

Minutes of the 2015 Shareholders Meeting

YANG MING MARINE TRANSPORT CORP.

Time: 9:00 a.m., Tuesday, June 18, 2015

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

Number of shares represented: 1,940,176,965 (including 555,900,977 shares using electronic voting), or 64.58% of the total 3,004,440,135 shares issued

Directors attending: Lu, Feng-Hai, Leung Wing Kong Joseph Hsieh, Mon-Chang and Chen, Kuen-Mu (independent directors)

Others attending: Cheng, Chin-Tsung (an accountant) and Lin, Shing-Ger (a lawyer)

Chairman: Lu, Feng-Hai

Clerk: S. F. Huang

I. The Chairman announces opening of the 2015 Shareholders Meeting of YANG MING MARINE TRANSPORT and delivers his opening address (omitted).

II. Management Report:

Report 1. 2014 Business Report. (Please refer to Handbook pages 5-7)

Report 2. Audit Committee's Report on the 2014 Financial Statements.
(See Appendix 1)

Report 3. Report on 2014 Issue of Private Placed Domestic Unsecured Straight Bonds.
(Please refer to Handbook page 11)

III. Matters for Recognition

Proposal 1. Adoption of the 2014 Business Report and Financial Statements
(Proposed by Board of Directors)

Explanation: Yang Ming Transport Corporation's 2014 Financial Statements and consolidated Financial Statements have been duly audited by Certified Public Accountants Cheng Chin Tsung and Chen Chin Hsiang of Deloitte & Touche. Also, Business Report and the aforementioned Financial Statements have been examined by the audit committee.

(See Appendix 2)

Resolution: The shares eligible for voting are 1,940,176,965, with 1,700,140,297 shares(including 408,171,792 electronic votes) voting for the proposal, 557,688 shares(including 557,688 electronic votes) against it, 147,171,497 shares abstaining, and zero invalid shares. With 87.63% of share eligible for voting voted for this proposal, this motion is approved as proposed.

Proposal 2. 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.(See Appendix 3)
2. It is proposed not to distribute dividend, employee bonus and directors' compensation for 2014.

Resolution: The shares eligible for voting are 1,940,176,965, with 1,705,090,505 shares(including 413,622,082 electronic votes) voting for the proposal, 691,305 shares(including 691,305 electronic votes) against it, 141,587,586 shares abstaining, and zero invalid shares. With 87.88% of share eligible for voting voted for this proposal, this motion is approved as proposed.

IV. Matters for Discussion

Proposal 1. Amendment to the Handling Procedures for Acquisition and Disposal of Assets (Proposed by Board of Directors)

Explanation:

1. Amending "Handling Procedures for Acquisition and Disposal of Assets" to comply with business requirement
2. The amended articles resolved by the board of directors dated 23 January 2015. (See Appendix 4)

Resolution: The shares eligible for voting are 1,940,176,965, with 1,705,131,296 shares(including 413,662,877 electronic votes) voting for the proposal, 613,831 shares(including 613,831 electronic votes) against it, 141,624,269 shares abstaining, and zero invalid shares. With 87.89% of share eligible for voting voted for this proposal, this motion is approved as proposed.

V. Extempore Motions

Shareholder No.329 raises the concern for Employee Benefits and Golf certificate.

The Chairman, or the person designated by The Chairman, clarifies all concerns

raised by The Shareholder (omitted).

Shareholder No.586760 raises the concern for the future for company.

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

VI. Adjournment: 10:00

Chairman: Lu, Feng-Hai

Clark: S. F. Huang

The minutes of this general shareholders' meeting only record the major issues and the outcomes of the proposals. The actual progress, procedures, and the statement of the general shareholders' meeting should be based on the audio and video recording of the meeting.

This translated document of the Chinese text and for reference only. If there is any discrepancy between the English version and the Chinese version, the Chinese version governs.

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.

The chairman of Audit Committee : Chen, Kuen-Mu

Independent director : Chen, Kuen-Mu

Independent director : Yeh, Jin-Ru

Independent director : Chou, Heng-Chih

Mar. 25, 2015

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

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	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	<u>28,167,094</u>	<u>23</u>	<u>19,187,882</u>	<u>17</u>
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	<u>94,110,095</u>	<u>77</u>	<u>93,402,428</u>	<u>83</u>
TOTAL	<u>\$ 122,277,189</u>	<u>100</u>	<u>\$ 112,590,310</u>	<u>100</u>
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	<u>27,891,916</u>	<u>23</u>	<u>21,402,922</u>	<u>19</u>
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	<u>60,739,224</u>	<u>49</u>	<u>58,511,504</u>	<u>52</u>
Total liabilities	<u>88,631,140</u>	<u>72</u>	<u>79,914,426</u>	<u>71</u>
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)	<u>420,209</u>	<u>-</u>	<u>(3,794,292)</u>	<u>(3)</u>
Other equity	(237,248)	-	(279,807)	-
Total equity	<u>33,646,049</u>	<u>28</u>	<u>32,675,884</u>	<u>29</u>
TOTAL	<u>\$ 122,277,189</u>	<u>100</u>	<u>\$ 112,590,310</u>	<u>100</u>

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	<u>112,448,221</u>	<u>98</u>	<u>104,368,749</u>	<u>108</u>
GROSS PROFIT(LOSS)	<u>1,874,044</u>	<u>2</u>	<u>(7,895,780)</u>	<u>(8)</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,462,567	1	1,338,827	2
General and administrative expenses	<u>373,115</u>	<u>1</u>	<u>340,922</u>	<u>-</u>
Total operating expenses	<u>1,835,682</u>	<u>2</u>	<u>1,679,749</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES	<u>990,211</u>	<u>1</u>	<u>3,082,808</u>	<u>3</u>
PROFIT(LOSS) FROM OPERATIONS	<u>1,028,573</u>	<u>1</u>	<u>(6,492,721)</u>	<u>(7)</u>
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	<u>(1,199,784)</u>	<u>(1)</u>	<u>(1,104,731)</u>	<u>(1)</u>
Total non-operating income and expenses	(<u>599,833</u>)	<u>1</u>	<u>3,178,388</u>	<u>4</u>
PROFIT(LOSS) BEFORE INCOME TAX	428,740	-	(3,314,333)	(3)
INCOME TAX EXPENSE (BENEFIT)	<u>17,373</u>	<u>-</u>	<u>(368,219)</u>	<u>-</u>
NET PROFIT(LOSS) FOR THE YEAR	<u>411,367</u>	<u>-</u>	<u>(2,946,114)</u>	<u>(3)</u>
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)	-

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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)

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

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						Other Equity		Total Equity
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings (Accumulated Deficits)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)			
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 December 31, 2013	-	-	-	-	-	(3,030,499)	298,714	265,658	(2,466,127)
BALANCE AT DECEMBER 31, 2013	2,818,713	28,187,131	8,562,852	5,143	46,291	(3,845,726)	(58,417)	(221,390)	32,675,884
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	<u>2,856,380</u>	<u>\$28,563,800</u>	<u>\$4,899,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,209</u>	<u>\$ 490,379</u>	<u>\$ (727,627)</u>	<u>\$33,646,049</u>

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	<u>4,649,214</u>	<u>(3,117,837)</u>

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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	<u>(47,022)</u>	<u>7,786</u>
Net cash used in investing activities	<u>(4,577,472)</u>	<u>(2,043,898)</u>
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	<u>102,436</u>	<u>10,958</u>
Net cash generated from financing activities	<u>6,413,477</u>	<u>7,104,183</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 6,485,219	\$ 1,942,448
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,864,766</u>	<u>6,922,318</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 15,349,985</u>	<u>\$ 8,864,766</u>

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	
	Amount	%	Amount	%
ASSETS				
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)	-	-	5,143	-
Legal reserve	-	-	46,291	-
Special reserve	-	-	-	-
Unappropriated earnings (accumulated deficits)	420,209	-	(3,845,726)	(3)
Total retained 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)	<u>129,032,363</u>	<u>96</u>	<u>123,004,237</u>	<u>103</u>
GROSS INCOME (LOSS)	<u>5,745,495</u>	<u>4</u>	<u>(4,130,277)</u>	<u>(3)</u>
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing expenses	5,052,324	4	4,775,447	4
General and administrative expenses	<u>852,056</u>	<u>-</u>	<u>827,563</u>	<u>1</u>
Total operating expenses	<u>5,904,380</u>	<u>4</u>	<u>5,603,010</u>	<u>5</u>
OTHER OPERATING INCOME(LOSS) AND EXPENSES (Notes 13, 27 and 30)	<u>2,946,562</u>	<u>2</u>	<u>3,698,055</u>	<u>3</u>
PROFIT(LOSS) FROM OPERATIONS	<u>2,787,677</u>	<u>2</u>	<u>(6,035,232)</u>	<u>(5)</u>
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	<u>(1,774,345)</u>	<u>(1)</u>	<u>(1,858,362)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(1,765,681)</u>	<u>(1)</u>	<u>3,020,828</u>	<u>3</u>
PROFIT (LOSS) BEFORE INCOME TAX	1,021,996	1	(3,014,404)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 28)	<u>494,653</u>	<u>1</u>	<u>(104,494)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>527,343</u>	<u>-</u>	<u>(2,909,910)</u>	<u>(2)</u>
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	<u>(473,393)</u>	<u>-</u>	<u>249,111</u>	<u>-</u>

(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	<u>(1,531)</u>	<u>-</u>	<u>17,064</u>	<u>-</u>
Other comprehensive income(loss) for the year, net of income tax	<u>65,598</u>	<u>-</u>	<u>492,930</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME(LOSS) FOR THE YEAR	<u>\$ 592,941</u>	<u>-</u>	<u>\$ (2,416,980)</u>	<u>(2)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	\$ 411,367	-	\$ (2,946,114)	(2)
Non-controlling interests	<u>115,976</u>	<u>-</u>	<u>36,204</u>	<u>-</u>
	<u>\$ 527,343</u>	<u>-</u>	<u>\$ (2,909,910)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 462,768	-	\$ (2,466,127)	(2)
Non-controlling interests	<u>130,173</u>	<u>-</u>	<u>49,147</u>	<u>-</u>
	<u>\$ 592,941</u>	<u>-</u>	<u>\$ (2,416,980)</u>	<u>(2)</u>
EARNINGS (LOSS) PER SHARE (Note 29)				
From continuing operations				
Basic	<u>\$ 0.13</u>		<u>\$ (0.90)</u>	
Diluted	<u>\$ 0.13</u>		<u>\$ (0.90)</u>	

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						Other Equity		Total	Non-controlling Interests	Total Equity
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings (Accumulated Deficits) (Note 25)			Exchange Differences on Translating Foreign Operations (Notes 4 and 25)	Unrealized Gain(Loss) on Available-for-sale Financial Assets (Notes 4 and 25)			
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)					
	(In Thousands)	(Notes 4 and 25)	(Notes 4 and 25)								
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	<u>2,856,380</u>	<u>\$28,563,800</u>	<u>\$ 4,899,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,209</u>	<u>\$ 490,379</u>	<u>\$ (727,627)</u>	<u>\$33,646,049</u>	<u>\$ 995,254</u>	<u>\$34,641,303</u>

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	<u>5,780,658</u>	<u>(536,004)</u>

(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)

YANG MING CORP.
PROFIT DISTRIBUTION TABLE
2014

Item	Unit : NT\$ 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.

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

After Amendment	Before Amendment	Explanation
<p><u>Article 8 Procedures for engaging in derivatives</u></p> <p>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.</p> <p>"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.</p> <p>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.</p> <p>The quota for engaging in derivatives is as follows:</p> <p>1. Hedging transactions:</p> <p>(1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.</p> <p>(2). <u>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 months</u>, the measures of controlling the losses shall report to the next board of directors.</p> <p>2. Trading transactions:</p> <p>(1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.</p> <p>(2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.</p> <p>(3). The losses for each transaction should</p>	<p><u>Article 8 Procedures for engaging in derivatives</u></p> <p>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.</p> <p>"Hedging" means lower the risk of the Company's assets, liabilities, irrevocable commitment and expected business or financial transaction through derivatives transactions.</p> <p>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.</p> <p>The quota for engaging in derivatives is as follows:</p> <p>1. Hedging transactions:</p> <p>(1). The total amount in hedging transactions shall not exceed the quota authorized by the board of directors.</p> <p>(2). <u>There is no limits of losses for hedging transactions, however</u>, the measures of controlling the losses shall report to the next board of directors <u>if the accumulated losses(include unrealized losses) for each hedging derivatives is over and above USD10 million in the same fiscal year.</u></p> <p>2. Trading transactions:</p> <p>(1). The total amount in trading transactions shall not exceed 15% of the Company's total assets.</p> <p>(2). The total losses for all transactions should not exceed USD5 million in the same fiscal year.</p> <p>(3). The losses for each transaction should not exceed USD1 million in the same</p>	<p>Set the maximum loss limits to hedging transactions.</p>

<p>not exceed USD1 million in the same fiscal year.</p> <p>The authority and responsibility for the Company engaging in derivatives is as follows:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>The procedures for risk management when the Company engages in derivatives are as follows:</p>	<p>fiscal year.</p> <p>The authority and responsibility for the Company engaging in derivatives is as follows:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>The procedures for risk management when the Company engages in derivatives are as follows:</p>	
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<p>1. Scope of risk management</p> <p>(1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.</p> <p>(2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.</p> <p>(3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.</p> <p>(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.</p> <p>(5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.</p> <p>(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.</p> <p>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.</p> <p>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</p>	<p>1. Scope of risk management</p> <p>(1). Credit risks Counterparties are limited to banks which have business with the Company or famous international financial institutions which could provide professional information.</p> <p>(2). Market risks The Company shall control the market risk derived from the volatility of interest rate, exchange rate or other factors.</p> <p>(3). Liquidity risks The Company shall consider if the derivatives engaged are general and universal in the market to avoid the illiquidity circumstances.</p> <p>(4). Cash flow risks The Company shall take notice of its cash flows to ensure the completion of settlement when the transaction is expired.</p> <p>(5). Operational risks The Company shall obey the authorized quota and operation procedures and dealers shall have full and accurate knowledge about derivatives to avoid operation risk.</p> <p>(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.</p> <p>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.</p> <p>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</p>	
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<p>irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.</p> <p>Measures of periodic evaluation and handling irregular circumstances:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>Internal audit system:</p> <ol style="list-style-type: none"> 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 	<p>irregular circumstances, the persons shall report to the board of directors immediately and take necessary action.</p> <p>Measures of periodic evaluation and handling irregular circumstances:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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. <p>Internal audit system:</p> <ol style="list-style-type: none"> 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 	
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<p>procedures for engaging in derivatives and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.</p> <p>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.</p> <p>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.</p>	<p>and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing.</p> <p>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.</p> <p>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.</p>	
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