Yang Ming Marine Transport Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group are as follows:

<u>Assessment of the impairment of tangible (not including investment properties) and intangible assets</u>

The carrying value of tangible (not including investment properties) and intangible assets in the aggregate is NT$87,065,689 thousand. Not only is the amount material to the consolidated financial statements, but also the economic trend of the industry influences the assessment of impairment reached by the management of the Group. The Group's management evaluates the amount of impairment by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration for forming the basis of assessment. Since the impairment involves judgment of critical estimation from the Group's management, we deemed that the assessment of impairment of the tangible (not including investment properties) and intangible assets is a key audit matter.

The assessment of the impairment of the tangible (not including investment properties) and intangible assets is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Note 5.

We took the indicators of impairment of the tangible and intangible assets into consideration and focused on the performance of each component. When the indicators of impairment exists, we will test the assumption of impairment assessment model used by the Group's management – the test covers the forecast of cash flow and the discount rate.

We measured the accuracy of the Group's historical forecast by verifying the data, together with the documentation, provided by the Group's management in comparison with those of the industry.

<u>Evaluation of the impairment of deferred tax assets generated from tax loss carryforward</u>

The carrying value of deferred tax assets generated from tax loss carryforward is NT$3,198,319 thousand. Not only is the amount material to the consolidated financial statements, but also the recognition of deferred tax assets is based on the prediction of future taxable income. Since the impairment involves judgment of critical estimation from the Group's management, we deemed that the impairment of deferred tax assets generated from tax loss carryforward is a key audit matter.

The evaluation of the impairment of deferred tax assets generated from tax loss carryforward is included in the critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 29.

We gained the understanding on the assumption and obtained related data for the estimation of the future realized taxable income, assessed the appropriateness of the prediction and assumption, and evaluated the calculation of the recoverable amount of deferred tax assets.

We tested the prediction of future profit stream, compared the data of the forecast with historical data, and assessed whether the prediction would reflect the plan of the management of the Group.

<u>Evaluation of the provisions for onerous contracts</u>

According to IAS 37, the Group has to estimate the provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. The supply and demand market of the charter-in hire affects the rental revenue. Since the provisions involves judgment of critical estimation from the Group's management, we deemed that the evaluation of provisions for onerous contracts is a key audit matter.

The evaluation of provisions for onerous contracts is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 23.

We gained understanding of the rationale of the evaluation of the Group's management, reviewed the documentation of the assumption used, and verified the details on rental to assess the appropriateness of the rental revenue recognition.

Audit of the percentage-of-completion

Since the recognition of the cargo revenue is material and complex, we deemed that the percentage-of-completion is a key audit matter.

The recognition depends on the expected completed voyage. The judgment of the percentage-of-completion estimation may lead to incorrect calculation or inconsistency for the revenue recognition.

The judgment of cargo revenue is included in critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 27.

We tested the accuracy of the timing of the revenue recognition. Through the subsequent information of voyage, berthing report, sailing schedule, bill of lading and documentation regarding freight rate, we verified the validity of the voyage date calculated by Group's management and of the revenue resulting from voyage.

Other Matter

We did not audit the financial statements of some subsidiaries of Yes Logistics Company Ltd., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte. Ltd., and Yang Ming Line B.V. as of and for the year ended December 31, 2016; and some subsidiaries of Yes Logistics Company Ltd., Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte. Ltd. as of and for the year ended December 31, and 2015. The financial statements of these subsidiaries 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 included in the accompanying financial statements, is based solely on the reports of other auditors. The combined total assets of these subsidiaries were 3.58% (NT$4,873,184 thousand) and 2.87% (NT$4,449,056 thousand) of the total consolidated assets as of December 31, 2016 and 2015 respectively. The combined total operating revenues of these subsidiaries were 1.02% (NT$1,175,242 thousand) and 0.81% (NT$1,031,866 thousand) of the total consolidated operating revenues for the years ended December 31, 2016 and 2015, respectively. Also, we did not audit the financial statements of the associates and joint ventures accounted for by the equity-method as follows: 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, Sino-YES Tianjin Cold Chain Logistics Company Limited, YES LIBERAL Logistics Corp. and LogiTrans Technology Private Limited for the year ended December 31, 2016, and 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, 2015; these associates and joint ventures had been audited by other auditors. The carrying values of these associates and joint ventures were 1.12% (NT$1,519,483 thousand) and 1.14% (NT$1,761,049 thousand) of the total consolidated assets as of December 31, 2016 and 2015 respectively. The amounts of profit or loss recognized on investments accounted for by the equity method was 1.26% (NT$(189,084) thousand) and (1.37%) (NT$117,764 thousand) of the total comprehensive income for the years ended December 31, 2016 and 2015, respectively. The financial statements of these 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 amount of these associates and joint ventures included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation Company as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Tsung Cheng and Chin-Hsiang Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2017

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

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	$ 11,937,376	9	$ 23,749,249	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	687,130	1	847,046	1
Available-for-sale financial assets - current (Notes 4 and 8)	1,148	-	2,365	-
Notes receivable, net (Notes 4 and 10)	214,020	-	218,416	-
Trade receivables, net (Notes 4 and 10)	7,298,578	5	5,967,345	4
Trade receivables from related parties (Notes 4, 10 and 35)	295,378	-	319,935	-
Shipping fuel (Notes 4 and 11)	1,988,651	2	1,730,036	1
Prepayments (Notes 5, 16 and 35)	783,813	1	754,290	-
Prepayments to shipping agents (Note 35)	299,404	-	780,717	1
Other financial assets - current (Notes 4, 17 and 36)	533,205	-	82,700	-
Other current assets (Notes 29 and 35)	1,250,539	1	1,119,364	1
Total current assets	25,289,242	19	35,571,463	23
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	870,326	1	976,464	1
Financial assets measured at cost - non-current (Notes 4 and 9)	492,082	-	494,597	-
Investments accounted for using equity method (Notes 4 and 13)	8,243,086	6	8,630,101	6
Property, plant and equipment (Notes 4, 5, 14, 35 and 36)	85,713,353	63	90,573,485	58
Investment properties (Notes 4, 15 and 36)	6,205,216	5	7,942,862	5
Other intangible assets (Notes 4 and 5)	118,595	-	50,623	-
Deferred tax assets (Notes 4, 5 and 29)	3,698,372	3	2,813,823	2
Prepayments for equipment (Notes 5 and 35)	665,608	-	1,065,059	1
Refundable deposits (Notes 32 and 36)	401,341	-	1,556,487	1
Other financial assets - non-current (Notes 4, 17, 24, 35 and 36)	3,758,242	3	4,719,728	3
Long-term prepayments for lease (Notes 5 and 16)	536,561	-	568,133	-
Other non-current assets	51,402	-	13,276	-
Total non-current assets	110,754,184	81	119,404,638	77
TOTAL	$ 136,043,426	100	$ 154,976,101	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 5,786,088	4	$ 4,949,787	3
Short-term bills payable (Note 18)	1,399,769	1	99,872	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	89,105	-
Notes payable	54,282	-	53,624	-
Trade payables (Note 20)	13,927,633	10	13,561,068	9
Trade payables to related parties (Notes 20 and 35)	895,899	1	1,165,804	1
Payables on equipment	7,141	-	624,378	-
Other payables (Notes 22 and 35)	3,139,883	2	3,063,322	2
Current tax liabilities (Notes 4 and 29)	191,052	-	149,392	-
Provisions-current (Notes 4, 5 and 23)	1,260,418	1	741,512	1
Current portion of long-term liabilities (Notes 18, 19, 21, 24, 35 and 36)	15,149,025	11	15,176,994	10
Advance from customers	267,533	-	245,709	-
Other current liabilities	471,412	1	553,471	-
Total current liabilities	42,550,135	31	40,474,038	26
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 35)	13,299,123	10	19,891,948	13
Long-term borrowings (Notes 4, 18, 35 and 36)	50,642,222	37	47,389,835	31
Provisions - non-current (Notes 4 and 23)	103,710	-	158,425	-
Deferred tax liabilities (Notes 4 and 29)	1,778,163	1	2,039,154	1
Finance lease payables - non-current (Notes 4 and 21)	4,687,524	3	5,183,473	3
Advance from customers - non-current	1,100,788	1	1,029,248	1
Other financial liabilities - non-current (Notes 4, 19 and 24)	3,355,599	3	4,399,379	3
Net defined benefit liabilities - non-current (Notes 4 and 25)	2,160,622	2	2,522,877	2
Other non-current liabilities	87,035	-	156,392	-
Total non-current liabilities	77,214,786	57	82,770,731	54
Total liabilities	119,764,921	88	123,244,769	80
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	30,044,401	22	30,044,401	19
Capital surplus	4,425,139	3	5,500,037	4
Accumulated deficits				
Legal reserve	-	-	41,137	-
Special reserve	-	-	4,098,535	2
Accumulated deficits	(17,657,109)	(13)	(8,005,152)	(5)
Total accumulated deficits	(17,657,109)	(13)	(3,865,480)	(3)
Other equity	(1,003,593)	-	(640,248)	-
Total equity attributable to owners of the Company	15,808,838	12	31,038,710	20
NON-CONTROLLING INTERESTS	469,667	-	692,622	-
Total equity	16,278,505	12	31,731,332	20
TOTAL	$ 136,043,426	100	$ 154,976,101	100

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 5, 27 and 35)	$ 115,400,150	100	$ 127,559,424	100
OPERATING COSTS (Notes 4, 11, 28 and 35)	124,463,909	108	128,350,817	100
GROSS LOSS	(9,063,759)	(8)	(791,393)	-
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing expenses	5,229,841	4	5,164,866	4
General and administrative expenses	862,716	1	856,882	1
Total operating expenses	6,092,557	5	6,021,748	5
OTHER OPERATING INCOME AND EXPENSES (Note 28)	434,887	-	352,347	-
LOSS FROM OPERATIONS	(14,721,429)	(13)	(6,460,794)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 28 and 35)				
Other gains and losses	851,218	1	(186,336)	-
Share of profit or loss of associates and joint ventures	(113,451)	-	134,045	-
Other income	278,145	-	383,434	-
Finance costs	(1,990,057)	(2)	(1,812,876)	(1)
Total non-operating income and expenses	(974,145)	(1)	(1,481,733)	(1)
LOSS BEFORE INCOME TAX	(15,695,574)	(14)	(7,942,527)	(6)
INCOME TAX BENEFIT (Notes 4, 5 and 29)	(806,075)	(1)	(154,036)	-
NET LOSS FOR THE YEAR	(14,889,499)	(13)	(7,788,491)	(6)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	286,445	-	(442,817)	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(491)	-	(450)	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ (48,696)	-	$ 75,279	-
	237,258	-	(367,988)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(305,124)	-	245,015	-
Unrealized loss on available-for-sale financial assets	(105,508)	-	(562,811)	(1)
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(7,521)	-	(39,864)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	22,025	-	(64,851)	-
	(396,128)	-	(422,511)	(1)
Other comprehensive loss for the year, net of income tax	(158,870)	-	(790,499)	(1)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (15,048,369)	(13)	$ (8,578,990)	(7)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (14,912,060)	(13)	$ (7,721,756)	(6)
Non-controlling interests	22,561	-	(66,735)	-
	$ (14,889,499)	(13)	$ (7,788,491)	(6)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (15,038,503)	(13)	$ (8,491,553)	(7)
Non-controlling interests	(9,866)	-	(87,437)	-
	$ (15,048,369)	(13)	$ (8,578,990)	(7)
LOSS PER SHARE (Note 30)				
From continuing operations				
Basic	$ (9.22)		$ (4.80)	
Diluted	$ (9.22)		$ (4.80)	

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

(With Deloitte & Touche auditors' report dated March 24, 2017) (Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital (Notes 4 and 26)			Retained Earnings (Accumulated Deficits) (Note 26)			Other Equity				
	Shares (In Thousand)	Amount	Capital Surplus (Notes 4 and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Loss on Available-for-sale Financial Assets (Notes 4 and 26)	Total	Non-controlling Interests (Note 26)	Total Equity
BALANCE AT JANUARY 1, 2015	2,856,380	$ 28,563,800	$ 4,899,288	$ -	$ -	$ 4,223,073	$ 490,379	$ (727,627)	$ 37,448,913	$ 997,493	$ 38,446,406
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	-	3,719,463	(3,719,463)	-	-	-	-	-
Appropriation of 2014 earnings											
Legal reserve	-	-	-	41,137	-	(41,137)	-	-	-	-	-
Special reserve	-	-	-	-	379,072	(379,072)	-	-	-	-	-
Convertible bonds converted to ordinary shares	148,060	1,480,601	515,288	-	-	-	-	-	1,995,889	-	1,995,889
Arising from donations	-	-	50,308	-	-	-	-	-	50,308	-	50,308
Net loss for the year ended December 31, 2015	-	-	-	-	-	(7,721,756)	-	-	(7,721,756)	(66,735)	(7,788,491)
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(366,797)	199,675	(602,675)	(769,797)	(20,702)	(790,499)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(8,088,553)	199,675	(602,675)	(8,491,553)	(87,437)	(8,578,990)
Changes in percentage of ownership interest in subsidiaries (Note 31)	-	-	35,153	-	-	-	-	-	35,153	(35,153)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(182,281)	(182,281)
BALANCE AT DECEMBER 31, 2015	3,004,440	30,044,401	5,500,037	41,137	4,098,535	(8,005,152)	690,054	(1,330,302)	31,038,710	692,622	31,731,332
Legal reserve used to offset accumulated deficits	-	-	-	(41,137)	-	41,137	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	-	(4,098,535)	4,098,535	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	-	(1,074,898)	-	-	1,074,898	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2016	-	-	-	-	-	(14,912,060)	-	-	(14,912,060)	22,561	(14,889,499)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	236,902	(250,316)	(113,029)	(126,443)	(32,427)	(158,870)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	(14,675,158)	(250,316)	(113,029)	(15,038,503)	(9,866)	(15,048,369)
Change in percentage of ownership interest in subsidiaries (Note 31)	-	-	-	-	-	(191,369)	-	-	(191,369)	(59,442)	(250,811)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(153,647)	(153,647)
BALANCE AT DECEMBER 31, 2016	3,004,440	$ 30,044,401	$ 4,425,139	$ -	$ -	$ (17,657,109)	$ 439,738	$ (1,443,331)	$ 15,808,838	$ 469,667	$ 16,278,505

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

(With Deloitte & Touche auditors' report dated March 24, 2017)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (15,695,574)	$ (7,942,527)
Adjustments for:		
Depreciation expenses	6,425,913	6,330,124
Amortization expenses	45,238	29,414
Impairment loss recognized on trade receivables	60,054	7,030
Net (gain) loss on fair value change of financial assets/liabilities at fair value through profit and loss	(70,905)	165,423
Finance costs	1,990,057	1,812,876
Interest income	(123,105)	(218,342)
Dividend income	(21,117)	(50,915)
Share of (profit) loss of associates and joint ventures	113,451	(134,045)
Gain on disposal of property, plant and equipment	(254,081)	(290,484)
Gain on disposal of available-for-sale financial assets and financial assets measured at cost	(7,896)	(9,327)
Write-down of shipping fuel	124,580	24,675
Net (gain) loss on foreign currency exchange	(177,541)	462,318
Net loss on repurchase of bonds payable	58,970	-
Gain on change in fair value of investment properties	(381,403)	(46,040)
Amortization of long-term prepayments for lease	31,572	31,572
Amortization of advance from customers	(167,141)	(47,872)
Provision for liabilities	1,263,957	854,579
Changes in operating assets and liabilities		
Financial assets held for trading	(56,179)	(303)
Notes receivable	4,022	146,214
Trade receivable	(1,389,908)	1,512,322
Trade receivable from related parties	24,557	47,521
Shipping fuel	(383,195)	1,444,552
Prepayments	3,709	73,223
Prepayments to shipping agents	481,313	(180,999)
Other current assets	(119,209)	(34,021)
Notes payable	658	3,473
Trade payables	366,565	(523,127)
Trade payables to related parties	(269,905)	81,297
Other payables	76,582	184,383
Provisions	(786,195)	(700,699)
Advance from customers	260,505	(147,168)
Other current liabilities	(12,392)	146,799
Net defined benefit liabilities	(75,810)	727
Cash generated from (used in) operations	(8,659,853)	3,032,653
Dividend received	207,926	245,912
Interest received	125,255	224,834

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Interest paid	$ (2,090,838)	$ (1,782,876)
Income tax paid	(376,555)	(351,269)
Net cash generated from (used in) operating activities	(10,794,065)	1,369,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	(1,625,755)	(2,407,456)
Proceeds from sale of financial assets designated as at fair value through profit or loss	1,809,843	3,278,715
Purchase of available-for-sale financial assets	(23,684,000)	(20,079,606)
Proceeds from disposal of available-for-sale financial assets	23,691,427	20,088,933
Proceeds from disposal of financial assets measured at cost	4,831	-
Purchase of associates and joint ventures accounted for using equity method	-	(25,000)
Payments for property, plant and equipment	(1,808,962)	(9,844,229)
Proceeds from disposal of property, plant and equipment	376,564	393,106
Proceeds from disposal of investment properties	2,119,049	-
(Increase) decrease in refundable deposits	1,155,146	(920,291)
Payments for intangible assets	(109,705)	(40,982)
(Increase) decrease in other financial assets	(239,975)	1,028,336
(Increase) decrease in other non-current assets	(42,179)	10,455
Increase in prepayments for equipment	(410,783)	(558,008)
Net cash generated from (used in) investing activities	1,235,501	(9,076,027)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	836,301	4,002,762
Proceeds from short-term bills payable	1,300,000	99,872
Proceeds from issuance of bonds	-	4,000,000
Repurchase of bonds payable	(1,807,900)	-
Repayments of bonds payable	(6,559,000)	(5,924,000)
Proceeds from long-term borrowings	26,593,042	30,109,509
Repayments of long-term borrowings	(21,333,240)	(21,798,660)
Payments for obligations under finance leases	(378,902)	(347,692)
Decrease in other financial liabilities	(321,043)	(153,460)
Decrease in other non-current liabilities	(69,357)	(79,164)
Acquisition of subsidiaries (Note 31)	(250,811)	-
Net change in non-controlling interests	(153,647)	(182,281)
Net cash generated from (used in) financing activities	(2,144,557)	9,726,886

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	**2015**
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	$ (108,752)	$ 45,581
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,811,873)	2,065,694
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,749,249	21,683,555
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,937,376	$ 23,749,249

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

(With Deloitte & Touche auditors' report dated March 24, 2017) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yang Ming Marine Transport Corporation (the Company or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Company simultaneous to the Company's listing of its shares of stock on the ROC Taiwan Stock Exchange. The percentages of ownership of MOTC were 33.31% at December 31, 2016 and 2015. Half of the directors were appointed by the MOTC.

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by YMTC's board of directors on March 24, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

<u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

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

Impairment of financial assets

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

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

Hedge accounting

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

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2018.

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

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

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

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

3) IFRS 16 "Leases"

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

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

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

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

4) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Group may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of other equity at that date. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Shipping fuel

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

g. Investment in associates and joint ventures

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

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

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

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

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

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

h. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

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

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

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

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 34.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

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

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

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 34.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

m. Provisions

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

1) Onerous contracts

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

2) Dismantling provisions

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

n. Revenue recognition

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

1) Cargo revenue

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

2) Rental revenues on ships, container and warehouse

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

3) Terminal operating revenue

Terminal and stevedoring revenue is recognized when the service is provided; berthing revenue is recognized by the reference to berthing hour and at berthing rate.

4) Forwarding agency revenue

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

5) Other service revenue

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

6) Dividend and interest income

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

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

o. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

3) Sales and leaseback

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Non-financial assets impairment

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

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

The Group did not recognize any impairment loss for the years ended December 31, 2016 and 2015.

b. Provisions for onerous contracts

The Group estimates provisions for onerous contracts based on the unavoidable costs of meeting the obligations under the contract in excess of the economic benefits expected to be received from irrevocable contracts of charter-in hire. Expected economic benefits are estimated according to related charter-out hire contract price and expected future market price; unavoidable costs are estimated by irrevocable charter-in contracts. As of December 31, 2016 and 2015, the provisions for onerous contracts were $1,260,418 thousand and $797,637 thousand, respectively.

c. Income taxes

As of December 31, 2016 and 2015, the carrying amount of deferred tax assets in relation to unused tax losses was $3,198,319 thousand and $2,241,809 thousand, respectively. As of December 31, 2016 and 2015, no deferred tax asset has been recognized on tax losses of $3,539,751 thousand and $2,223,475 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

d. Revenue recognition

Revenue from delivery service is recognized under the percentage-of-completion method. The Group evaluates the percentage-of-completion and estimates the revenue and related costs as of the financial reporting date.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand	$ 63,398	$ 15,319
Checking accounts and demand deposits	8,985,667	15,528,470
Cash equivalents (investments with original maturities less than 3 months)		
Time deposits	2,888,311	8,205,460
	$ 11,937,376	$ 23,479,249

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

	December 31	
	2016	2015
Time deposits	0.35%-10.40%	0.25%-9.05%

7. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	2015
Financial assets designated as at FVTPL		
Principal guaranteed notes (a)	$ -	$ 98,545
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Oil swap and oil swap option (b)	2,905	-
Non-derivative financial assets		
Domestic quoted shares	83,364	46,965
Overseas quoted shares	-	291
Open-end funds	542,845	692,694
Closed-end funds	58,016	8,551
	687,130	748,501
	$ 687,130	$ 847,046
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option (b)	$ -	$ 82,830
Put option of bond (Note 19)	-	6,275
	$ -	$ 89,105

a. Principal guaranteed notes were held to link to TTT50, interest rate within the range of six-month Libor, three-month Shibor, six-month commercial paper and one-month CNY time deposits of Bank of Taiwan. Realized profit and loss arose from redemption were $(266) thousand and $12,958 thousand for the years ended December 31, 2016 and 2015, respectively.

b. The Group's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts. The contracts were settled in amounts that ranged from US$678 thousand to US$1,464 thousand and from US$1,181 thousand to US$4,884 thousand every month for the years ended December 31, 2016 and 2015, respectively. The terms of the derivatives mentioned above did not qualify as effective hedging instruments, thus hedge accounting was not applied.

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

		Unsettled Amount	
	Maturity Date	Notional Amount	Fair Value
December 31, 2016	2017.09.30	US$ 1,998 thousand	$ 2,905
December 31, 2015	2016.12.31	US$ 10,494 thousand	(82,830)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Domestic investments		
Domestic listed stocks	$ 870,326	$ 976,473
Open-end funds	1,148	2,356
	$ 871,474	$ 978,829
Current	$ 1,148	$ 2,365
Non-current	870,326	976,464
	$ 871,474	$ 978,829

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2016	2015
Domestic unlisted ordinary shares	$ 491,942	$ 494,457
Overseas unlisted ordinary shares	140	140
	$ 492,082	$ 494,597
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 492,082	$ 494,597

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

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2016	2015
Notes receivable		
Notes receivable	$ 227,075	$ 231,105
Less: Allowance for impairment loss	(13,055)	(12,689)
	$ 214,020	$ 218,416
Trade receivables		
Trade receivable - non-related parties	$ 7,368,360	$ 5,985,362
Trade receivable - related parties	295,378	319,935
Less: Allowance for impairment loss	(69,782)	(18,017)
	$ 7,593,956	$ 6,287,280

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

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

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

The aging of receivables was as follows:

	December 31	
	2016	**2015**
Less than 90 days	$ 7,767,221	$ 6,422,914
91-180 days	91,512	69,596
181-365 days	16,562	34,652
Over 365 days	15,518	9,240
	$ 7,890,813	$ 6,536,402

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

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

	December 31	
	2016	**2015**
Less than 90 days	$ 224,670	$ 284,757
91-180 days	10,762	23,234
181-365 days	4,486	4,078
Over 365 days	5,392	6,437
	$ 245,310	$ 318,506

The above aging schedule was based on the past due days from end of credit term.

The movements of the allowance for doubtful notes receivable and trade receivables were as follows:

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

	For the Year Ended December 31, 2016				
	Notes Receivable		Trade Receivables		
	Individually Assessed for Impairment	Collectively Assessed for Impairment	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	$ -	$ 12,689	$ 8,869	$ 9,148	$ 30,706
Add: Impairment losses recognized on receivables	-	1,116	53,897	5,041	60,054
Less: Amounts written off as uncollectable	-	(8)	(3,818)	(3,092)	(6,918)
Foreign exchange translation gains and losses	-	(742)	(240)	(23)	(1,005)
Balance at December 31, 2016	$ -	$ 13,055	$ 58,708	$ 11,074	$ 82,837

11. SHIPPING FUEL

	December 31	
	2016	2015
Shipping fuel	$ 1,988,651	$ 1,730,036

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2016 and 2015, was $13,296,994 thousand and $17,969,625 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2016 and 2015 included shipping fuel write-downs of $124,580 thousand and $24,675 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements.

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2016	2015	Note
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	
〃	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
〃	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	
〃	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	93.07	93.07	
〃	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	
〃	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
〃	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	
〃	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Triumph Logistics, Inc.	Container transportation	100.00	100.00	
〃	Olympic Container Terminal LLC	Terminal operation and stevedoring	100.00	100.00	
〃	Topline Transportation, Inc.	Container transportation	100.00	100.00	
〃	Coastal Tarheel Express, Inc.	Container transportation	-	100.00	Note a
〃	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
〃	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV).	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Shipping Europe GmbH (Yangming-ERO)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
〃	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	
〃	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
〃	Yang Ming (Russia) LLC.	Shipping agency	60.00	60.00	
〃	Yang Ming (Spain), S.L.	Shipping agency	60.00	-	Note b
Yangming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l.	Forwarding agency	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	91.00	91.00	
〃	Yang Ming Shipping (B.V.I.) Inc.	Forwarding agency and shipping agency	100.00	51.00	Note c
〃	Yangming (Japan) Co., Ltd. (Yangming Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
〃	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2016	2015	Note
〃	Yang Ming Line (Hong Kong) Ltd.	Forwarding agency and shipping agency	100.00	51.00	Note c
〃	Yangming Shipping (Singapore) Pte. Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
〃	Yang Ming (Korea) Co., Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
〃	Yang Ming Anatolia Shipping Agency S.A.	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
〃	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	
〃	Yang Ming Shipping Philippines, Inc.	Forwarding agency and shipping managers	100.00	-	Note d
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
〃	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
Yes-USA	Yes Logistics (Shanghai) Corp.	Forwarding agency	100.00	100.00	
〃	Golden Logistics USA Corporation	Container transportation	100.00	100.00	
〃	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	
Yes Logistics Europe GmbH	Yes MLC GmbH	Forwarding agency	100.00	80.00	Note e
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria	Cargo consolidation service and forwarding agency	100.00	-	Note f

(Concluded)

Note a: The Group's board of directors resolved in April 2016 to liquidate Coastal Tarheel Express Inc. and had started the liquidation in September 2016.

Note b: The Group's board of directors resolved to establish Yang Ming (Spain), S.L. in December 2015 and had registered in June 2016.

Note c: The Group's board of directors resolved to acquire 49% interest each of Yang Ming Shipping (B.V.I.) Inc. and Yang Ming Line (Hong Kong) Ltd. in August 2015. Yang Ming Shipping (B.V.I.) Inc. and Yang Ming Line (Hong Kong) Ltd. had registered in January 2016 and March 2016, respectively.

Note d: The Group's board of directors resolved to establish Yang Ming Shipping Philippines, Inc. in August 2015 and had registered in November 2016.

Note e: The Group acquired of 20% its interest in YES MLC GmbH, increasing its continuing interest from 80% to 100%.

Note f: The Group negotiated with ECUHOLD NV to acquire 100% of its interest in ECU-LINE BULGARIA EOOD. The acquisition was made in April 2016 and the acquisition cost was €20 thousand. The Group undertakes the cargo consolidation service from ECU-LINE BULGARIA EOOD. and provides the all-round logistics. After the acquisition, YES Logistics Bulgaria Ltd. was the existing company.

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

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

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

The financial statements of some insignificant consolidated entities as of and for the year ended December 31, 2016 (Yes Logistics Benelux B.V., Golden Logistics USA Corporation, Yes Logistics Europe GmbH, YES MLC GmbH, Merlin Logistics GmbH, YES Logistics Bulgaria Ltd. and Yang Ming Shipping Philippines, Inc.), and December 31, 2015 (Yes Logistics Benelux B.V., Golden Logistics USA Corporation, Yes Logistics Europe GmbH, YES MLC GmbH, Merlin Logistics GmbH and Yang Ming (Russia) LLC.) were unaudited. YMTC's management believed that the unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2016	2015
Investment in associates	$ 7,851,468	$ 8,198,956
Investments in joint ventures	391,618	431,145
	$ 8,243,086	$ 8,630,101

a. Investment in associates

	December 31	
	2016	2015
Material associates		
Kao Ming Container Terminal Corp.	$ 6,174,653	$ 6,207,506
Associates that are not individually material		
West Basin Container Terminal LLC	730,609	898,954
United Terminal Leasing LLC	275,892	272,286
Sino Trans PFS Cold Chain Logistics Co., Ltd.	171,113	251,281
Formosa International Development Corporation	184,539	211,188
Yang Ming (U.A.E.) LLC	82,419	90,113
Yunn Wang Investment Co., Ltd.	81,267	88,966
Transyang Shipping Pte. Ltd.	75,890	77,392
Yang Ming Shipping (Egypt) S.A.E.	15,988	43,207
Yang Ming (Australia) Pty. Ltd.	36,142	32,719
Sino-Yes Tianjin Cold Chain Logistics Company Limited	14,494	16,015
Corstor Ltd.	3,625	5,823
Yang Ming (Vietnam) Corp.	4,837	3,506
ANSHIP-YES Logistics Corporation Limited	-	-
	1,676,815	1,991,450
	$ 7,851,468	$ 8,198,956

All the associates are accounted for using the equity method.

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2016	2015
Kao Ming Container Terminal Corp.	47.50%	47.50%

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

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 was based on the associates' financial statements audited by the auditors for the same years.

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

Kao Ming Container Terminal Corp.

	December 31	
	2016	2015
Current assets	$ 2,320,338	$ 1,586,491
Non-current assets	16,634,460	17,930,544
Current liabilities	(869,209)	(735,291)
Non-current liabilities	(5,251,113)	(5,878,104)
Equity	$ 12,834,476	$ 12,903,640
Proportion of the Group's ownership	47.50%	47.50%
Equity attributable to the Group	$ 6,096,376	$ 6,129,229
Goodwill	78,277	78,277
Carrying amount	$ 6,174,653	$ 6,207,506

	For the Year Ended December 31	
	2016	2015
Operating revenue	$ 2,246,498	$ 2,721,946
Net profit for the year	$ 169,870	$ 96,536
Other comprehensive loss	(1,034)	(947)
Total comprehensive income for the year	$ 168,836	$ 95,589
Dividends received from Kao Ming Container Terminal Corp.	$ 113,050	$ 105,621

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Net profit (loss) for the year	$ (182,904)	$ 95,671
Other comprehensive income	-	-
Total comprehensive income for the year	$ (182,904)	$ 95,671

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

	For the Year Ended December 31	
	2016	2015
Unrecognized share of losses of associates for the year	$ -	$ 452
Accumulated unrecognized share of losses of associates	$ 452	$ 452

Except for Sino Trans PFS Cold Chain Logistics Co., Ltd. and ANSHIP-YES Logistics Corporation Limited, the investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited in 2016; except for Sino Trans PFS Cold Chain Logistics Co., Ltd., investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited in 2015. The management believes that there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements that have not been audited.

b. Investments in joint ventures

	December 31	
	2016	2015
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	$ 307,556	$ 345,886
YES LIBERAL Logistics Corp.	71,098	74,881
LogiTrans Technology Private Limited	12,964	10,378
	$ 391,618	$ 431,145

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

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Net loss for the year	$ (11,235)	$ (7,480)
Other comprehensive income	-	-
Total comprehensive income for the year	$ (11,235)	$ (7,480)

The share of profit or loss of joint ventures and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 was based on the joint ventures' financial statements audited by the auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Property in Construction	Total
Cost									
Balance at January 1, 2015	$ 690,415	$ 1,295,270	$ 21,915,871	$ 86,435,391	$ 8,981,628	$ 479,550	$ 3,645,451	$ 1,920,497	$ 125,364,073
Additions	-	174,476	4,089,510	387,145	50,348	6,927	152,735	5,604,733	10,465,874
Disposals	-	-	(2,428,929)	(143,899)	(47,925)	(1,166)	(77,477)	-	(2,699,386)
Reclassification	-	6,399	-	7,524,356	-	874	-	(7,525,230)	6,399
Effect of foreign currency exchange differences	819	13,103	104	444,586	218,741	(379)	(1,950)	-	675,024
Balance at December 31, 2015	$ 691,234	$ 1,489,248	$ 23,576,556	$ 94,647,589	$ 9,202,792	$ 485,806	$ 3,718,759	$ -	$ 133,811,984
Accumulated depreciation and impairment									
Balance at January 1, 2015	$ -	$ 401,655	$ 10,630,667	$ 21,148,149	$ 3,997,786	$ 341,703	$ 2,758,124	$ -	$ 39,278,084
Disposals	-	-	(2,345,274)	(143,889)	(47,925)	(181)	(73,753)	-	(2,611,022)
Reclassification	-	-	-	-	-	-	-	-	-
Depreciation expenses	-	29,880	1,448,987	4,166,751	446,515	26,377	211,614	-	6,330,124
Effect of foreign currency exchange differences	-	4,421	-	170,709	65,434	(192)	941	-	241,313
Balance at December 31, 2015	$ -	$ 435,956	$ 9,734,380	$ 25,341,720	$ 4,461,810	$ 367,707	$ 2,896,926	$ -	$ 43,238,499
Carrying amount at December 31, 2015	$ 691,234	$ 1,053,292	$ 13,842,176	$ 69,305,869	$ 4,740,982	$ 118,099	$ 821,833	$ -	$ 90,573,485
Cost									
Balance at January 1, 2016	$ 691,234	$ 1,489,248	$ 23,576,556	$ 94,647,589	$ 9,202,792	$ 485,806	$ 3,718,759	$ -	$ 133,811,984
Additions	-	7,329	192,040	330,577	-	32,217	79,265	550,297	1,191,725
Disposals	-	-	(1,750,334)	(154,796)	-	(11,901)	(179,984)	-	(2,097,015)
Reclassification	-	-	-	1,031,904	-	8,054	(27,318)	(202,406)	810,234
Effect of foreign currency exchange differences	26	(22,249)	(49)	(232,480)	(114,305)	(1,515)	(22,937)	-	(393,509)
Balance at December 31, 2016	$ 691,260	$ 1,474,328	$ 22,018,213	$ 95,622,794	$ 9,088,487	$ 512,661	$ 3,567,785	$ 347,891	$ 133,323,419
Accumulated depreciation and impairment									
Balance at January 1, 2016	$ -	$ 435,956	$ 9,734,380	$ 25,341,720	$ 4,461,810	$ 367,707	$ 2,896,926	$ -	$ 43,238,499
Disposals	-	-	(1,563,744)	(154,796)	-	(10,771)	(175,554)	-	(1,904,865)
Depreciation expenses	-	33,481	1,394,469	4,309,174	465,064	35,253	188,472	-	6,425,913
Effect of foreign currency exchange differences	-	(3,119)	-	(91,736)	(35,954)	(758)	(17,914)	-	(149,481)
Balance at December 31, 2016	$ -	$ 466,318	$ 9,565,105	$ 29,404,362	$ 4,890,920	$ 391,431	$ 2,891,930	$ -	$ 47,610,066
Carrying amount at December 31, 2016	$ 691,260	$ 1,008,010	$ 12,453,108	$ 66,218,432	$ 4,197,567	$ 121,230	$ 675,855	$ 347,891	$ 85,713,353

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

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

The dry dock is a significant component of ships.

b. The Company's property, plant and equipment pledged as collaterals for the secured loans were summarized in Note 36.

15. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2015	$ 7,903,220
Transferred to property, plant and equipment	(6,398)
Gain on change in fair value of investment properties	46,040
Balance at December 31, 2015	7,942,862
Disposals	(2,119,049)
Gain on change in fair value of investment properties	381,403
Balance at December 31, 2016	$ 6,205,216

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

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

	December 31	
	2016	2015
Not later than 1 year	$ 83,765	$ 96,226
Later than 1 year and not later than 5 years	167,761	89,199
Later than 5 years	-	-
	$ 251,526	$ 185,425

The fair values of investment properties were assessed as follows:

	December 31	
	2016	2015
Independent valuation	$ 6,197,236	$ 7,934,730
Valuation by the Group	7,980	8,132
	$ 6,205,216	$ 7,942,862

As of December 31, 2016 and 2015, the fair values were based on the valuations carried out on January 12, 2017 and January 8, 2016, respectively, by independent qualified professional value from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm, a member of certified ROC real estate appraisals.

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

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

	Keelung	Taipei	Kaohsiung	Hong Kong	Total
Balance at January 1, 2015	$ 365,724	$ 6,865,597	$ 665,501	$ 6,398	$ 7,903,220
Recognized in profit or loss (gain arising from the change in fair value of investment property)					
- unrealized	(11,509)	44,036	13,513	-	46,040
Reclassification	-	-	-	(6,398)	(6,398)
Balance at December 31, 2015	354,215	6,909,633	679,014	-	7,942,862
Recognized in profit or loss (gain arising from the change in fair value of investment property)					
- realized	-	421,695	9,754	-	431,449
- unrealized	(47,740)	446	(2,752)	-	(50,046)
Sales	-	(2,038,395)	(80,654)	-	(2,119,049)
Balance at December 31, 2016	$ 306,475	$ 5,293,379	$ 605,362	$ -	$ 6,205,216

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

	December 31	
	2016	2015
Expected future cash inflows	$ 6,016,555	$ 8,884,153
Expected future cash outflows	(520,107)	(782,414)
Expected future cash inflows, net	$ 5,496,448	$ 8,101,739
Discount rate	4.345%	4.485%

The market rentals in the area where the investment property is located were between $0.2 thousand and $3.2 thousand per ping (35.59 square feet). The market rentals for comparable properties were between $0.2 thousand and $3.2 thousand per ping (35.59 square feet).

The investment property had been leased out under operating leases. The rental income generated for the years ended December 31, 2016 and 2015 was $123,618 thousand and $107,514 thousand, respectively.

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

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

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

	December 31	
	2016	**2015**
Estimated total sale price	$ 5,374,414	$ 5,197,926
Rate of return	15%-20%	10%-20%
Overall capital interest rate	1.01%-4.18%	0.78%-4.91%

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

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

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

The carrying amount of investment properties pledged by the Group to secure borrowings granted to the Group, were reflected in Note 36.

16. LONG-TERM PREPAYMENTS FOR LEASE

	December 31	
	2016	**2015**
Current asset (included in prepayments)	$ 160,639	$ 185,603
Non-current asset	536,561	568,133
	$ 697,200	$ 753,736

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

b. The Group entered into agreements to lease ships and offices with other company. As of December 31, 2016 and 2015, prepayments for lease were $129,067 thousand and $154,031 thousand, respectively.

17. OTHER FINANCIAL ASSETS

	December 31	
	2016	**2015**
Time deposits with original maturities over 3 months	$ 512,705	$ 82,700
Deposit of stand-by letter of credit (Notes 24 and 36)	3,574,945	4,604,493
Restricted bank balance (Note 36)	155,985	76,906
Cash surrender value of life insurance	47,812	38,329
	$ 4,291,447	$ 4,802,428
Current	$ 533,205	$ 82,700
Non-current	$ 3,758,242	$ 4,719,728

The interest rate of time deposits with original maturities over 3 months were 0.01%-9.10% and 0.03%-9.10% per annum as of December 31, 2016 and 2015, respectively.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	**2015**
<u>Unsecured borrowings</u>		
Line of credit borrowings	$ 3,607,250	$ 3,776,370
Loans from related parties	2,063,750	1,045,507
Other borrowings	115,088	127,910
	$ 5,786,088	$ 4,949,787

1) The range of weighted average effective interest rate on credit borrowings was 1.28%-2.63% and 1.25%-2.20% per annum as of December 31, 2016 and 2015, respectively.

2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rate was 1.25%-2.01% and 1.29%-1.93% per annum as of December 31, 2016 and 2015.

3) Other borrowings of the Group were the unsecured borrowings from Young-Carrier (Shanghai). Interest rate was 1.50% per annum as of December 31, 2016 and 2015.

b. Short-term bills payable

	December 31	
	2016	**2015**
Commercial paper	$ 1,400,000	$ 100,000
Less: Unamortized discount on bills payable	231	128
	$ 1,399,769	$ 99,872

Interest rate of the outstanding short-term bills payable was 0.83%-1.59% and 1.63% per annum as of December 31, 2016 and 2015.

c. Long-term borrowings

	December 31	
	2016	**2015**
Secured borrowings (Note 36)		
Secured bank loans	$ 6,559,547	$ 6,377,368
Loans from related parties	24,057,689	22,071,986
Others borrowings	1,221,764	-
	31,839,000	28,449,354
Unsecured borrowings		
Line of credit borrowings	13,626,817	13,365,950
Loans from related parties	6,438,916	6,054,150
	20,065,733	19,420,100
Long-term bills payable		
Commercial paper	6,500,000	5,500,000
Less: Unamortized discount on bills payable	6,954	4,684
	6,493,046	5,495,316
	58,397,779	53,364,770
Less: Current portion	7,755,557	5,974,935
Long-term borrowings	$ 50,642,222	$ 47,389,835

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

	December 31	
	2016	**2015**
NT$		
Amount	$ 47,379,990	$ 40,364,035
Interest rate	1.19%-4.00%	1.25%-2.00%
Contract term	2010/12/03-2026/04/24	2008/05/30-2024/07/16

	December 31	
	2016	**2015**
US$		
Foreign currency amount	$ 341,637	$ 396,002
New Taiwan dollar amount	11,017,789	13,000,735
Interest rate	1.37%-2.77%	0.81%-2.12%
Contract term	2009/12/17-2026/08/15	2009/12/17-2025/05/29

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars and New Taiwan dollars. The loans are repayable in installment at varying amounts before December 29, 2023. Interest rates were 1.44%-1.95% and 1.55%-1.81% on December 31, 2016 and 2015, respectively. The Group's ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities. Interest rates were 1.33%-2.77% and 0.81%-2.10% on December 31, 2016 and 2015, respectively. The loans are repayable in installment at varying amounts before August 15, 2026. The Group's ships, investment properties and containers are pledged as collaterals for the secured loans.

3) Other borrowings

Other borrowings were secured loans from a finance company. Interest rates were 2.15%-4.00% on December 31, 2016. The loans are repayable in installment at varying amounts before March 25, 2022. The Group's containers and cash in bank are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Group's unsecured bank loans will be repaid in New Taiwan dollars in one-lump sum payment at maturity and repaid in installments every month. The loans are expected to be fully repaid before September 8, 2019. Interest rates were 1.23%-2.67% and 1.32%-2.00% on December 31, 2016 and 2015, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in one-lump sum payment. The loans are expected to be fully repaid before December 29, 2018. Interest rates were 1.19%-2.71% and 1.33%-2.12% on December 31, 2016 and 2015, respectively.

Commercial paper

YMTC signed four-year and three-year underwriting contracts for the issuance of commercial paper with a bill finance institution on January 2016 and December 2015, respectively. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before January 2020 and December 2018. The issuance period of each commercial paper cannot be over 60 or 90 days. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2016 and 2015, YMTC had met the above requirements.

As of December 31, 2016 and 2015, the interest rates were 1.21%-1.61% and 1.29%-1.38%, respectively.

19. BONDS PAYABLE

	December 31	
	2016	**2015**
Domestic privately placed secured mandatory convertible bonds	$ 487,120	$ 634,885
Domestic privately placed unsecured bonds	10,434,733	13,742,276
Secured domestic bonds	3,971,254	7,192,663
Unsecured domestic bonds	5,000,000	5,000,000
Domestic unsecured convertible bonds	145,589	1,877,307
	20,038,696	28,447,131
Less: Current portion	6,739,573	8,555,183
	$ 13,299,123	$ 19,891,948

a. Domestic privately placed secured mandatory convertible bonds

YMTC issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate face value of $5,800,000 thousand at June 27, 2012; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into YMTC's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into YMTC's common shares at the prevailing conversion price at the last day of the seven-year tenor. The initial conversion price is $12.68 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds of $4,413,702 thousand. The effective interest rate of the liability component was 4.79% per annum. Movements of the convertible bonds' liability and equity component for the years ended December 31, 2016 and 2015 were as follows:

	Liability Component	**Equity Component**
January 1, 2015	$ 775,898	$ 4,413,702
Interest charged using effective interest rate method	32,987	-
Interest paid	(174,000)	-
December 31, 2015	$ 634,885	$ 4,413,702
January 1, 2016	$ 634,885	$ 4,413,702
Interest charged using effective interest rate method	26,235	-
Interest paid	(174,000)	-
December 31, 2016	$ 487,120	$ 4,413,702

As of December 31, 2016, no bondholder requested to convert the bonds into YMTC's common shares.

The bond was guaranteed by banks (including government-owned banks amounting to $5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. As of December 31, 2016 and 2015, unamortized cost of issuance was recognized as other financial liabilities (Note 24).

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

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

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

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

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

As of December 31, 2016 and 2015, YMTC had received waivers to the above 1) to 4) and 1) to 3) financial ratios, respectively. Meanwhile, YMTC met the other financial ratio requirements based on 2015 consolidated financial statements.

b. Domestic privately placed unsecured bonds

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

The bond features and terms are as follows:

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

The Type-A bonds, issued on March 6 2012, had been 100% repaid as of March 6, 2016.

March 30 2012 Bonds:	Type A - aggregate face value of $1,550,000 thousand and maturity on March 30, 2016. The principal will be repaid in a lump sum on March 30, 2016; 2.08% annual interest is repayable semiannually.
	Type B - aggregate face value of $2,800,000 thousand and maturity on March 30, 2017. The principal will be repaid in a lump sum on March 30, 2017; 2.18% annual interest is repayable semiannually.

The Type-A bonds, issued on March 30 2012, had been 100% repaid as of March 30, 2016.

July 8 2014 Bonds:	Aggregate face value of $3,850,000 thousand and maturity on July 8, 2019. The principal will be repaid in a lump sum on July 8, 2019; 2.20% annual interest is repayable semiannually.

c. Secured domestic bonds

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

The bond features and terms are as follows:

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

The Type-A to Type-H bonds had been 100% repaid in 2015.

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

The bond features and terms are as follows:

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

Type F - aggregate face value: $1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

Type G - aggregate face value of $500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

Type H - aggregate face value of $500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

The Type-A to Type-H bonds had been 100% repaid as of December 27, 2016.

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

The bond features and terms are as follows:

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

Type B - aggregate face value: $1,000,000 thousand; repayments: 50% - October 12, 2019 and 50%- October 12, 2020, 1.10% annual interest.

Type C - aggregate face value: $500,000 thousand; repayments: 50% - October 12, 2019 and 50%- October 12, 2020, 1.10% annual interest.

Type D - aggregate face value: $500,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, 1.10% annual interest.

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

d. Domestic unsecured bonds

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

The bond features and terms were as follows:

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

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

e. Domestic unsecured convertible bonds

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

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

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

3) Reselling to YMTC by the holders before maturity.

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

The initial conversion price was $14.23 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of convertible bonds of $352,604 thousand. There were 2,642,900 thousand bonds converted into 185,727 thousand common shares of YMTC as of December 31, 2016.

The bondholders could request YMTC to repurchase the convertible bonds at the par value before 40 days of the issuance for 3 years. The repurchase amount was $1,807,900 thousand as of December 31, 2016 and the loss of bond redemption was $58,970 thousand for the year ended December 31, 2016.

Movements of the convertible bonds' liability and equity components for the years ended December 31, 2016 and 2015 were as follows:

	Liability Component		Equity Component
	Bond	Financial Liability	Option
January 1, 2015	$ 3,832,063	$ 814	$ 311,518
Interest charged using effective interest rate method	40,744	-	-
Bonds payable converted to common stock	(1,995,500)	(389)	(161,501)
Valuation loss	-	5,850	-
December 31, 2015	$ 1,877,307	$ 6,275	$ 150,017
January 1, 2016	$ 1,877,307	$ 6,275	$ 150,017
Interest charged using effective interest rate method	17,212	-	-
Bonds payable converted to common stock	(1,748,930)	-	(138,580)
Valuation gain	-	(6,275)	-
December 31, 2016	$ 145,589	$ -	$ 11,437

20. TRADE PAYABLES

	December 31	
	2016	2015
Trade payables - operating		
Trade payables - non-related parties	$ 13,927,633	$ 13,561,068
Trade payables - related parties	895,899	1,165,804
	$ 14,823,532	$ 14,726,872
Payable for cost of voyage in sailing	$ 10,399,157	$ 10,087,142
Payable for fuel	2,468,105	2,197,418
Payable for space hire	1,141,304	1,760,782
Payable for freight expenses	494,076	395,355
Payable for stevedoring expenses	316,912	281,330
Payable for management expenses	3,978	4,845
	$ 14,823,532	$ 14,726,872

21. FINANCE LEASE PAYABLES

	December 31 2016	December 31 2015
Minimum lease payments		
Not later than 1 year	$ 758,040	$ 771,865
Later than 1 year and not later than 5 years	2,541,577	2,723,047
Later than 5 years	4,188,588	4,899,533
	7,488,205	8,394,445
Less: Future finance charges	2,396,016	2,825,618
Present value of minimum lease payments	$ 5,092,189	$ 5,568,827
Present value of minimum lease payments		
Not later than 1 year	$ 404,665	$ 385,354
Later than 1 year and not later than 5 years	1,376,944	1,436,455
Later than 5 years	3,310,580	3,747,018
	$ 5,092,189	$ 5,568,827
Current (included in current portion of long-term liabilities)	$ 404,665	$ 385,354
Non-current	4,687,524	5,183,473
	$ 5,092,189	$ 5,568,827

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

Interest rates was 0.22%-7.24% for the years ended December 31, 2016 and 2015.

22. OTHER PAYABLES

	December 31 2016	December 31 2015
Payable for container lease	$ 952,268	$ 768,232
Payable for salary and bonus	298,925	416,130
Payable for interest expenses	229,197	229,218
Payable for equipment M&R expenses	154,118	181,830
Payable for annual leave	178,110	173,730
Payable for vessel charter hire	93,191	166,787
Others	1,234,074	1,127,395
	$ 3,139,883	$ 3,063,322

23. PROVISIONS

	December 31	
	2016	2015
Restoration cost for leased assets (a)	$ 103,710	$ 102,300
Onerous leases (b)	1,260,418	797,637
	$ 1,364,128	$ 899,937
Current	$ 1,260,418	$ 741,512
Non-current	103,710	158,425
	$ 1,364,128	$ 899,937

	Restoration Cost for Leased Assets	Onerous Leases	Total
Balance at January 1, 2015	$ 102,300	$ 620,012	$ 722,312
Additional provisions recognized	-	854,579	854,579
Utilized	-	(700,699)	(700,699)
Effect of foreign currency exchange differences	-	23,745	23,745
Balance at December 31, 2015	$ 102,300	$ 797,637	$ 899,937
Balance at January 1, 2016	$ 102,300	$ 797,637	$ 899,937
Additional provisions recognized	1,481	1,262,476	1,263,957
Utilized	-	(786,195)	(786,195)
Effect of foreign currency exchange differences	(71)	(13,500)	(13,571)
Balance at December 31, 2016	$ 103,710	$ 1,260,418	$ 1,364,128

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

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

24. OTHER FINANCIAL LIABILITIES

	December 31	
	2016	2015
Cost of issuance of bonds (Note 19,a)	$ 117,482	$ 166,984
Others	3,487,347	4,493,917
	$ 3,604,829	$ 4,660,901
Current (included in current portion of long-term liabilities)	$ 249,230	$ 261,522
Non-current	3,355,599	4,399,379
	$ 3,604,829	$ 4,660,901

YML-BVI leased ships under 25-year capital lease agreements in 2000 and 2001. The lease contracts were secured by standby letters of credit issued by a bank. YML-BVI deposited a portion of its lease payments in bank as collaterals (included in other financial assets). The balance was $3,574,945 thousand and $4,604,493 thousand, respectively as of the years ended December 31, 2016 and 2015.

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

	December 31	
	2016	**2015**
Current (included in current portion of long-term liabilities)	$ 198,211	$ 212,019
Non-current	3,289,136	4,281,898
	$ 3,487,347	$ 4,493,917

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

Related gains and losses for the years ended 2016 and 2015 are included in the following account.

	For the Year Ended December 31	
	2016	**2015**
Non-operating income and expenses		
Other income	$ 25,106	$ 28,967
Finance costs	$ (21,775)	$ (27,274)

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide medical care covered by the agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named “OCU Health Trust” will replace the 2003 YML/ILWU agreement’s framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US$4.05 per working hour. In addition to the US$4.05 per hour contribution, the Company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2016 and 2015, the balance of the accrued expense was $52,422 thousand and $74,606 thousand, respectively.

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

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

b. Defined benefit plans

1) Pension plan of YMTC

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

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

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

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

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

2) Pension plan of subsidiaries

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

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

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

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

	December 31	
	2016	**2015**
Present value of defined benefit obligation	$ 2,984,224	$ 3,291,174
Fair value of plan assets	(876,024)	(842,903)
Net defined benefit liability	$ 2,108,200	$ 2,448,271

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2015	$ 2,819,578	$ (831,530)	$ 1,988,048
Current service cost	119,066	-	119,066
Past service cost	7,790	-	7,790
Net interest expense (income)	55,765	(16,655)	39,110
Recognized in profit or loss	182,621	(16,655)	165,966
Remeasurement			
Return on plan assets	-	(5,779)	(5,779)
Actuarial loss - changes in financial assumptions	177,603	-	177,603
Actuarial loss - experience adjustments	270,993	-	270,993
Recognized in other comprehensive income	448,596	(5,779)	442,817
Contributions from the employer	-	(32,324)	(32,324)
Benefits paid	(162,045)	43,385	(118,660)
Exchange differences on foreign plans	2,424	-	2,424
Balance at December 31, 2015	3,291,174	(842,903)	2,448,271
Current service cost	121,119	-	121,119
Past service cost	604	-	604
Net interest expense (income)	49,616	(12,536)	37,080
Recognized in profit or loss	171,339	(12,536)	158,803
Remeasurement			
Return on plan assets	-	6,349	6,349
Actuarial loss - changes in demographic assumptions	19	-	19
Actuarial gain - changes in financial assumptions	(5,470)	-	(5,470)
Actuarial gain - experience adjustments	(287,343)	-	(287,343)
Recognized in other comprehensive income	(292,794)	6,349	(286,445)
Contributions from the employer	-	(75,306)	(75,306)
Benefits paid	(201,238)	48,372	(152,866)
Exchange differences on foreign plans	15,743	-	15,743
Balance at December 31, 2016	$ 2,984,224	$ (876,024)	$ 2,108,200

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

	For the Year Ended December 31	
	2016	**2015**
Current service cost	$ 121,119	$ 119,066
Past service cost	604	7,790
Net interest expense	37,080	39,110
	$ 158,803	$ 165,966
An analysis by function		
Operating costs	$ 93,252	$ 102,227
Selling and marketing expenses	52,136	49,982
General and administrative expenses	13,415	13,757
	$ 158,803	$ 165,966

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

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

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

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

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

	December 31	
	2016	**2015**
Discount rates	1.25%-1.75%	1.25%-1.50%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

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

	December 31	
	2016	**2015**
Discount rates		
0.11%-0.50% increase	$ (166,914)	$ (168,454)
0.12%-0.50% decrease	$ 181,458	$ 183,537
Expected rates of salary increase		
0.11%-0.50% increase	$ 178,797	$ 180,830
0.12%-0.50% decrease	$ (166,120)	$ (167,706)

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

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ 71,496	$ 83,314
The average duration of the defined benefit obligation	12 years	12 years

c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of $30,642 thousand and $26,171 thousand for the years ended December 31, 2016 and 2015, respectively.

26. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2016	**2015**
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	3,004,440	3,004,440
Shares issued	$ 30,044,401	$ 30,044,401

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

Due to the excessive supply over the demand and the lower freight rate, net loss occurred in the most of the container-shipping industries and affected the financial structure. The accumulated deficit was $17,657,109 thousand, an amount that was greater than half of the paid-in capital. The current ratio was 59.43% and debts ratio was 88.03% as of December 31, 2016. To respond with the recession of the marine industry, YMTC took the following actions:

a) Alliance reorganization: YMTC formed alliances, called the alliance, with Hapag-Lloyd, "K" Line, Mitsui O.S.K. Lines and Nippon Yusen Kaisha. The alliance provided the delivery service around all the east-west route for the client.

b) Process improvement: To strengthen the horizontal business and expand the scope, the Group implemented the centralized management of agency and performance evaluation.

c) Business aspects: The Group implemented the loading management strictly and strengthened the management of demurrage charge to assure a positive marginal benefit.

d) Group management: The Group strengthened centralized management of subsidiaries and integrated the Group's resource to optimize management benefit and human resources.

e) Information system: To strengthen the business integration, YMTC has promoted the global booking system, shipping system and accounting system. YMTC also modified the marketing plans and aims through tracking the financial statements.

f) Increasing working capital: YMTC announced the resolution for the total amount and the number of 10 billion shares for a cash offering by private placement to improve the financial structure and increase the working capital.

The board of directors and shareholders resolved to pass the capital reduction to offset company losses on November 7 and December 22, 2016, respectively. The reduction amount was $16,004,988 thousand, equivalent to 1,600,499 thousand shares, and the reduction ratio was 53.27%. YMTC's board of directors and shareholders resolved to apply capital increased with cash in private, a cash injection that results in less than 1,000,000 thousand shares and is installed in a year. The stock price will be set up by 1) the simple average closing price of the common shares of the TWSE listed or GTSM listed company for either 1, 3, or 5 business days before the price determination date, after adjustment to any distribution of stock dividends, cash dividends or capital reduction or 2) the simple average closing price of the common shares of the TWSE listed or GTSM listed company for the 30 business days before the price determination date, after adjustment to any distribution of stock dividends, cash dividends, or capital reduction. The monetary amount of the private placement refers to above mentioned 1) or 2), whichever is higher, and could not be lower than 80% of the reference price above.

The board of directors, on February 7, 2017, resolved to date the record date of the capital reduction and capital injection in private as February 20, 2017 and February 21, 2017, respectively. The ordinary shares will be issued at premium for a total amount of $1,690,738 thousand, which is 161,330 thousand shares at $10.48 per share. YMTC had received the effective registration from the FSC for the capital reduction plan on January 18, 2017. The capital injection plan had been registered in the Department of Commerce, MOEA.

The rights and obligations of issuing the ordinary shares in private are the same as that of the issuance of the ordinary shares, expect for the restriction on the negotiation in accordance with Securities and Exchange Act and the application for public listing after 3 years from the trade date.

The capital reduction will lead to the transfer of price of domestic privately placed secured mandatory convertible bonds and to the adjustment to 2013 convertible bonds from $12.68 to $27.14 and from $14.23 to $30.45, respectively. The capital injection will lead to the transfer of price of domestic privately placed secured mandatory convertible bonds and to the adjustment to 2013 convertible bonds from $27.14 to $25.42 and from $30.45 to $28.39, respectively.

2) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US$11.64 dollar per unit. As of December 31, 2016 and 2015, there were 85,262 units outstanding, representing 852,710 shares, 0.03% of total issued shares.

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

b. Capital surplus

A reconciliation of the carrying amount for the years ended 2016 and 2015, for each class of capital surplus was as follows:

	Share Premium	**Changes in Percentage of Ownership Interest in Subsidiaries**	**Conversion Options**	**Total**
Balance at January 1, 2015	174,068	-	4,725,220	4,899,288
Convertible bonds converted to ordinary shares	676,789	-	(161,501)	515,288
Arising from changes in percentage of ownership interest in subsidiaries	-	35,153	-	35,153
Arising from donations	50,308		-	50,308
Balance at December 31, 2015	901,165	35,153	4,563,719	5,500,037
Capital surplus used to offset accumulated deficits	(1,039,745)	(35,153)	-	(1,074,898)
Repurchase of bonds payable	138,580	-	(138,580)	-
Balance at December 31, 2016	$ -	$ -	$ 4,425,139	$ 4,425,139

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

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

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

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 22, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the Articles), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and then any remaining profit together with any undistributed retained earnings, distributed at least 25%, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to f. employee benefits expense in Note 28(f).

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

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

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

The statements of deficit compensated for the third quarter of 2016 and 2015 approved in the shareholders' meetings on June 22, 2016, and in the provisional shareholders' meeting on December 22, 2016, respectively, were as follows:

	June 22, 2016	December 22, 2016	Total
Legal reserve	$ 41,137	$ -	$ 41,137
Special reserve	4,098,535	-	4,098,535
Capital surplus - share premium	901,165	138,580	1,039,745
Capital surplus - changes in percentage of ownership interest in subsidiaries	35,153	-	35,153
	$ 5,075,990	$ 138,580	$ 5,214,570

The offsetting of deficit was resolved in the provisional shareholders' meeting, refer to Note 26, a. share capital.

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

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

d. Special reserves

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

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

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ 690,054	$ 490,379
Exchange differences arising on translating the financial statements of foreign operations	(272,341)	264,526
Related income tax	22,025	(64,851)
Balance at December 31	$ 439,738	$ 690,054

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

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ (1,330,302)	$ (727,627)
Unrealized gain arising on revaluation of available-for-sale financial assets	(99,928)	(553,484)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(5,580)	(9,327)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates and joint ventures accounted for using the equity method	(7,521)	(39,864)
Balance at December 31	$ (1,443,331)	$ (1,330,302)

f. Non-controlling interests

	For the Year Ended December 31	
	2016	**2015**
Balance at January 1	$ 692,622	$ 997,493
Attributable to non-controlling interests:		
Share of profit (loss) for the year	22,561	(66,735)
Exchange difference arising on translating the financial statements of foreign entities	(32,783)	(19,511)
Issue of ordinary share for cash by subsidiaries	1,475	3,335

(Continued)

	For the Year Ended December 31	
	2016	2015
Changes in percentage of ownership interest in subsidiaries (see Note 31)	$ (59,442)	$ (35,153)
Remeasurement on defined benefit plan	430	(1,384)
Related income tax	(74)	193
Cash dividends distributed by subsidiaries	(155,122)	(185,616)
Balance at December 31	$ 469,667	$ 692,622

(Concluded)

27. REVENUE

	For the Year Ended December 31	
	2016	2015
Cargo revenue	$ 103,659,265	$ 115,201,172
Rental revenue on ships	1,688,463	2,461,749
Slottage revenue	815,240	758,135
Commission revenue	202,716	218,504
Other operating revenue	9,034,466	8,919,864
	$ 115,400,150	$ 127,559,424

28. NET LOSS

Net loss included items below:

a. Other operating income and expenses

	For the Year Ended December 31	
	2016	2015
Gain on disposal and retirement of property, plant and equipment	$ 254,081	$ 290,484
Reimbursement income	180,806	61,863
	$ 434,887	$ 352,347

b. Other income

	For the Year Ended December 31	
	2016	2015
Rental income	$ 133,923	$ 114,177
Interest income		
Bank deposits	119,138	214,475
Short-term bills	2,308	848
Others	1,659	3,019
Dividends	21,117	50,915
	$ 278,145	$ 383,434

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gain on disposal of available-for-sale financial assets and financial assets measured at cost	$ 7,896	$ 9,327
Net foreign exchange gains (losses)	369,280	(213,845)
Net gain (loss) arising on financial assets/liabilities designated as at fair value through profit and loss	70,905	(165,423)
Gain on change in fair value of investment properties	381,403	46,040
Loss on repurchase of bonds payable	(58,970)	-
Others	80,704	137,565
	$ 851,218	$ (186,336)

d. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 852,317	$ 665,461
Interest on obligations under finance leases	380,529	396,392
Interest on other financial liabilities	21,775	27,274
Interest on bonds	556,718	671,624
Other interest expenses	178,718	59,089
	1,990,057	1,819,840
Less: Capitalized interest	-	(6,964)
	$ 1,990,057	$ 1,812,876

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2016	2015
Capitalized interest	$ -	$ 6,964
Capitalization rate	-	1.13%-1.35%

e. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 6,425,913	$ 6,330,124
Intangible assets	45,238	29,414
	$ 6,471,151	$ 6,359,538
An analysis of depreciation by function		
Operating costs	$ 6,300,875	$ 6,203,823
Operating expenses	125,038	126,301
	$ 6,425,913	$ 6,330,124

(Continued)

	For the Year Ended December 31	
	2016	2015
An analysis of amortization by function		
Operating costs	$ 3,218	$ 4,712
Operating expenses	42,020	24,702
	$ 45,238	$ 29,414

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	$ 243,987	$ 264,446
Defined benefit plans (Note 25)	158,803	165,966
Termination benefits	30,642	26,171
Other employee benefits	6,566,741	6,699,380
Total employee benefits expense	$ 7,000,173	$ 7,155,963
An analysis of employee benefits by function		
Operating costs	$ 2,860,702	$ 2,966,241
Operating expenses	4,139,471	4,189,722
	$ 7,000,173	$ 7,155,963

1) Employees' compensation and remuneration of directors and supervisors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting on June 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates of 1%-5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. YMTC did not accrue bonus to employees because of the losses for the years ended December 31, 2016 and 2015.

2) Bonus to employees and remuneration of directors and supervisors for 2014

Before the amendment to the Articles of Incorporation of the Company, the Company could distribute the earnings at the rate of 1%-5% and no higher than 2% for the compensation of employees and remuneration of directors and supervisors, respectively. YMTC did not accrue bonus of employees because of the losses for the year ended December 31, 2014.

29. INCOME TAXES

a. Major components of tax expense (income) recognized in profit or loss

	For the Year Ended December 31	
	2016	2015
Current tax		
In respect of the current year	$ 292,685	$ 239,214
Adjustments for prior years	2,049	2,589
	294,734	241,803
Deferred tax		
In respect of the current year	(1,100,809)	(395,839)
Income tax benefit recognized in profit or loss	$ (806,075)	$ (154,036)

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

	For the Year Ended December 31	
	2016	2015
Loss before tax	$ (15,695,574)	$ (7,942,527)
Tax benefit calculated at the statutory rate	$ (2,736,443)	$ (1,536,096)
Nondeductible expenses in determining taxable income	8,077	10,156
Tax-exempt income	314,655	298,937
Unrecognized loss carryforwards and deductible temporary differences	1,232,492	846,024
Offshore income tax	86,996	99,872
Income tax on unappropriated earnings	581	-
Land value increment tax	61,104	62,559
Adjustments for prior years' tax	2,049	2,589
Others	224,414	61,923
Income tax benefit recognized in profit or loss	$ (806,075)	$ (154,036)

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

b. Income tax recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2016	2015
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ (22,025)	$ 64,851
Remeasurement on defined benefit plan	48,696	(75,279)
	$ 26,671	$ (10,428)

c. Current tax assets and liabilities

	December 31	
	2016	**2015**
Current tax assets		
Tax refund receivable (included in other current assets)	$ 104,695	$ 151,158
Current tax liabilities		
Income tax payable	$ 191,052	$ 149,392

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2016

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income (Loss)**	**Exchange Differences**	**Closing Balance**
Tax losses	$ 2,241,809	$ 956,510	$ -	$ -	$ 3,198,319
Temporary differences					
Unrealized shipping fuel valuation losses	27,537	20,943	-	-	48,480
Investment loss on investments accounted for using equity method	13,367	15,979	-	-	29,346
Defined benefit plan	339,139	13,231	(48,696)	-	303,674
Unrealized loss on voyage in sailing	97,626	(62,647)	-	-	34,979
Payable for annual leave	20,649	129	-	-	20,778
Others	73,696	(10,900)	-	-	62,796
	$ 2,183,823	$ 933,245	$ (48,696)	$ -	$ 3,698,372

Deferred Tax Liabilities	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income (Loss)**	**Exchange Differences**	**Closing Balance**
Temporary differences					
Investment gain on investments accounted for using equity method	$ 1,018,838	$ (107,101)	$ -	$ -	$ 911,737
Reserve for land value increment tax	752,582	(59,242)	-	-	693,340
Investment properties	11,483	(2,065)	-	-	9,418
Property, plant and equipment	58,642	(5,827)	-	-	52,815
Exchange differences on translating foreign operations	64,851	-	(22,025)	-	42,826
Sales and leaseback	36,131	(36,131)	-	-	-
Others	96,627	42,802	-	(71,402)	68,027
	$ 2,039,154	$ (167,564)	$ (22,025)	$ (71,402)	$ 1,778,163

For the year ended December 31, 2015

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

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

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

	December 31	
	2016	2015
Loss carryforwards		
Expire in 2019	$ 771,391	$ 854,623
Expire in 2021	9,246,501	9,246,501
Expire in 2022	2,701,422	1,687,905
Expire in 2023	6,678,942	377,718
Expire in 2024	381,489	381,489
Expire in 2025	528,292	531,028
Expire in 2026	514,030	-
	$ 20,822,067	$ 13,079,264
Deductible temporary differences	$ 81,616	$ 60,436

f. Information about unused loss carry-forward

As of December 31, 2016, unused loss carryforwards comprised of:

Unused Amount	Expiry Year
$ 771,391	2019
9,246,501	2021
2,701,422	2022
8,071,846	2023
381,489	2024
4,983,378	2025
13,479,683	2026
$ 39,635,710	

g. Integrated income tax

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

	Balance of Imputation Credit Account (ICA) December 31 2016	2015	Estimated Rates of 2016	Actual Rates of 2015
Yang Ming Marine Transport Corporation	$ 570,328	$ 546,718	-	-
Kuang Ming Shipping Corp.	$ 11,924	$ 11,924	-	-
Honming Terminal & Stevedoring Co., Ltd.	$ 5,566	$ 5,469	20.73%	20.65%
Jing Ming Transportation Co., Ltd.	$ 4,466	$ 3,447	20.48%	20.52%
YES Logistics Corp.	$ 31,978	$ 31,605	-	-
Ching Ming Investment Corp.	$ 13,044	$ 11,585	-	-

YMTC, YES Logistics Corp. and Ching Ming Investment Corp. had no unappropriated earnings as of December 31, 2016. Thus, the ICA balance will be accumulated until the date of dividend distribution in the future.

h. As of December 31, 2016 and 2015, the Company had no unappropriated retained earnings generated before June 30, 1998.

i. Income tax assessments

Company	Year
Yang Ming Marine Transport Corporation	2014
Kuang Ming Shipping Corp.	2014
Honming Terminal & Stevedoring Co., Ltd.	2014
Jing Ming Transportation Co., Ltd.	2014
YES Logistics Corp.	2014
Ching Ming Investment Corp.	2014

30. LOSS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	**2015**
Basic loss per share	$ (9.22)	$ (4.80)
Diluted loss per share	$ (9.22)	$ (4.80)

The weighted average number of shares outstanding used for the loss per share computation was adjusted retroactively for the record date of the reduction on February 20, 2017. The record date of the reduction was after the financial reporting date, but earlier than the issue date. Therefore, the loss per share was based on the outstanding share after the reduction, refer to Note 26. The basic and diluted loss per share adjusted retrospectively for the year ended December 31, 2015 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic loss per share	$ (2.24)	$ (4.80)
Diluted loss per share	$ (2.24)	$ (4.80)

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

Net Loss for the Year

	For the Year Ended December 31	
	2016	**2015**
Loss used in the computation of basic loss per share	$ (14,912,060)	$ (7,721,756)
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	-	-
Loss used in the computation of diluted loss per share	$ (14,912,060)	$ (7,721,756)

Weighted Average Number of Ordinary Shares Outstanding (in Thousand Shares):

	For the Year Ended December 31	
	2016	**2015**
Outstanding shares	1,403,941	1,395,827
Not exercised number of convertible shares of mandatory convertible bonds	213,707	213,707
Weighted average number of ordinary shares used in the computation of basic loss per share	1,617,648	1,609,534
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	-
Weighted average number of ordinary shares used in the computation of diluted loss per share	1,617,648	1,609,534

The Company did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the years ended December 31, 2016 and 2015 due to their anti-dilutive effect.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. The Group acquired 49%, 49%, and 20% interest respectively of Yang Ming Shipping (B.V.I.) Inc., Yang Ming Line (Hong Kong) Ltd., and YES MLC GmbH, increasing its continuing interest from 51% to 100%, 51% to 100%, and 80% to 100%, correspondingly.

	Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	YES MLC GmbH	Total
Cash consideration paid	$ (247,756)	$ -	$ (3,055)	$ (250,811)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	153,706	(89,342)	(4,922)	59,442
Differences recognized from equity transaction	$ (94,050)	$ (89,342)	$ (7,977)	$ (191,369)
Line items adjusted for equity transactions				
Retained earnings	$ (94,050)	$ (89,342)	$ (7,977)	$ (191,369)

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

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

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

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The Group entered into operating lease agreements to lease office, ships, containers, terminal and container yard that will expire on various dates until September 2036. The total rental for the years ended December 31, 2016 and 2015 was $21,475,391 thousand and $19,531,442 thousand, respectively. The rentals are paid monthly or quarterly, and the Group has deposited $357,302 thousand and $365,203 thousand as guarantee fund as of December 31, 2016 and 2015.

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

	December 31	
	2016	**2015**
Not later than 1 year	$ 21,432,912	$ 20,536,372
Later than 1 year and not later than 5 years	65,052,423	68,867,255
Later than 5 years	35,609,718	28,765,996
	$ 122,095,053	$ 118,169,623

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

b. The Group as lessor

1) Ships

The Group signed ship lease contracts under operating lease. As of December 31, 2016 and 2015, the future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2016	**2015**
Not later than 1 year	$ 516,084	$ 544,729
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	$ 516,084	$ 544,729

2) Investment properties

The Group signed land and building lease contracts under operating lease, please refer to Note 15.

33. CAPITAL MANAGEMENT

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

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

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

	December 31	
	2016	**2015**
Debt (a)	$ 119,764,921	$ 123,155,664
Cash and cash equivalents	(11,937,376)	(23,749,249)
Net debt	$ 107,827,545	$ 99,406,415
Equity (b)	$ 16,278,505	$ 31,731,332
Net debt to equity ration	662.39%	313.28%

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

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

34. FINANCIAL INSTRUMENTS

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

December 31, 2016

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Domestic privately placed secured mandatory convertible bonds*	$ 604,602	$ -	$ -	$ 499,960	$ 499,960
Domestic privately placed unsecured bonds	10,434,733	-	10,587,047	-	10,587,047
Secured domestic bonds	3,971,254	-	4,010,859	-	4,010,859
Unsecured domestic bonds	5,000,000	-	5,005,769	-	5,005,769
Domestic unsecured convertible bonds	145,589	-	140,494	-	140,494
Finance lease payables	5,092,189	-	5,689,379	-	5,689,379
	$25,248,367	$ -	$25,433,548	$ 499,960	$25,933,508

December 31, 2015

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Domestic privately placed secured mandatory convertible bonds*	$ 801,869	$ -	$ -	$ 656,560	$ 656,560
Domestic privately placed unsecured bonds	13,742,276	-	13,960,399	-	13,960,399
Secured domestic bonds	7,192,663	-	7,198,126	-	7,198,126
Unsecured domestic bonds	5,000,000	-	5,008,948	-	5,008,948
Domestic unsecured convertible bonds	1,877,307	-	1,871,676	-	1,871,676
Finance lease payables	5,568,827	-	5,153,694	-	5,153,694
	$34,182,942	$ -	$33,192,843	$ 499,960	$33,849,403

* Included other financial liabilities - cost of issuance of bonds.

The fair values of the financial assets and financial liabilities included in the Levels 2 and 3 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis. In the Level 3 categories, the most significant unobservable inputs reflect the fluctuation in the stock price.

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

1) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ -	$ 2,905	$ 2,905
Open-end funds	542,845	-	-	542,845
Closed-end funds	58,016	-	-	58,016
Domestic quoted shares	83,364	-	-	83,364
	$ 684,225	$ -	$ 2,905	$ 687,130
Available-for-sale financial assets				
Domestic quoted shares	$ 870,326	$ -	$ -	$ 870,326
Open-end funds	1,148	-	-	1,148
	$ 871,474	$ -	$ -	$ 871,474

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Principal guaranteed notes	$ -	$ 98,545	$ -	$ 98,545
Open-end funds	692,694	-	-	692,694
Closed-end funds	8,551	-	-	8,551
Domestic quoted shares	46,965	-	-	46,965
Overseas quoted shares	291	-	-	291
	$ 748,501	$ 98,545	$ -	$ 847,046
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ -	$ 89,105	$ 89,105
Available-for-sale financial assets				
Domestic quoted shares	$ 976,473	$ -	$ -	$ 976,473
Open-end funds	2,356	-	-	2,356
	$ 978,829	$ -	$ -	$ 978,829

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

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

For the year ended December 31, 2016

Financial assets at fair value through profit or loss:

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	**Oil Swap and Oil Swap Options**	**Total**
Balance at January 1, 2016	$ -	$ -	$ -
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	(2,906)	26,639	23,733
Unrealized	-	2,905	2,905
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	2,906	(26,639)	(23,733)
Transfers out of Level 3	-	-	-
Balance at December 31, 2016	$ -	$ 2,905	$ 2,905

Financial liabilities at fair value through profit or loss:

	Held for Trading		
	Oil Swap and Oil Swap Options	**Put Option of Bonds**	**Total**
Balance at January 1, 2016	$ 82,830	$ 6,275	$ 89,105
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	(31,031)	-	(31,031)
Unrealized	-	(6,275)	(6,275)
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	(51,799)	-	(51,799)
Transfers out of Level 3	-	-	-
Balance at December 31, 2016	$ -	$ -	$ -

For the year ended December 31, 2015

Financial assets at fair value through profit or loss:

	Held for Trading		
	Foreign Exchange Forward Contracts and Foreign Exchange Options	Oil Swap and Oil Swap Options	Total
Balance at January 1, 2015	$ -	$ 78,486	$ 78,486
Total gains or losses			
Recognized in profit or loss (included in other gains and losses)			
Realized	17,247	28,619	45,866
Unrealized	-	-	-
Reclassification	-	-	-
Purchases	-	-	-
Disposals/settlements	(17,247)	(107,105)	(124,352)
Transfers out of Level 3	-	-	-
Balance at December 31, 2015	$ -	$ -	$ -

Financial liabilities at fair value through profit or loss:

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

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

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

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

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

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

c. Categories of financial instruments

	December 31	
	2016	**2015**
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 687,130	$ 748,501
Designated as at FVTPL	-	98,545
Loans and receivables (1)	24,502,122	35,505,619
Available-for-sale financial assets (2)	1,363,556	1,473,426
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	-	89,105
Amortized cost (3)	106,778,234	109,405,447

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 38.

Sensitivity analysis

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

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

	For the Year Ended December 31	
Profit (Loss) of 1% Variation*	**2016**	**2015**
U.S. dollars	$ (74,624)	$ (96,696)
RMB	(5,211)	663
GBP	2,888	5,756
EUR	(5,224)	(3,184)
JPY	(252)	(2,015)
HKD	(4,016)	2,297

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

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

b) Interest rate risk

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

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

	December 31	
	2016	**2015**
Fair value interest rate risk		
Financial assets	$ 3,176,122	$ 8,167,231
Financial liabilities	33,327,047	39,132,729
Cash flow interest rate risk		
Financial assets	11,843,673	18,758,993
Financial liabilities	59,878,043	57,958,559

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2016 would decrease/increase by $48,034 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

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

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2016 and 2015 would have increased/decreased by $4,168 thousand and $2,363 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by $43,516 thousand and $48,824 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

If mutual funds prices had been 5% higher/lower, pre-tax profit before income tax for the years ended December 31, 2016 and 2015 would have increased/decreased by $30,043 thousand and $35,062 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by $57 thousand and $118 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

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

If oil prices had been increase/decrease by US$1 dollar, fair value increase/decrease by $290 thousand (US$9 thousand) and $1,477 thousand (US$45 thousand) for holding oil swap and oil swap option contracts (oil swap and oil swap option for hedging purpose but not determined to be an effective hedge) for the years ended December 31, 2016 and 2015, respectively.

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

2) Credit risk

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

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2016 and 2015, the Group had available unutilized short-term bank loan facilities $6,341,920 thousand and $8,251,460 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2016

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 18,024,617	$ 61,335	$ -
Finance lease liabilities	758,040	2,541,577	4,188,588
Other financial liabilities*	206,845	1,125,875	2,294,030
Variable interest rate liabilities	11,884,682	43,729,206	5,503,183
Fixed interest rate liabilities	13,214,892	14,811,610	321,173
Financial guarantee liabilities	741,394	-	-
	$ 44,830,470	$ 62,269,603	$ 12,306,974

* Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Cash inflows expected to occur not later than one year, to occur later than one year and not later than five years, and to occur later than five years were $203,171 thousand, $1,118,014 thousand and $1,742,956 thousand, respectively.

December 31, 2015

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

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

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

b) Derivative instruments

Derivative instruments the Group held are all settled within one year as of December 31, 2016 and 2015.

4) Reclassifications

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

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

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

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

	December 31			
	2016		**2015**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Available-for-sale financial assets	$ 1,148	$ 1,148	$ 2,356	$ 2,356

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized) for the years ended December 31, 2016 and 2015 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Year Ended December 31			
	2016		2015	
	Gains (Losses) Recorded	Pro Forma Gains (Losses)	Gains (Losses) Recorded	Pro Forma Gains (Losses)
Available-for-sale financial assets	$ -	$ 152	$ -	$ (280)

35. TRANSACTIONS WITH RELATED PARTIES

Most of YMTC's directors in the board were appointed by MOTC. Transactions with other government-related entities were mainly bank deposits, borrowing and guaranteed business with government-owned banks (see Notes 18 and 19), concession right of Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 16) and shipbuilding contracts signed with CSBC Corporation (see Note 37).

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

a. Profit (loss) from operation

Related Parties Types	For the Year Ended December 31 2016	2015
Operating revenue		
Government - related parties	$ 340,355	$ 340,008
Associates	286,720	279,061
Investors that have significant influence over the subsidiaries	3,536	2,971
	$ 630,611	$ 622,040
Operating cost		
Associates	$ 4,267,181	$ 4,875,510
Government - related parties	565,724	630,306
Investors that have significant influence over the subsidiaries	451,257	433,372
	$ 5,284,162	$ 5,939,188
Operating expenses		
Government - related parties	$ 55,225	$ 53,664
Other related parties*	26,772	33,793
Investors that have significant influence over the subsidiaries	9,869	10,205
Associates	47,550	6
	$ 139,416	$ 97,668

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

* Other related parties are the juristic-person directors of the Group.

b. Bank deposits

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

	December 31	
	2016	2015
Government - related parties	$ 2,938,987	$ 7,688,123

c. Receivables and payables from related parties

	December 31	
	2016	2015
Trade receivables		
Associates	$ 288,379	$ 298,512
Government - related parties	6,995	21,423
Investors that have significant influence over the subsidiaries	4	-
	$ 295,378	$ 319,935
Other receivables - related parties (included in other current assets)		
Associates	$ 203,402	$ 207,133
Government - related parties	7,034	10,752
Investors that have significant influence over the subsidiaries	-	2,418
	$ 210,436	$ 220,303
Trade payables to related parties		
Associates	$ 695,496	$ 1,002,284
Investors that have significant influence over the subsidiaries	133,018	121,506
Government - related parties	67,385	42,014
	$ 895,899	$ 1,165,804
Other payables - related parties (included in other payables)		
Government - related parties	$ 48,439	$ 37,098
Associates	101,827	72,218
	$ 150,266	$ 109,316

d. Prepayments

	December 31	
	2016	2015
Prepayments to shipping agents		
Associates	$ 65,600	$ 245,197
Prepayments		
Government - related parties	$ 31,572	$ 31,572

e. Bonds payable

	December 31	
	2016	2015
Government - related parties	$ 8,550,000	$ 8,999,000
Investors that have significant influence	450,000	450,000
Associates	25,000	25,000
	$ 9,025,000	$ 9,474,000

Note: Original investment amount of privately placed bonds.

f. Others

	For the Year Ended December 31	
Related Parties Types	2016	2015
Rental income		
Other related parties*	$ 3,429	$ 3,429
Interest income		
Government - related parties	$ 8,516	$ 16,622
Associates	1,646	2,773
	$ 10,162	$ 19,395
Dividend income		
Government - related parties	$ 15,567	$ 45,993
Finance cost		
Government - related parties	$ 616,652	$ 520,810
Investors that have significant influence	2,099	3,233
Associates	402	537
	$ 619,153	$ 524,580

* Other related parties are the foundations established with the donation of the Group by the Group.

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

g. Property

The Group acquired property transactions from government-related parties; the amount was $5,597,770 thousand during the years ended December 31 2015.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	$ 30,713	$ 37,846
Post-employment benefits	8,591	3,147
	$ 39,304	$ 40,993

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2016	2015
Property, plant and equipment, net	$ 62,868,343	$ 58,643,240
Refundable deposits	-	1,136,657
Deposit of stand-by letter of credit (included in other financial assets)	3,574,945	4,604,493
Pledged time deposits (included in other financial assets)	155,985	76,906
Investment properties, net	3,690,939	-
	$ 70,290,212	$ 64,461,296

37. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Note 19 and 32, commitments and contingent liability on reporting periods were as follows:

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

b. The Group signed tramp ships building contracts with non-related party. As of December 31, 2016 and 2015, unpaid amounts for these contracts were $1,903,073 thousand and $2,755,094 thousand, respectively.

c. The Group signed ship lease contracts with other companies, contracts that are effective beginning either in 2015 or 2018 with lease periods ranging from 10 to 12 years. As of December 31, 2016 and 2015, rentals for contracts that were yet in effect were respectively estimated from US$1,076,000 thousand to US$1,289,000 thousand and from US$1,584,000 thousand to US$1,894,000 thousand.

d. The Group's shipping and port business were secured by the letter of guarantee issued by a bank for $354,155 thousand as of December 31, 2016.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows

December 31, 2016

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 141,899	32.2500	(USD:NTD)	$ 4,576,232
GBP	90,223	1.2292	(GBP:USD)	3,576,594
RMB	74,644	4.6406	(RMB:NTD)	346,397
USD	49,306	3.5252	(USD:TRY)	1,590,116
EUR	9,578	33.9173	(EUR:NTD)	324,846
GBP	2,531	39.6417	(GBP:NTD)	100,335
HKD	2,753	4.1587	(HKD:NTD)	11,449
JPY	704,504	0.2756	(JPY:NTD)	194,157
USD	1,345	6.9495	(USD:RMB)	43,372
CAD	3,310	23.9093	(CAD:NTD)	79,130
Non-monetary items				
Investments accounted for using equity method				
USD	39,285	32.2500	(USD:NTD)	1,266,930
AUD	1,552	23.2877	(AUD:NTD)	36,142
AED	9,387	8.7804	(AED:NTD)	82,419
INR	27,286	0.4751	(INR:NTD)	12,964
GBP	91	39.6417	(GBP:NTD)	3,625
RMB	106,271	4.6406	(RMB:NTD)	493,163
VND	3,455,000	0.0014	(VND:NTD)	4,837
EGP	9,171	1.7434	(EGP:NTD)	15,988
Financial assets at fair value through profit or loss				
GBP	2	39.6417	(GBP:NTD)	70
USD	1,194	32.2500	(USD:NTD)	38,507
Financial liabilities				
Monetary items				
USD	404,026	32.2500	(USD:NTD)	13,029,832
GBP	82,972	1.2292	(GBP:USD)	3,289,137
RMB	186,925	4.6406	(RMB:NTD)	867,449
EUR	24,980	33.9173	(EUR:NTD)	847,258
USD	19,915	3.5252	(USD:TRY)	642,262
JPY	796,111	0.2756	(JPY:NTD)	219,403
GBP	2,498	39.6417	(GBP:NTD)	99,016
HKD	99,311	4.1587	(HKD:NTD)	413,006
CAD	9,612	23.9093	(CAD:NTD)	229,817

December 31, 2015

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

For the years ended December 31, 2016 and 2015, realized and unrealized net foreign exchange gains (losses) were $369,280 thousand and $(213,845) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Please see Table A attached;

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

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

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

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

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: Please see Table E attached;

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

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

9) Trading in derivative instruments. (Note 7);

10) Intercompany relationships and significant intercompany transactions: Please see Table G attached;

11) Information on investees: Please see Table H attached;

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

40. SEGMENT INFORMATION

a. Segment revenues and results

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

	For the Year Ended December 31, 2016					
	Containership Department	Bulk shipping Department	Wharf Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	$ 108,724,772	$ 1,280,100	$ 1,067,035	$ 4,328,243	$ -	$ 115,400,150
Intercompany sales	576,229	-	998,690	1,197,233	(2,772,152)	-
Total revenue	$ 109,301,001	$ 1,280,100	$ 2,065,725	$ 5,525,476	$ (2,772,152)	$ 15,400,150
Segment operating income (loss)	$ (12,302,634)	$ (2,619,214)	$ (9,877)	$ 74,093	$ 50,124	$ (14,807,508)
Administration cost						(348,808)
Other operating income and expenses						434,887
Other gains and losses						851,218
Share of profit of associates and joint ventures accounted for by using the equity method						(113,451)
Other income						278,145
Financial costs						(1,990,057)
Continuing operation loss before tax expense						$ (15,695,574)

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

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, other operating income and expenses, associates and joint ventures accounted for by using the equity method, other income, financial costs, plant and equipment, other gains and losses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

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

c. Geographical information

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

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

	Revenue From External Customers	
	For the Year Ended	Noncurrent Assets
	December 31, 2016	December 31, 2016
Domestic	$ 6,998,168	$ 9,023,972
America	48,841,538	23,252
Europe	30,207,211	53,994
Asia	29,344,053	490,324
Others	9,180	170,228
	$ 115,400,150	9,761,770
Containers		12,615,812
Ships and construction in process		70,913,153
		$ 93,290,735

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

Noncurrent assets excluded those classified as financial assets, investments accounted for using equity method, deferred tax assets, refundable deposits, post-employment benefit assets and assets arising from insurance contracts.

d. Critical customer

No single customer accounted for at least 10% of the Group’s total operating revenues for the years ended December 31, 2016 and 2015.

TABLE A

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	Y	$ 2,500,000	$ 2,500,000	$ 960,310	1.9962%	1	$ 1,818,134	Repayment of loans/ obtain working capital	$ -	-	$ -	$ 6,323,535	$ 7,904,419	
		All Oceans Transportation, Inc.	Other receivables	Y	3,500,000	3,000,000	1,476,360	1.9962%	1	4,224,590	Obtain working capital	-	-	-	6,323,535	7,904,419	
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	1.6283%	2	-	Obtain working capital	-	-	-	213,965	641,896	E and F
		Yang Ming Shipping (B.V.I.) Inc.	Other receivables	Y	231,555 (US$ 7,180 thousand)	112,875 (US$ 3,500 thousand)	112,875 (US$ 3,500 thousand)	2.1451%	2	-	Obtain working capital	-	-	-	1,069,827	1,069,827	
		All Oceans Transportation, Inc.	Other receivables	Y	322,500 (US$ 10,000 thousand)	322,500 (US$ 10,000 thousand)	322,500 (US$ 10,000 thousand)	1.7498%	2	-	Obtain working capital	-	-	-	1,069,827	1,069,827	
		Yang Ming Shipping Philippines, Inc.	Other receivables	Y	19,350 (US$ 600 thousand)	19,350 (US$ 600 thousand)	19,350 (US$ 600 thousand)	2.1996%	2	-	Obtain working capital	-	-	-	1,069,827	1,069,827	
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	64,500 (US$ 2,000 thousand)	64,500 (US$ 2,000 thousand)	64,500 (US$ 2,000 thousand)	1.6283%	2	-	Obtain working capital	-	-	-	365,261	1,095,784	G and H
3	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	Y	258,000 (US$ 8,000 thousand)	80,612 (US$ 2,500 thousand)	-	-	2	-	Obtain working capital	-	-	-	80,612	241,836	I and J
4	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	37,864 (EUR 1,116 thousand)	37,864 (EUR 1,116 thousand)	37,864 (EUR 1,116 thousand)	1.5400%-1.8500%	1	346,352	Obtain working capital	-	-	-	455,049	568,811	K and L
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	282,375 (US$ 3,000 thousand and RMB 40,000 thousand)	282,375 (US$ 3,000 thousand and RMB 40,000 thousand)	137,123 (US$ 3,000 thousand and RMB 8,700 thousand)	1.8260%-3.0000%	1	81,183	Obtain working capital	-	-	-	455,049	568,811	
		Yes Logistics Benelux B.V.	Other receivables	Y	3,561 (EUR 105 thousand)	3,561 (EUR 105 thousand)	3,561 (EUR 105 thousand)	1.5400%	1	24,485	Obtain working capital	-	-	-	118,506	568,811	
		Sino Trans PFS Cold Chain Logistics Co., Ltd.	Other receivables	Y	30,930 (RMB 6,665 thousand)	30,930 (RMB 6,665 thousand)	30,930 (RMB 6,665 thousand)	4.3500%	2	-	Obtain working capital	-	-	-	113,762	227,524	
5	Kung Ming (Liberia) Corp.	Kung Ming Shipping Corp.	Other receivables	Y	193,500 (US$ 6,000 thousand)	63,504 (US$ 1,969 thousand)	-	-	2	-	Obtain working capital	-	-	-	63,504	190,512	M and N
6	Yang Ming Line Holding Co.	Olympic Container Terminal LLC	Other receivables	Y	322,500 (US$ 10,000 thousand)	322,500 (US$ 10,000 thousand)	322,500 (US$ 10,000 thousand)	2.0000%	2	-	Obtain working capital	-	-	-	927,846	927,846	O and P
		Kung Ming (Liberia) Corp.	Other receivables	Y	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	1.6283%-1.7110%	2	-	Obtain working capital	-	-	-	185,569	556,707	
		Triumph Logistics, Inc.	Other receivables	Y	25,800 (US$ 800 thousand)	25,800 (US$ 800 thousand)	25,800 (US$ 800 thousand)	1.7318%	2	-	Obtain working capital	-	-	-	927,846	927,846	
		Yang Ming (America) Co.	Other receivables	Y	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	161,250 (US$ 5,000 thousand)	1.7048%	2	-	Obtain working capital	-	-	-	927,846	927,846	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Coastal Tarheel Express, Inc.	Other receivables	Y	$ 6,450 (US$ 200 thousand)	$ -	$ -	-	2	$ -	Obtain working capital	$ -	-	$ -	$ 185,569	$ 556,707	
8	Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistics Co., Ltd.	Other receivables	Y	15,476 (RMB 3,335 thousand)	15,476 (RMB 3,335 thousand)	15,476 (RMB 3,335 thousand)	4.3500%	2	-	Obtain working capital	-	-	-	148,499	296,998	Q and R

Notes:

A. Nature of financing:

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

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

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

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

E. The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on none ROC corporation, maximum financing is 50% of the net total assets.

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

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

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

I. The maximum financing amount is the 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the net assets of the lender. For borrowers with short-term financing need, the maximum is the 30% of the net assets of the lender.

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

K. The maximum financing amount is 70% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the net assets of the lender.

L. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 40% of the latest net assets. For the borrower needing short-term financing, maximum financing is 10% of the financing amount.

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

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

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

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

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

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

S. United States dollars, Euros dollars, Ren Min Bi and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US$1=NT$32.25, US$1=EUR0.9508, US$1=HK$7.7548 and US$=RMB6.9495 as of December 31, 2016.

(Concluded)

TABLE B

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes C and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Note S)	Outstanding Endorsement/ Guarantee at the End of the Period (Note S)	Actual Borrowing Amount (Note S)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes C and D)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	$ 25,294,141 (Note B)	$ 13,738,432 (US$ 425,998 thousand)	$ 13,738,432 (US$ 425,998 thousand)	$ 7,488,258 (US$ 232,194 thousand)	$ -	86.90	$ 47,426,515 (Note A)	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	25,294,141 (Note B)	6,301,630 (US$ 186,097 Thousand and NT$ 300,000 thousand)	5,870,122 (US$ 172,717 Thousand and NT$ 300,000 thousand)	4,700,556 (US$ 145,754 thousand)	-	37.13	47,426,515 (Note A)	Y	N	N
		Yang Ming (Liberia) Corp.	Subsidiary	25,294,141 (Note B)	6,688,973 (US$ 207,410 thousand)	6,688,973 (US$ 207,410 thousand)	977,215 (US$ 30,301 thousand)	-	42.31	47,426,515 (Note A)	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	25,294,141 (Note B)	258,000 (US$ 8,000 thousand)	258,000 (US$ 8,000 thousand)	162,303 (US$ 5,033 thousand)	-	1.63	47,426,515 (Note A)	Y	N	N
		United Terminal Leasing LLC	Investments in associates	25,294,141 (Note B)	232,200 (US$ 7,200 thousand)	-	-	-	-	47,426,515 (Note A)	N	N	N
		West Basin Container Terminal LLC	Investments in associates	25,294,141 (Note B)	516,000 (US$ 16,000 thousand)	516,000 (US$ 16,000 thousand)	139,783 (US$ 4,334 thousand)	-	3.26	47,426,515 (Note A)	N	N	N
		Olympic Container Terminal LLC	Subsidiary	25,294,141 (Note B)	337,294 (US$ 10,459 thousand)	176,039 (US$ 5,459 thousand)	176,039 (US$ 5,459 thousand)	-	1.11	47,426,515 (Note A)	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	25,294,141 (Note B)	2,046,140 (US$ 38,640 thousand and NT$ 800,000 thousand)	2,046,140 (US$ 38,640 thousand and NT$ 800,000 thousand)	1,406,403 (US$ 19,320 thousand and NT$ 783,333 thousand)	-	12.94	47,426,515 (Note A)	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	814,515 (Note F)	143,469 (US$ 4,449 thousand)	143,469 (US$ 4,449 thousand)	126,039 (US$ 3,908 thousand)	-	0.91	1,018,144 (Note E)	N	N	N
		United Terminal Leasing LLC	Investments in associates	814,515 (Note F)	56,925 (US$ 1,765 thousand)	56,925 (US$ 1,765 thousand)	48,320 (US$ 1,498 thousand)	-	0.36	1,018,144 (Note E)	N	N	N
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	2,855,984 (Note H)	4,524 (GBP 114 thousand)	1,331 (GBP 34 thousand)	1,331 (GBP 34 thousand)	-	0.01	3,569,980 (Note G)	N	N	N
3	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	25,270,292 (Note J)	1,450,000	975,000	877,500	975,000	6.17	31,587,865 (Note I)	N	Y	N

(Continued)

No.	Endorser/Guarantor	Endorser/Guarantee Name	Endorser/Guarantee Relationship	Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes C and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Note S)	Outstanding Endorsement/ Guarantee at the End of the Period (Note S)	Actual Borrowing Amount (Note S)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes C and D)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	$ 14,614,538 (Note L)	$ 5,113,120 (US$ 27,800 thousand JPY 10,220,000 thousand and NT$ 1,400,000 thousand)	$ 4,129,220 (US$ 31,400 thousand JPY 10,220,000 thousand and NT$ 300,000 thousand)	$ 2,303,345 (US$ 71,421 thousand)	$ -	26.12	$ 18,268,173 (Note K)	N	N	N
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	9,341,529 (Note N)	1,293,500 (US$ 6,000 thousand and NT$ 1,100,000 thousand)	500,000	200,000	-	3.16	11,676,911 (Note M)	N	N	N
6	Yes Logistics Corp.	YES LIBERAL Logistics Corp.	Investments in joint ventures	305,578 (Note P)	25,000	25,000	-	-	0.16	763,947 (Note O)	N	N	N
7	Karlman Properties Limited	Yang Ming Marine Transport Corporation	Parent	378,144 (Note R)	310,000	310,000	-	310,000	1.96	472,681 (Note Q)	N	Y	N

A. Represents 300% of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation").

B. Represents 53% of the amount mentioned in Note A.

C. Represents 400% of the latest net assets audited or reviewed by CPA of the Corporation, and subsidiaries.

D. Represents 45% of the amount mentioned in Note C.

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

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

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

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

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

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

K. Represents 400% of the net asset value of Kuang Ming Shipping Corp.

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

M. Represents 200% of the net asset value of Kuang Ming (Liberia) Corp.

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

O. Represents 50% of assets of Yes Logistics Corp.

P. Represents 40% of the amount mentioned in Note O.

(Continued)

Q. Represents 500% of assets of Karlman Properties Limited.

R. Represents 80% of the amount mentioned in Note Q.

S. United States dollars, Great Britain Pounds and Japanese yen translated into New Taiwan dollars at the exchange rate of US$1=NT$32.25, US$1=GBP 0.8135 and US$1=JPY 117.0200 on December 31, 2016.

T. Represents 5 ships used as guarantees, with carrying value of $2,027,955 thousand as of December 31, 2016.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yang Ming Marine Transport Corporation	Domestic unquoted common stocks							
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - non-current	51,000,000	$ 472,188	9.81	$ -	
	United Stevedoring Corp.	-	Financial asset measured at cost - non-current	500,000	5,000	10.00	-	
	Overseas unquoted common stocks							
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - non-current	1,486,030	-	14.02	-	
	Domestic quoted stocks							
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - non-current	70,758,243	870,326	16.96	870,326	
	Open-end funds							
	BlackRock ICS GBP Liquidity Funds	-	Financial assets at fair value through profit or loss - current	1,767	70	-	70	
	Corporates bonds							
	Domestic Privately Placed Unsecured Bonds - Kuang Ming Shipping Corp.	Subsidiary	Debt investment with no active market	-	1,000,000	-	-	
Ching Ming Investment Corp.	Domestic unquoted common stocks							
	Ascentek Venture Capital Corporation	-	Financial asset measured at cost - non-current	784,000	7,896	2.14	-	
	Kingmax Technology Corp.	-	Financial asset measured at cost - non-current	500,000	3,905	0.85	-	
	Domestic quoted stocks							
	Hota Industrial Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	80,000	10,000	-	10,000	
	Catcher Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30,000	6,720	-	6,720	
	Runtex Industries Limited	-	Financial assets at fair value through profit or loss - current	73,327	3,938	-	3,938	
	TPK Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	595	-	595	
	Grand Plastic Technology Corporation	-	Financial assets at fair value through profit or loss - current	10,000	1,875	-	1,875	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Nan Ya Plastics Corporation	-	Financial assets at fair value through profit or loss - current	50,000	$ 3,560	-	$ 3,560	
	MediaTek Inc.	-	Financial assets at fair value through profit or loss - current	6,000	1,299	-	1,299	
	Hiwin Technologies Corp.	-	Financial assets at fair value through profit or loss - current	40,800	6,038	-	6,038	
	Sunspring Metal Corporation	-	Financial assets at fair value through profit or loss - current	25,000	1,001	-	1,001	
	Elan Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	130,000	4,504	-	4,504	
	Taishin Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	2,285,065	26,964	-	26,964	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	50,000	12,775	-	12,775	
	Shin Zu Shing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	21,000	1,735	-	1,735	
	AU Optronics Corporation	-	Financial assets at fair value through profit or loss - current	200,000	2,360	-	2,360	
	Open-end funds							
	Franklin Templeton Developing Market Trust	-	Available-for-sale financial assets - current	2,254	1,148	-	1,148	
	Taishin China Equity Fund	-	Financial assets at fair value through profit or loss - current	66,849	2,355	-	2,355	
	Nomura Global Biotech & Health Care Fund	-	Financial assets at fair value through profit or loss - current	120,473	1,890	-	1,890	
	Reliance Chinese Selected Growth Equity Fund	-	Financial assets at fair value through profit or loss - current	394,886	3,945	-	3,945	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	365,764	4,993	-	4,993	
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	873,248	10,003	-	10,003	
	Capital India Medium and Small Cap Equity Fund	-	Financial assets at fair value through profit or loss - current	79,365	963	-	963	
	Yuanta Greater China Small and Medium Cap Fund	-	Financial assets at fair value through profit or loss - current	107,875	707	-	707	
	Cathay China Domestic Demand Growth Fund-NTD	-	Financial assets at fair value through profit or loss - current	348,100	4,873	-	4,873	
	Cathay China Emerging Industries Fund	-	Financial assets at fair value through profit or loss - current	296,647	4,806	-	4,806	
	Cathay Mandarin Fund-USD	-	Financial assets at fair value through profit or loss - current	71,006	912	-	912	
	Cathay Asia-Pacific Income Balanced Fund-CNY	-	Financial assets at fair value through profit or loss - current	440,723	4,671	-	4,671	
	Mega China A Share Equity Fund-TWD	-	Financial assets at fair value through profit or loss - current	338,524	4,756	-	4,756	
	Sinopac EMD & High Yield Bond Fund Of Funds	-	Financial assets at fair value through profit or loss - current	524,256	5,978	-	5,978	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	UPAMC China High Yield Bond Fund	-	Financial assets at fair value through profit or loss - current	949,938	$ 9,973	-	$ 9,973	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	5,296,488	81,693	-	81,693	
	SinoPac CSI 300 Dividend Index Fund	-	Financial assets at fair value through profit or loss - current	257,657	3,878	-	3,878	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,415,001	112,319	-	112,319	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	99,503	982	-	982	
	FSITC Asian Technology Fund	-	Financial assets at fair value through profit or loss - current	62,500	1,004	-	1,004	
	FSITC China Century Fund-CNY	-	Financial assets at fair value through profit or loss - current	75,019	4,526	-	4,526	
	Paradigm China Multi-opportunities Fund	-	Financial assets at fair value through profit or loss - current	374,283	3,914	-	3,914	
	Nomura China Opportunities Fund	-	Financial assets at fair value through profit or loss - current	87,874	935	-	935	
	PineBridge BRIIC Infrastructure Equity Fund	-	Financial assets at fair value through profit or loss - current	623,609	3,804	-	3,804	
	China Balanced Fund-A	-	Financial assets at fair value through profit or loss - current	100,000	929	-	929	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,917,637	60,555	-	60,555	
	Franklin Templeton SAm Asia Pacific Balance Acc Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,835	-	4,835	
	Franklin Utilities Fund	-	Financial assets at fair value through profit or loss - current	1,648	936	-	936	
	Hun Nan China A Share Equity Fund	-	Financial assets at fair value through profit or loss - current	470,385	5,226	-	5,226	
	Hua Nan Global Henry Fund	-	Financial assets at fair value through profit or loss - current	417,473	5,990	-	5,990	
	Hua Nan Strategy Return Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,855	-	4,855	
	Shin Kong Victory-Return Futures Trust Fund of Funds	-	Financial assets at fair value through profit or loss - current	568,047	6,800	-	6,800	
	JPMorgan (Taiwan) China A Fund	-	Financial assets at fair value through profit or loss - current	338,566	3,802	-	3,802	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,494,330	105,485	-	105,485	
	Fuh Hwa China New Economy A Shares Equity Fund	-	Financial assets at fair value through profit or loss - current	650,940	3,873	-	3,873	
	Eastspring Investments - Asian Equity Income Fund A	-	Financial assets at fair value through profit or loss - current	72,940	1,007	-	1,007	
	JPMorgan (Taiwan) China Best Selection Fund	-	Financial assets at fair value through profit or loss - current	100,807	990	-	990	
	Allianz Global Investors Greater China Fund-CNY	-	Financial assets at fair value through profit or loss - current	75,813	3,564	-	3,564	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016 Shares	Carrying Amount	Percentage of Ownership	Fair Value	Note
	Mirae Asset Asia New Wealth Fund	-	Financial assets at fair value through profit or loss - current	57,670	$ 875	-	$ 875	
	Fuh Hwa US Equity Fund	-	Financial assets at fair value through profit or loss - current	93,371	1,022	-	1,022	
	Prudential Financial China Flexible Balanced Fund-A	-	Financial assets at fair value through profit or loss - current	1,037,915	9,568	-	9,568	
	FXI.P iSh China LarCap	-	Financial assets at fair value through profit or loss - current	34,400	38,507	-	38,507	
	Nomura Low Volatility Multi Asset Balanced Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,993	-	4,993	
	Shin Kong Global Bond Fund-A	-	Financial assets at fair value through profit or loss - current	500,000	5,083	-	5,083	
	Closed-end funds							
	Yuanta Daily S&P 500 Bear 1X ETF	-	Financial assets at fair value through profit or loss - current	220,000	3,823	-	3,823	
	Yuanta CSI 300 Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	150,000	2,376	-	2,376	
	Fubon SZSE 100 ETF	-	Financial assets at fair value through profit or loss - current	485,000	4,535	-	4,535	
	Cathay FTSE China A50 ETF	-	Financial assets at fair value through profit or loss - current	120,000	1,945	-	1,945	
	Capital SZSE SME Price ETF	-	Financial assets at fair value through profit or loss - current	1,521,000	20,990	-	20,990	
	Yuanta Daily Taiwan 50 Bull 2X ETF	-	Financial assets at fair value through profit or loss - current	1,394,000	22,457	-	22,457	
	Fubon SSE180 ETF	-	Financial assets at fair value through profit or loss - current	70,000	1,890	-	1,890	
Yes Logistics Corp.	Overseas unquoted common stocks							
	B2B.Com Holdings Ltd.	-	Financial asset measured at cost - non-current	800,000	140	9.88	-	
	Domestic unquoted common stocks							
	United Raw Material Solutions Inc./URMS	-	Financial asset measured at cost - non-current	319,751	2,953	2.76	-	

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corp.	Open-end funds														
	Franklin Templeton Sinoam Money Market Fund	Available-for-sale financial assets - current	-	-	-	$ -	39,122,292	$ 400,000	39,122,292	$ 400,089	$ 400,000	$ 89	$ -	-	$ -
	Taishin Ta-Chong Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	21,386,562	300,000	21,386,562	300,257	300,000	257	-	-	-
	Mega Diamond Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	61,326,683	760,000	61,326,683	760,310	760,000	310	-	-	-
	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	363,726,781	5,450,000	363,726,781	5,451,020	5,450,000	1,020	-	-	-
	Shin Kong Chi-Shin Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	32,653,701	500,000	32,653,701	500,244	500,000	244	-	-	-
	FSITC Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	27,399,363	414,000	27,399,363	414,193	414,000	193	-	-	-
	Cathy Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	150,044,837	1,850,000	150,044,837	1,850,473	1,850,000	473	-	-	-
	UPAMC James Bond Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	157,276,073	2,600,000	157,276,073	2,600,738	2,600,000	738	-	-	-
	Nomura Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	156,809,756	2,530,000	156,809,756	2,530,712	2,530,000	712	-	-	-
	Fubon Chi-Hsian Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	96,674,952	1,500,000	96,674,952	1,500,454	1,500,000	454	-	-	-
	Union Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	68,967,582	900,000	68,967,582	900,448	900,000	448	-	-	-
	Fuh Hwa Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	35,005,671	500,000	35,005,671	500,014	500,000	14	-	-	-
	Capital Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	363,537,447	5,800,000	363,537,447	5,801,072	5,800,000	1,072	-	-	-
	Black Rock ICS_GBP_Liquidity Fund	Financial assets at fair value through profit or loss - current	-	-	1,475,536	71,897	6,262,231	346,485	7,736,000	418,312	418,312	-	-	1,767	70

Note: Carrying value is the original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Yang Ming Marine Transport Corp.	Land and building in Taipei city	December 6, 2016	August 2007	Note A	$ 1,881,615	Collected	Note A	Nan Shan Life Insurance Co., Ltd.	-	To get profit on disposal.	Note B	None

Note A: Included in investment properties and evaluated at fair market value. The realized gain or loss was $388,615 thousand for the period end December 31, 2016.

Note B: Open tender with a reserve price amounting to an appraisal of $1,796,000 thousand and $1,942,362 thousand by Cushman & Wakefield and Savills Residential Service (Taiwan) Limited, respectively.

TABLE F

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	$ 22,789,244 (Note E)	-	$ -	-	$ -	$ -
	Yang Ming (Liberia) Corp.	A	960,310 (Note F)	-	-	-	-	-
	Young-Carrier Company Limited	A	1,521,701	-	-	-	1,243,628	-
	Yangming (Japan) Co., Ltd.	A	164,619	-	-	-	164,619	-
	Yang Ming (Netherlands) B.V.	A	139,850	-	-	-	139,850	-
	Yang Ming (Italy) S.P.A.	A	154,882	-	-	-	154,882	-
	Yangming (UK) Ltd.	A	105,324	-	-	-	105,324	-
	Yang Ming Shipping Europe GmbH.	A	201,904	-	-	-	200,521	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	A	109,786	-	-	-	101,681	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	7,002,330 (Note G)	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	C	132,668	-	-	-	67,434	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	B	325,298 (Note I)	-	-	-	2,798	-
	Yang Ming Shipping (B.V.I.) Inc.	A	112,911 (Note I)	-	-	-	-	-
	Kuang Ming (Liberia) Corp.	B	163,494 (Note I)	-	-	-	-	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line (Hong Kong) Ltd.	B	280,762	-	-	-	280,762	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	128,456	-	-	-	128,456	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	974,521	-	-	-	625,712	-
	Yang Ming (UK Ltd.)	B	332,575	-	-	-	213,353	-
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	A	199,824	-	-	-	-	-
	Olympic Container Terminal LLC	A	322,500 (Note I)	-	-	-	-	-
	West Basin Container Terminal LLC	D	122,550	-	-	-	-	-
	Kuang Ming (Liberia) Corp.	B	161,250 (Note I)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	C	$ 305,389	-	$ -	-	$ 305,389	$ -
Olympic Container Terminal LLC	Yang Ming Marine Transport Corporation	C	220,290	-	-	-	81,642	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	A	3,947,003 (Note H)	-	-	-	-	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	1,995,561	-	-	-	-	-
	Young-Carrier Company Limited	B	233,530	-	-	-	196,979	-
Yang Ming Shipping Europe GmbH.	Yang Ming Marine Transport Corporation	C	111,558	-	-	-	74,483	-
Yang Ming Line (M) Sdn. Bhd.	Yang Ming Marine Transport Corporation	C	119,433	-	-	-	119,433	-
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp.	A	163,735 (Note I)	-	-	-	-	-

Notes:

A. Subsidiary of the Corporation.

B. The same parent company.

C. Parent company.

D. Associates.

E. Interest receivable, financing provided and proceeds from sale of ships.

F. Financing provided.

G. Interest receivable and proceeds from sale of ships.

H. Accounts receivable.

I. Interest receivable and financing provided.

J. Collections between related parties made according to “Agency Accounting Procedure” by the Corporation and local business conventions.

(Concluded)

TABLE G

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Prepayments	$ 60,591	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	22,789,244	Conducted as agreed terms	0.17
				Operating revenue	10,148	Conducted as agreed terms	-
				Operating cost	3,267,246	Conducted as agreed terms	0.03
				Interest revenue	378,487	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	1	Long-term notes receivable and trade receivables	960,310	Conducted as agreed terms	0.01
				Operating cost	1,608,151	Conducted as agreed terms	0.01
				Interest revenue	20,515	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	1	Other receivables	58,634	Conducted as agreed terms	-
				Other payables	76,657	Conducted as agreed terms	-
				Operating revenue	83,629	Conducted as agreed terms	-
				Operating cost	257,583	Conducted as agreed terms	-
				Other income	35,026	Conducted as agreed terms	-
				Rent income	480	Conducted as agreed terms	-
		Jing Ming Transportation Co.	1	Other receivables	92	Conducted as agreed terms	-
				Other payables	132,668	Conducted as agreed terms	-
				Operating revenue	711	Conducted as agreed terms	-
				Operating cost	667,361	Conducted as agreed terms	0.01
				Rent income	743	Conducted as agreed terms	-
		Ching Ming Investment Corp.	1	Guarantee deposits received	145	Conducted as agreed terms	-
				Rent income	943	Conducted as agreed terms	-
				Interest expense	2	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.	1	Payables to shipping agent	26,460	Conducted as agreed terms	-
				Operating cost	194,863	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	1	Trade receivables	67,356	Conducted as agreed terms	-
				Payables to shipping agent	128,456	Conducted as agreed terms	-
				Operating cost	92,162	Conducted as agreed terms	-
		Yang Ming Line (India) Pvt. Ltd.	1	Trade receivables	30,111	Conducted as agreed terms	-
				Operating cost	9,725	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Trade receivables	28,248	Conducted as agreed terms	-
				Payables to shipping agent	21,976	Conducted as agreed terms	-
				Operating cost	156,540	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Trade receivables	1,521,701	Conducted as agreed terms	0.01
				Payables to shipping agent	974,521	Conducted as agreed terms	0.01
				Operating cost	523,308	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Trade receivables	164,619	Conducted as agreed terms	-
				Payables to shipping agent	15,724	Conducted as agreed terms	-
				Operating cost	265,069	Conducted as agreed terms	-
		Manwa & Co., Ltd.	1	Trade receivables	3,580	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming (Singapore) Pte. Ltd.	1	Payables to shipping agent	$ 18,495	Conducted as agreed terms	-
				Operating cost	108,777	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	1	Payables to shipping agent	119,433	Conducted as agreed terms	-
				Operating cost	55,950	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Operating cost	31,018	Conducted as agreed terms	-
				Other income	13,337	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Trade receivables	109,786	Conducted as agreed terms	-
				Payables to shipping agent	61,075	Conducted as agreed terms	-
				Operating cost	68,605	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Trade receivables	78,930	Conducted as agreed terms	-
				Payables to shipping agent	48,784	Conducted as agreed terms	-
				Operating cost	54,125	Conducted as agreed terms	-
		Yang Ming (America) Corp.	1	Payables to shipping agent	305,389	Conducted as agreed terms	-
				Operating cost	1,138,299	Conducted as agreed terms	0.01
		Olympic Container Terminal LLC	1	Other receivables	99,644	Conducted as agreed terms	-
				Trade payables	220,290	Conducted as agreed terms	-
				Operating cost	723,687	Conducted as agreed terms	0.01
		Triumph Logistics, Inc.	1	Operating cost	72,787	Conducted as agreed terms	-
		Topline Transportation, Inc.	1	Trade payables	2,189	Conducted as agreed terms	-
				Operating cost	21,564	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	1	Operating cost	30,646	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	1	Trade payables	2,038	Conducted as agreed terms	-
				Operating cost	56,271	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Payables to shipping agent	8,022	Conducted as agreed terms	-
				Operating cost	19,594	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Trade receivables	83,340	Conducted as agreed terms	-
				Payables to shipping agent	31,219	Conducted as agreed terms	-
				Operating cost	60,746	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Trade receivables	139,850	Conducted as agreed terms	-
				Payables to shipping agent	31,354	Conducted as agreed terms	-
				Operating revenue	9,656	Conducted as agreed terms	-
				Operating cost	82,193	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A	1	Trade receivables	154,882	Conducted as agreed terms	-
				Payables to shipping agent	47,529	Conducted as agreed terms	-
				Operating cost	82,672	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	1	Trade receivables	105,324	Conducted as agreed terms	-
				Advances to shipping agents	7,828	Conducted as agreed terms	-
				Trade payables	1,995,561	Conducted as agreed terms	0.01
				Operating revenue	963,139	Conducted as agreed terms	0.01
				Operating cost	2,373,091	Conducted as agreed terms	0.02
		Yang Ming Shipping Europe GmbH	1	Trade receivables	201,904	Conducted as agreed terms	-
				Payables to shipping agent	111,558	Conducted as agreed terms	-
				Operating revenue	5,250	Conducted as agreed terms	-
				Operating cost	368,959	Conducted as agreed terms	-
				Administrative expense	5	Conducted as agreed terms	-
		Yang Ming (Russia) LLC.	1	Trade receivables	1,537	Conducted as agreed terms	-
				Payables to shipping agent	2,685	Conducted as agreed terms	-
				Operating cost	18,456	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming (Spain), S.L.	1	Trade receivables	$ 34,746	Conducted as agreed terms	-
				Payables to shipping agent	7,980	Conducted as agreed terms	-
				Operating cost	8,413	Conducted as agreed terms	-
		Kuang Ming Shipping Corp.	1	Other receivables	2,395	Conducted as agreed terms	-
				Refundable deposits	126	Conducted as agreed terms	-
				Operating revenue	1,762	Conducted as agreed terms	-
				Marketing expense	721	Conducted as agreed terms	-
				Interest revenue	23,001	Conducted as agreed terms	-
				Rent income	3,030	Conducted as agreed terms	-
				Interest expense	3	Conducted as agreed terms	-
				Non-active market debt instruments - non-current	1,000,000	Conducted as agreed terms	0.01
		Kuang Ming (Liberia) Shipping Corp.	1	Operating revenue	32	Conducted as agreed terms	-
		YES Logistics Corp.	1	Trade receivables	453	Conducted as agreed terms	-
				Other payables	858	Conducted as agreed terms	-
				Operating revenue	448,598	Conducted as agreed terms	-
				Operating cost	11,511	Conducted as agreed terms	-
				Rent income	6,256	Conducted as agreed terms	-
				Interest expense	6	Conducted as agreed terms	-
		YES Logistics Corp. (USA)	1	Other receivables	552	Conducted as agreed terms	-
				Trade payables	32	Conducted as agreed terms	-
				Operating revenue	28,869	Conducted as agreed terms	-
				Operating cost	315	Conducted as agreed terms	-
		Golden Logistics USA Corporation	1	Trade payables	14,444	Conducted as agreed terms	-
				Operating cost	81,080	Conducted as agreed terms	-
1	All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	2	Long-term notes receivable and trade receivables	7,002,330	Conducted as agreed terms	0.05
				Interest revenue	114,143	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	2	Other income	35,765	Conducted as agreed terms	-
				Operating cost	59,193	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Operating revenue	957,344	Conducted as agreed terms	0.01
		Yang Ming (Singapore) Pte. Ltd.	2	Other payables	2,798	Conducted as agreed terms	-
				Long-term notes payable and trade payable	322,500	Conducted as agreed terms	-
				Interest expense	2,804	Conducted as agreed terms	-
2	Yang Ming (Liberia) Corp.	Sunbright Insurance Pte. Ltd.	2	Prepayments	1,152	Conducted as agreed terms	-
				Operating cost	18,974	Conducted as agreed terms	-
				Other income	6,087	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Operating revenue	209,983	Conducted as agreed terms	-
3	Honming Terminal & Stevedoring Co., Ltd.	Jing Ming Transportation Co., Ltd.	2	Other payables	19,147	Conducted as agreed terms	-
				Operating cost	66,763	Conducted as agreed terms	-
		Yes Logistics Corp.	2	Other payables	4,463	Conducted as agreed terms	-
				Operating revenue	17,481	Conducted as agreed terms	-
				Operating cost	25,634	Conducted as agreed terms	-
4	Jing Ming Transportation Co., Ltd.	Yes Logistics Corp.	2	Trade receivables	1,528	Conducted as agreed terms	-
				Operating revenue	7,326	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
5	Yang Ming Shipping (Singapore) Pte. Ltd.	Young-Carrier Company Ltd.	2	Other payables	$ 1,186	Conducted as agreed terms	-
				Guarantee deposits received	7,121	Conducted as agreed terms	-
				Rent income	28,547	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Guarantee deposits received	164	Conducted as agreed terms	-
				Rent income	657	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	163,494	Conducted as agreed terms	-
				Interest revenue	2,249	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.	2	Other receivables	112,911	Conducted as agreed terms	-
				Interest revenue	1,984	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Other receivables	14	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	19,350	Conducted as agreed terms	-
				Interest revenue	14	Conducted as agreed terms	-
6	Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	2	Trade receivables	280,762	Conducted as agreed terms	-
				Marketing expense	39,974	Conducted as agreed terms	-
7	Karlman Properties Limited	Yang Ming Line (Hong Kong) Ltd.	2	Guarantee deposits received	832	Conducted as agreed terms	-
				Rent income	9,993	Conducted as agreed terms	-
8	Yang Ming Line (Hong Kong) Ltd.	Yes Logistics Company Ltd.	2	Rent income	250	Conducted as agreed terms	-
9	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.	2	Other receivables	42	Conducted as agreed terms	-
				Operating revenue	375	Conducted as agreed terms	-
				Rent income	178	Conducted as agreed terms	-
		Kuang Ming Shipping Corp.	2	Operating revenue	18	Conducted as agreed terms	-
10	Manwa & Co., Ltd.	Yes Logistics Company Ltd.	2	Operating revenue	226	Conducted as agreed terms	-
11	Yangming Shipping (Singapore) Pte. Ltd.	Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	497	Conducted as agreed terms	-
12	Sunbright Insurance Pte. Ltd.	Kuang Ming Shipping Corp.	2	Prepayments	213	Conducted as agreed terms	-
				Operating revenue	3,729	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	27,127	Conducted as agreed terms	-
				Prepayments	1,876	Conducted as agreed terms	-
13	Yang Ming Line Holding Corp	Yang Ming (America) Corp.	2	Other receivables	38,574	Conducted as agreed terms	-
				Other payables	12,166	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	161,250	Conducted as agreed terms	-
				Interest revenue	1,359	Conducted as agreed terms	-
		Olympic Container Terminal LLC	2	Long-term notes receivable and trade receivables	322,500	Conducted as agreed terms	-
				Interest revenue	6,464	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Other receivables	26,086	Conducted as agreed terms	-
				Interest revenue	287	Conducted as agreed terms	-
		Coastal Tarheel Express, Inc.	2	Interest revenue	15	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	161,250	Conducted as agreed terms	-
				Interest revenue	2,213	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
14	Yang Ming (America) Corp.	Coastal Tarheel Express, Inc.	2	Marketing expense	$ 129	Conducted as agreed terms	-
		Topline Transportation, Inc.	2	Other payables	38	Conducted as agreed terms	-
		Transcont Intermodal Logistics, Inc.	2	Operating revenue	4,266	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Other payables	5	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	2	Other receivables	669	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Other current assets	6,450	Conducted as agreed terms	-
15	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	2	Other receivables	3,346	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Trade receivables	3,947,003	Conducted as agreed terms	0.03
				Operating revenue	226,159	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	65,398	Conducted as agreed terms	-
				Interest revenue	900	Conducted as agreed terms	-
16	Yang Ming Line N.V.	Yang Ming Line B.V.	2	Other receivables	4,065	Conducted as agreed terms	-
17	Yang Ming (Belgium) N.V.	Yang Ming (Netherlands) B.V.	2	Marketing expense	712	Conducted as agreed terms	-
18	Yang Ming (Netherlands) B.V.	Yes Logistics Benelux B.V.	2	Trade receivables	1,074	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	2	Trade receivables	182	Conducted as agreed terms	-
19	Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	2	Notes payable	365	Conducted as agreed terms	-
				Other payables	490	Conducted as agreed terms	-
				Operating cost	2,088	Conducted as agreed terms	-
20	Yang Ming (U.K.) Ltd.	Yes Logistics Corp.	2	Trade receivables	3,817	Conducted as agreed terms	-
				Trade payables	101	Conducted as agreed terms	-
				Operating revenue	7,622	Conducted as agreed terms	-
				Operating cost	193	Conducted as agreed terms	-
		Yang Ming Line (Hone Kong) Ltd.	2	Trade receivables	6,578	Conducted as agreed terms	-
				Payables to shipping agent	6,463	Conducted as agreed terms	-
				Operating cost	10,860	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	2	Trade receivables	223,530	Conducted as agreed terms	-
				Payables to shipping agent	332,575	Conducted as agreed terms	-
				Operating cost	143,332	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Payables to shipping agent	63,997	Conducted as agreed terms	-
				Operating cost	193,490	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	2	Trade receivables	26,390	Conducted as agreed terms	-
				Payables to shipping agent	12,003	Conducted as agreed terms	-
				Operating cost	26,230	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	2	Trade receivables	5,103	Conducted as agreed terms	-
				Payables to shipping agent	269	Conducted as agreed terms	-
				Operating cost	3,101	Conducted as agreed terms	-
		Yang Ming Shipping (Singapore) Pte. Ltd.	2	Payables to shipping agent	1,193	Conducted as agreed terms	-
				Operating cost	13,959	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn Bhd.	2	Payables to shipping agent	2,163	Conducted as agreed terms	-
				Operating cost	4,923	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	2	Payables to shipping agent	6,735	Conducted as agreed terms	-
				Operating cost	17,893	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming Line (India) Pvt. Ltd.	2	Trade receivables	$ 60,976	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	2	Prepayments	829	Conducted as agreed terms	-
				Operating cost	13,348	Conducted as agreed terms	-
				Other income	2,154	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	2	Trade receivables	7,090	Conducted as agreed terms	-
				Operating cost	2,752	Conducted as agreed terms	-
21	Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	2	Trade receivables	6,552	Conducted as agreed terms	-
				Other receivables	47	Conducted as agreed terms	-
22	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	17,475	Conducted as agreed terms	-
				Other income	8,571	Conducted as agreed terms	-
				Operating revenue	12,416	Conducted as agreed terms	-
				Interest revenue	154	Conducted as agreed terms	-
		Yes Logistics Corp.	2	Administrative expense	13	Conducted as agreed terms	-
23	Yes Logistics Corp.	Yes Logistics Benelux B.V	2	Trade receivables	761	Conducted as agreed terms	-
				Prepayments	1,278	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	3,561	Conducted as agreed terms	-
				Trade payables	4,418	Conducted as agreed terms	-
				Operating revenue	396	Conducted as agreed terms	-
				Operating cost	24,485	Conducted as agreed terms	-
				Interest revenue	2	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Trade receivables	8,345	Conducted as agreed terms	-
				Trade payables	1,191	Conducted as agreed terms	-
				Operating revenue	1,196	Conducted as agreed terms	-
				Operating cost	8,330	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Trade receivables	1,765	Conducted as agreed terms	-
				Prepayments	22,672	Conducted as agreed terms	-
				Trade payables	19,231	Conducted as agreed terms	-
				Operating revenue	45,032	Conducted as agreed terms	-
				Operating cost	313,310	Conducted as agreed terms	-
				Other income	7,791	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Trade receivables	2,190	Conducted as agreed terms	-
				Prepayments	5,191	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	37,864	Conducted as agreed terms	-
				Trade payables	8,536	Conducted as agreed terms	-
				Operating revenue	1,804	Conducted as agreed terms	-
				Operating cost	346,352	Conducted as agreed terms	-
				Interest revenue	381	Conducted as agreed terms	-
				Other income	853	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivables	26,612	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	137,123	Conducted as agreed terms	-
				Trade payables	19,028	Conducted as agreed terms	-
				Operating revenue	51,956	Conducted as agreed terms	-
				Operating cost	81,183	Conducted as agreed terms	-
				Interest revenue	3,079	Conducted as agreed terms	-
		YES Logistics Bulgaria	2	Trade payables	25	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
24	Yes Benelux B.V.	Yes Logistics Europe GmbH	2	Trade receivables	$ 1,188	Conducted as agreed terms	-
				Trade payables	9	Conducted as agreed terms	-
				Operating revenue	16,427	Conducted as agreed terms	-
				Operating cost	68	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivables	55	Conducted as agreed terms	-
				Trade payables	170	Conducted as agreed terms	-
				Operating revenue	137	Conducted as agreed terms	-
				Operating cost	618	Conducted as agreed terms	-
25	Yes Logistics Company Ltd.	YES Logistics (Shanghai) Corp.	2	Trade receivables	6,490	Conducted as agreed terms	-
				Trade payables	10,540	Conducted as agreed terms	-
26	Yes Logistics Corp. (USA)	YES Logistics (Shanghai) Corp.	2	Trade receivables	299	Conducted as agreed terms	-
				Operating revenue	1,946	Conducted as agreed terms	-
				Operating cost	904	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Trade payables	27	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Trade receivables	34	Conducted as agreed terms	-
				Operating revenue	116	Conducted as agreed terms	-
27	YES Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	2	Trade receivables	1,538	Conducted as agreed terms	-
				Trade payables	494	Conducted as agreed terms	-
				Operating revenue	2,101	Conducted as agreed terms	-
				Operating cost	1,866	Conducted as agreed terms	-
28	Yes Logistics Europe GmbH	Yes MLC GmbH	2	Trade receivables	27,114	Conducted as agreed terms	-
				Operating revenue	5,382	Conducted as agreed terms	-
				Interest revenue	358	Conducted as agreed terms	-
29	YES MLC GmbH	Merlin Logistics GmbH	2	Trade payables	1,863	Conducted as agreed terms	-

Note A: Transactions between Yang Ming Marine Transport Corp. and its subsidiaries should be remarked, as well as numbered in the first column. Rules are as follows:

1. Yang Ming Marine Transport Corp. - 0
2. Subsidiaries are numbered in Arabic figures.

Note B: Related party transactions are divided into two categories as follows:

1. Yang Ming Marine Transport Corp. to its subsidiaries.
2. Subsidiaries to its parent company Yang Ming Marine Transport Corp.

Note C: Information on the Table is equivalent to the eliminated material intercompany transactions.

(Concluded)

TABLE H

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	$ 3,272,005	$ 3,272,005	10,351	100.00	$ 3,652,614	$ (375,644)	$ (375,644)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	2,139,655	364,384	364,384	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,478,253	(64,367)	(64,367)	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	576,281	(250,095)	(250,095)	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	482,472	(64,510)	(37,807)	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	5,530,987	5,530,987	372,269,087	93.07	686,215	(2,696,395)	(2,513,611)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	119,484	9,894	7,833	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	122,511	19,120	9,747	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	3,500	100.00	1,855,693	(83,618)	(83,618)	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,399	3,399	1	100.00	633,477	36,551	36,551	Subsidiary
	Kao Ming Container Terminal Corp.	Taiwan	Terminal operation and stevedoring	3,181,313	3,181,313	323,000,000	47.50	6,174,653	169,871 (Note B)	80,688 (Note B)	Investments in associates
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services, chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	75,890	(275)	(135)	Investments in associates
	Yuan Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	81,267	1,841	916	Investments in associates
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	31,437	9,894	-	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	527,403	(64,510)	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	202,927	31,458	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	120,078	120,078	(Note D)	100.00	(277,482) (Note C)	(55,240)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(12,073) (Note C)	(7,874)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	6,105	462	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	11,301	(449)	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	23,556	468	-	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note E)	40.00	730,609	(381,985)	-	Investments in associates
	United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note F)	40.00	275,892	21,088	-	Investments in associates
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(2,449,360) (Note C)	(385,599)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(2,450,080) (Note C)	(385,389)	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	29,001	16,063	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	15,285	15,285	400,000	100.00	78,280	61,181	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	31,818	24,361	-	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100.00	(3,022,989) (Note C)	(529,594)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note G)	100.00	148,370	21,169	-	Subsidiary
	YangMing (Russia) LLC.	Russia	Shipping agency	3,017	3,017	(Note H)	60.00	24,075	31,617	-	Subsidiary
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	-	(Note I)	60.00	5,796	6,608	-	Subsidiary
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	15,988	24,156	-	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	3,251	16,062	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	**December 31, 2015**	**Shares**	**Percentage of Ownership**	**Carrying Amount**			
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	$ 25	$ 25	500	50.00	$ 3,625	$ 2,949	$ -	Investments in associates
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	238	238	(Note J)	60.00	1,055	(976)	-	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	247,772	16	1,000	100.00	341,411	33,493	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	100.00	(232,831) (Note C)	(53,896)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	55,933	65,760	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	32,717	11,503	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	177,112	81,909	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	(27,662) (Note C)	5,454	-	Subsidiary
	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	64,286	11,326	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	34,940	2,904	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	5,000,000	100.00	233,392	56,256	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	127,360	277,576	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	251,329	251,329	(Note K)	30.00	184,539	(76,550)	-	Investments in associates
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note L)	49.00	82,419	49,111	-	Investments in associates
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note M)	49.00	4,837	4,286	-	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note N)	100.00	15,403	6,204	-	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	36,142	43,995	-	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	12,964	5,796	-	Investments in joint ventures
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	-	99,995	100.00	5,693	(857)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,633	(101)	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	92,705	49	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	2,713,544	1,960,904	3	100.00	635,042	(1,931,708)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	13,005	(37,843)	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	34,214	34,214	1,471,304	100.00	29,453	(5,783)	-	Subsidiary
	ANSHIP-YES Logistics Corporation Limited	Thailand	Terminal operation and stevedoring	3,763	3,763	39,200	49.00	-	-	-	Investments in associates
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	75,000	7,500,000	50.00	71,098	(7,566)	-	Investments in joint ventures
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70.00	(4,245) (Note C)	(5,830)	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	32,182	(1,603)	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	6,192	3,397	-	Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	40,090	1,158	(Note P)	100.00	(30,663) (Note C)	(35,464)	-	Subsidiary
YES Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	7,771	(Note Q)	100.00	(29,605) (Note C)	6,667	-	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	(Note R)	100.00	4,038	1,517	-	Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria	Bulgaria	Cargo consolidation service and forwarding agency	740	-	500	100.00	1,406	656	-	Subsidiary

Notes:

A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.

B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.

(Continued)

C. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.

D. This is equivalent to US$4,000 thousand, and no shares were issued.

E. This is equivalent to US$3,800 thousand, and no shares were issued.

F. This is equivalent to US$1,000 thousand, and no shares were issued.

G. This equivalent to EUR818 thousand and no shares were issued.

H. This equivalent to US$92 thousand and no shares were issued.

I. This is equivalent to EUR60 thousand, and no shares were issued.

J. This is equivalent to EUR6 thousand, and no shares were issued.

K. This is equivalent to US$7,700 thousand, and no shares were issued.

L. This is equivalent to AED245 thousand, and no shares were issued.

M. This is equivalent to US$94 thousand, and no shares were issued.

N. This equivalent to US$300 thousand and no shares were issued.

O. This is equivalent to EUR1,025 thousand, and no shares were issued.

P. This is equivalent to EUR290 thousand, and no shares were issued.

Q. This is equivalent to EUR35 thousand, and no shares were issued.

R. The information on investments in mainland China is provided in Table I.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016 (Note G)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016 (Note G)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2016 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2016
						Outflow	Inflow						
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US$ 1,300 thousand	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	$ 161,250 (US$ 5,000 thousand)	$ -	$ -	$ 161,250 (US$ 5,000 thousand)	$ (5,053)	96.36	$ (4,869)	$ 13,388	$ -
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	299,957 (US$ 9,301 thousand)	-	-	299,957 (US$ 9,301 thousand)	(21,243)	47.22	(10,031)	307,556	-
	Sino - Yes Tianjin Cold Chain Logistics Company Limited	Stevedoring, container inspection, repair and maintenance, cleaning, dismantling and loading services	RMB 7,000 thousand	Investee's direct investment in Mainland China	- (Note F)	-	-	-	(441)	47.22	(208)	14,494	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US$ 46,242 thousand	Investee's direct investment in Mainland China	198,789 (US$ 6,164 thousand)	-	-	198,789 (US$ 6,164 thousand)	(350,268)	12.85	(45,009)	113,900	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US$ 46,242 thousand	Investee's direct investment in Mainland China	99,459 (US$ 3,084 thousand)	-	-	99,459 (US$ 3,084 thousand)	(350,268)	6.67	(23,363)	57,213	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2016 (Note G)	Investment Amounts Authorized by Investment Commission, MOEA (Note G)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transportation Corporation	$ -	$ 210,496 (US$ 6,527 thousand)	$ 9,767,103
Yes Logistics Corp. (Note C)	646,831 (US$ 14,301 thousand) (RMB 40,000 thousand)	646,831 (US$ 14,301 thousand) (RMB 40,000 thousand)	682,574
Ching Ming Investment Corp. (Note D)	92,812 (RMB 20,000 thousand)	92,812 (RMB 20,000 thousand)	886,952

Notes:

A. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.

B. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.

C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 16, 2013.

D. Ching Ming Investment Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013

E. Calculated by the % ownership of direct or indirect investment.

F. Yes Logistics (Shanghai) Corp. reinvested RMB3,430 thousand directly in 2013.

G. United States dollars and Renminbi Yuan translated into New Taiwan dollars at the exchange rate of US$1=NT$32.25 and RMB1=NT$4.6406 as of December 31, 2016.