	(32,623)	-	16,547	-
Income tax relating to components of other comprehensive income	(1,531)	-	17,064	-
Other comprehensive income(loss) for the year, net of income tax	65,598	-	492,930	-
TOTAL COMPREHENSIVE INCOME(LOSS) FOR THE YEAR	$ 592,941	-	$ (2,416,980)	(2)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 411,367	-	$ (2,946,114)	(2)
Non-controlling interests	115,976	-	36,204	-
	$ 527,343	-	$ (2,909,910)	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 462,768	-	$ (2,466,127)	(2)
Non-controlling interests	130,173	-	49,147	-
	$ 592,941	-	$ (2,416,980)	(2)
EARNINGS (LOSS) PER SHARE (Note 29)				
From continuing operations				
Basic	$ 0.13		$ (0.90)	
Diluted	$ 0.13		$ (0.90)	

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

(With Deloitte & Touche audit report dated March 25, 2015) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Capital Stock - Common Stock			Retained Earnings (Accumulated Deficits) (Note 25)			Other Equity				
	Shares (In Thousands)	Amount (Notes 4 and 25)	Capital Surplus (Notes 4 and 25)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations (Notes 4 and 25)	Unrealized Gain(Loss) on Available-for -sale Financial Assets (Notes 4 and 25)	Total	Non-controlling Interests (Note 25)	Total Equity
BALANCE AT JANUARY 1, 2013	2,818,713	$28,187,131	$ 8,210,248	$ -	$ -	$ (763,793)	$ (357,131)	$ (487,048)	$34,789,407	$ 3,773,293	$38,562,700
Appropriation of 2012 earnings											
Legal reserve	-	-	-	5,143	-	(5,143)	-	-	-	-	-
Special reserve	-	-	-	-	46,291	(46,291)	-	-	-	-	-
Equity component of convertible bonds	-	-	352,604	-	-	-	-	-	352,604	-	352,604
Net profit (loss) for the year ended December 31, 2013	-	-	-	-	-	(2,946,114)	-	-	(2,946,114)	36,204	(2,909,910)
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(84,385)	298,714	265,658	479,987	12,943	492,930
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	-	(3,030,499)	298,714	265,658	(2,466,127)	49,147	(2,416,980)
Increase (decrease) in non-controlling interests-cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(111,822)	(111,822)
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	(2,813,562)	(2,813,562)
BALANCE AT DECEMBER 31, 2013	2,818,713	28,187,131	8,562,852	5,143	46,291	(3,845,726)	(58,417)	(221,390)	32,675,884	897,056	33,572,940
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(loss) for the year ended December 31, 2014	-	-	-	-	-	411,367	-	-	411,367	115,976	527,343
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	8,842	548,796	(506,237)	51,401	14,197	65,598
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	-	420,209	548,796	(506,237)	462,768	130,173	592,941
Increase (decrease) in non-controlling interests-cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(31,975)	(31,975)
BALANCE AT DECEMBER 31, 2014	2,856,380	$28,563,800	$ 4,899,288	$ -	$ -	$ 420,209	$ 490,379	$ (727,627)	$33,646,049	$ 995,254	$34,641,303

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 25, 2014)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 1,021,996	$ (3,014,404)
Adjustments for:		
Depreciation expenses	6,557,493	7,165,304
Amortization expenses	32,076	41,428
Impairment loss recognized on trade receivables	6,919	3,467
Net (gain) loss arising on financial assets/liabilities at fair value through profit and loss	209,933	(362,556)
Finance costs	1,774,345	1,858,362
Interest income	(155,037)	(106,378)
Dividend income	(66,194)	(61,127)
Share of profit of associates and joint ventures	(138,084)	(118,794)
Gain on disposal of property, plant and equipment	(2,786,915)	(3,626,768)
Gain on disposal of available-for-sale financial assets	(21,612)	(7,841)
Gains on disposal of financial assets carried at cost	-	(359,237)
Write-down of shipping fuel	37,295	36,129
Disposal of subsidiaries and fair value of residual investment	-	(3,763,334)
Amortization of long-term prepayments for lease	31,573	319,223
Provision for liabilities	1,103,318	667,639
Impairment loss recognized on financial assets carried at cost	4,903	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	(123,339)	503,395
Increase in notes receivable	(32,662)	(128,955)
(Increase) decrease in trade receivable	(2,019,521)	445,889
(Increase) decrease in trade receivable from related parties	71,717	(526,911)
(Increase) decrease in shipping fuel	306,511	(307,063)
Increase in prepayments	(143,108)	(66,260)
(Increase) decrease in advances to shipping agents	(245,718)	102,361
(Increase) decrease in other current assets	(382,393)	271,131
Decrease in notes payable	(503)	(503)
Increase in trade payable	1,898,566	2,707,774
Increase in trade payable to related parties	130,444	656,733
Increase in other payables	437,551	312,939
Decrease in provisions	(1,087,409)	(563,423)
Increase (decrease) in advances from customers	1,056,982	(6,037)
Increase (decrease) in other current liabilities	38,402	(336,455)
Increase (decrease) in accrued pension liabilities	45,069	(58,482)
Cash generated from operations	7,562,598	1,677,246
Dividend received	202,879	103,926
Interest received	143,367	82,225
Interest paid	(1,560,936)	(1,776,042)
Income tax paid	(567,250)	(623,359)
Net cash generated from (used in) operating activities	5,780,658	(536,004)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(6,617,126)	(3,723,089)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	6,610,890	3,815,098
Acquisition of available-for-sale financial assets	(21,184,278)	(30,544,178)
Proceeds from disposal of available-for-sale financial assets	21,244,915	30,706,139
Acquisition of financial assets carried at cost	-	(100,000)
Proceeds from disposal of financial assets carried at cost	-	359,237
Acquisition of associates accounted for using equity method	(352,181)	(16,895)
Net cash generated from deconsolidation of subsidiary (Note 30)	-	1,659,213
Capital reduction from investment accounted for using equity method	3,029	-
Acquisition of property, plant and equipment	(9,378,392)	(9,716,918)
Proceeds from disposal of property, plant and equipment	10,820,819	8,454,913
(Increase) decrease in refundable deposits	(227,115)	10,787
Acquisition of intangible assets	(19,869)	(46,047)
Increase in other financial assets	(150,989)	(114,637)
(Increase) decrease in other non-current assets	25,829	(39,120)
Increase in prepayments for equipment	(1,021,577)	(990,488)
Increase in long-term prepayments for lease	-	(1,028,256)
Net cash used in investing activities	(246,045)	(1,314,241)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short-term debt	9,190	727,928
Increase in short-term bills payable	260,680	79,831
Decrease in short-term bills payable	(340,511)	-
Proceeds from issuance of bonds	3,850,000	9,575,092
Repayment of principal of bonds	(2,674,000)	(3,174,000)
Proceeds from long-term debts	24,635,975	34,773,573
Repayment of long-term debts	(23,425,995)	(37,590,112)
Payment for obligations under finance leases	(286,275)	(269,513)
Decrease in other financial liabilities	(286,284)	(172,248)
Increase in other non-current liabilities	105,366	15,786
Dividends paid to non-controlling interests	(31,975)	(111,822)
Net cash generated from financing activities	1,816,171	3,854,515
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	700,796	684,135
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,051,580	2,688,405
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,631,975	10,943,570
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 21,683,555	$ 13,631,975

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

(With Deloitte & Touche auditors’ report dated March 25, 2015)

Proposal No.2 **Proposed by the Board**

Adoption of the Proposal for Distribution of 2014 Profits

Explanation:

1. The net profit after tax for 2014 is NT$411,366,619. The Board has adopted a Proposal for Distribution of 2014 Profit in accordance with the Company Act and Articles of Incorporation. The 2014 statement of Profit Distribution Table is attached hereto page 30.
2. It is proposed not to distribute dividend, employee bonus and directors' compensation for 2014.

Resolution:

YANG MING CORP.
PROFIT DISTRIBUTION TABLE
2014

Unit：NT$

Item	Amount
Beginning Balance of Un-appropriated retained Earnings	0
Actuarial gain (loss) arising from defined benefit plans	8,842,324
Net profit after tax for 2014	411,366,619
Un-appropriated retained earnings after adjustment	420,208,943
Compensation Item	
Legal Reserve (10%)	41,136,662
Special Reserve by the Company Act	237,248,333
Special Reserve by YM's Article of Incorporation	141,823,948
total	420,208,943
Ending Balance of Un-appropriated Retained Earnings	0

Note: It is proposed not to distribute dividend, employee bonus and directors' compensation for 2014.

Matters for Discussion

Proposal No.1 **Proposed by the Board**

Amendment to the “Handling Procedures for Acquisition and Disposal of Asset, please proceed to discuss.

Explanation:

1. Amending “Handling Procedures for Acquisition and Disposal of Assets” to comply with business requirement.
2. About the amended articles resolved by the board of directors dated 23 January 2015, please refer to pages 32-37.

Resolution:

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

After Amendment	Before Amendment	Explanation
Article 8 Procedures for engaging in derivatives There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time. "Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions. The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging. The quota for engaging in derivatives is as follows: 1. Hedging transactions: (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors. (2). **The maximum loss limits: Either estimated loss of each individual contract exceed 1% of the Company’s paid-up capital for two successive months or estimated loss of total contracts exceed 2% of the Company’s paid-up capital for two successive**	Article 8 Procedures for engaging in derivatives There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging". "Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time. "Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions. The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging. The quota for engaging in derivatives is as follows: 3. Hedging transactions: (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors. (2). **There is no limits of losses for hedging transactions, however**, the measures of controlling the losses shall report to the next board of directors **if the accumulated losses(include unrealized losses) for each hedging derivatives is over and above USD10 million in the**	Set the maximum loss limits to hedging transactions.

months, the measures of controlling the losses shall report to the next board of directors. 2. Trading transactions: (1). The total amount in trading transactions shall not exceed 15% of the Company's total assets. (2). The total losses for all transactions should not exceed USD5 million in the same fiscal year. (3). The losses for each transaction should not exceed USD1 million in the same fiscal year. The authority and responsibility for the Company engaging in derivatives is as follows: 1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives. 2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows: (1). Control the authorized quota by the board of directors. (2). Confirm the transaction. (3). Appoint and remove dealers. 3. When the Company engages in derivatives, the authority and responsibility for dealers is as follows: (1). Grasp market information, collect characteristics of products and market risks and the credit of potential	**same fiscal year.** 4. Trading transactions: (1). The total amount in trading transactions shall not exceed 15% of the Company's total assets. (2). The total losses for all transactions should not exceed USD5 million in the same fiscal year. (3). The losses for each transaction should not exceed USD1 million in the same fiscal year. The authority and responsibility for the Company engaging in derivatives is as follows: 6. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives. 7. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows: (1). Control the authorized quota by the board of directors. (2). Confirm the transaction. (3). Appoint and remove dealers. 8. When the Company engages in derivatives, the authority and responsibility for dealers is as follows: (1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for	

counterparties as reference for evaluating the trading feasibility. (2). Draw up trading strategy and negotiate transaction terms with counterparties. (3). Prepare transaction reports. 4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows: (1). Open accounts. (2). Provide transaction documents immediately. (3). Complete the settlement of the transaction. 5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement. The procedures for risk management when the Company engages in derivatives are as follows: 1. Scope of risk management (1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information. (2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors. (3). Liquidity risks The Company shall consider if the	evaluating the trading feasibility. (2). Draw up trading strategy and negotiate transaction terms with counterparties. (3). Prepare transaction reports. 9. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows: (1). Open accounts. (2). Provide transaction documents immediately. (3). Complete the settlement of the transaction. 10. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement. The procedures for risk management when the Company engages in derivatives are as follows: 4. Scope of risk management (1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information. (2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors. (3). Liquidity risks The Company shall consider if the derivatives engaged are general and	

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

shall report to the board of directors immediately and take necessary action. Measures of periodic evaluation and handling irregular circumstances: 1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures. (2). Supervise trading and profit–loss circumstances and if irregular	Measures of periodic evaluation and handling irregular circumstances: 4. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 5. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times. (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company. 6. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures. (2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the	

circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion. Internal audit system: 1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. 2. The company shall file the audit report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC (hereinafter "SFB") before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May. The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.	board of directors immediately, independent directors should attend the board of directors and express an opinion. Internal audit system: 3. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. 4. The company shall file the audit report of derivatives transactions and the implementation of annual Internal audit plans to Securities and Futures Bureau of FSC (hereinafter "SFB") before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May. The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.	

Extempore Motions

Adjournment

Appendix

A. Articles of Incorporation

B. Rules of Procedure for Shareholder Meetings

C. Handling Procedures for Acquisition and Disposal of Assets

D. Current Shareholding of Directors and Supervisors

E. Dividend Policy and Execution

Appendix A.

Article of Incorporation of
Yang Ming Marine Transport Corporation
(The 28th Amendment)

Chapter 1 General Provisions

Article 1 This company is organized according to the provisions for a limited liability company set forth in the Company Act of the Republic of China and is named Yang Ming Marine Transport Corporation.

Article 2 The line of business of this company is as follows:

A. Domestic and overseas marine shipment service
B. Domestic and overseas marine passenger service
C. Warehouse, pier, tug boat, barge, container freight station and terminal operations
D. Maintenance and repairs, chartering, sales and purchase of ships
E. Maintenance and repairs, lease, sales and purchase of containers as well as chassis
F. Shipping agency
G. G402011 Ocean freight forwarding service
H. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The head office of this company is located in Keelung City, Taiwan, Republic of China. If necessary, it may establish branch or representative offices at other domestic or overseas locations.

Article 4 This company may provide guarantee for other entities.
The total amount of investment made by this company is not restricted by Clause 13 of the Company Act of the Republic of China.

Chapter 2 Shares and Certificate

Article 5 The total capitalization of this company is NT$ 45 billion, divided into 4.5 billion shares, NT$10 each, to be issued in installments.

Article 6 The share certificates of this company shall carry the holder’s full name and the the way of their printing shall abide by the provisions of the Company Act of the Republic of China. The company may be exempted from printing any share certificate but the shares must be registered with Central Securities Depository Institution.

The securities affairs of this company shall be handled pursuant to the “Rules Governing Securities-related Matters of Publicly Listed Companies” promulgated by the competent authority, and other related laws and regulations of the Republic of China.

Chapter 3 Shareholders' Meeting

Article 7 Shareholder's meetings of this company consist of regular and special meetings. Unless otherwise stipulated in the Company Act or the relevant laws and regulations of the Republic of China, such meetings shall all be convened by the board of directors

Article 8 Shareholders of this company shall have one vote for each share they hold, except non-vote stipulated by Laws of the Republic of China or exercise restrict by Laws of the Republic of China.

Chapter 4 Directors and managers

Article 9 This company shall have 7 to 11 directors to be elected by the shareholders' meeting according to the laws and regulations of the Republic of China. The aforesaid Board of Directors shall have three independent directors.

This company adopts candidates' nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination and election of the directors shall comply with Company Act and related laws and regulations of Republic of China. The election of independent directors and non-independent directors shall be held together, however, the number of independent directors and non-independent directors elected shall be calculated respectively and those candidates receiving more voting rights shall be elected as independent directors and non-independent directors.

Article 10 All capable persons are eligible to be elected directors.

In case the government or a juristic person is a shareholder, it may be elected director, provided that a natural person be designated as its proxy for the exercise of duties. In case the government or juristic person is a shareholder, its representative may be elected director on its behalf. In case there are several representatives, all of them may be separately elected.

The representatives referred to in the preceding two paragraphs may, on account of their respective duties, be replaced by other designated persons to fulfill their unfinished terms.

Article 11 The term of office for both directors is 3 years and they are eligible for re-election.

Article 11-1 The board of directors is authorized to determine the remuneration to the board chairman and directors according to the extent of their participation in daily operations, contributions to business achievements, and the payment standards of other marine companies.

To disperse the risks that directors and enhance corporate governance, this company may buy policy of "Directors & Officers Liability Insurance" for all its directors, and representatives and for those who are assigned to be the directors or supervisors of its invested companies for the period of their term of duty.

Article 12 The directors shall elect a chairman of the board from among themselves by a resolution adopted by a majority of the directors at a meeting attended by at least 2/3 of the directors.

Article 13 The board of directors shall meet as least once quarterly and, if necessary, may hold special meetings. All such meetings shall be convened and presided over by the chairman of the board. If the chairman of the board cannot attend the meeting, the directors shall elect one director among them to act for the chairman.

The company may use a written notice, e-mail, or facsimile to inform the directors on the holding of a meeting.

A director may appoint another director to represent him or her if he or she is unabled to attend the meeting.

Article 14 The duties of the board of directors are as follows:

A. Formulating business guidelines
B. Reviewing budget and financial reports
C. Scrutinizing important rules and contracts
D. Appointing and discharging important personnel
E. Establishing and removing branch offices
F. Proposing to the meeting of shareholders revision of the Charter, change of capitalization, and dissolution or merger of this company.
G. Proposing to the meeting of shareholders allocation of profits and making up for losses.
H. Determining other important matters.

Article 15 In compliance with Articles 14-4 and 181-2 of the Securities and Exchange Act of the Republic of China, 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.

Article 16 This company shall have a president.

The board of directors may, through a resolution, install a chief executive officer if it deems the position is needed for the functioning of the company. The position shall be held concurrently by the chairman of this company. The job of the chief executive officer is to lead, in keeping with the decisions of the board of directors, and is responsible for formulating the major policies for the company and its related companies.

The appointment, relief of duty, and remuneration for the chief executive officer and president should be made in accordance with the Article 29 of the Company Act the Republic of China.

Chapter 5 Financial Matters

Article 17 At the end of each fiscal year, the board of directors of this company shall prepare the following statements and records of accounts for examination by the Audit Committee of this company and summit report 30 days before the opening of the regular meeting of shareholders for submission to the regular meeting of shareholders for approval:

A. Business report;
B. Financial report;
C. Proposal for allocation of profits or making up losses.

Article 18 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 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.

The proportions of the distribution of the earnings are as follows:
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.

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.

Chapter 6 Addendum

Article 19 The organic rules of this company shall be separately stipulated.

Article 20 Matters not stipulated in this Charter shall be handled according to the Company Act and other related laws and regulations of the Republic of China.

Article 21 This Charter was established on Dec. 28, 1972. The 1st amendment was made on Dec. 23,

1978. The 2nd amendment was made on Mar. 28, 1979. The 3rd amendment was made on June 28, 1979. The 4th amendment was made on Jan. 24, 1980. The 5th amendment was made on June 12, 1981.The 6th amendment was made on Feb. 28, 1983. The 7th amendment was made on Apr. 17, 1985. The 8th amendment was made on June 2, 1988. The 9th amendment was made on Dec. 26, 1990. The 10th amendment was made on Mar. 10, 1992. The 11th amendment was made on Sep. 30, 1992. The 12th amendment was made on Nov. 23, 1994. The 13th amendment was made on Nov. 25, 1995. The 14th amendment was made on Sep. 21, 1996. The 15th amendment was made on Dec. 6, 1997. The 16th amendment was made on Dec. 18, 1998. The 17th amendment was made on June 3, 2000. The 18th amendment was made on June 20, 2001. The 19th amendment was approved on June 21, 2002. The 20th amendment was approved on June 20, 2003. The 21th amendment was approved on June 23, 2005. The 22th amendment was approved on June 23, 2006. The 23th amendment was approved on June 27, 2007. The 24th amendment was approved on June 18, 2009. The 25th amendment was approved on June 18, 2010. The 26th amendment was approved on June 15, 2012. The 27th amendment was approved on June 14, 2013. The 28th amendment was approved on June 18, 2014.

Appendix B.

Rules of Procedure for Shareholders Meetings of YANG MING MARINE TRANSPORT CORP.

Created on 21 Jun 2002
Amendment was made on 18 Jun 2009

Article 1 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2 Shareholders as stated in the Rules shall be the shareholder himself/herself or the proxy who is delegated by the shareholder to attend the meeting.

Article 3 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting time may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 4 The attending shareholders shall hand in a sign-in card in lieu of signing in.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 5 If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholder meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 6 This Corporation shall make an audio or video recording of the proceedings of the shareholders meeting, and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 7 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

In addition, after the meeting is adjourned, the shareholders shall not continue the meeting to be presided over by the other chairman at the same place or other place.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 9 Before speaking, a shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholder meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Discussion of the motions, Chairman may pronounce the end of discussion discretionally, or, may have the discussion suspended if it is necessary and ask to decide by vote.

Article 10 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 11 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall announce the total number of voting rights represented by the attending shareholders.

If the chairman consults the entirety of attending shareholders without objection regarding a motion, it is considered passed. Its effect shall be the same as the voting resolution.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting shall be conducted in public at the place of the shareholders meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 12 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 13 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 14 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix C.

Handling Procedures for Acquisition and Disposal of Assets of YANG MING MARINE TRANSPORT CORP.

Article 1 Purpose

The Procedures are prescribed to protect shareholders' equity and investors' benefits, implement the information disclosure and enhance property management when the Company acquiring and disposing assets.

Article 2 Basis

The Procedures are handled in accordance with Article 36-1 of Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made by Financial Supervisory(hereinafter "FSC").

Article 3 Scope of Assets

1. Investment in stocks(including shareholding), government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call(put) warrants, beneficial interest securities and asset-backed securities
2. Real estate(including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory)
3. Memberships
4. Patents, copyrights, trademarks, franchises and other intangible assets
5. Equipment(including but not limited to vessels, containers, chassis, leased assets, machinery, computer hardware and peripherals)
6. Derivatives
7. Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws
8. Other assets

Article 4 Defined terms

"Derivatives" means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) agreements.

"Assets acquired or disposed through mergers, split-up, tender offer or transfer of shares in accordance with laws" means assets acquired or disposed through mergers, split-up or tender offer conducted under R.O.C. Business Mergers and Acquisitions Act, R.O.C. Financial Holding Company Act, R.O.C. Financial Institution Merger Act and other R.O.C. acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore(hereinafter "transfer of shares") under paragraph 8 of Article 156 of R.O.C. Company Act.

"Leased assets" means leased assets defined in Statement of International Accounting Standard No. 17.

"Related parties" means related parties defined in Statements of International Accounting Standard No. 24.

"Subsidiaries" means subsidiaries defined in Statements of International Accounting Standard No. 27 and No.28.

"Professional appraisers" means real estate appraisers or other persons duly authorized by laws to engage in appraising real estate, equipment or other assets.

"Date of occurrence" means the date of contract signing, payment, consignment trade, transfer, the board of directors resolutions or other dates that can confirm the counterparties and monetary amount of the transactions, whichever date is earlier; provided, for investment for which approval of R.O.C. Competent Authority is required, the earlier of the above dates or the date of receipt of approval by R.O.C. Competent Authority shall apply.

"Investments in Mainland China" means investments in Mainland China in accordance with the provisions of "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" by Ministry of Economic Affairs Investment Commission, R.O.C..

<u>Article 5 Operation procedures for acquiring or disposing assets</u>

The Company acquires or disposes assets defined in Article 3 shall be assessed by department in charge, report to the management for authorization or pass by audit committee and report to the board of directors for approval according to the following authorized quota and then be executed by related departments.

1. Authorized quota for the Company
   (1). The total amount of purchasing non-business real estate shall not exceed 30% of the Company's paid-in capital.
   (2). The total amount of investments in securities shall not exceed 200% of the Company's paid-in capital and the total amount of investments in each security shall not exceed 50% of the Company's paid-in capital.
2. Authorized quota for the management
   (1). Investments in securities
   The total amount is within TWD3 billion. However, acquiring or disposing bond funds, monetary funds and repurchase or reverse repo of bonds or bills for the purpose of funds dispatching is not subject to this limit.
   (2). Real estate, equipment and other assets for the purpose of conducting business The amount for each transaction is within TWD100 million.
   (3). Non-business real estate

The amount for each transaction is within TWD10 million.

(4). Memberships and intangible assets

The amount for each transaction is within TWD10 million.

3. Once the amount for acquisition or disposal of assets exceeds the authorized quota for the management or the Company acquires or disposes long-term equity investments whether the amount is compiled in annual budget, should be passed by audit committee and reported to board of directors for approval and then implement.

Article 6 Assessment procedures for acquiring or disposing assets

The Company acquiring or disposing securities shall, prior to the date of occurrence of the event, first obtain the financial statements certified or reviewed by a certified public accountant(hereinafter “CPA”) of the issuing company for the most recent period for reference when appraising the transaction price and if the amount of the transaction is over and above 20% of the Company's paid-in capital or TWD300 million, the Company shall also engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by ROC Accounting Research and Development Foundation. However, this requirement does not apply to securities that have public quoted prices in an active market or where otherwise provided by regulations of FSC.

If the amount of the Company acquiring or disposing real estate, equipment or other assets is over and above 20% of the Company’s paid-in capital or TWD300 million unless transacting with government institutions, engaging others to build on its own land or acquiring or disposing business equipments, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price or special price as a reference basis for the transaction price, the transaction shall be submitted to the board of directors in advance for approval and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. If the transaction amount is over and above TWD1 billion, appraisals from two or more professional appraisers shall be obtained.
3. Unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price when the following situations apply:

(1). The discrepancy between the appraisal result and the transaction amount is over and above 20%.

(2). The discrepancy between the appraisal results of two or more professional appraisers is over and above 10% of the transaction amount.

4. The date of the appraisal report issued by a professional appraiser and the effective date of the contract shall not exceed three months; provided, however, that if the Government Assessed Current Land Price of the same period is applied and the date of submitting the report and the effective date of the contract do not exceed six months, an opinion may still be issued by the original professional appraiser.

If the amount of the Company acquiring or disposing memberships or intangible assets is over and above 20% of the Company's paid-in capital or TWD300 million, except in transactions with a government agency, a CPA shall be retained pursuant to Financial Accounting Standards No. 20 published by ROC Accounting Research and Development Foundation to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price prior to the date of occurrence of the event.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

When the Company acquires or disposes assets through court auction, the evidentiary documents issued by the court may be substituted for the appraisal report or CPA's opinion.

The professional appraisers, CPA, lawyers and securities underwriters that issue appraisal reports and opinions shall not be the related parties to the Company.

<u>Article 7 Related Party Transactions</u>

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the rationality of the transaction terms is appraised in compliance with the provisions of Article 6 and Article7, if the transaction amount is over and above 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 6; the calculation of the transaction amount as used herein refers to shall be made in accordance with paragraph 4 of Article 6 herein.

The Company that intends to acquire or dispose of real estate(regardless the transaction amounts) from or to related parties, or when it intends to acquire or dispose of assets other than real estate from or to related parties and the transaction amount is over and above 20% of the Company's paid-in capital, 10% of the Company's total assets, or TWD300 million, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, may not proceed with the transaction until the followings were passed by audit committee and reported to board of directors for approval; the calculation of the transaction amounts referred to this paragraph shall be made in accordance with Article 10, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the audit committee need not be counted toward the transaction amount.

1. The purpose, necessity and predetermined benefits of the acquisition or disposal of assets.
2. Reasons for choosing related parties as counterparties.
3. With respect to the acquisition of real property from a related party, related documents for evaluating the rationality of transaction terms according to the fourth and the fifth paragraphs of this Article.
4. The original date and price for related parties acquiring real estate the original counterparties and its relationship between the Company and related parties.
5. Monthly cash flow forecasts for a year commencing from the predetermined-signed month and evaluation of the necessity of the transaction and rationality of funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the paragraph 1 of this Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to Article 5 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

The Company shall evaluate the rationality of the transaction costs by the following means when acquiring real estate from related parties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the counterparties.

The Company shall follow the preceding provisions regarding appraising the transaction cost and engage a CPA to check the appraisal and render a specific opinion when acquiring real estate from related parties.

If one of the following circumstances exists when the Company acquiring real estates from related parties, the acquisition shall be conducted in accordance with the provisions of the second paragraph of this Article instead of the fourth and fifth paragraphs.

1. Related party acquires the real estate through inheritance or as a gift.
2. The time when the related party signs the contract to obtain the real estate is more than five years earlier than the date for signing the transaction.
3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

When the appraisal results conducted in accordance with the fourth paragraph of this Article 7 are uniformly lower than the transaction price, the matters shall be handled in compliance with the eighth paragraph of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on rationality from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
   (1). Where undeveloped land is appraised in accordance with the means in the fourth paragraph of this Article and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
   (2). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
   (3). Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
2. Where the Company acquiring real estate from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
3. Completed transactions for neighboring or closely valued parcels of land in the preceding two subparagraphs in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in the Government Assessed Current Land Price; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real

property.

Where the Company acquires real estate from related parties and the appraisal results conducted in accordance with the provisions of the fourth to the seventh paragraphs of this Article are uniformly lower than the transaction price or there is other evidence indicating that the acquisition was not an arms length transaction, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the provisions of the first paragraph of Article 41 of Securities and Exchange Act against the difference between the transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under the provisions of the first paragraph of Article 41 of Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
2. Audit committee shall comply with the provisions of Article 218 of Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to shareholders' meeting and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
4. The Company that has set aside a special reserve under the subparagraph 1 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.

Article 8 Procedures for engaging in derivatives

There are two kinds of purpose for the Company engaging in derivatives: "trading" and "hedging".

"Trading" means the purpose for holding or issuing derivatives is making money from the differences of market prices and taking the accompanied risk at the same time.

"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.

The policy applied by the Company for engaging in derivatives is to enhance the management of assets and liabilities and the efficiency of capital management and risk hedging.

The quota for engaging in derivatives is as follows:

1. Hedging transactions:
   (1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.
   (2). There is no limits of losses for hedging transactions, however, the measures of controlling the losses shall report to the next board of directors if the accumulated losses(include unrealized losses) for each hedging derivatives is over and above USD10 million in the same fiscal year.
2. Trading transactions:

(1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.

(2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.

(3). The losses for each transaction should not exceed USD1 million in the same fiscal year.

The authority and responsibility for the Company engaging in derivatives is as follows:

1. The Head of Finance Department should render information including product types, trading amount, trading purpose and strategy and maximum amount of losses should be submitted to and passed by audit committee and for approval of the board of directors when the Company engages in derivatives.
2. When the Company engages in derivatives, the authority and responsibility for the Head of Finance Department is as follows:
   (1). Control the authorized quota by the board of directors.
   (2). Confirm the transaction.
   (3). Appoint and remove dealers.
3. When the Company engages in derivatives, the authority and responsibility for dealers is as follows:
   (1). Grasp market information, collect characteristics of products and market risks and the credit of potential counterparties as reference for evaluating the trading feasibility.
   (2). Draw up trading strategy and negotiate transaction terms with counterparties.
   (3). Prepare transaction reports.
4. When the Company engages in derivatives, the authority and responsibility for persons in charge of settlement is as follows:
   (1). Open accounts.
   (2). Provide transaction documents immediately.
   (3). Complete the settlement of the transaction.
5. When the Company engages in derivatives, accounting personnel shall record into the accounts based on recording document from persons in charge of settlement.

The procedures for risk management when the Company engages in derivatives are as follows:

1. Scope of risk management
   (1). Credit risks
   Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.
   (2). Market risks
   The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.
   (3). Liquidity risks
   The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.
   (4). Cash flow risks
   The Company shall take notice of its cash flows to ensure the completion of settlement

when the transaction is expired.

(5). Operational risks

The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivates to avoid operation risk.

(6). Legal risks

Any documents such as contracts, commitment, appointment signed with counterparties shall be reviewed by the internal legal staff or external counselors in advance.

2. When the Company engages in derivatives, Finance Department should be in charge of trading, confirmation and settlement but personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. When the Company engages in derivatives, persons who are in charge of risk evaluation, supervision and control shall not be from Finance Department and shall report to the board of directors or senior management personnel who are not responsible for trading or position decision-making. If there are any irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.

Measures of periodic evaluation and handling irregular circumstances:

1. The trading positions shall be evaluated at least once a week while the hedging positions required by business shall be evaluated at least twice a month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
2. When the Company engages in derivatives, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles:
   (1). The assigned senior management personnel shall pay attention to monitoring and controlling trading risks at all times.
   (2). Periodically evaluate whether the performance is consistent with established operational strategy and whether the risk undertaken is affordable for the Company.
3. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
   (1). Periodically evaluate whether the risk management measures currently applied are appropriate and faithfully conducted in accordance with the Procedures.
   (2). Supervise trading and profit–loss circumstances and if irregular circumstances are found, take necessary action and report to the board of directors immediately, independent directors should attend the board of directors and express an opinion.

Internal audit system:

1. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.
2. 2. The company shall file the audit report of derivatives transactions and the implementation

of annual Internal audit plans to Securities and Futures Bureau of FSC (hereinafter “SFB”) before the end next February and shall also report the improvement situation for any irregular circumstances to SFB before next May.

The Company engaging in derivatives shall establish a log book and the product types, trading amounts, the board of directors approval dates and the matters required to be carefully evaluated under this Article 8 shall be recorded in detail in the log book.

Article 9 Procedures for merger, split-up, tender offer or transfer of shares

The Company that conducts a merger, split-up, tender offer or transfer of shares, prior to the board of directors resolution, shall engage a CPA, attorney, or securities underwriter to give an opinion on the rationality of the share exchange ratio, acquisition price or distribution of cash or other property to shareholders and submit it to the board of directors for deliberation and passage.

The Company participating in a merger, split-up, tender offer or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, split-up or tender offer prior to the shareholders’ meeting and include it along with the experts’ opinion referred to in preceding paragraph when sending shareholders notification of the shareholders’ meeting for reference in deciding whether to approve the merger, split-up or tender offer. Provided, where a provision of another act exempts the Company from convening the shareholders’ meeting to approve the merger, split-up or tender offer, this restriction shall not apply.

Where the shareholders’ meeting of any one of the companies participating in a merger, split-up or tender offer fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction or the proposal is rejected by the shareholders’ meeting, the companies participating in the merger, split-up or tender offer shall immediately publicly explain the reason, the follow-up measures and the preliminary date of the next shareholders’ meeting.

The Company participating in a merger, split-up or tender shall convene a board of directors meeting and shareholders’ meeting on the day of the transaction to resolve matters relevant to the merger, split-up or tender off, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent. The Company participating in transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or FSC is notified in advance of extraordinary circumstances and grants consent.

Every person participating in or privy to the plan for merger, split-up, tender offer or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, split-up, tender offer or transfer of shares.

The Company participating in a merger, split-up, tender offer or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances and shall stipulate the circumstances permitting alteration in the contract for the merger, split-up, tender offer or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants or other equity based securities.
2. An action such as a disposal of major assets that affects the Company's financial operations.
3. An event such as a major disaster or major change in technology that affects shareholders equity or share prices.
4. An adjustment where any of the companies participating in the merger, split-up, tender offer or transfer of shares from another company buys back treasury stocks.
5. An increase or decrease in the number of entities or companies participating in the merger, split-up, tender offer or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by the Company in a merger, split-up, tender offer or transfer of shares shall record the rights and obligations of the companies participating in the merger, split-up, tender offer or transfer of shares and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is split-up.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders’ meeting if the plan exceeds the deadline without completion and relevant procedures.

After public disclosure of the information, if the Company participating in the merger, split-up, tender offer or transfer of shares intends further to carry out a merger, split-up, tender offer or transfer of shares with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, split-up, tender offer or transfer of shares; except that where the number of participating companies is decreased and a participating company's shareholders’ meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders’ meeting to resolve on the matter anew.

When participating in a merger, split-up, tender offer or transfer of shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:

1. Basic identification data for personnel including the occupational titles, names and national ID numbers(or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, split-up, tender offer or transfer shares prior to disclosure of the information.
2. Dates of material events including the signing of any letter of intent or memorandum of

understanding, the hiring of a financial or legal advisor, the execution of a contract and the convening of a board of directors meeting.

3. Important documents and minutes including merger, split-up, tender offer and plans for transfer of shares, any letter of intent or memorandum of understanding, material contracts and minutes of board of directors meetings.

When participating in a merger, split-up, tender offer or transfer of shares, the Company shall, within two days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in the first and second subparagraphs of the preceding paragraph to FSC for recordation.

Where any of the companies participating in a merger, split-up, tender offer or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such companies whereby the latter is required to abide by the provisions of the eighth and ninth paragraphs of this Article.

Where any of the companies participating in a merger, spilt-up, tender offer or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the third, fourth, seventh, eighth and ninth paragraphs of this Article.

Article 10 Public disclosure of information

Under any of the following circumstances, the Company acquiring or disposing assets shall publicly announce and report the relevant information on FSC's designated website in the appropriate format as prescribed by regulations within two days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real estate from or to related parties (regardless transaction amounts), or acquisition or disposal of assets other than real estate from or to related parties where the transaction amount is over and above 20% of the Company’s paid-in capital, 10% of the Company's total assets, or TWD 300 million; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
2. Merger, split-up, tender offer or transfer of shares.
3. Losses from derivatives are over and above the authorized quota set out in the Procedures.
4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by financial institutions, or an investment in the mainland China area is over and above 20% of the Company’s paid-in capital or TWD300 million; provided, this shall not apply to the following circumstances:
   (1). Trading of government bonds.
   (2). Securities trading by investment professionals on foreign or domestic securities exchanges or OTC markets.
   (3). Trading of bonds under repurchase/resale agreements, or subscription or redemption of

domestic money market funds.

(4). The amount of acquiring or disposing business equipment that the counterparties are not related parties is less than TWD500 million.

(5). Where land is acquired under an arrangement for commissioned construction on self-owned land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale and the amount the Company expects to invest in the transaction is less than TWD500 million.

The amount of transactions above shall be calculated as follows:

1. The amount of each transaction.
2. The cumulative transaction amounts of acquisitions and disposals of the same type of underlying assets with the same counterparty within one year.
3. The cumulative transaction amounts of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.
4. The cumulative transaction amounts of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

Within one year as used in the second paragraph refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be entered.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the first paragraph of this Article, a public report of relevant information shall be made on the information reporting website designated by FSC within two days commencing immediately from the date from the day of occurrence of the fact:

1. Change, termination or rescission of a contract signed in regard to the original transaction.
2. The merger, split-up, tender offer or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

The Company shall compile monthly reports on the status of derivatives engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by FSC by the tenth day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

The Company acquiring or disposing assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for five years except where another act provides otherwise.

Article 11 Procedures for control and management of the acquisition and disposal of assets by subsidiaries

The Company’s subsidiaries should set up its own handling procedures of acquisition and disposal of assets in accordance with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” by ‘SFC, the ’Procedures and its business and management requirements. Subsidiaries’ handling procedures should be submitted to its board of directors and shareholders' meeting for approval and then submitted to the Company for reference. The amendments hereof shall be subjected to the same.

Each subsidiary shall set up its own authorized quota for purchasing non-business real estates and securities.

Information required to be reported in accordance with the provisions of Article 10 on acquisitions and disposals of assets by the Company’s subsidiaries that are not domestic public companies in R.O.C. shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether subsidiaries under the preceding paragraph is subject to the fifth subparagraph of the first paragraph of Article 10 requiring public announcements and filing with the authorities in the event the type of transaction specified therein is over and above 10% of the Company’s paid-in capital.

Article 12 Penalty

The Company acquiring and disposing assets should be pursuant to the Procedures and the Company's internal control system. If irregular circumstances are found, it shall be considered as violation of the Company's internal stipulation and the related undertakers shall be punished.

Article 13 Others

For the calculation of 10 percent of total assets under the procedure, the total assets stated in the most recent parent company only financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Anything that is not specified in the Procedures shall follow the related regulations, the Company’s internal control system and operation procedures.

Article 14 Enforcement

The Procedures shall be first implemented upon approval by audit committee and then submitted to the board of directors and shareholders’ meeting for approval. The amendments hereof shall be subjected to the same.

Appendix D.

Current Shareholding of Directors and Supervisors

The minimum required combined shareholding of all directors by law on the book closure date, April 20, 2015：72,106,563 shares (2.4%).

<table>
<tr><th>Position</th><th>Name</th><th>shareholding on the book closure date</th></tr>
<tr><td>Chairman / Board of Directors</td><td>representatives of MOTC： Feng-Hai Lu</td><td rowspan="6">shareholding on the book closure date Directors herein as, and holding a total of 1,000,842,140 shares</td></tr>
<tr><td>Director</td><td>representatives of MOTC：Juel-der Li</td></tr>
<tr><td>Director</td><td>representatives of MOTC：Ding-Huan Huang</td></tr>
<tr><td>Director</td><td>representatives of MOTC：Younger Wu</td></tr>
<tr><td>Director</td><td>representatives of MOTC：Tyh-Ming Lin</td></tr>
<tr><td>Director</td><td>representatives of MOTC：Mao-Shong Shu</td></tr>
<tr><td>Director</td><td>Representative of Chinachem Group ： Wing-Kong-Joseph Leung</td><td>65,707,426 shares</td></tr>
<tr><td>Director</td><td>Mon-Chang Hsieh</td><td>319,000 shares</td></tr>
<tr><td>Independent Director</td><td>Kuen-Mu Chen</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Jin-Ru, Yen</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Heng-Chih, Chou</td><td>0</td></tr>
</table>

The combined shareholding of all directors on the book closure date: 1,066,868,566 shares.

Appendix E.

Dividend Policy and Execution

1. Dividend Policy

If there is 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 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. The proportions of the distribution of the earnings are as follows:

a. 1% ~ 5% for employees bonus

b. Not more than 2% for directors remuneration

c. The remaining amounts after deducting the disbursements of the proceeding two subparagraphs shall be distributed to shareholders as dividends.

The dividend policy shall take into account of the company's profit and future growth, the changes of economy and industry, capital expenditure and working capital. The dividends of the company include stock dividends and cash dividends and the cash dividends shall account not less than 20% of the total dividends.

2. Shareholders' meeting to discuss the dividend distribution：Since Yang Ming made loss in year 2013, Yang Ming's BOD meeting resolved not to distribute dividend, directors remunerations, and employees bonus.

3. Stock dividends impact on company's operating performance, EPS and ROE ： N.A.