

Yang Ming Marine Transport Corporation

**Financial Statements for the
Years Ended December 31, 2012 and 2011 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of December 31, 2012 and 2011, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line Holding Co. as of and for the years ended December 31, 2012 and 2011, and of Chang Ming Logistics Company Limited, Yes Logistics (Shanghai) Corp (the subsidiary of Yes Logistics Corp.) and Yes Logistics Company Ltd, (the subsidiary of Yes Yangming Logistics (Singapore) Pte Ltd.) as of and for the year ended December 31, 2012; the Corporation has long-term investments in these investees accounted for using equity method. The carrying values of these investments were NT\$3,080,675 thousand and NT\$2,436,761 thousand as of December 31, 2012 and 2011, respectively. The equity in these investees' net income was NT\$373,268 thousand and NT\$408,259 thousand for the years ended December 31, 2012 and 2011, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the years ended December 31, 2012 and 2011 and have issued a modified unqualified opinion thereon in our report dated March 26, 2013.

March 26, 2013

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 6,948,777	7	\$ 6,680,430	8	Shore-term debt (Note 14)	\$ -	-	\$ 2,638,672	3
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,067,895	1	250,169	-	Commercial paper payable (Note 15)	-	-	3,246,359	4
Available-for-sale financial assets - current (Notes 2 and 6)	63,955	-	157,904	-	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	5,112	-	47,136	-
Derivative financial assets for hedging - current (Notes 2 and 25)	-	-	49,161	-	Derivative financial liabilities for hedging - current (Notes 2 and 25)	-	-	229	-
Accounts receivable, net of allowance for doubtful accounts of \$9,450 thousand and \$9,454 thousand at December 31, 2012 and 2011 (Notes 2 and 3)	900,230	1	397,964	1	Accounts payable (Note 17)	2,918,984	3	4,461,621	5
Accounts receivable from related parties (Notes 2, 3 and 26)	2,168,219	2	815,289	1	Income tax payable (Notes 2 and 22)	49,839	-	30,691	-
Other receivable from related parties (Notes 2, 20 and 26)	87,700	-	695,033	1	Accrued expenses (Note 18)	1,042,092	1	1,102,070	1
Shipping fuel, net (Notes 2 and 7)	3,625,892	4	5,818,535	7	Accrued expenses - related parties (Note 26)	1,463,752	1	400,327	1
Prepaid expenses (Notes 13 and 26)	439,731	1	193,913	-	Advances from customers	694,109	1	2,386,093	3
Deferred income tax assets - current (Notes 2 and 22)	44,782	-	9,753	-	Current portion of long-term interest-bearing debts (Notes 2, 10, 16, 27 and 28)	7,175,354	7	4,502,191	5
Advances to shipping agents (Note 26)	294,167	-	1,069,367	1	Payables on equipment	9,339	-	1,095,669	1
Other current assets	209,493	-	230,171	-	Payable to shipping agents	1,923,717	2	1,212,576	1
					Payable to shipping agents - related parties (Note 26)	1,975,976	2	1,271,025	1
					Other current liabilities	61,798	-	465,923	1
Total current assets	15,850,841	16	16,367,689	19					
					Total current liabilities	17,320,072	17	22,860,582	26
LONG-TERM INVESTMENTS (Notes 2, 6, 8 and 9)					LONG-TERM LIABILITIES				
Available-for-sale financial assets - noncurrent	1,768,956	2	2,225,347	3	Bonds payable (Notes 2, 16, 26 and 27)	22,223,534	23	14,436,490	16
Financial assets carried at cost - noncurrent	377,188	-	386,369	-	Long-term debt (Notes 16 and 27)	24,127,145	24	19,085,633	22
Investments accounted for using equity method	19,903,691	20	20,195,328	23	Obligations under capital leases - long-term portion (Notes 2, 10, 16 and 28)	463,132	1	573,532	1
					Other financial liabilities (Notes 2 and 16)	261,825	-	-	-
Total long-term investments	22,049,835	22	22,807,044	26					
					Total long-term liabilities	47,075,636	48	34,095,655	39
PROPERTIES (Notes 2, 10, 13, 26 and 27)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 19)	479,639	1	479,639	1
Cost					OTHER LIABILITIES				
Land	343,210	-	427,836	-	Accrued pension cost (Notes 2 and 20)	1,240,552	1	1,168,410	1
Buildings	770,516	1	770,528	1	Guarantee deposits received	94,572	-	58,667	-
Containers and chassis	24,408,281	25	25,409,096	29					
Ships	20,499,614	21	6,075,923	7	Total other liabilities	1,335,124	1	1,227,077	1
Leased assets	2,732,756	3	2,732,756	3					
Leasehold improvements	146,272	-	146,272	-	Total liabilities	66,210,471	67	58,662,953	67
Miscellaneous equipment	2,258,750	2	2,250,944	3	CAPITAL STOCK - \$10 PAR VALUE				
Total cost	51,159,399	52	37,813,355	43	Authorized - 3,600,000 thousand shares				
Less: Accumulated depreciation	22,786,417	23	22,091,558	25	Issued - 2,818,713 thousand shares in 2012 and 2011	28,187,131	28	28,187,131	32
Construction in progress	1,109,947	1	3,723,337	4	CAPITAL SURPLUS				
					Additional paid-in capital	1,333,992	1	4,710,566	5
Net properties	29,482,929	30	19,445,134	22	Long-term investments	8,927	-	8,927	-
					Equity component of mandatory convertible bonds	4,413,702	5	-	-
INTANGIBLE ASSETS									
Computer software (Note 2)	14,644	-	19,949	-	Total capital surplus	5,756,621	6	4,719,493	5
Deferred pension cost (Notes 2 and 20)	1,311	-	1,747	-	RETAINED EARNINGS (ACCUMULATED LOSS)				
					Legal reserve	-	-	1,178,785	1
Total intangible assets	15,955	-	21,696	-	Special reserve	-	-	82,530	-
					Unappropriated earnings (accumulated deficit)	51,435	-	(4,637,889)	(5)
OTHER ASSETS									
Assets leased to others, net (Notes 2, 11 and 27)	3,987,605	4	3,929,802	4	Total retained earnings (accumulated loss)	51,435	-	(3,376,574)	(4)
Nonoperating assets, net (Notes 2 and 12)	234,359	-	234,359	-	OTHER EQUITY				
Advances on long-term rent agreements (Note 13)	662,850	1	694,422	1	Cumulative translation adjustments	(467,361)	-	(158,441)	-
Refundable deposits (Note 28)	322,079	-	322,695	-	Net loss not recognized as pension cost	(127,140)	-	(67,069)	-
Long-term receivables from related parties (Notes 9 and 26)	25,619,983	26	23,702,068	27	Unrealized gain on financial instruments	(487,048)	(1)	42,923	-
Deferred income tax assets - noncurrent (Notes 2 and 22)	890,133	1	466,780	1					
Miscellaneous (Note 2)	7,540	-	18,727	-	Total other equity	(1,081,549)	(1)	(182,587)	-
Total other assets	31,724,549	32	29,368,853	33	Total stockholders' equity	32,913,638	33	29,347,463	33
TOTAL	\$ 99,124,109	100	\$ 88,010,416	100	TOTAL	\$ 99,124,109	100	\$ 88,010,416	100

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

(With Deloitte & Touche audit report dated March 26, 2013)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 26)	\$ 109,897,605	100	\$ 98,029,207	100
OPERATING COSTS (Notes 2, 7, 23 and 26)	<u>113,368,185</u>	<u>103</u>	<u>107,527,409</u>	<u>110</u>
GROSS LOSS	<u>(3,470,580)</u>	<u>(3)</u>	<u>(9,498,202)</u>	<u>(10)</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling expenses	1,254,895	1	1,188,715	1
General and administrative expenses	<u>324,939</u>	<u>-</u>	<u>290,257</u>	<u>-</u>
Total operating expenses	<u>1,579,834</u>	<u>1</u>	<u>1,478,972</u>	<u>1</u>
OPERATING LOSS	<u>(5,050,414)</u>	<u>(4)</u>	<u>(10,977,174)</u>	<u>(11)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of financial instruments, net (Notes 2 and 9)	2,777,434	3	372,744	-
Gains on disposal of properties (Note 26)	1,419,542	1	1,109,707	1
Investment income recognized under equity method (Notes 2 and 9)	555,652	1	-	-
Interest income (Note 26)	528,916	-	586,722	1
Rent income (Note 26)	131,514	-	111,929	-
Dividend income	109,368	-	160,015	-
Exchange gain, net (Note 2)	93,320	-	13,206	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	42,024	-	-	-
Others (Note 26)	<u>239,423</u>	<u>-</u>	<u>235,052</u>	<u>-</u>
Total nonoperating income and gains	<u>5,897,193</u>	<u>5</u>	<u>2,589,375</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 10 and 26)	951,155	1	843,211	1
Investment loss recognized under equity method (Notes 2 and 9)	-	-	840,293	1
Valuation loss on financial assets, net (Notes 2,5,6 and 8)	41,982	-	4,225	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	47,136	-
Others (Note 23)	<u>100,184</u>	<u>-</u>	<u>83,461</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,093,321</u>	<u>1</u>	<u>1,818,326</u>	<u>2</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX EXPENSE	\$ (246,542)	-	\$ (10,206,125)	(11)
INCOME TAX BENEFIT (Notes 2 and 22)	<u>(297,977)</u>	<u>-</u>	<u>(807,247)</u>	<u>(1)</u>
NET INCOME (LOSS)	<u>\$ 51,435</u>	<u>-</u>	<u>\$ (9,398,878)</u>	<u>(10)</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ (0.09)</u>	<u>\$ 0.02</u>	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>
Diluted	<u>\$ (0.09)</u>	<u>\$ 0.02</u>	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>

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

(With Deloitte & Touche audit report dated March 26, 2013)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Dividend Per Share)**

	Capital Stock		Capital Surplus (Notes 2, 16 and 21)			Retained Earnings (Accumulated Loss) (Notes 2 and 21)			Other Items of Stockholders' Equity (Notes 2 and 21)			Total Stockholders' Equity
	Shares (Thousands)	Amount	Additional Paid-in Capital	Long-term Investments	Equity Component of Mandatory Convertible Bonds	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	
BALANCE, JANUARY 1, 2011	2,562,466	\$ 25,624,665	\$ 4,710,566	\$ 8,927	\$ -	\$ -	\$ -	\$ 11,787,853	\$ (469,051)	\$ (26,499)	\$ 413,020	\$ 42,049,481
Appropriations of 2010 earnings												
Legal reserve	-	-	-	-	-	1,178,785	-	(1,178,785)	-	-	-	-
Special reserve	-	-	-	-	-	-	82,530	(82,530)	-	-	-	-
Cash dividends - \$1.25 per share	-	-	-	-	-	-	-	(3,203,083)	-	-	-	(3,203,083)
Stock dividends - \$1 per share	256,247	2,562,466	-	-	-	-	-	(2,562,466)	-	-	-	-
Net loss for the year ended December 31, 2011	-	-	-	-	-	-	-	(9,398,878)	-	-	-	(9,398,878)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	293,739	-	-	293,739
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	418	(35,976)	(35,558)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(401,038)	(401,038)
Changes in unrealized gain on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	66,931	66,931
Changes in net loss not recognized pension cost	-	-	-	-	-	-	-	-	-	(40,988)	-	(40,988)
Effect of changes on sale long-term equity-method investments	-	-	-	-	-	-	-	-	16,871	-	(14)	16,857
BALANCE, DECEMBER 31, 2011	2,818,713	28,187,131	4,710,566	8,927	-	1,178,785	82,530	(4,637,889)	(158,441)	(67,069)	42,923	29,347,463
Compensation of 2011 deficit												
Legal reserve	-	-	-	-	-	(1,178,785)	-	1,178,785	-	-	-	-
Special reserve	-	-	-	-	-	-	(82,530)	82,530	-	-	-	-
Capital surplus - additional paid-in capital	-	-	(3,376,574)	-	-	-	-	3,376,574	-	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	-	-	-	51,435	-	-	-	51,435
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(308,920)	-	-	(308,920)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(6)	(24,258)	(24,264)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(456,780)	(456,780)
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	(48,933)	(48,933)
Changes in net loss not recognized pension cost	-	-	-	-	-	-	-	-	-	(60,065)	-	(60,065)
Equity component of mandatory convertible bonds	-	-	-	-	4,413,702	-	-	-	-	-	-	4,413,702
BALANCE, DECEMBER 31, 2012	<u>2,818,713</u>	<u>\$ 28,187,131</u>	<u>\$ 1,333,992</u>	<u>\$ 8,927</u>	<u>\$ 4,413,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,435</u>	<u>\$ (467,361)</u>	<u>\$ (127,140)</u>	<u>\$ (487,048)</u>	<u>\$ 32,913,638</u>

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

(With Deloitte & Touche audit report dated March 26, 2013)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 51,435	\$ (9,398,878)
Depreciation	3,070,228	3,129,433
Amortization	16,398	19,097
Unrealized exchange loss (gain)	(24,734)	28,203
Reversal of doubtful accounts	(88)	(8,119)
Provision for (reversal of) allowance for loss on shipping fuel	99,595	(44,854)
Gain on disposal of financial instruments, net	(2,777,434)	(372,744)
Gain on disposal of properties, net	(1,419,542)	(1,109,707)
Provision for (repayment of) pension cost	(8,717)	(22,817)
Valuation loss on financial assets	41,982	4,225
Valuation loss (gain) on financial liabilities	(42,024)	47,136
Investment loss (income) recognized under equity-method	(555,652)	840,293
Cash dividends received from equity-method investee	334,066	541,229
Deferred income tax	(458,382)	(960,692)
Others	6,869	-
Changes in operating assets and liabilities		
Financial instruments held for trading	(536,352)	665,297
Accounts receivable	(502,513)	213,776
Accounts receivable from related parties	(1,352,930)	457,898
Other receivable from related parties	628,563	(587,828)
Shipping fuel	2,093,048	(1,399,075)
Prepaid expenses	(142,361)	140,366
Advances to shipping agents	775,200	285,787
Other current assets	14,675	(8,273)
Accounts payable	(1,542,637)	329,985
Income tax payable	19,148	(25,739)
Accrued expenses	(59,978)	(1,117,975)
Accrued expenses - related parties	1,063,425	290,869
Advances from customers	(1,691,984)	32,030
Payable to shipping agents	711,141	203,475
Payable to shipping agents - related parties	704,951	262,128
Other current liabilities	(156,853)	167,851
Advances on long-term rent agreements	<u>31,572</u>	<u>2,969</u>
Net cash used in operating activities	<u>(1,609,885)</u>	<u>(7,394,654)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(21,935,000)	(17,699,951)
Proceeds from disposal of available-for-sale financial assets	22,035,267	26,562,716
Acquisition of investments accounted for using equity method	(2,597,500)	-
Proceeds from disposal of investments accounted for using equity method	5,249,797	436,834
Acquisition of properties	(14,508,298)	(3,784,820)
Acquisition of assets leased to others	(689)	(7,802)

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
Proceeds from disposal of properties	\$ 1,325,644	\$ 1,502,496
Increase in long-term receivable from related parties	(1,927,619)	(4,415,471)
Acquisition of computer software	(10,760)	(8,792)
Decrease in other assets	11,189	6,617
Decrease in refundable deposits	<u>616</u>	<u>1,179</u>
Net cash provided by (used in) investing activities	<u>(12,357,353)</u>	<u>2,593,006</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from commercial paper	1,599,505	3,546,359
Payment for commercial paper	(4,845,864)	(2,140,000)
Increase (decrease) in short-term debt	(2,638,672)	2,638,672
Proceeds from long-term debt	31,719,350	11,488,160
Repayment of long-term debt	(26,220,538)	(5,493,598)
Proceeds from issuance of bonds	15,694,000	6,451,280
Repayment of principal of bonds	(960,000)	(11,080,000)
Payment for other financial liabilities	(64,404)	-
Payments for obligations under capital leases	(83,697)	(85,587)
Increase in guarantee deposits received	35,905	5,020
Cash dividends paid	<u>-</u>	<u>(3,203,083)</u>
Net cash provided by financing activities	<u>14,235,585</u>	<u>2,127,223</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	268,347	(2,674,425)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,680,430</u>	<u>9,354,855</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,948,777</u>	<u>\$ 6,680,430</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 899,137</u>	<u>\$ 900,725</u>
Income tax paid	<u>\$ 143,375</u>	<u>\$ 194,733</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of properties into assets leased to others	<u>\$ 84,626</u>	<u>\$ 13,244</u>
Reclassification of advances on long-term rent agreements into properties	<u>\$ -</u>	<u>\$ 131,452</u>
Reclassification of investment into increase (deduction) to long-term receivables from related parties	<u>\$ 9,704</u>	<u>\$ (418,286)</u>
Current portion of long-term interest-bearing debts	<u>\$ 7,175,354</u>	<u>\$ 4,502,191</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of properties	\$ 13,421,968	\$ 7,508,157
Decrease in long-term receivables from related parties	-	(2,627,668)
Decrease (increase) in payables on equipment	<u>1,086,330</u>	<u>(1,095,669)</u>
Cash paid	<u>\$ 14,508,298</u>	<u>\$ 3,784,820</u>
Proceeds from disposal of properties	\$ 1,572,916	\$ 1,254,514
Increase (decrease) in advances from disposal of properties (included in other current liabilities)	<u>(247,272)</u>	<u>247,982</u>
Cash received	<u>\$ 1,325,644</u>	<u>\$ 1,502,496</u>
Proceeds from disposal of available-for-sale financial assets	\$ 22,035,267	\$ 26,008,003
Receivables from disposal of securities	-	554,713
Cash paid	<u>\$ 22,035,267</u>	<u>\$ 26,562,716</u>

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

(With Deloitte & Touche audit report dated March 26, 2013)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), 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 Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% of the Corporation's outstanding capital stock as of December 31, 2012 and 2011.

The Corporation primarily provides marine cargo transportation services. It also provides services related to the maintenance of old vessels, lease and sale of old vessels, containers and chassis of vessels. Further, it acts as a shipping agent and manages ships owned by others.

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

As of December 31, 2012 and 2011, the Corporation had 1,531 and 1,553 employees, respectively.

To increase the Corporation's competitiveness and performance through downsizing of organization and streamlining of operations, the shareholders had met and resolved to spin off its tramp business department into a subsidiary, Kuang Ming Shipping Corp., in accordance with the Business Mergers and Acquisitions Law, Company Act and other related regulations on October 1, 2008. The net assets of the spun-off department were \$4,000,716 thousand. The Corporation exchanged the net assets for 176,330 thousand of Kuang Ming Shipping Corp.'s newly issued shares at NT\$22.6888 per share.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC.

For readers' convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretation of the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

Foreign Currencies

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. Recognized in profit and loss if the changes in fair value are recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Corporation. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of property, plant and equipment, impairment of assets, income tax, pension cost, loss on pending litigations, payables to shipping agents, bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

Current and Noncurrent Assets and Liabilities

Current assets include unrestricted cash, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and those not classified as current assets are noncurrent. Current liabilities are obligations incurred for trading purpose or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents, consisting of repurchase agreements collateralized by bonds, are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate fair values.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Corporation recognizes a financial asset or a financial liability on its balance sheet when the Corporation becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Corporation has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise. Cash dividends received subsequently (including those received in the year of investment) are recognized as income for the year. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Publicly traded stocks - at closing prices; open-end mutual funds - at net asset values; bonds - at prices quoted by the Taiwan GreTai Securities Market; and financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Hybrid contracts containing one or more embedded derivatives are designed as financial assets at FVTPL.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Hedge Accounting

Derivatives that are designated and effective as hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in profit or loss, or in shareholders' equity, depending on the nature of the hedging relationship.

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item as follows:

a. Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss.

b. Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in shareholders' equity. The amount recognized in shareholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. However, if all or a portion of a loss recognized in shareholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Impairment of Accounts Receivable

Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Corporation's past experience in the collection of payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment, nonoperating assets, leased assets, computer software and investments accounted for using equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in earnings.

For long-term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing. Long-term equity investments over which the Corporation has control are evaluated for impairment using their cash-generating units on the basis consolidated financial statements. A reversal of an impairment loss on goodwill is disallowed.

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.

Investments Accounted for Using Equity Method

Investments in which the Corporation holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

The acquisition cost is allocated to the assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition, and the acquisition cost in excess of the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The fair value of the net identifiable assets acquired in excess of the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee; however, if the Corporation has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee. Profits from sales of products between equity-method investees are deferred to the extent of the Corporation's equity interests in these investees.

When the Corporation's share in losses of an investee over which the Corporation has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Corporation has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Corporation to the extent of the excess losses previously borne by the Corporation.

Properties and Assets Leased to Others

Properties and assets leased to others are stated at cost less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant, equipment and assets leased to others are capitalized as part of the cost of those assets. Major additions and improvements to property, plant, equipment and assets leased to others are capitalized, while costs of repairs and maintenance are expensed currently.

Assets held under capital leases are initially recognized as assets of the Corporation at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments; the corresponding liability is included in the balance sheet as obligations under capital leases. The interest included in lease payments is expensed when paid.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings, 53 to 56 years; containers and chassis, 6 to 10 years; ships, 20 to 25 years; dry dock, 2.5 years; leased assets, 5 to 9 years; leasehold improvements, 6 to 11 years; and miscellaneous equipment, 2 to 16 years. Properties still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

The related cost and accumulated depreciation of an item of property, plant, equipment and assets leased to others are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

Computer Software

Computer software products acquired are initially recorded at cost and are amortized on a straight-line basis over 3 years.

Nonoperating Assets

Properties not currently used in operations are transferred to nonoperating assets at the lower of the carrying value or net fair value, with any reduction in carrying value charged to nonoperating expenses. Starting on January 1, 2006, based on related regulations, nonoperating assets are depreciated using the straight-line method over the estimated useful lives of the properties.

Convertible Bonds

For convertible bonds, the Corporation first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible bonds as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method, while the embedded non-equity derivatives are measured at fair value. Upon conversion, the Corporation uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the common shares issued.

Transaction costs of convertible bonds, net of related income tax benefit, are allocated in proportion to the liability and equity components of the bonds.

Pension Cost

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Unrealized Gain (Loss) on Sale and Leaseback

A gain or loss on the sale of containers, chassis and ships that are leased back by the Corporation is deferred and amortized over the term of the lease or their estimated service lives, whichever is shorter.

Provision for Onerous Contract

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

Income Tax

The Corporation applies the intra-year and inter-year allocation methods to its income tax, whereby (1) a portion of income tax expense is allocated to the cumulative effect of changes in accounting principles or charged or credited directly to shareholders' equity; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

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

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.

Revenue Recognition

Revenue is recognized when the earnings process is completed and the revenue is realizable and measurable. The costs of providing services are recognized as incurred.

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships and containers leased to others and ship management revenues are recognized in the month the services are rendered.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Corporation and the customers for goods sold in the normal course of business, net of discounts. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2011 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2012.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Corporation adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions included loans and receivables originated by the Corporation under SFAS No. 34. This accounting change did not have significant influence on the financial statements.

Operating Segments

On January 1, 2011, the Corporation adopted the newly issued SFAS No. 41, "Operating Segments." The statement requires that segment information be disclosed based on the information about the components of the Corporation that management uses to make operating decisions. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Corporation's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "Segment Reporting." SFAS No. 41 only changed the way the Corporation discloses information of the segments.

4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cash		
Petty cash and cash on hand	\$ 1,954	\$ 2,050
Checking accounts and demand deposits	2,298,372	5,301,677
Time deposits: Interest - 0.40% to 3.18% in 2012 and 0.29% to 1.80% in 2011	<u>3,658,451</u>	<u>1,376,703</u>
	5,958,777	6,680,430
Cash equivalents		
Repurchase agreements collateralized by bonds: Interest - 0.8%	<u>990,000</u>	<u>-</u>
	<u>\$ 6,948,777</u>	<u>\$ 6,680,430</u>

As of December 31, 2012 and 2011, the Corporation had no time deposits with maturity of over one year.

The overseas deposits as of December 31, 2012 and 2011 are summarized in the accompanying Schedule A and Schedule B.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Instruments at FVTPL

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
<u>Financial assets held for trading</u>		
Principal guaranteed notes	\$ 1,000,302	\$ -
Crude oil swap and oil swap option	34,028	15,484
Mutual fund	32,201	181,673
Quoted stocks	1,364	1,269
Forward exchange contracts	<u>-</u>	<u>51,743</u>
	<u>\$ 1,067,895</u>	<u>\$ 250,169</u>
<u>Financial liabilities held for trading</u>		
Crude oil swap and oil swap option	\$ 5,112	\$ -
Forward exchange contracts	<u>-</u>	<u>47,136</u>
	<u>\$ 5,112</u>	<u>\$ 47,136</u>

Principal guaranteed notes were held to link to TTT50 and interest was at rate range of commercial paper. Realized profit and loss arose from redemption were \$3,989 thousand and \$5,982 thousand for the year ended December 31, 2012 and 2011, respectively. The contract held as of December 31, 2012 had been settled by February 2013.

Foreign exchange forward contracts were held mainly to hedge the exchange rate risks on net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions for the years ended December 31, 2012 and 2011 entered into by the Corporation were based on forecasted cash flows, and the risk of the transaction can be controlled by the Corporation.

Outstanding forward contracts as of December 31, 2012 had been settled.

Outstanding forward contracts as of December 31, 2011 were as follows:

	Currency	Duration	Contract Amount (In Thousands)	Fair Value (In Thousands)
<u>December 31, 2011</u>				
Buy	USD/NTD	February 2012	USD32,500/NTD936,000	\$ 51,743
Sell	USD/NTD	February 2012	USD32,500/NTD936,000	(47,136)

The Corporation's purpose for trading crude oil swap and oil swap option was to reduce the cost burden from oil price increase. The Corporation entered into crude oil swap and oil swap option contracts. The amounts of the contracts ranged from US\$10,022 thousand to US\$21,320 thousand and from US\$2,495 thousand to US\$12,628 thousand every month for the years ended December 31, 2012 and 2011, respectively.

The terms of the derivatives mentioned above did not qualify as effective hedging instruments; thus, hedge accounting was not applied.

Outstanding crude oil swap and oil swap option contracts as of December 31, 2012 were as follows:

	Due Date	Notional Amount	Unsettled Amount	
			Contract Amount	Fair Value
<u>December 31, 2012</u>				
Crude oil swap and oil swap option	2012.12.31	US\$272,018 thousand	US\$70,662 thousand	\$ 28,916

Outstanding crude oil swap and oil swap option contracts as of December 31, 2011 were as follows:

	Due Date	Notional Amount	Unsettled Amount	
			Contract Amount	Fair Value
<u>December 31, 2011</u>				
Crude oil swap and oil swap option	2012.03.31	US\$104,384 thousand	US\$9,832 thousand	\$ 15,484

Net gains from financial assets held for trading were \$275,736 thousand and \$287,534 thousand for the years ended December 31, 2012 and 2011, respectively.

Net gains (losses) from financial liabilities held for trading were \$42,024 thousand and \$(47,136) thousand for the years ended December 31, 2012 and 2011, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2012	2011
Domestic quoted stocks	\$ 1,827,907	\$ 2,322,671
Mutual funds	5,004	-
Corporate bonds	-	60,580
	1,832,911	2,383,251
Less: Current portion	(63,955)	(157,904)
	<u>\$ 1,768,956</u>	<u>\$ 2,225,347</u>

The Corporation recognized valuation loss on financial assets of \$43,391 thousand for the year ended December 31, 2011.

7. SHIPPING FUEL

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Shipping fuel	<u>\$ 3,625,892</u>	<u>\$ 5,818,535</u>

As of December 31, 2012, the allowance for inventory devaluation was \$99,595 thousand.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2012 and 2011, was \$29,363,436 thousand and \$30,342,732 thousand, respectively. The cost of shipping fuel recognized as operating cost for the year ended December 31, 2012 included \$99,595 thousand, which were due to write down of shipping fuel. The cost of shipping fuel recognized as operating cost for the year ended December 31, 2011 included \$44,854 thousand reversal of write-downs of fuel price. Previous write-down had been reversed as a result of increased cost of shipping fuel in the market.

8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Carrying Value</u>	<u>% of Owner-ship</u>	<u>Carrying Value</u>	<u>% of Owner-ship</u>
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 372,188	9.76	\$ 381,369	9.76
United Stevedoring Corporation	5,000	10.00	5,000	10.00
Overseas unquoted common stocks				
Antwerp International Terminal	-	14.02	-	14.02
	<u>\$ 377,188</u>		<u>\$ 386,369</u>	

The Corporation recognized valuation loss on financial assets of \$9,181 thousand and \$25,271 thousand for the years ended December 31, 2012 and 2011, respectively.

The above equity investments, which had no quoted prices in an active market and of which fair value could not be reliably measured, were carried at cost.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Carrying Value</u>	<u>% of Owner-ship</u>	<u>Carrying Value</u>	<u>% of Owner-ship</u>
Kao Ming Container Terminal Corp.	\$ 4,193,616	60.00	\$ 4,218,853	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	3,882,727	100.00	3,517,151	100.00
Kuang Ming Shipping Corp.	3,547,036	86.57	4,070,974	86.57

(Continued)

	December 31			
	2012		2011	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
All Oceans Transportation, Inc.	\$ 3,074,750	100.00	\$ 3,420,972	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,921,867	100.00	1,887,746	100.00
Ching Ming Investment Co., Ltd.	1,510,949	100.00	1,464,818	100.00
Yang Ming Line Holding Co.	741,712	100.00	549,015	100.00
Yes Logistics Corp.	585,741	50.00	583,656	50.00
Yunn Wang Investment Co., Ltd.	141,818	49.75	172,322	49.75
Jing Ming Transportation Co., Ltd.	114,669	50.98	115,916	50.98
Honming Terminal & Stevedoring Co., Ltd.	113,529	79.17	115,640	79.17
Transyang Shipping Pte. Ltd.	75,277	49.00	78,265	49.00
Yang Ming (Liberia) Corp.	<u>(1,261,956)</u>	100.00	<u>(1,252,252)</u>	100.00
	18,641,735		18,943,076	
Add: Investment deducted from long-term receivables from related parties	<u>1,261,956</u>		<u>1,252,252</u>	
	<u>\$ 19,903,691</u>		<u>\$ 20,195,328</u>	

(Concluded)

Movements of the difference between the cost of investments and the Corporation's share in investees' net assets for the years ended December 31, 2012 and 2011 were as follows:

	Non-amortizing Assets	
	2012	2011
Balance, beginning of year	\$ 671	\$ 671
Additions	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 671</u>	<u>\$ 671</u>

Investment income (loss) recognized under the equity method was as follows:

	Years Ended December 31	
	2012	2011
Kao Ming Container Terminal Corp.	\$ 165,817	\$ 195,817
Yang Ming Line (B.V.I.) Holding Co., Ltd.	683,202	(1,137,995)
Kuang Ming Shipping Corp.	(361,920)	242,189
All Oceans Transportation, Inc.	(346,222)	(943,053)
Yang Ming Line (Singapore) Pte. Ltd.	174,258	163,030
Ching Ming Investment Co., Ltd.	42,740	(157,671)
Yang Ming Line Holding Co.	216,120	245,229
Yes Logistics Corp.	8,393	26,523
Yunn Wang Investment Co., Ltd.	7,050	10,721
Jing Ming Transportation Co., Ltd.	3,061	5,458
Honming Terminal & Stevedoring Co., Ltd.	5,806	8,775
Transyang Shipping Pte. Ltd.	15,459	16,790
Yang Ming (Liberia) Corp.	<u>(58,112)</u>	<u>483,894</u>
	<u>\$ 555,652</u>	<u>\$ (840,293)</u>

The Corporation committed to support the operation of Yang Ming (Liberia) Corp. and therefore the credit balance of \$1,261,956 thousand and \$1,252,252 thousand on this investment was reclassified as deduction of long-term receivables from related parties as of December 31, 2012 and 2011, respectively.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely 'First stage of Kaohsiung harbor intercontinental container center construction and operation project' with Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. (formerly MOTC Harbor Bureau). The contract commenced on September 28, 2007 and will last for 50 years including the construction and operation periods. MOTC Harbor Bureau approved Kao Ming Container Terminal Corp. to start its operation on January 5, 2011. The board of directors of the Corporation resolved to increase investments in Kao Ming Container Terminal Corp. within the capital disbursement of \$3,700,000 thousand, and \$2,700,000 thousand on August 28, 2008 and January 6, 2012, respectively. As of December 31, 2012, the Corporation had increased investment in Kao Ming Container Terminal Corp. for \$5,897,500 thousand. Kao Ming Container Terminal Corp. secured a \$16,200,000 thousand syndicated bank loans on December 18, 2008, so as to fund the construction of Kaohsiung Intercontinental Container Terminal, and as of December 31, 2012 the banks have allotted \$5,940,000 thousand.

In order to enrich the operating fund for the second-stage construction of Kaohsiung Intercontinental Container Terminal (expected to be completed in September 2014) and enhance the competitiveness of Kao Ming Container Terminal Corp., the Corporation's board of directors resolved on January 6, 2012 to dispose partial interests of Kao Ming Container Terminal Corp. held by the Corporation. According to the specifications of related BOT contracts, the accumulated disposal should not exceed 272,000 thousand shares (approximately equal to 40% of Kao Ming Container Terminal Corp.'s share capital). The disposal price will depend on Kao Ming Container Terminal Corp.'s operating performance and the market price at the time.

For the year ended December 31, 2012, the Corporation disposed of 272,000 thousand shares (approximately equal to 40% of Kao Ming Container Terminal Corp.'s current share capital) at an average price of \$19.30 per share, and recognized a disposal gain of \$2,462,554 thousand.

In order to improve the Group's entire operating efficiency, enhance the Group's financial structure and to facilitate initial public offering of Kuang Ming Shipping Corp., a subsidiary of the Corporation, the Corporation's board of directors resolved on June 18, 2010 to dispose partial interests of Kuang Ming Shipping Corp. held by the Corporation. The maximum disposal amount of stock will not exceed 61,500 thousand shares (approximately equal to 30% of Kuang Ming Shipping Corp.'s share capital), and disposal price will depend on Kuang Ming Shipping Corp.'s operating performance and the market price at the time.

For the year ended December 31, 2011, the Corporation disposed 13,700 thousand shares (approximately equal to 6.76% of Kuang Ming's current share capital) to specified persons and employees at an average price of \$31.89 per share, and recognized a disposal gain of \$83,501 thousand. As of December 31, 2012, the Corporation has disposed 27,594 thousand shares (approximately equal to 13.43% of Kuang Ming's current share capital) at an average price of \$28.88 per share and has recognized an accumulated disposal gain of \$105,878 thousand.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements" control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute controlling interest. Thus, the consolidated financial statements as of and for the years ended December 31, 2012 and 2011 include the accounts of the Corporation and its direct and indirect subsidiaries. The Corporation did not have control over Transyang Shipping Pte. Ltd., and Yunn Wang Investment Co., Ltd., therefore the accounts of these companies were not included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidation.

10. PROPERTIES

Year Ended December 31, 2012									
	Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 427,836	\$ 770,528	\$ 25,409,096	\$ 6,075,923	\$ 2,732,756	\$ 146,272	\$ 2,250,944	\$ 3,723,337	\$ 41,536,692
Addition	-	-	994,875	40,442	-	-	63,938	12,322,713	13,421,968
Disposal	-	(12)	(1,995,690)	(552,854)	-	-	(56,132)	-	(2,604,688)
Reclassification	(84,626)	-	-	14,936,103	-	-	-	(14,936,103)	(84,626)
Ending balance	<u>\$ 343,210</u>	<u>770,516</u>	<u>24,408,281</u>	<u>20,499,614</u>	<u>2,732,756</u>	<u>146,272</u>	<u>2,258,750</u>	<u>\$ 1,109,947</u>	<u>52,269,346</u>
Accumulated depreciation									
Beginning balance	-	183,055	16,228,173	2,122,609	2,105,125	136,911	1,315,685	-	22,091,558
Addition	-	16,366	1,989,145	882,142	91,835	3,638	163,047	-	3,146,173
Disposal	-	(12)	(1,952,480)	(442,736)	-	-	(56,086)	-	(2,451,314)
Reclassification	-	-	-	-	-	-	-	-	-
Ending balance	-	<u>199,409</u>	<u>16,264,838</u>	<u>2,562,015</u>	<u>2,196,960</u>	<u>140,549</u>	<u>1,422,646</u>	-	<u>22,786,417</u>
		<u>\$ 571,107</u>	<u>\$ 8,143,443</u>	<u>\$ 17,937,599</u>	<u>\$ 535,796</u>	<u>\$ 5,723</u>	<u>\$ 836,104</u>		<u>\$ 29,487,929</u>

Year Ended December 31, 2011									
	Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 427,836	\$ 749,213	\$ 23,005,358	\$ 6,529,880	\$ 2,868,206	\$ 146,272	\$ 2,638,782	\$ -	\$ 36,365,547
Addition	-	-	3,619,287	63,000	-	-	102,533	3,723,337	7,508,157
Disposal	-	-	(1,215,549)	(516,957)	(135,450)	-	(621,823)	-	(2,489,779)
Reclassification	-	21,315	-	-	-	-	131,452	-	152,767
Ending balance	<u>\$ 427,836</u>	<u>770,528</u>	<u>25,409,096</u>	<u>6,075,923</u>	<u>2,732,756</u>	<u>146,272</u>	<u>2,250,944</u>	<u>\$ 3,723,337</u>	<u>41,536,692</u>
Accumulated depreciation									
Beginning balance	-	159,983	15,592,907	1,706,532	2,143,723	133,284	1,608,420	-	21,344,849
Addition	-	15,001	1,843,525	898,343	96,852	3,627	200,522	-	3,057,870
Disposal	-	-	(1,208,259)	(482,266)	(135,450)	-	(493,257)	-	(2,319,232)
Reclassification	-	8,071	-	-	-	-	-	-	8,071
Ending balance	-	<u>183,055</u>	<u>16,228,173</u>	<u>2,122,609</u>	<u>2,105,125</u>	<u>136,911</u>	<u>1,315,685</u>	-	<u>22,091,558</u>
Accumulated impairment									
Beginning balance	-	-	-	-	-	-	25,740	-	25,740
Addition	-	-	-	-	-	-	(25,740)	-	(25,740)
Ending balance	-	-	-	-	-	-	-	-	-
		<u>\$ 587,473</u>	<u>\$ 9,180,923</u>	<u>\$ 3,953,314</u>	<u>\$ 627,631</u>	<u>\$ 9,361</u>	<u>\$ 935,259</u>		<u>\$ 19,445,134</u>

Information about capitalized interest was as follows:

	Year Ended December 31, 2012
Capitalized interest	\$53,376
Capitalization rate	1.7196%-1.9888%

The Corporation leases containers under capital lease agreements. The related information for future rentals is shown in Note 28. 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. The Corporation 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. The details of these leases as of December 31, 2012 and 2011 were as follows:

	December 31			
	2012		2011	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 22,356	\$ 651,452	\$ 26,499	\$ 802,647
Less: Unamortized interest expense	<u>3,418</u>	<u>99,598</u>	<u>4,700</u>	<u>142,362</u>
	<u>\$ 18,938</u>	<u>\$ 551,854</u>	<u>\$ 21,799</u>	<u>\$ 660,285</u>

11. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cost		
Land	\$ 3,004,810	\$ 2,920,184
Buildings	<u>1,212,994</u>	<u>1,212,305</u>
	4,217,804	4,132,489
Accumulated depreciation - buildings	<u>230,199</u>	<u>202,687</u>
	<u>\$ 3,987,605</u>	<u>\$ 3,929,802</u>

Future rental payments receivable were summarized as follows:

Fiscal Year	Amount
2013	\$ 115,120
2014	73,335
2015	56,331
2016	28,117
2017	5,176

Rentals after 2018 amount to \$88 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$81 thousand.

12. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cost		
Land	\$ 234,359	\$ 234,359
Buildings	<u>1,585</u>	<u>1,585</u>
	235,944	235,944
Accumulated depreciation - buildings	<u>1,585</u>	<u>1,585</u>
	<u>\$ 234,359</u>	<u>\$ 234,359</u>

13. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with Port of Kaohsiung, Taiwan International Ports Corporation Ltd. in the construction and operation of the First and Second Logistics Centers of the Kaohsiung Third Container Center. The final review of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October 2007 and commenced operation in 2008. The issue regarding the tenancy calculation had been arbitrated by the Arbitration Association of the Republic of China, and the Corporation reclassified the amount of \$131,452 thousand, which was part of the original investment of \$691,554 thousand, into miscellaneous equipment in properties. The amount of \$560,092 thousand was reclassified into advances on long-term rent agreement which are amortized over 28 years and 9 months.

	Current	Long-term	Total
<u>December 31, 2012</u>			
Advances on long-term rent agreement	\$ 31,572	\$ 662,850	\$ 694,422
<u>December 31, 2011</u>			
Advances on long-term rent agreement	\$ 31,572	\$ 694,422	\$ 725,994

14. SHORT-TERM DEBT

	December 31, 2011
Unsecured bank loans, interest rate 1.20% to 1.59%	\$ 2,450,000
Other short-term loans, interest rate 1.098% to 1.315%	<u>188,672</u>
	<u>\$ 2,638,672</u>

Other short-term loans were financed by Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line (B.V.I.) holding Co., Ltd. in the amounts of \$99,957 thousand and \$88,715 thousand, respectively.

15. COMMERCIAL PAPER PAYABLE

	<u>December 31, 2011</u>	
	Interest Rate	Amount
Commercial paper payable	0.988%-1.088%	\$ 3,250,000
Less: Unamortized discount on commercial paper payable		<u>3,641</u>
		<u>\$ 3,246,359</u>

16. LONG-TERM INTEREST-BEARING DEBTS

	Current	Long-term	Total
<u>December 31, 2012</u>			
Long-term unsecured bank loans	\$ -	\$ 11,840,000	\$ 11,840,000
Long-term secured bank loans	3,912,738	12,287,145	16,199,883
Domestic privately placed unsecured bonds	-	9,885,989	9,885,989
Domestic privately placed secured mandatory convertible bonds	128,420	910,466	1,038,886
Domestic unsecured bonds	3,000,000	-	3,000,000
Domestic secured bonds	-	11,427,079	11,427,079
Capital leases	88,722	463,132	551,854
Other financial liabilities	<u>45,474</u>	<u>261,825</u>	<u>307,299</u>
	<u>\$ 7,175,354</u>	<u>\$ 47,075,636</u>	<u>\$ 54,250,990</u>

(Continued)

	Current	Long-term	Total
<u>December 31, 2011</u>			
Long-term unsecured bank loans	\$ -	\$ 10,450,000	\$ 10,450,000
Long-term secured bank loans	3,455,438	8,635,633	12,091,071
Domestic unsecured bonds	960,000	3,000,000	3,960,000
Domestic secured bonds	-	11,436,490	11,436,490
Capital leases	<u>86,753</u>	<u>573,532</u>	<u>660,285</u>
	<u>\$ 4,502,191</u>	<u>\$ 34,095,655</u>	<u>\$ 38,597,846</u>
			(Concluded)

Long-term Unsecured Bank Loans

The unsecured bank loan will be repaid in New Taiwan dollars in one-lump sum payment at maturity. The balance of December 2012 will be repaid before May 2015. Interest rates were 1.170% to 1.815% and 1.100% to 1.544% on December 31, 2012 and 2011, respectively.

Long-term Secured Bank Loans

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in December 2022. Interest rates were 1.2548% to 2.315% and 1.2674% to 2.315% on December 31, 2012 and 2011, respectively. The Corporation's ships, containers, assets leased to others, and the ships of a subsidiary, All Oceans Transportation, Inc., are pledged as collaterals for the secured loans.

Domestic Privately Placed Unsecured Bonds

The Corporation 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"), and 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").

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; 2.08% annual interest is repayable semiannually.

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; 2.18% annual interest is repayable semiannually.

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

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

Domestic Privately Placed Secured Mandatory Convertible Bonds

The Corporation issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate face value of \$5,800,000 thousand; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into the Corporation's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into the Corporation'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. According to SFAS No. 36, the Corporation divided the bonds into liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds of \$4,413,702 thousand. As of December 31, 2012, no bondholder requested to convert the bonds into the Corporation's common shares.

Guarantees:

Taiwan Bank and Taiwan Cooperative Commercial Bank guarantee were both \$1,650,000 thousand. The Land Bank of Taiwan guarantees for \$1,050,000 thousand. First Commercial Bank guarantees for \$550,000 thousand. Hua Nan Commercial Bank and Shanghai Commercial & Savings Bank guarantee were both \$450,000 thousand. According to performance guarantee agreements, the Corporation 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, 2012, unamortized cost of issuance \$307,299 thousand was recognized as other financial liabilities.

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

- a. Current ratio should not be less than 90%.
- b. Debt ratio should not be: Over 350% before the end of 2013; over 300% from 2014 to 2016; over 230% after 2017.
- c. Interest coverage ratio should not be less than 5 times.
- d. The net tangible assets value should be over \$30,000,000 thousand.

As of December 31, 2012, the Corporation had received waiver of the above b. to d. financial ratios. Meanwhile, the Corporation met the current ratio requirement based on the 2012 consolidated financial statements.

Domestic Unsecured Bonds

On various dates, the Corporation issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms were as follows:

November 2000 Bonds: Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest. As of November 29, 2012, the bonds had been fully repaid.

October 2006 Bonds: Type A - aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest. As of October 23, 2011, the bonds had been fully repaid.

Type B - aggregate face value of \$3,000,000 thousand and maturity on October 23, 2013; 2.32% annual interest.

Domestic Secured Bonds

On May 20, 2010, the Corporation issued five-year domestic secured bonds with an aggregate face value of \$5,000,000 thousand.

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.

Guarantees:

Type A: Guaranteed by Taiwan Bank.

Type B: Guaranteed by Cathay United Commercial Bank.

Type C: Guaranteed by Taiwan Cooperative Commercial Bank.

Type D: Guaranteed by China Trust Commercial Bank.

Type E: Guaranteed by First Commercial Bank.

Type F: Guaranteed by Yuanta Commercial Bank.

Type G: Guaranteed by Hua Nan Commercial Bank.

Type H: Guaranteed by Shanghai Commercial & Savings Bank.

According to performance guarantee agreements, the Corporation has to pay annual advance guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as costs of the corporate bond issuance and are amortized over the issuance period. As of December 31, 2012 and 2011 unamortized cost of issuance amounted to \$13,836 thousand and \$14,790 thousand, respectively.

On December 27, 2011 the Corporation issued five-year domestic secured bonds with an aggregate face value of \$6,500,000 thousand.

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.

Guarantees:

Type A: Guaranteed by Taiwan Bank.
Type B: Guaranteed by Mega International Commercial Bank.
Type C: Guaranteed by Taipei Fubon Financial Bank.
Type D: Guaranteed by Taiwan Cooperative Commercial Bank.
Type E: Guaranteed by First Commercial Bank.
Type F: Guaranteed by Chang Hwa Bank.
Type G: Guaranteed by Hua Nan Commercial Bank.
Type H: Guaranteed by Shin Kong Bank.

According to performance guarantee agreements, the Corporation has to pay annual advanced guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as costs of the corporate bond issuance and are amortized over the issuance period. As of December 31, 2012 and 2011, unamortized cost of issuance amounted to \$59,085 thousand and \$48,720 thousand, respectively.

Domestic Unsecured Convertible Bonds

In order to repay long-term debts, on March 26, 2013, the board resolved to issue five-year, zero-coupon unsecured convertible bonds with an aggregate amount of no more than \$5,025,000 thousand.

Obligations under Capital Leases

Obligations under capital leases are summarized in Note 10.

17. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Fuel	\$ 2,454,807	\$ 3,460,359
Space hire	<u>464,177</u>	<u>1,001,262</u>
	<u>\$ 2,918,984</u>	<u>\$ 4,461,621</u>

18. ACCRUED EXPENSES

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Container lease	\$ 516,197	\$ 543,377
Interest	138,273	86,255
Salary and bonus	65,962	134,496
Maintenance	51,266	75,490
Others	<u>270,394</u>	<u>262,452</u>
	<u>\$ 1,042,092</u>	<u>\$ 1,102,070</u>

19. RESERVE FOR LAND VALUE INCREMENT TAX

The reserve for land value increment tax resulted from the Corporation's merger with China Merchants Steam Navigation Company.

20. PENSION PLAN

The Corporation adopted three pension plans when it was privatized on February 15, 1996. Before the Corporation'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 the Corporation after privatization will be excluded from the calculation of pension payments after privatization. These plans are as follows:

- a. 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 Corporation contributed amounts equal to 3% of salaries every month; starting from September 2010, the Corporation contributed amounts equal to 13% of salaries to the pension fund; starting from September 2011, the Corporation 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.

Pension plan under the Maritime Labor Law for shipping crew is a defined benefit plan. 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 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 the Corporation. Benefits are based on the proportion of service years between the Corporation and Kuang Ming Shipping Corp. and are paid by individual pension accounts.

Under SFAS No. 18, "Accounting for Pensions," defined benefit pension cost (including the Corporation, All Oceans Transportation Inc., Yangming (UK) Ltd. and Yang Ming (Liberia) Corp.) should be recognized using the actuarial method. Pension expense is recognized based on agreed upon ratio of their consolidated defined benefit pension cost.

1) Pension cost

	2012	2011
Services cost	\$ 54,644	\$ 57,140
Interest cost	44,556	46,803
Projected return on plan assets	(12,861)	(12,226)
Unrecognized net transition obligation amortization	(328)	(328)
Unrecognized prior cost amortization	(1,544)	(1,544)
Unrecognized net loss	<u>26,453</u>	<u>19,683</u>
	110,920	109,528
Accounts receivable-related parties	<u>(21,230)</u>	<u>(19,153)</u>
Pension cost	<u>\$ 89,690</u>	<u>\$ 90,375</u>

2) Reconciliation of funded status of the plan and accrued pension cost was as follows:

	December 31	
	2012	2011
Benefit obligation		
Vested benefit obligation (VBO)	\$ 1,193,049	\$ 1,082,752
Non-vested benefit obligation	<u>651,566</u>	<u>637,469</u>
Accumulated benefit obligation (ABO)	1,844,615	1,720,221
Additional benefit based on future salaries	<u>552,037</u>	<u>533,505</u>
Projected benefit obligation	2,396,652	2,253,726
Fair value of plan assets	<u>(663,315)</u>	<u>(641,529)</u>
Plan funded status	1,733,337	1,612,197
Unrecognized net transition asset	34	362
Unrecognized prior service cost	28,386	29,930
Unrecognized pension cost	(647,515)	(540,760)
Additional minimum pension liability	<u>126,310</u>	<u>66,681</u>
Accrued pension cost	<u>\$ 1,240,552</u>	<u>\$ 1,168,410</u>
Vested benefit	<u>\$ 1,526,319</u>	<u>\$ 1,478,610</u>

3) Actuarial assumptions

	December 31	
	2012	2011
Discount rate	1.75%	2.00%
Future salary increase rate	2.50%	2.50%
Expected rate of return on plan assets	2.00%	2.00%

	Years Ended December 31	
	2012	2011
4) Contributions to the fund	<u>\$ 18,091</u>	<u>\$ 65,785</u>
5) Payments from the fund	<u>\$ 2,592</u>	<u>\$ 4,789</u>
b. Pension plan is a defined contribution scheme under the Labor Pension Act for onshore employees and shipping crew. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month. The pension cost under the defined contribution plan was \$41,361 thousand and \$47,685 thousand for the years ended December 31, 2012 and 2011, respectively.		
c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Corporation calculates favorable retirement benefits according to the retirement policies. The Corporation recognized pension cost of \$22,286 thousand and \$5,372 thousand for the years ended December 31, 2012 and 2011, respectively.		

21. STOCKHOLDERS' EQUITY

a. Global depository receipts

On November 14, 1996, the Corporation issued 10 million units of global depository receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of December 31 2012, there were 5,330,595 units outstanding, representing 53,306,040 shares, 1.89% of total issued shares.

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

b. Capital surplus

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

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose.

c. Appropriation of earnings and dividend policy

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

- 1) 1% to 5% as bonus to employees;
- 2) 2% or less as remuneration to directors and supervisors; and

3) Remainder as stockholders' dividends.

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

The Corporation did not accrue bonus to employees and remuneration to directors and supervisors because of the losses for the years ended December 31, 2012 and 2011.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve reaches the Corporation's paid-in capital. This reserve may be used to offset a deficit. When the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

On June 15, 2012, the Corporation's stockholders resolved to pass the proposal for offsetting the deficit from 2011 by the following:

Legal reserve	\$ 1,178,785
Special reserve	82,530
Capital surplus - issuance of common shares	<u>3,376,574</u>
	<u>\$ 4,637,889</u>

The stockholders resolved to appropriate the 2010 earnings on June 24, 2011, as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal capital reserve	\$ 1,178,785	
Special reserve	82,530	
Cash dividends	3,203,083	\$1.25
Stock dividends	2,562,466	1.00

The bonus to employees of \$156,886 thousand for 2010 was approved in the stockholders' meeting on June 24, 2011. The approved amount of the bonus to employees was not different from that in the financial statements for the year ended December 31, 2010.

The shareholders' meeting held on June 24, 2011 also resolved to distribute stock dividends out of undistributed earnings in the amount of \$2,562,466 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on August 3, 2011. The revision of registration of the capital increase was approved by the Ministry of Economic Affairs, ROC on October 6, 2011.

The board of directors proposed to appropriate the 2012 earnings on March 26, 2013, as follows:

	Appropriation of Earnings
Legal capital reserve	\$ 5,144
Special reserve	46,291

The resolution to appropriate the 2012 earnings would be certain after the shareholders' meeting which planned to be held on June 14, 2013.

d. Unrealized gain or loss on financial instruments

For the years ended December 31, 2012 and 2011, movements of unrealized gain or loss on financial instruments were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Gain (Loss) on Cash Flow Hedges	Total
<u>2012</u>				
Balance, beginning of year	\$ 23,402	\$ (29,412)	\$ 48,933	\$ 42,923
Recognized in shareholders' equity	(455,502)	(24,258)	(48,933)	(528,693)
Transferred to profit or loss	<u>(1,278)</u>	<u>-</u>	<u>-</u>	<u>(1,278)</u>
Balance, end of year	<u>\$ (433,378)</u>	<u>\$ (53,670)</u>	<u>\$ -</u>	<u>\$ (487,048)</u>
<u>2011</u>				
Balance, beginning of year	\$ 424,440	\$ 6,578	\$ (17,998)	\$ 413,020
Recognized in shareholders' equity	(377,113)	(35,976)	66,931	(346,158)
Transferred to profit or loss	<u>(23,925)</u>	<u>(14)</u>	<u>-</u>	<u>(23,939)</u>
Balance, end of year	<u>\$ 23,402</u>	<u>\$ (29,412)</u>	<u>\$ 48,933</u>	<u>\$ 42,923</u>

22. INCOME TAX

- a. A reconciliation of income tax benefit based on loss before income tax at the statutory rate of 17% and income tax expense (benefit) was as follows:

	Years Ended December 31	
	2012	2011
Income tax expense (benefit) at the statutory rate	\$ (41,912)	\$ (1,735,041)
Tax effect of adjusting items:		
Permanent differences	(408,710)	(84,585)
Temporary differences	(22,874)	132,825
Loss carryforwards provided	<u>473,496</u>	<u>1,686,801</u>
Income tax payable - current	<u>\$ -</u>	<u>\$ -</u>

b. Tax benefit was as follows:

	Years Ended December 31	
	2012	2011
Income tax payable - current	\$ -	\$ -
Overseas income tax	160,405	163,203
Deferred income tax expenses		
Temporary differences	19,252	(86,885)
Loss carryforwards	(317,634)	(1,773,807)
Adjustment to valuation allowance	(160,000)	900,000
Adjustment to prior years' taxes	<u>-</u>	<u>(9,758)</u>
	<u>\$ (297,977)</u>	<u>\$ (807,247)</u>

c. Deferred income tax assets (liabilities) were as follows:

	December 31	
	2012	2011
Current		
Deferred income tax assets		
Unrealized exchange loss	\$ 26,626	\$ 6,954
Unrealized shipping fuel valuation losses	16,931	-
Others	<u>1,225</u>	<u>2,799</u>
	<u>\$ 44,782</u>	<u>\$ 9,753</u>
Noncurrent		
Deferred income tax assets		
Loss carryforwards	\$ 2,472,410	\$ 2,154,776
Deferred pension cost	134,419	128,107
Unrealized impairment loss on financial assets	10,026	10,026
Investment loss recognized on overseas equity-method investments	<u>242,217</u>	<u>229,743</u>
	2,859,072	2,522,652
Less: Valuation allowance	<u>(990,000)</u>	<u>(1,150,000)</u>
	<u>1,869,072</u>	<u>1,372,652</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(936,562)	(859,356)
Differences in estimated service lives of ships	<u>(42,377)</u>	<u>(46,516)</u>
	<u>(978,939)</u>	<u>(905,872)</u>
	<u>\$ 890,133</u>	<u>\$ 466,780</u>

Loss carryforwards as of December 31, 2012 comprised of:

Unused Amount	Expiry Year
\$ 2,683,337	2019
9,246,258	2021
2,613,990	2022

The tax returns through 2010 had been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

	December 31	
	2012	2011
Balance of the imputation credit account (ICA)	\$ 548,678	\$ 1,303,718
Unappropriated earnings generated before June 30, 1998	<u>\$ -</u>	<u>\$ -</u>

The estimated creditable ratio for distribution of earnings of 2012 was 20.48%.

For distribution of earnings generated on or after June 30, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of ICA as of the date of dividend distribution. The expected creditable ratio for the 2012 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

23. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2012			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 545,975	\$ 831,271	\$ -	\$ 1,377,246
Insurance	38,456	74,434	-	112,890
Pension	60,897	92,440	-	153,337
Others	<u>58,368</u>	<u>110,049</u>	<u>-</u>	<u>168,417</u>
	<u>\$ 703,696</u>	<u>\$ 1,108,194</u>	<u>\$ -</u>	<u>\$ 1,811,890</u>
Depreciation	\$ 2,967,844	\$ 74,872	\$ 27,512	\$ 3,070,228
Amortization	-	16,065	333	16,398
	Year Ended December 31, 2011			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 752,583	\$ 693,084	\$ -	\$ 1,445,667
Insurance	44,832	70,837	-	115,669
Pension	67,070	76,362	-	143,432
Others	<u>83,117</u>	<u>121,046</u>	<u>-</u>	<u>204,163</u>
	<u>\$ 947,602</u>	<u>\$ 961,329</u>	<u>\$ -</u>	<u>\$ 1,908,931</u>
Depreciation	\$ 3,038,220	\$ 63,510	\$ 27,703	\$ 3,129,433
Amortization	-	17,088	2,009	19,097

24. EARNINGS (LOSS) PER SHARE

The numerators and denominators used in calculating earnings (loss) per share were as follows:

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (In Thousand Shares)</u>	<u>EPS (NT\$)</u>	
				<u>Income (Loss) Before Income Tax</u>	<u>Net Income (Loss)</u>
	<u>Before Income Tax</u>	<u>Net Income (Loss)</u>			
<u>Year ended December 31, 2012</u>					
Basic EPS	\$ (246,542)	\$ 51,435	2,818,713	<u>\$ (0.09)</u>	<u>\$ 0.02</u>
Impact of dilutive potential common shares Domestic privately placed mandatory convertible bonds	<u>-</u>	<u>-</u>	<u>235,599</u>		
Diluted EPS	<u>\$ (246,542)</u>	<u>\$ 51,435</u>	<u>3,054,312</u>	<u>\$ (0.09)</u>	<u>\$ 0.02</u>
<u>Year ended December 31, 2011</u>					
Basic EPS	\$(10,206,125)	\$ (9,398,878)	2,818,713	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>
Impact of dilutive potential common shares Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$(10,206,125)</u>	<u>\$ (9,398,878)</u>	<u>2,818,713</u>	<u>\$ (3.62)</u>	<u>\$ (3.33)</u>

The Corporation did not consider the potential shares of mandatory convertible bonds in the calculation of diluted EPS of loss before income tax for the year ended December 31, 2012 and bonus to employees' potential shares in the calculation of diluted EPS for the year ended December 31, 2011 due to their anti-dilutive effect.

The Corporation should presume that the entire amount of bonus to employees will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

25. DISCLOSURE FOR FINANCIAL INSTRUMENTS

a. The fair values of the Corporation's financial instruments were as follows:

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 1,067,895	\$ 1,067,895	\$ 250,169	\$ 250,169
Available-for-sale financial assets - current	63,955	63,955	157,904	157,904
Derivative financial assets for hedging - current	-	-	49,161	49,161
				(Continued)

	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets - noncurrent	\$ 1,768,956	\$ 1,768,956	\$ 2,225,347	\$ 2,225,347
Financial assets carried at cost - noncurrent	377,188	-	386,369	-
Refundable deposits	322,079	322,079	322,695	322,695
Long-term receivables from related parties	25,619,983	25,619,983	23,702,068	23,702,068
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	5,112	5,112	47,136	47,136
Derivative financial liabilities for hedging - current	-	-	229	229
Long-term unsecured bank loans	11,840,000	11,840,000	10,450,000	10,450,000
Long-term secured bank loans	16,199,883	16,199,883	12,091,071	12,091,071
Bonds payable	25,351,954	25,445,278	15,396,490	15,524,167
Obligations under capital lease	551,854	551,854	660,285	660,285
Other financial liabilities	307,299	307,299	-	-
Guarantee deposits received	94,572	94,572	58,667	58,667
				(Concluded)

Place of transaction:

Place of Transaction	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial asset</u>				
Domestic	\$ 1,007,658	\$ 1,007,658	\$ -	\$ -
Overseas (including foreign institutions in Taiwan)	26,672	26,672	116,388	116,388
<u>Financial liability</u>				
Domestic	-	-	47,365	47,365
Overseas (including foreign institutions in Taiwan)	5,112	5,112	-	-

b. The methods and assumptions applied in estimating fair values are as follows:

- 1) Cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivable, other receivable from related parties, advances to shipping agents, short-term debt, commercial paper payable, accrued expenses, accrued expenses - related parties, accounts payable, payables to shipping agents and payables to shipping agents - related parties, which are not shown among the financial instruments in the table above, are recorded at their carrying amounts because of the short maturities of these instruments.
- 2) Fair values of financial instruments designated as at FVTPL and available-for-sale financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments. These estimation and assumptions are available to the Corporation.

Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

- 3) Financial assets carried at cost are investments in unlisted shares which have no market value and will require an amount in excess of reasonable cost to determine fair value; thus no reliable fair value was determined.
 - 4) Fair values of long-term other receivables - related parties, long-term bank loans, domestic private bonds payables, domestic privately placed mandatory convertible bonds, obligations under capital leases and other financial liabilities are measured at the present values of expected cash flows which are discounted at the interest rate of bank loans with similar maturities.
 - 5) Refundable deposits and guarantee deposits received use carrying amounts to estimate their fair market values since the amounts refundable approximate the carrying amounts.
 - 6) Except for the domestic private placed bonds payables and domestic privately placed mandatory convertible bonds, the fair value of bonds payables is market value.
- c. Fair values of financial assets and financial liabilities, based on quoted prices or valuation techniques, were as follows:

	Market Price		Valuation Techniques	
	December 31		December 31	
	2012	2011	2012	2011
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 33,565	\$ 182,943	\$ 1,034,330	\$ 67,227
Available-for-sale financial assets - current	63,955	157,904	-	-
Available-for-sale financial assets - noncurrent	1,768,956	2,225,347	-	-
Derivative financial assets for hedging - current	-	-	-	49,161
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	5,112	47,136
Bonds payable	14,536,683	15,524,167	10,908,595	-
Derivative financial liabilities for hedging - current	-	-	-	229

- d. Net gain (loss) on changes in fair value determined using valuation technique was \$(74,921) thousand and \$19,877 thousand for the years ended December 31, 2012 and 2011, respectively.
- e. Financial assets and liabilities affected by interest rate were as follows:

	December 31			
	2012		2011	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 4,620,951	\$ 26,211,106	\$ 1,398,051	\$ 21,941,805
Cash flow risk	2,283,948	28,039,884	5,201,301	22,541,072

f. Information about financial risks

1) Market risk

Financial instruments held by the Corporation are mainly quoted stocks and domestic mutual funds. Although these financial instruments are subject to fluctuation of market price, the Corporation's observance of proper procedures when investing in marketable securities for trading purpose helps the Corporation avoid significant risk.

The foreign exchange risk of the Corporation's monetary assets and liabilities is mainly controlled by natural hedge. With symmetrical and diversified assets and liabilities of each foreign currency, the currency evaluation effect of the aforesaid position could be broadly offset mutually.

For the year ended December 31, 2011, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation uses interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

The contract will be settled at net or nominal amounts. Thus the change in fair value of this contract due to change in market interest rate should not cause additional risk for the Corporation. The interest rate swap contracts had been settled in June 2011.

To control the risk of the derivative financial instruments for trading purpose, the Corporation sets the maximum loss limit on its derivative trading and periodically evaluates the market risk of the outstanding contracts to avoid losses that could significantly impact the Corporation's operation.

The Corporation uses stock price-linked and interest rate-linked principal guaranteed notes to earn higher investment income. The Corporation chooses commodities highly correlated to stock prices and commercial paper interest rates. The Corporation arranges to receive more than original investment amounts on the settlement date, thus market risk is not significant.

The Corporation's purpose for trading crude oil swap and oil swap option is to reduce the cost burden from oil price increase or the price risk of other hedging instruments. The purpose of the Corporation's hedge strategy is to transfer the crude oil market risk. The Corporation evaluates the risk exposure and hedge position periodically. The hedging instruments will be settled in cash. When oil price goes down, the Corporation's bunker cost burden will go down as well to offset the possible hedge position loss. Therefore, the market risk exposure of the Corporation should be limited and controllable.

The Corporation's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. By engaging in forward exchange, when exchange rate is lower than strike price, the Corporation can sell foreign currency at a higher price or rely on premiums to offset a portion of exchange loss; when exchange rate is higher than strike price, the translation will result in exchange loss, but the loss will be offset by exchange gain derived from cash position.

2) Credit risk

The Corporation is exposed to credit risk on counterparties' default on contracts. The Corporation's maximum exposure to credit risk is equal to book value. The Corporation conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material loss resulting from default on contracts.

3) Liquidity risk

The Corporation entered into interest rate swaps and crude oil swaps to hedge cash flow risks. The interest rate swap contracts are settled at net amounts; thus, the expected cash demand is not significant.

The Corporation invested in marketable equity securities, mutual funds and bonds fund that have quoted prices in an active market and could be sold immediately at prices close to fair value. However, the Corporation also invested in unlisted common stock, stock with no quoted market prices and equity instruments with no quoted prices in an active market; thus, these investments could expose the Corporation to material liquidity risks.

4) Cash flow risk on interest rate

The Corporation's demand deposits, time deposits, short-term loans, and long-term bank loans have floating interest rates. Effective rate and future cash flow of the Corporation will fluctuate as a result of changes in market interest rate.

g. Cash flow hedge

The Corporation uses interest rate swap and oil swap contracts to hedge future cash flows.

The interest rate swap contracts had been settled in June 2011.

The Corporation entered into crude oil swap and oil swap option contracts. However, as of the year ended December 31, 2012, crude oil swap and oil swap option contracts do not meet the criteria for hedge accounting. The contracts were settled in the amounts that ranged from US\$1,722 thousand to US\$1,845 thousand every month for the year ended December 31, 2011.

As of December 31, 2011, the crude oil swap and oil swap option contracts were as follows:

Hedged Items	Designated Hedging Instruments			Fair Value	Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
	Instruments Designated	Contract Amount	Unsettled Amount			
Oil forecast transaction	Oil swap	US\$ 80,700 thousand	US\$ 64,323 thousand	\$ 48,932	February 1, 2011 - December 31, 2012	February 1, 2011 - December 31, 2012

h. Reclassifications

On July 1, 2008, the Corporation reclassified its financial assets in accordance with the amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The fair values of the reclassified financial assets at the reclassification date were as follows:

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 1,098,188	\$ 345,176
Available-for-sale financial assets - current	<u>313,882</u>	<u>1,066,894</u>
	<u>\$ 1,412,070</u>	<u>\$ 1,412,070</u>

In view of the Corporation'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 the year of 2008, the Corporation 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) as of December 31, 2012 and 2011 were as follows:

	Years Ended December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets	\$ 58,951	\$ 58,951	\$ 97,324	\$ 97,324

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before December 31, 2012 and 2011) for the years ended December 31, 2012 and 2011 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	Years Ended December 31			
	2012		2011	
	Gains (Losses) Recorded	Pro Forma Gains (Losses)	Gains (Losses) Recorded	Pro Forma Gains (Losses)
Available-for-sale financial assets	\$ 1,278	\$ (394)	\$ (43,391)	\$ (37,668)

26. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the years ended December 31, 2012 and 2011 and the related balances, in addition to those mentioned in Notes 14, 16 and 28 and Schedules E and F, are summarized in the accompanying schedules C and D.

All of the Corporation's directors in the board were appointed by the major shareholder, MOTC. Trading conditions are not specifically modified in the transactions between the Corporation and those directly or indirectly owned (controlled) by MOTC. Furthermore, apart from the transactions that had been disclosed, the Corporation does not compile and summarize any other transactions.

The transactions with related parties were conducted under contract terms.

Compensation of directors, supervisors and management personnel:

	Years Ended December 31	
	2012	2011
Salaries	\$ 26,059	\$ 26,874
Incentives	5,499	17,930
Bonus	-	-
	<u>\$ 31,558</u>	<u>\$ 44,804</u>

27. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged as collaterals for long-term bank loans and bonds:

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Properties, net	\$ 14,363,050	\$ 5,822,187
Assets leased to others, net	<u>1,399,353</u>	<u>1,408,434</u>
	<u>\$ 15,762,403</u>	<u>\$ 7,230,621</u>

28. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 26 and Schedule F, commitments and contingent liability as of December 31, 2012 were as follows:

- a. Leases of office premises, containers, ships, and container yard under operating lease agreements that will expire on various dates until September 2036. The total rental expense for the year ended December 31, 2012 was \$10,395,985 thousand. Refundable deposit made under the lease contract was \$320,915 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2013	\$ 6,966,378
2014	2,754,529
2015	2,508,249
2016	2,207,017
2017	1,809,681

Rentals after 2018 amount to \$473,417 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$422,667 thousand.

The shareholders had met and resolved to spin off its tramp business department into a subsidiary, Kuang Ming (Liberia) Corp., including the obligations on the lease contracts in the tramp business department. Kuang Ming (Liberia) Corp.'s lease contracts were not included in the future minimum rentals summary.

- b. Leases of containers under capital lease agreements expiring on various dates until February 2018. Rental for the year ended December 31, 2012 was about \$83,697 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2013	\$ 120,414
2014	120,414
2015	120,414
2016	120,419
2017	155,662

Rentals after 2018 amount to \$50,412 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$47,131 thousand.

- c. On December 27, 2011, the Corporation transferred from All Oceans Transportation one ship construction contract amounting to US\$116,239 thousand which were signed with CSBC Corporation, Taiwan. As of December 31, 2012, the Company and All Oceans have paid \$1,100,667 thousand.
- d. Guarantees of shipbuilding agreements, and loans obtained for operating needs of subsidiaries and investee companies accounted for using equity method were as follows:

Company Name	Nature of Relationship	Guarantee Amount (Thousands)
Yang Ming (America) Corp.	Subsidiary	US\$ 5,000
All Oceans Transportation, Inc.	Subsidiary	US\$ 284,455
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 168,274 and JPY 5,072,000
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 8,204
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 18,640
Olympic Container Terminal LLC	Subsidiary	US\$ 5,000

29. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Future Bureau for the Corporation and its investees.

- a. Financing provided: Please see Schedule E attached;
- b. Endorsement/guarantee provided: Please see Schedule F attached;
- c. Marketable securities held: Please see Schedule G attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule I attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule J attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;

k. Information on investment in Mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule K attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

30. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Corporation's reportable segments under SFAS No. 41 are marine cargo transportation department, tramp business department, wharf business department and other departments. The Corporation has disclosed operating segment financial information in its consolidated financial report.

31. OTHERS

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 389,386	29.14	\$ 11,346,718	\$ 333,970	30.29	\$ 10,115,952
JPY	266,029	0.3385	90,041	1,118,344	0.3901	436,304
GBP	2,963	47.0742	139,480	5,801	46.6920	270,870
RMB	73,900	4.6761	345,561	43,754	4.8120	210,543
EUR	6,311	38.5260	243,133	5,114	39.1044	199,986
THB	85,402	0.9532	81,407	117,069	0.9585	112,216
HKD	13,075	3.7591	49,152	25,656	3.8989	100,028
INR	11,140	0.5321	5,928	81,500	0.5679	46,285
AED	5,512	7.9335	43,729	4,987	8.2469	41,124
MYR	15,079	9.5167	143,505	4,271	9.5417	40,751
AUD	4,839	30.2531	146,403	1,103	30.7231	33,873
Investments accounted for using equity method						
USD	183,926	29.14	5,359,627	157,805	30.29	4,779,925
Nonmonetary items						
USD	1,167	29.14	34,028	5,842	30.29	176,967
EUR	85	38.5260	3,275	2,594	39.1044	101,424
GBP	614	47.0742	28,926	1,719	46.6920	80,249
<u>Financial liabilities</u>						
Monetary items						
USD	251,850	29.14	7,338,906	252,938	30.29	7,661,481
RMB	191,023	4.6761	893,236	108,651	4.8120	522,826
JPY	974,173	0.3385	329,722	1,097,692	0.3901	428,247
HKD	90,937	3.7591	341,842	83,549	3.8989	325,746
EUR	8,008	38.5260	308,503	6,526	39.1044	255,209
KRW	4,786,312	0.0273	130,650	4,620,781	0.0261	120,747
THB	84,604	0.9532	80,647	90,483	0.9585	86,732
SAR	3,099	7.7702	24,078	6,023	8.0771	48,648
AED	7,525	7.9335	59,699	3,217	8.2469	26,526
BDT	104,008	0.3650	37,965	42,065	0.3702	15,571
Nonmonetary items						
USD	175	29.14	5,112	8	30.29	229

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
DECEMBER 31, 2012**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 6	29.14	\$ 167
	JPY	50,293	0.3385	17,022
Hong Kong	USD	2,809	29.14	81,840
	HKD	12,098	3.7591	45,478
	RMB	57,786	4.6761	270,209
United States	USD	15,054	29.14	438,682
Indonesia	USD	7	29.14	191
Malaysia	USD	59	29.14	1,728
	MYR	15,042	9.5167	143,150
Great Britain	USD	101	29.14	2,943
	GBP	853	47.0742	40,136
Germany	USD	284	29.14	8,283
	EUR	2,657	38.5260	102,370
Philippines	PHP	4,210	0.7096	2,987
Singapore	USD	45	29.14	1,304
	SGD	786	23.8247	18,725
	INR	6,457	0.5321	3,436
Thailand	THB	85,876	0.9532	81,859
Korea	USD	1,204	29.14	35,079
	KRW	2,132,477	0.0273	58,217
Canada	USD	649	29.14	18,922
	CAD	6	29.2747	181
Australia	USD	128	29.14	3,732
	AUD	1,302	30.2531	39,395
Panama	USD	120	29.14	3,485
Dubai	AED	5,085	7.9335	40,339
Belgium	EUR	334	38.5260	12,854

SCHEDULE B**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS
DECEMBER 31, 2011**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 2	30.29	\$ 55
	JPY	729,741	0.3901	284,694
Hong Kong	USD	1,586	30.29	48,053
	HKD	21,297	3.8989	83,036
	RMB	19,374	4.8120	93,229
United States	USD	12,594	30.29	381,477
Belgium	EUR	120	39.1044	4,690
Indonesia	USD	2	30.29	58
Malaysia	USD	5	30.29	159
	MYR	2,904	9.5417	27,704
Great Britain	USD	80	30.29	2,437
	GBP	458	46.692	21,366
Germany	USD	1	30.29	38
	EUR	1,773	39.1044	69,323
Philippines	USD	32	30.29	984
	PHP	5,025	0.6909	3,472
Singapore	USD	20	30.29	618
	SGD	538	23.2785	12,513
India	INR	72,322	0.5679	41,073
Thailand	THB	112,182	0.9585	107,530
Korea	USD	1,630	30.29	49,368
	KRW	426,164	0.0261	11,136
Canada	USD	105	30.29	3,177
	CAD	16	29.6670	479
Australia	USD	10	30.29	289
	AUD	840	30.7231	25,804
Dubai	AED	3,969	8.2469	32,729

Related Party	Name of Relationship (See Notes Below)	Operating Revenues										Operating Costs				Operating Expenses		Nonoperating Income and Losses											
		Charter Hire		Agents' Income		Rent of Container		Cargo Transport Revenue		Ship Management		Other Operating Income		Haulage		Others		Others		Interest Expense		Interest Income		Rental Income		Others		Purchase (Sale) of Properties	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Yang Ming Shipping (B.V.I.) Inc.	A	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 179,108	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Yang Ming Antolin Shipping Agency S.A.	A	-	-	-	-	-	-	-	-	-	-	-	-	39,339	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Kuang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	2,607	2	445	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(356)	-	
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	44,498	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	193,063	36	-	-	-	-	-	-	-	-	-	-	321,380	1	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Cultural Foundation	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,640	20	-	-	-	-	-	-	3,429	3	-	-	-	
Kao Ming Container Terminal Corp.	A	-	-	-	-	-	-	-	-	-	-	565	-	898,771	2	-	-	-	-	-	-	-	-	1,581	1	-	(1,686)		
Yang Ming Shipping (Canada) Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	67,427	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (U.S.E) LLC	B	-	-	-	-	-	-	-	-	-	-	-	-	50,839	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping (Egypt) S.A.E	B	-	-	-	-	-	-	-	-	-	-	-	-	42,818	-	-	-	-	-	-	-	-	-	13,132	7	-	-		
		<u>\$ 531,836</u>	<u>100</u>	<u>\$ 164,390</u>	<u>99</u>	<u>\$ 864,233</u>	<u>100</u>	<u>\$ 404,727</u>	<u>100</u>	<u>\$ 82,449</u>	<u>66</u>	<u>\$ 36,256</u>	<u>1</u>	<u>\$ 10,987,640</u>	<u>43</u>	<u>\$ 9,124,918</u>	<u>21</u>	<u>\$ 40,480</u>	<u>20</u>	<u>\$</u>	<u>88</u>	<u>\$ 515,380</u>	<u>88</u>	<u>\$ 14,873</u>	<u>14</u>	<u>\$ 16,316</u>	<u>8</u>		

- Notes:
- A. Subsidiary of the Corporation.
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. More than half of the directors are identical.
 - D. The Corporation donated total paid-in fund of the institute.
 - E. An equity-method investee of the Corporation.
 - F. Supervisor of the Corporation.
 - G. Rentals of 2 ships to Yang Ming (UK) Ltd.
 - H. Lease of 5 ships for Yangming (U.K.) Ltd.
 - I. Yang Ming Marine Transport Corp., Kuang Ming Shipping Corp. and Kuang Ming (Liberia) Corp. signed a contract "management of ship operation" delegating to employ and manage sailors and also to operate and repair ships. Considering expanding operations, the Company decided to terminate the contract from May 1, 2011.
 - J. Lease of 26 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until January 2014; rent is payable monthly.
 - K. Lease of 20 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2012; rent is payable monthly.
 - L. Lease of space from Yang Ming (UK) Ltd. under several agreements expiring on various dates until November 2019 and December 2011, respectively, rent is payable monthly.
 - M. Lease of 12 ships from Yang Ming (Liberia) Corp. under an agreement expiring on various dates until January 2014 and November 2012, respectively.
 - N. Sale of properties to All Oceans Transportation Inc. in March and April of 2012, and recognize no disposal gain and loss.
 - O. In order to meet mid-term and long-term operation goals, the board meeting resolved to transfer All Oceans' construction in progress - 5 ships with book value to the Corporation on December 27, 2011.
 - P. Sale of properties to Yang Ming Line Holding Co. in July 2012, and recognize no disposal gain and loss.
 - Q. Sale of properties to Jing Ming Transportation Co., Ltd. in 2011, and recognized a disposal gain of \$405 thousand.
 - R. Sale of properties to Kao Ming Container Terminal Corp. in 2011, and recognized a disposal gain of \$1,649 thousand.
 - S. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2011, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents		Prepaid Expense		Long-term Receivable from Related Parties		Short-term Debts		Domestic Unsecured Private Bonds (Note N)		Domestic Secured Mandatory Convertible Private Bonds (Note N)		Payables to Related Parties											
		Accounts Receivables		Other Receivables		Total		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total							
		Amount	%	Amount	%	Amount	%													Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<u>2012</u>																															
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 2,273	-	\$ 2,273	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation Inc.	A	-	-	-	-	-	-	-	-	55,873	12	21,330,421	83	-	-	-	-	-	-	-	77,689	2	-	-	-	-	77,689	2			
Jing Ming Transportation Co., Ltd.	A	-	-	31	-	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,617	4		
Yangming (Japan) Co., Ltd.	A	276,747	12	-	-	276,747	12	15,924	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young-Carrier Company Ltd.	A	678,309	30	-	-	678,309	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	892,131	27	
Yang Ming (UK) Ltd.	A	62,033	3	-	-	62,033	3	80,377	27	-	-	-	-	-	-	-	-	-	-	1,038,210	30	-	-	-	-	1,038,210	30	-	-		
Yang Ming Shipping Europe GmbH	A	80,985	4	-	-	80,985	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,541	2		
Yang Ming Line (Hong Kong) Ltd.	A	151,300	7	-	-	151,300	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284,801	8		
Yang Ming (Singapore) Pte. Ltd.	A	39,676	2	-	-	39,676	2	-	-	-	-	-	-	-	-	-	-	-	-	761	-	-	-	-	-	-	-	14,588	-		
Yang Ming Line (M) Sdn. Bhd.	A	18,064	1	-	-	18,064	1	20,337	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (America) Corp.	A	323,153	14	26,791	1	349,944	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	425,451	12		
Yang Ming (Netherlands) B.V.	A	56,333	2	-	-	56,333	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,492	1		
YES Logistics Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,313	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Italy) S.p.A.	A	118,205	5	-	-	118,205	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,033	-		
Yang Ming (Vietnam) Company Limited	B	40,244	2	-	-	40,244	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,164	1		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	4,289,562	17	-	-	-	-	-	-	-	81,008	2	-	-	-	-	-	-	-	81,008	2
Yang Ming (Korea) Co., Ltd.	A	107,601	5	-	-	107,601	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,786	1		
Yang Ming (Belgium) N.V.	A	56,297	3	-	-	56,297	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,528	-		
Yang Ming Anatolia Shipping Agency S.A.	A	34,084	2	-	-	34,084	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,614	1		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	2,126	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	22,484	1	22,484	1	-	-	-	-	-	-	-	-	100,000	1	200,000	3	66,042	2	-	-	-	-	-	-	-	11,600	-	
Yang Ming Line (India) Pvt. Ltd.	A	3,928	-	-	-	3,928	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Kao Ming Container Terminal Corp.	A	-	-	31,837	1	31,837	1	-	-	-	-	-	-	-	-	-	-	-	-	-	102,261	3	-	-	-	-	-	-	-	-	
Yang Ming Shipping (Canada) Ltd.	A	111,526	5	-	-	111,526	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,616	1		
Yang Ming Line B.V.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (U.A.E.) LLC	B	8,055	-	-	-	8,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,602	2		
Yang Ming Shipping (Egypt) S.A.E.	B	1,679	-	4,284	-	5,963	-	133,710	46	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,029	1		
Yung Wang Investment Co., Ltd.	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	172	-	
Taiwan International Ports Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000,000	69	4,679	-	-	-	-	-	-	-	-	-	4,679	-
Taiwan Hua Mao Investment Corp.	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	450,000	8	-	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 2,168,219</u>	<u>97</u>	<u>\$ 87,700</u>	<u>3</u>	<u>\$ 2,255,919</u>	<u>100</u>	<u>\$ 250,348</u>	<u>85</u>	<u>\$ 57,999</u>	<u>13</u>	<u>\$ 25,619,983</u>	<u>100</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 125,000</u>	<u>1</u>	<u>\$ 4,650,000</u>	<u>80</u>	<u>\$ 1,463,752</u>	<u>43</u>	<u>\$ 1,975,976</u>	<u>57</u>	<u>\$ 3,439,728</u>	<u>100</u>						
<u>2011</u>																															
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 519	-	\$ 519	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	20,353,666	86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	31	-	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,456	4	
Yang Ming (Japan) Co., Ltd.	A	15,230	1	-	-	15,230	1	25,363	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young - Carrier Company Ltd.	A	314,219	21	-	-	314,219	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	522,600	31		
Yangming (UK) Ltd.	A	24,144	2	-	-	699,626	46	103,027	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Shipping Europe GmbH	A	46,351	3	-	-	46,351	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,384	7		
Yang Ming Line (Hong Kong) Ltd.	A	68,591	5	-	-	68,591	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,568	19			
Yangming Shipping (Singapore) Pte. Ltd.	A	1,144	-	-	-	1,144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,123	1		
Yang Ming Line (M) Sdn. Bhd.	A	2,293	-	-	-	2,293	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,889	1		
Yang Ming (America) Corp.	A	25,947	2	-	-	25,947	2	502,418	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Netherlands) B.V.	A	20,051	1	-	-	20,051	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,193	2		
Yes Logistics Corp.	A	-	-	4,263	-	4,263	-	-	-	-	-	-	-	-	-	-	-	-	-	1,951	-	-	-	-	-	-	-	-	1,951	-	
Yang Ming Italy S.p.A.	A	90,508	6	-	-	90,508	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,829	2		
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	88,715	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Vietnam) Corp.	B	40,566	3	-	-	40,566	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,514	2		
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	3,348,402	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Korea) Co., Ltd.	A	45,015	3	5	-	45,020	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,406	4		
Yang Ming (Belgium) N.V.	A	13,777	1	-	-	13,777	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,548	1		
Yang Ming Anatolia Shipping Agency	A	33,757	2	-	-	33,757	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,704	1		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	2,558	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Taiwan Navigation Co., Ltd.	C	-	-	130</																											

- Notes:
- A. Subsidiary of the Corporation
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. More than half of the directors are identical.
 - D. An equity-method investee of the Corporation.
 - E. Supervisor of the Corporation.
 - F. Represents freight expense paid and held on behalf of Yangming (UK) Ltd.
 - G. Including the amount of interest receivable, financing provided and proceeds from disposal of ships (Schedule E).
 - H. Including the amount of interests receivable, dividends receivable, financing provided and proceeds from disposal of ships (Schedule E).
 - I. The amount of financing provided which has deducted the credit balance of the Corporation long-term in Yang Ming (Liberia) Corp. (Schedule E).
 - J. Including the amount of proceeds from disposal of ships and financing provided. (Schedule E).
 - K. Has deducted the credit balance of the Corporation long-term in Yang Ming (Liberia) Corp.
 - L. Receivables from disposal of ships from All Oceans Transportation Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation Inc. periodically.
 - M. Other related parties, with which the Corporation had no transactions for the year ended December 31, 2011, are listed in Schedule J.
 - N. The original investment amount.
 - O. The Corporation originally signed contract to rent ships with Morning Star Ltd. Corp. by Yang Ming Line B.V. On December 18, 2011, the transaction was transferred to All Oceans Transportation. The Corporation draw the bill to pay Morning Star rent and deposit through Yang Ming Line B.V. and All Oceans Transportation. The deposit was \$310,866 thousand for the years ended December 31, 2012 and 2011.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

FINANCING PROVIDED

DECEMBER 31, 2012

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

No.	Financier	Borrower	Financial Statement Account	Maximum Balance for the Year (Note C)	Ending Balance (Note C)	Interest Rate	Nature of Financing (Note A)	In the Last Five Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Borrower	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	\$ 7,000,000	\$ 7,000,000	1.9008%	1	\$ 10,213,508	Repayment of loans	\$ -	-	\$ -	\$ 9,874,091	\$ 16,456,819
		All Oceans Transportation, Inc.	Other receivables	9,516,896	7,800,000	1.9008%	1	13,155,170	Obtain working capital	-	-	-	9,874,091	16,456,819
1	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Marine Transportation Corp.	Other receivables	96,162 (US\$ 3,300)	-	-	2		Obtain working capital	-	-	-	119,059 (Note F)	238,119 (Note E)
2	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	442,928 (US\$ 15,200)	442,928 (US\$ 15,200)	2.0000%	2		Obtain working capital	-	-	-	472,068 (Note H)	524,520 (Note G)
3	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	19,923 (HK\$ 5,300)	15,037 (HK\$ 4,000)	0.5000%	2		Repayment of loans	-	-	-	48,459 (Note I)	96,919 (Note E)
4	Yang Ming Line B.V.	Antwerp International Terminal NV	Other receivables	12,583 (EUR 327)	12,583 (EUR 327)	1.1696%	2		Obtain working capital	-	-	-	13,111 (Note K)	17,482 (Note J)
5	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	291,400 (US\$ 10,000)	291,400 (US\$ 10,000)	1.3425%- 1.3805%	2		Obtain working capital	-	-	-	614,573 (Note M)	1,229,146 (Note L)
6	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Transportation Corp.	Other receivables	89,441 (GBP 1,900)	-	-	2		Obtain working capital	-	-	-	1,062,575 (Note L)	2,125,150 (Note E)

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

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

(Continued)

- G. Represents US\$18,000,000.
- H. Represents 90% of US\$18,000,000.
- I. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.
- J. The maximum financing amount is 80% of the paid in capital of the lender. For borrowers with transactions with the lender, maximum financing is 40% of the paid in capital of the lender. For borrowers with short-term financing need, the maximum is 40% of the paid in capital of the lender.
- K. For borrowers with transactions with the lender, maximum financing is the lower of 30% of the paid in capital of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 30% of the paid in capital of the lender.
- L. The maximum financing amount is the 40% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with transactions with the lender, maximum financing is 10% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with short-term financing need, the maximum is the 30% of the latest net assets audited or reviewed by CPA of the lender.
- M. For borrowers with transactions with the lender, maximum financing is the lower of 50% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 50% of the financing amount.
- N. United States dollars, Great British Pounds, Euros dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14, US\$1=GBP0.619023, US\$1=EUR0.756372 and US\$1=HK\$7.75185 as of December 31, 2012.
- O. The balance of actual financing provided as of December 31, 2012 was \$5,551,518 thousand.
- P. The balance of actual financing provided as of December 31, 2012 was \$2,896,785 thousand.
- Q. The balance of actual financing provided as of December 31, 2012 was \$348,223 (US\$11,950 thousand).
- R. The balance of actual financing provided as of December 31, 2012 was \$12,894 (HK\$3,430 thousand.).
- S. The balance of actual financing provided as of December 31, 2012 was \$12,583 (EUR327 thousand).
- T. The balance of actual financing provided as of December 31, 2012 was \$84,506 thousand (US\$2,900 thousand).

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2012

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note O)	Ending Balance (Note O)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can Be Provided by the Guarantor	
		Name	Nature of Relationship							
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 52,661,820 (Note B)	\$ 8,289,030 (US\$ 284,455)	\$ 8,289,030 (US\$ 284,455)	\$ -	25.18%	\$ 65,827,276 (Note A)	
		Kuang Ming (Liberia) Corp.	Subsidiary	52,661,820 (Note B)	7,541,590 (US\$178,522 and JPY6,912,000)	6,620,194 (US\$168,274 and JPY5,072,000)	-	20.11%	65,827,276 (Note A)	
		Yang Ming (Liberia) Corp.	Subsidiary	52,661,820 (Note B)	18,771,114 (US\$ 644,170)	18,771,114 (US\$ 644,170)	-	57.03%	65,827,276 (Note A)	
		Yang Ming (America) Corp.	Subsidiary	52,661,820 (Note B)	145,700 (US\$ 5,000)	145,700 (US\$ 5,000)	-	0.44%	65,827,276 (Note A)	
		Kao Ming Container Terminal Corp.	Subsidiary	52,661,820 (Note B)	1,500,000	-	-	-	-	65,827,276 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	52,661,820 (Note B)	311,011 (US\$ 10,673)	239,069 (US\$ 8,204)	-	0.73%	65,827,276 (Note A)	
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	52,661,820 (Note B)	722,672 (US\$ 24,800)	543,170 (US\$ 18,640)	-	1.65%	65,827,276 (Note A)	
		Olympic Container Terminal LLC	Subsidiary	52,661,820 (Note B)	145,704 (US\$ 5,000)	145,704 (US\$ 5,000)	-	0.44%	65,827,276 (Note A)	
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	385,884 (Note D)	9,325 (US\$ 320)	5,434 (US\$ 186)	-	0.02%	482,355 (Note C)	
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	4,250,300 (Note F)	19,583 (GBP 416)	16,749 (GBP 356)	-	0.05%	5,312,875 (Note E)	
3	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	25,495,731 (Note H)	12,466,000	12,466,000	12,466,000 (Note N)	37.87%	31,869,664 (Note G)	
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	6,555,446 (Note J)	3,948,490 (JPY7,740,000 and US\$ 45,600)	3,948,490 (JPY7,740,000 and US\$ 45,600)	-	12.00%	8,194,308 (Note I)	
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	5,405,766 (Note L)	1,074,840 (US\$6,000 and NT\$ 900,000)	900,000	-	2.73%	6,757,208 (Note K)	

(Continued)

Notes:

- A. Represents 200% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the amount mentioned in Note A.
- C. Represents 50% of assets of Yang Ming Line Holding Co.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 50% of assets of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- F. Represents 80% of the amount mentioned in Note E.
- G. Represents 100% of asset of All Oceans Transportation, Inc.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 200% of its latest audited or reviewed net asset value.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 200% of its latest audited or reviewed net asset value of Kuang Ming (Liberia) Corp.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great Britain Pounds, Japanese yen and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14, GBP1= NT\$47.07418, JPY1= NT\$0.338463 and HK\$1= NT\$3.759103 on December 31, 2012.
- N. Represents 14 ships used as guarantees, with carrying value of \$11,302,535 thousand as of December 31, 2012.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Marine Transport Corporation	Common stock							
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	408,000,000	\$ 4,193,616	60.00	\$ 4,193,616	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	177,920,000	3,547,036	86.57	3,547,036	
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	3,882,727	100.00	3,882,727	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	3,074,750	100.00	3,074,750	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,921,867	100.00	1,921,867	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,510,949	100.00	1,510,949	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	60,000,000	585,741	50.00	586,412	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	741,712	100.00	741,712	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	141,818	49.75	141,818	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	114,669	50.98	114,669	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	7,916,908	113,529	79.17	113,529	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	75,277	49.00	75,277	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(1,261,956)	100.00	(1,261,956)	Note B
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	372,188	9.76	-	
	United Stevedoring Corp.	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	-	14.02	-	
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	1,364	-	1,364	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	1,768,956	16.96	1,768,956	Note R
	China Steel Corp.	-	Available-for-sale financial assets - current	853,847	23,353	0.01	23,353	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	482,698	11,730	0.09	11,730	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	720,449	22,694	0.01	22,694	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	25,614	1,174	0.02	1,174	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	<u>Mutual fund</u> BlackRock ICS Euro Liquidity Funds	-	Financial assets at fair value through profit or loss - current	85,008	\$ 3,275	-	\$ 3,275	
	BlackRock ICS GBP Liquidity Funds	-	Financial assets at fair value through profit or loss - current	614,472	28,926	-	28,926	
	Paradigm Pion Money Market Funds	-	Available-for-sale financial assets-current	445,915	5,004	-	5,004	
	<u>Principal guaranteed notes</u> Masterlink Principal Guaranteed Notes	-	Financial assets at fair value through profit or loss - current	-	100,078	-	100,078	
	CAPITAL Principal Guaranteed Notes	-	Financial assets at fair value through profit or loss - current	-	900,224	-	900,224	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(1,884,798)	100.00	(1,884,798)	Note B
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(1,886,880)	100.00	(1,886,880)	Note B
Yang Ming Line B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	553	27,284	89.92	27,284	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note C)	33,872	100.00	33,872	
	Yang Ming (Italy) S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	24,230	50.00	24,230	
	Yang Ming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	1,500,000	(2,171,919)	100.00	(2,171,919)	Note B
	Yang Ming Shipping Europe Gmbh	Subsidiary	Investments accounted for by the equity method	(Note D)	126,587	100.00	126,587	
	Yang Ming Shipping (Egypt) S.A.E.	Equity-method investee	Investments accounted for by the equity method	24,500	34,039	49.00	34,039	
Yang Ming (Netherlands) B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	62	3,059	10.08	3,059	
Yang Ming (Italy) S.p.A.	<u>Common stock</u> Yang Ming (Naples) S.r.l.	Subsidiary	Investments accounted for by the equity method	(Note E)	1,555	60.00	1,555	
Yang Ming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note F)	7,089	50.00	7,089	
	Yes Logistic (UK) Limited	Subsidiary	Investments accounted for by the equity method	200	(3,676)	100.00	(3,676)	Note B
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	2	3,378,604	100.00	3,378,604	
	<u>Mutual fund</u> Fuh Hwa Money Market	-	Available-for-sale financial assets - current	4,787,199	67,272	-	67,272	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (B.V.I.) Inc.	Subsidiary	Investments accounted for by the equity method	510	\$ 216,446	51.00	\$ 216,446	Note Q
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(48,132)	51.00	(48,132)	
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	16,973	60.00	16,973	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	28,750	60.00	28,750	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	244,585	91.00	244,585	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	14,903	100.00	14,903	
	Yangming (Singapore) Pte Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	73,429	100.00	73,429	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	37,308	100.00	37,308	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	3,000,000	132,267	100.00	132,267	
	Yang Ming (Vietnam) Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note G)	1,033	49.00	1,033	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note H)	234,283	30.00	198,058	
	Yang Ming Anatolia Shipping Agency S.A.	Subsidiary	Investments accounted for by the equity method	50,000	42,190	50.00	42,190	
	Yang Ming (U.A.E.) LLC	Equity-method investee	Investments accounted for by the equity method	(Note I)	52,478	49.00	52,478	
	Yang Ming Shipping (B.V.I.) Inc.	<u>Common stock</u> Karlman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	82,598	100.00	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,457	100.00	3,457	
	<u>Other</u> Cash surrender Value in Insurance	-	Financial asset carried at cost - noncurrent	-	908	-	908	
Ching Ming Investment Corp.	<u>Common stock</u> Yes Logistics Corp	Subsidiary	Investments accounted for by the equity method	55,630,977	542,936	46.36	542,936	
	Homing Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	2,083,092	29,546	20.83	29,546	
	China Steel Corporation	-	Available-for-sale financial assets - current	7,458	204	-	204	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	400,000	12,600	-	12,600	
	Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss - current	100,000	7,860	-	7,860	
	Far Eastern New Century Corporation	-	Financial assets at fair value through profit or loss - current	38,000	1,258	-	1,258	
	HTC Corporation	-	Financial assets at fair value through profit or loss - current	97,000	29,149	0.01	29,149	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	20,000	3,850	0.01	3,850	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Financial assets at fair value through profit or loss - current	355,000	\$ 8,875	0.09	\$ 8,875	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	112,484	3,948	-	3,948	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	300,000	4,485	-	4,485	
	Mega Financial Holding Company	-	Financial assets at fair value through profit or loss - current	820,000	18,532	0.01	18,532	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,210,000	21,417	0.01	21,417	
	T.H.I. Global Holdings Corp.	-	Financial assets at fair value through profit or loss - current	64,000	1,210	0.09	1,210	
	Far Eastern Department Stores Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100,000	3,015	0.01	3,015	
	Dynapack International Technology Corp.	-	Financial assets at fair value through profit or loss - current	20,000	2,290	0.01	2,290	
	Lotes Co., Ltd.	-	Financial assets at fair value through profit or loss - current	17,000	1,525	0.02	1,525	
	Prime Oil Chemical Service Corp.	-	Financial assets at fair value through profit or loss - current	219,000	5,289	0.32	5,289	
	Ili Technology Corp.	-	Financial assets at fair value through profit or loss - current	20,000	1,830	0.03	1,830	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	213,000	10,000	0.03	10,000	
	Merida Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20,000	2,600	0.01	2,600	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	349,929	-	7.24	-	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	1,710,720	-	9.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	6,421	1.38	-	
	<u>Mutual fund</u>							
	Franklin Templeton Developing Markets Trust Fund	-	Available-for-sale financial assets - current	2,524	1,545	-	1,545	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,519	-	1,519	
	Hua Nan Global Infrastructure Fund-A	-	Available-for-sale financial assets - current	200,000	1,140	-	1,140	
	Allianz GIS RCM Little Dragons Fund	-	Available-for-sale financial assets - current	15,235	41,826	-	41,826	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,036,319	26,040	-	26,040	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	223,585	1,827	-	1,827	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	632,645	5,150	-	5,150	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss - current	243,013	2,148	-	2,148	
	PineBridge Global Multi-Strategy High Yield Fund	-	Financial assets at fair value through profit or loss - current	1,263,515	15,092	-	15,092	
	PineBridge Global Emerging Market High Yield Bond Fund-A	-	Financial assets at fair value through profit or loss - current	860,274	10,630	-	10,630	
	Allianz Global Investors Rising Asia Fund	-	Financial assets at fair value through profit or loss - current	239,102	2,783	-	2,783	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	UPAMC Great China Small-Middle Cap Fund		Financial assets at fair value through profit or loss - current	1,834,504	\$ 15,226	-	\$ 15,226	
	ING EMD & High Yield Bond Portfolio Fund-A		Financial assets at fair value through profit or loss - current	1,148,947	12,249	-	12,249	
	Eastspring Investments Global High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	1,000,143	11,729	-	11,729	
	UPAMC Great China Fund		Financial assets at fair value through profit or loss - current	729,130	9,996	-	9,996	
	Pinebridge BRIIC Infrastructure Equity Fund		Financial assets at fair value through profit or loss - current	623,609	5,245	-	5,245	
	Yuanta Greater China Small & Medium Cap Fund		Financial assets at fair value through profit or loss - current	628,332	4,895	-	4,895	
	FSITC Innovation Fund		Financial assets at fair value through profit or loss - current	200,200	2,068	-	2,068	
	Franklin Templeton SinoAm Natural Resources Equity Fund of Franklin Templeton SinoAm Emerging Trends Umbrella Fund		Financial assets at fair value through profit or loss - current	1,593,772	14,257	-	14,257	
	Jih Sun MIT Mainstream Fund		Financial assets at fair value through profit or loss - current	500,000	4,950	-	4,950	
	SinoPac Global Investment Grade Bond Fund		Financial assets at fair value through profit or loss - current	1,000,000	10,631	-	10,631	
	Allianz Global Investors Asian Smaller Companies Fund		Financial assets at fair value through profit or loss - current	247,323	2,248	-	2,248	
	Taishin Latin America Equity Fund		Financial assets at fair value through profit or loss - current	500,000	4,200	-	4,200	
	Manulife Asia Pacific Middle and Small Cap Fund		Financial assets at fair value through profit or loss - current	1,400,561	20,014	-	20,014	
	UPAMC Global Fixed Income Selection Fund		Financial assets at fair value through profit or loss - current	2,677,926	30,050	-	30,050	
	Fuh Hua Emerging Market High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	915,751	10,009	-	10,009	
	Taishin India Fund		Financial assets at fair value through profit or loss - current	500,000	4,850	-	4,850	
	Jih Sun Small Cap Fund		Financial assets at fair value through profit or loss - current	139,491	1,825	-	1,825	
	Eastspring Investments China Fund (formerly PCA China Fund)		Financial assets at fair value through profit or loss - current	1,325,160	15,120	-	15,120	
	FSITC Global High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	738,951	10,050	-	10,050	
	Taishin China Equity Fund		Financial assets at fair value through profit or loss - current	788,349	14,782	-	14,782	
	UPAMC Asia Pacific Fund		Financial assets at fair value through profit or loss - current	497,808	10,006	-	10,006	
	Aberdeen Global-Emerging Markets Smaller Companies Fund		Financial assets at fair value through profit or loss - current	5,409	2,952	-	2,952	
	Hwa Nan Global Luxury Goods Fund		Financial assets at fair value through profit or loss - current	188,147	1,994	-	1,994	
	Franklin Templeton SinoAm Global High Yield Bond Fund-Accu.		Financial assets at fair value through profit or loss - current	1,458,663	15,514	-	15,514	
	Cathay Value and Superior Fund		Financial assets at fair value through profit or loss - current	459,137	5,005	-	5,005	
	Eastspring Emerging Asia Local Currency Bond Fund-A		Financial assets at fair value through profit or loss - current	957,313	10,035	-	10,035	
	Shin Kong Cross Straight Selective Fund		Financial assets at fair value through profit or loss - current	2,112,786	20,156	-	20,156	
	HSBC Global Income Bond Fund		Financial assets at fair value through profit or loss - current	1,468,048	17,319	-	17,319	
	JPM (Taiwan) Emerging Markets Debit Fund-Accu.		Financial assets at fair value through profit or loss - current	918,814	10,287	-	10,287	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yes Logistics Corp.	Allianz Global Investors Biotech Fund		Financial assets at fair value through profit or loss - current	110,132	\$ 1,892	-	\$ 1,892	
	Mirae Asset Global Dynamic Bond Fund-A		Financial assets at fair value through profit or loss - current	500,000	5,191	-	5,191	
	Jih Sun Asian High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	1,892,189	20,405	-	20,405	
	Capital Global Emerging Market Bond Fund-A		Financial assets at fair value through profit or loss - current	100,000	1,027	-	1,027	
	Allianz Global Investors Taiwan Fund		Financial assets at fair value through profit or loss - current	1,426,312	15,019	-	15,019	
	Mirae Asset Asia High Income Bond Fund		Financial assets at fair value through profit or loss - current	1,320,377	14,147	-	14,147	
	Fubon Strategic High Income Fund-A		Financial assets at fair value through profit or loss - current	1,393,342	15,328	-	15,328	
	Allianz Global Investors All Seasons Return Fund of Bond Funds		Financial assets at fair value through profit or loss - current	1,826,038	25,244	-	25,244	
	Reliance Chinese Selected Growth Equity Fund		Financial assets at fair value through profit or loss - current	1,248,751	10,002	-	10,002	
	Franklin Templeton SinoAm China Consumption Fund		Financial assets at fair value through profit or loss - current	2,328,542	22,121	-	22,121	
	HSBC Asian High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	1,358,975	15,106	-	15,106	
	Hua Nan Bric High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	386,262	4,057	-	4,057	
	Eastspring Investments Global High Yield Bond Fund-A		Financial assets at fair value through profit or loss - current	4,000,000	39,955	-	39,955	
	Franklin Templeton SinoAm Emerging Countries Fixed Income Fund		Financial assets at fair value through profit or loss - current	14,388	5,067	-	5,067	
	ING Asia Pacific Multi High Yield Bond Fund-Accu.		Financial assets at fair value through profit or loss - current	883,744	10,072	-	10,072	
	Franklin Templeton SinoAm Aggressive Return Bond Fund-Accu.		Financial assets at fair value through profit or loss - current	2,478,031	27,059	-	27,059	
	Jih Sun Golden Brands Fund of Funds		Financial assets at fair value through profit or loss - current	519,054	5,011	-	5,011	
	Jih Sun Neo Taiwan Enterprises Fund		Financial assets at fair value through profit or loss - current	220,264	4,980	-	4,980	
	Pinebridge Global Emerging Market Investments Strategy Bond Fund-A		Financial assets at fair value through profit or loss - current	925,138	10,010	-	10,010	
	<u>Common stock</u>							
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,471,304	35,324	100.00	35,324	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	118,280	100.00	118,280	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note J)	341,015	49.00	341,015	
	B2B.Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-	
	United Raw Material Solutions Inc./URMS	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	<u>Mutual fund</u>							
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss - current	3,939,024	54,455	-	54,455	
Allianz All Seasons Harvest Fund of Bond Funds-A		Financial assets at fair value through profit or loss - current	3,661,664	40,636	-	40,636		
HSBC Global Fund of Bond Funds		Financial assets at fair value through profit or loss - current	1,175,216	14,678	-	14,678		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	UPAMC Global Fixed Income Selection Fund		Financial assets at fair value through profit or loss - current	3,005,741	\$ 33,728	-	\$ 33,728	
	Manulife Asia Pacific Bond Fund		Financial assets at fair value through profit or loss - current	1,985,263	22,433	-	22,433	
	Hua Nan Global Henry Fund		Financial assets at fair value through profit or loss - current	2,203,092	29,716	-	29,716	
	Fuh Hwa Emerging Market High Yield Bond Fund		Financial assets at fair value through profit or loss - current	640,439	7,000	-	7,000	
	Yuanta Global Wealthy Countries Bond Securities Investment Trust Fund		Financial assets at fair value through profit or loss - current	688,373	7,000	-	7,000	
	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	319,244	5,000	-	5,000	
	Sinopac Dragon Fixed Income (US\$)	-	Financial assets at fair value through profit or loss - current	258,006	79,424	-	79,424	
YES Yangming Logistics (Singapore) Pte. Ltd.	<u>Common stock</u> Yes Logistics Benelux B.V.	Subsidiary	Investments accounted for by the equity method	12,600	3,325	70.00	3,325	
	Yes Logistics (Netherlands) B. V.	Subsidiary	Investments accounted for by the equity method	(Note K)	2,418	100.00	2,418	
	Yes Logistics Company Ltd.	Subsidiary	Investments accounted for by the equity method	29,000,000	29,630	100.00	29,630	
Yes Logistics Corp.	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note L)	12,983	100.00	12,983	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	540	100.00	540	
	Yes Logistics (Shanghai) Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	62,207	100.00	62,207	
Yang Ming Line Holding Co.	<u>Common stock</u> Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	97,647	100.00	97,647	
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note N)	(297,252)	100.00	(297,252)	Note B
	Triumph Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	(4,777)	100.00	(4,777)	Note B
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	1,020	100.00	1,020	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	6,929	100.00	6,929	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	14,009	100.00	14,009	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	26,619	100.00	26,619	
	West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note O)	818,414	40.00	818,414	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note P)	181,964	40.00	181,964	

Notes:

- A. Market values were based on closing prices at December 31, 2012 or the net asset value of the fund on December 31, 2012, or, if market prices were unavailable, on the investees' net assets.
- B. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as a deduction in long-term other receivables - related parties liability.
- C. This is equivalent to EUR18,000, and no shares were issued.

(Continued)

- D. This is equivalent to EUR818,000, and no shares were issued.
- E. This is equivalent to EUR6,000, and no shares were issued.
- F. This is equivalent to GBP500, and no shares were issued.
- G. This is equivalent to US\$94,000, and no shares were issued.
- H. This is equivalent to US\$7,800,000, and no shares were issued.
- I. This is equivalent to AED245,000, and no shares were issued.
- J. This is equivalent to US\$9,301,000, and no shares were issued.
- K. This is equivalent to EUR30,000, and no shares were issued.
- L. This is equivalent to EUR25,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to US\$1,000,000, and no shares were issued.
- O. This is equivalent to US\$3,800,000, and no shares were issued.
- P. This is equivalent to US\$1,000,000, and no shares were issued.
- Q. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments in not charged against the Corporation.
- R. More than half of the directors are identical.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2012
 (In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corp.	<u>Common stock</u> Kao Ming Container Terminal Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	410,000,000	\$ 4,218,853	270,000,000	\$ 2,597,500	272,000,000	\$ 5,249,797	\$ 2,787,243	\$ 2,462,554	\$ 164,506 (Note A)	408,000,000	\$ 4,193,616
	<u>Mutual fund</u> BlackRock ICS Euro Liquidity Funds	Financial assets at fair value through profit or loss - current	-	-	2,593,680	101,424	8,861,328	349,727	11,370,000	447,876	447,876	-	-	85,008	3,275
	BlackRock ICS GBP Liquidity Funds	Financial assets at fair value through profit or loss - current	-	-	1,718,698	80,249	14,945,774	703,903	16,050,000	755,226	755,226	-	-	614,472	28,926
	Capital Money Market	Available-for-sale financial assets - current	-	-	-	-	123,555,089	1,930,000	123,855,089	1,930,428	1,930,000	428	-	-	-
	Taishin Ta-Chong Money Market	Available-for-sale financial assets - current	-	-	-	-	104,134,509	1,430,000	104,134,509	1,430,521	1,430,000	521	-	-	-
	Taishin 1699 Money Market	Available-for-sale financial assets - current	-	-	-	-	400,811,470	5,240,000	400,811,470	5,241,301	5,240,000	1,301	-	-	-
	Fuh Hwa Money Market	Available-for-sale financial assets - current	-	-	-	-	114,309,114	1,600,000	114,309,114	1,600,334	1,600,000	334	-	-	-
	Mega Diamond Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	120,916,665	1,460,000	120,916,665	1,460,647	1,460,000	647	-	-	-
	Union Money Market	Available-for-sale financial assets - current	-	-	-	-	163,752,956	2,090,000	163,752,956	2,090,453	2,090,000	453	-	-	-
	Jih Sun Money Market	Available-for-sale financial assets - current	-	-	-	-	153,819,659	2,200,000	153,819,659	2,200,476	2,200,000	476	-	-	-
	Hua Nan Kirin Money Market	Available-for-sale financial assets - current	-	-	-	-	31,762,770	500,000	31,762,770	500,049	500,000	49	-	-	-
	Prudential Financial Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	26,165,940	400,000	26,165,940	400,058	400,000	58	-	-	-
	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	34,100,132	500,000	34,100,132	500,178	500,000	178	-	-	-
	ING Taiwan Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	139,557,294	2,200,000	139,557,294	2,200,458	2,200,000	458	-	-	-
	Fubon Chi-Hsiang Money Market	Available-for-sale financial assets - current	-	-	-	-	138,445,088	2,100,000	138,445,088	2,100,496	2,100,000	496	-	-	-
	UPAMC James Bond Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	11,124,158	180,000	11,124,158	180,017	180,000	17	-	-	-
	Taishin Lucky Money Market	Available-for-sale financial assets - current	-	-	-	-	9,262,518	100,000	9,262,518	100,015	100,000	15	-	-	-
	Paradigm Pion Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	445,915	5,000	-	-	-	-	-	445,915	5,000
	<u>Principal guaranteed notes</u> Short Rate Linked Principal Guaranteed Notes	Financial assets at fair value through profit or loss - current	-	-	-	-	-	3,900,000	-	3,903,297	3,900,000	3,297	-	-	-
	Masterlink Principal Guaranteed Notes	Financial assets at fair value through profit or loss - current	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
	CAPITAL Principal Guaranteed Notes	Financial assets at fair value through profit or loss - current	-	-	-	-	-	1,700,000	-	800,692	800,000	692	-	-	900,000
Ching Ming Investment Corp.	<u>Common stock</u> Cathay Financial Holding Co., Ltd.	Available-for-sale financial assets - current	-	-	3,874,966	126,711	263,000	6,282	3,737,966	130,195	121,853	8,342	-	400,000	11,140
	<u>Mutual fund</u> Eastspring Investments Well Pool Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,016,749.20	65,703	16,603,358.90	218,418	21,620,408.10	284,827	284,121	706	-	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,457,788.93	71,024	16,568,069.40	216,566	22,025,858.33	288,448	287,590	858	-	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,409,317.57	20,073	12,928,208.20	184,994	14,337,525.77	205,282	205,067	215	-	-	-
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,027,516.30	151,499	11,027,516.30	151,722	151,499	223	-	-	-
Kao Ming Container Terminal Co., Ltd.	<u>Mutual fund</u> Mega Diamond Money Market Fund	Available-for-sale financial assets - current	-	-	8,385,744.24	100,000	-	-	8,385,744.24	101,335	100,000	1,335	-	-	-

Notes:

- A. Represent the investment income recognized under equity method \$165,817 thousand, unrealized loss on financial instruments increased \$1,311 thousand.
- B. Carrying value is the original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2012

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 21,330,421 (Note D)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	4,289,562 (Note E)	-	-	-	-	-
	Young-Carrier Company Limited	A	678,309	-	-	-	599,922	-
	Yang Ming (America) Corp.	A	323,153	-	-	-	323,153	-
	Yangming (Japan) Co., Ltd.	A	276,747	-	-	-	211,648	-
	Yang Ming Line (Hong Kong) Ltd.	A	151,300	-	-	-	151,300	-
	Yang Ming (Italy) S.P.A.	A	118,205	-	-	-	118,205	-
	Yang Ming Shipping (Canada) Ltd.	A	111,526	-	-	-	43,146	-
	Yang Ming (Korea) Ltd.	A	107,601	-	-	-	107,601	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	6,554,163 (Note F)	-	-	-	-	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	B	157,691	-	-	-	157,691	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	892,131	-	-	-	892,131	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	284,801	-	-	-	284,801	-
Kao Ming Container Terminal Corp.	Yang Ming Marine Transport Corporation	C	102,261	-	-	-	102,261	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	348,223 (Note G)	-	-	-	-	-
	Yang Ming Marine Transport Corporation	C	425,451	-	-	-	425,451	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	A	2,818,426 (Note H)	-	-	-	88,102	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	306,363	-	-	-	297,920	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	1,038,210 (Note I)	-	-	-	125,060	-
	Young-Carrier Company Limited	B	287,768	-	-	-	278,341	-

(Continued)

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Interest receivable, financing provided and proceeds from sale of ships.
- E. Financing provided, net of the credit balance of the Corporation's long-term payments in Yang Ming (Liberia) Corp.
- F. Interest receivable and proceeds from sale of ships.
- G. Accounts receivable and financing provided.
- H. Rent receivable.
- I. Freight receivable and shipping line expense receivable.
- J. Collections between related parties made according to "Agency Accounting Procedure" by the Corporation and local business conventions.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 3,882,727	\$ 683,202	\$ 683,202	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	1,921,867	174,258	174,258	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,510,949	42,740	42,740	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	3,074,750	(346,222)	(346,222)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	585,741	16,786	8,393	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,587,496	3,587,496	177,920,000	86.57	3,547,036	(418,050)	(361,920)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	113,529	7,333	5,806	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	114,669	6,004	3,061	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	741,712	216,120	216,120	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(1,261,956) (Note M)	(58,112)	(58,112)	Subsidiary
Kao Ming Container Terminal Corp.	Transyang Shipping Pte. Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	4,018,500	4,100,000	408,000,000	60.00	4,193,616	174,318	165,817	Subsidiary
			Shipping services, chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	75,277	31,549	15,459	Equity-method investee
Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	141,818	14,171	7,050	Equity-method investee
			Investment	179,810	179,810	5,211,474	49.75	141,818	14,171	7,050	Equity-method investee
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	29,546	7,333	-	Subsidiary
			Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	542,936	16,786	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	97,647	31,503	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note Q)	100.00	(297,252) (Note E)	(25,183)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(4,777) (Note E)	6,849	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	1,020 (Note E)	4,717	-	Subsidiary
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	6,929	869	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	14,009	2,943	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	26,619	1,519	-	Subsidiary
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	818,414	223,715	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	182,927	88,188	-	Equity-method investee
	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	(1,884,798) (Note E)	40,868	-
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(1,886,880) (Note E)	411,175	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	27,284	11,538	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	820	820	(Note I)	100.00	33,872	18,400	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	24,230	3,216	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	\$ 70,709	\$ 42,408	\$ 1,500,000	100.00	\$ (2,171,919) (Note E)	\$ 352,450	\$ -	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	126,587	11,495	-	Subsidiary
	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	14,149	14,149	24,500	49.00	34,039	31,278	-	Equity-method investee
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Belgium	Forwarding agency	1,900	1,900	62	10.08	3,059	11,538	-	Subsidiary
Yang Ming (UK) Ltd.	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,676) (Note E)	-	-	Subsidiary
	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	7,089	4,693	-	Equity-method investee
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,555	(344)	-	Subsidiary
Yang Ming Line (Singapore) Pte Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	216,446	25,630	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(48,132) (Note P)	14,642	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	16,973	12,874	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	28,750	8,735	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	244,585	4,854	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	14,903	(10,360)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	73,429	19,607	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	37,308	3,674	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	3,000,000	100.00	132,267	44,648	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	42,190	56,016	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note O)	30.00	198,058	43,508	-	Equity-method investee
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note R)	49.00	52,478	53,018	-	Equity-method investee
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	1,033	(8,582)	-	Equity-method investee
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,457	416	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	82,598	716	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,960,904	1,960,904	2	100.00	3,378,604	(108,476)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	118,280	1,712	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	34,214	128,571	1,471,304	100.00	35,324	(514)	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	304,326	(Note D)	49.00	341,015	(15,154)	-	Equity-method investee
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70.00	3,325	(1,373)	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note N)	100.00	2,418	(574)	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	114,417	114,417	29,000,000	100.00	29,630	1,162	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	540	398	-	Subsidiary
	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	62,207	11,492	-	Subsidiary
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note H)	100.00	12,983	5,811	-	Subsidiary

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$9,301,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR18,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. Recognized as deduction from long-term receivables - related parties.
- N. This is equivalent to EUR30,000, and no shares were issued.
- O. This is equivalent to US\$7,800,000, and no shares were issued.
- P. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investment is not charged against the Corporation.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. This is equivalent to AED245,000, and no shares were issued.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2012

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

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2012 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2012
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 542,645 (US\$ 18,622)	\$ -	\$ -	\$ 542,645 (US\$ 18,622)	12.00%	\$ -	(Note F)	\$ -
Yes Logistics Corp.	Golden Logistics Corp. (Note B)	Shipping agency	US\$ 5,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	145,700 (US\$ 5,000)	-	-	145,700 (US\$ 5,000)	96.36%	(11,138)	\$ 59,880	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800	Investee's direct investment in Mainland China.	271,031 (US\$ 9,301)	-	-	271,031 (US\$ 9,301)	47.22%	(7,156)	328,627	-

Company Name	Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	\$ 542,645 (US\$ 18,622)	\$ 542,645 (US\$ 18,622)	\$ 19,748,183
Yes Logistics Corp.	\$ 416,731 (US\$ 14,301)	\$ 416,731 (US\$ 14,301)	703,694 (Note E)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- 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 June 3, 2004, July 4, 2006 and December 26, 2006.
- 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 April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- D. Calculated by the % ownership of direct or indirect investment.
- E. It represents 60% (\$1,172,824 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2012.
- F. Impairment loss was recognized in 2007.
- G. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.14 as of December 31, 2012.