U-Ming Marine Transport Corporation and Subsidiaries

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

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan

Tel :+886 (2) 2545-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U-Ming Marine Transport Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2016 are stated as follows:

Impairment of transportation equipment

According to IAS 36, the Group should periodically perform impairment assessment on assets. As the nature of the business of the Group pertains to marine transportation, the transportation equipment is material to its financial statements. Also, the estimates and assumptions adopted by the management for the assessment of impairment on the equipment thereof directly impact the recognition of impairment loss in the financial statements. As a result, impairment assessment of the transportation equipment is deemed to be a key audit matter. Refer to Note 5 to the financial statements for disclosure on impairment assessment of transportation equipment.

The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. Understood and tested the design and implement of the key controls over the impairment assessment of property, plant and equipment.

2. Obtained and understood the calculation table of impairment assessment of transportation equipment.

3. Assessed and consulted with internal our specialist the reasonableness of accounting estimates used in the impairment assessment, such as the identification of cash-generating units, the confirmation of fair value of transportation equipment by obtaining supporting documents, and the discount rate and future cash flow used in determining the recoverable amount in discount cash flow method.

4. Tested the calculation of impairment loss according to the table provided by the management.

Income Tax

Tax credit for the overseas subsidiary's earnings, which was deemed after-tax, used in the income tax returns was applied by U-Ming Marine Transport Corporation. The grant of tax credit depended on the decision of tax authority in accordance with tax law in different jurisdictions. Due to the uncertainty involved in the final decision of the tax authority of which the result may cause significant impact on the amount of current tax and deferred tax recognized in financial statements, the recognition of the tax credit has been considered as a key audit matter.

The main audit procedures we have performed in respect of the key audit matter stated above were as follows:

1. Obtained and understood the calculation, relevant accounting estimates, and income tax law applied.

2. Assessed the reasonableness of income tax related accounting estimates, including application of income tax law, obtained the application certificates of income tax law issued by tax authorities and tracked the final assessment result of income tax returns of prior years.

3. Obtained the resource documents for calculating income tax, including the final assessments result of income tax returns of prior years, tax certificates, financial reports, and earnings distribution document, and recalculated the amount of income tax.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Li-Wen Kuo and Ching-Pin Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2017

<u>Notice to Readers</u>

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

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 7)	$ 13,540,718	23	$ 16,375,872	26
Financial assets at fair value through profit or loss - current (Note 8)	237,569	1	1,014,670	2
Available-for-sale financial assets - current (Notes 9, 25 and 26)	8,250,475	14	8,692,432	14
Trade receivables from unrelated parties (Note 11)	331,103	1	350,000	-
Trade receivables from related parties (Notes 11 and 25)	54,545	-	81,852	-
Other receivables (Note 11)	171,096	-	120,869	-
Fuel inventory	261,993	1	350,969	1
Other current assets (Note 25)	184,423	-	249,425	-
Total current assets	23,031,922	40	27,236,089	43
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 9)	134	-	125	-
Financial assets measured at cost - non-current (Note 10)	892,943	1	892,943	1
Investments accounted for using equity method (Notes 13 and 25)	2,447,985	4	1,977,723	3
Property, plant and equipment (Notes 14, 26 and 27)	28,315,931	49	30,968,544	49
Deferred tax assets (Note 21)	36,226	-	107,525	-
Prepayment for equipment (Note 14)	2,390,657	4	1,543,005	3
Refundable deposits (Notes 25 and 26)	98,973	-	107,154	-
Long-term receivable - related parties (Notes 13 and 25)	894,230	2	884,448	1
Total non-current assets	35,077,079	60	36,481,467	57
TOTAL	$ 58,109,001	100	$ 63,717,556	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 26)	$ 3,100,000	5	$ 7,130,000	11
Short-term bills payable (Notes 15 and 26)	2,357,157	4	2,395,020	4
Financial liabilities at fair value through profit or loss - current (Note 8)	119,978	-	161,665	-
Trade payables (Note 25)	199,243	1	94,806	-
Other payables (Note 17)	661,745	1	786,544	1
Current tax liabilities (Note 21)	103,920	-	181,542	1
Current portion of long-term borrowings and bonds payable (Notes 15, 16 and 26)	5,132,241	9	4,581,707	7
Other current liabilities (Note 25)	153,307	-	286,797	1
Total current liabilities	11,827,591	20	15,618,081	25
NON-CURRENT LIABILITIES				
Bonds payable (Note 16)	-	-	992,420	2
Bank loans (Notes 15 and 26)	20,839,714	36	18,447,976	29
Deferred tax liabilities (Note 21)	401,639	1	470,727	1
Deferred revenue - non-current	231,413	-	262,107	-
Net defined benefit liabilities - non-current (Note 18)	258,163	1	339,391	-
Total non-current liabilities	21,730,929	38	20,512,621	32
Total liabilities	33,558,520	58	36,130,702	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Common share capital	8,450,557	14	8,580,167	13
Capital surplus	115,140	-	225,410	-
Retained earnings				
Legal reserve	7,060,448	12	6,978,008	11
Special reserve	337,186	1	337,186	1
Unappropriated earnings	7,519,741	13	9,573,288	15
Total retained earnings	14,917,375	26	16,888,482	27
Other equity	1,067,409	2	2,370,488	4
Treasury shares	-	-	(477,693)	(1)
Total equity	24,550,481	42	27,586,854	43
TOTAL	$ 58,109,001	100	$ 63,717,556	100

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 7)	$ 419,867	23	$ 498,884	26
Financial assets at fair value through profit or loss - current (Note 8)	7,366	1	30,911	2
Available-for-sale financial assets - current (Notes 9, 25 and 26)	255,829	14	264,811	14
Trade receivables from unrelated parties (Note 11)	10,267	1	10,663	-
Trade receivables from related parties (Notes 11 and 25)	1,691	-	2,494	-
Other receivables (Note 11)	5,305	-	3,682	-
Fuel inventory	8,124	1	10,692	1
Other current assets (Note 25)	5,719	-	7,599	-
Total current assets	714,168	40	829,736	43
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 9)	4	-	4	-
Financial assets measured at cost - non-current (Note 10)	27,688	1	27,203	1
Investments accounted for using equity method (Notes 13 and 25)	75,907	4	60,251	3
Property, plant and equipment (Notes 14, 26 and 27)	878,013	49	943,444	49
Deferred tax assets (Note 21)	1,123	-	3,276	-
Prepayment for equipment (Note 14)	74,129	4	47,007	3
Refundable deposits (Notes 25 and 26)	3,069	-	3,264	-
Long-term receivable - related parties (Notes 13 and 25)	27,728	2	26,944	1
Total non-current assets	1,087,661	60	1,111,393	57
TOTAL	$ 1,801,829	100	$ 1,941,129	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 26)	$ 96,124	5	$ 217,212	11
Short-term bills payable (Notes 15 and 26)	73,090	4	72,963	4
Financial liabilities at fair value through profit or loss - current (Note 8)	3,720	-	4,925	-
Trade payables (Note 25)	6,178	1	2,888	-
Other payables (Note 17)	20,519	1	23,962	1
Current tax liabilities (Note 21)	3,222	-	5,531	1
Current portion of long-term borrowings and bonds payable (Notes 15, 16 and 26)	159,139	9	139,580	7
Other current liabilities (Note 25)	4,755	-	8,737	1
Total current liabilities	366,747	20	475,798	25
NON-CURRENT LIABILITIES				
Bonds payable (Note 16)	-	-	30,234	2
Bank loans (Notes 15 and 26)	646,193	36	562,010	29
Deferred tax liabilities (Note 21)	12,454	1	14,341	1
Deferred revenue - non-current	7,175	-	7,985	-
Net defined benefit liabilities - non-current (Note 18)	8,005	1	10,339	-
Total non-current liabilities	673,827	38	624,909	32
Total liabilities	1,040,574	58	1,100,707	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Common share capital	262,033	14	261,391	13
Capital surplus	3,570	-	6,867	-
Retained earnings				
Legal reserve	218,929	12	212,582	11
Special reserve	10,455	1	10,272	1
Unappropriated earnings	233,170	13	291,646	15
Total retained earnings	462,554	26	514,500	27
Other equity	33,098	2	72,216	4
Treasury shares	-	-	(14,552)	(1)
Total equity	761,255	42	840,422	43
TOTAL	$ 1,801,829	100	$ 1,941,129	100

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 25 and 27)				
Freight revenue	$ 6,391,062	98	$ 7,733,341	98
Other operating revenue (Note 20)	126,335	2	190,747	2
Total operating revenue	6,517,397	100	7,924,088	100
OPERATING COSTS				
Freight cost (Notes 20 and 25)	6,716,524	103	7,544,723	95
GROSS PROFIT (LOSS)	(199,127)	(3)	379,365	5
OPERATING EXPENSES (Notes 20 and 25)	267,862	4	314,266	4
PROFIT (LOSS) FROM OPERATIONS	(466,989)	(7)	65,099	1
NON-OPERATING INCOME AND EXPENSES				
Financial costs (Note 20)	(535,133)	(8)	(461,525)	(6)
Interest income	248,866	4	294,851	4
Dividend income	150,878	2	296,684	4
Other income (Note 25)	25,209	-	107,932	1
Gain (loss) on disposal of property, plant and equipment, net	(215,258)	(3)	192,882	3
Gain on sale of investments, net (Note 25)	257,322	4	967,332	12
Net gain (loss) on foreign currency exchange (Notes 20 and 28)	121,243	2	(453,926)	(6)
Other losses	(7,340)	-	(5,185)	-
Valuation loss on financial instruments, net	(357,916)	(6)	(318,693)	(4)
Impairment loss (Notes 9 and 14)	(24,673)	-	(62,386)	(1)
Share of the profit or loss of associates and joint ventures (Note 13)	(49,377)	(1)	102,246	1
Total non-operating income and expenses	(386,179)	(6)	660,212	8
PROFIT (LOSS) BEFORE INCOME TAX	(853,168)	(13)	725,311	9
INCOME TAX EXPENSE (BENEFIT) (Note 21)	25,186	1	(99,086)	(1)
NET PROFIT (LOSS) FOR THE YEAR	(878,354)	(14)	824,397	10

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U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2016		2015	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	$ (8,484)	-	$ 4,672	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(931,291)	(14)	1,873,370	24
Unrealized loss on available-for-sale financial assets	(364,282)	(6)	(975,537)	(12)
Share of the other comprehensive loss of associates using the equity method (Note 13)	(7,506)	-	(61,108)	(1)
Other comprehensive income (loss) for the year, net of income tax	(1,311,563)	(20)	841,397	11
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (2,189,917)	(34)	$ 1,665,794	21
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (878,354)	(13)	$ 824,397	10
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (2,189,917)	(34)	$ 1,665,794	21
EARNINGS (LOSSES) PER SHARE (Note 22)				
Basic	$ (1.04)		$ 0.96	
Diluted	$ (1.04)		$ 0.96	

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars, Except Earnings Per Share, Note 6)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 25 and 27)				
Freight revenue	$ 198,172	98	$ 235,593	98
Other operating revenue (Note 20)	3,917	2	5,811	2
Total operating revenue	202,089	100	241,404	100
OPERATING COSTS				
Freight cost (Notes 20 and 25)	208,264	103	229,847	95
GROSS PROFIT (LOSS)	(6,175)	(3)	11,557	5
OPERATING EXPENSES (Notes 20 and 25)	8,306	4	9,574	4
PROFIT (LOSS) FROM OPERATIONS	(14,481)	(7)	1,983	1
NON-OPERATING INCOME AND EXPENSES				
Financial costs (Note 20)	(16,593)	(8)	(14,060)	(6)
Interest income	7,717	4	8,983	4
Dividend income	4,678	2	9,038	4
Other income (Note 25)	782	-	3,288	1
Gain (loss) on disposal of property, plant and equipment, net	(6,675)	(3)	5,876	3
Gain on sale of investments, net (Note 25)	7,979	4	29,469	12
Net gain (loss) on foreign currency exchange (Notes 20 and 28)	3,759	2	(13,829)	(6)
Other losses	(227)	-	(157)	-
Valuation loss on financial instruments, net	(11,098)	(6)	(9,709)	(4)
Impairment loss (Notes 9 and 14)	(765)	-	(1,901)	(1)
Share of the profit or loss of associates and joint ventures (Note 13)	(1,531)	(1)	3,115	1
Total non-operating income and expenses	(11,974)	(6)	20,113	8
PROFIT (LOSS) BEFORE INCOME TAX	(26,455)	(13)	22,096	9
INCOME TAX EXPENSE (BENEFIT) (Note 21)	781	1	(3,019)	(1)
NET PROFIT (LOSS) FOR THE YEAR	(27,236)	(14)	25,115	10

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U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars, Except Earnings Per Share, Note 6)

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	$ (263)	-	$ 142	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(28,877)	(14)	57,072	24
Unrealized loss on available-for-sale financial assets	(11,296)	(6)	(29,719)	(12)
Share of the other comprehensive loss of associates using the equity method (Note 13)	(233)	-	(1,862)	(1)
Other comprehensive income (loss) for the year, net of income tax	(40,669)	(20)	25,633	11
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (67,905)	(34)	$ 50,748	21
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (27,236)	(13)	$ 25,115	10
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (67,905)	(34)	$ 50,748	21
EARNINGS (LOSSES) PER SHARE (Note 23)				
Basic	$ (0.03)		$ 0.03	
Diluted	$ (0.03)		$ 0.03	

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

			Retained Earnings			Other Equity						
	Common Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Revaluation Increment	Cash Flow Hedges	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2015	$ 8,580,167	$ 225,368	$ 6,769,696	$ 1,195,583	$ 9,981,770	$ 31,558	$ 1,446,353	$ 55,852	$ -	$ 1,533,763	$ -	$ 28,286,347
Appropriation of 2014 earnings												
Legal reserve	-	-	208,312	-	(208,312)	-	-	-	-	-	-	-
Special reserve	-	-	-	(858,397)	858,397	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,887,636)	-	-	-	-	-	-	(1,887,636)
Change from investments in associates and joint ventures accounted for using equity method	-	44	-	-	-	-	-	-	-	-	-	44
Net profit for the year ended December 31, 2015	-	-	-	-	824,397	-	-	-	-	-	-	824,397
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	4,672	1,873,493	(981,319)	(55,399)	(50)	836,725	-	841,397
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	829,069	1,873,493	(981,319)	(55,399)	(50)	836,725	-	1,665,794
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(477,693)	(477,693)
Dividends claimed after over five years by stockholders	-	(2)	-	-	-	-	-	-	-	-	-	(2)
BALANCE AT DECEMBER 31, 2015	8,580,167	225,410	6,978,008	337,186	9,573,288	1,905,051	465,034	453	(50)	2,370,488	(477,693)	27,586,854
Appropriation of 2015 earnings												
Legal reserve	-	-	82,440	-	(82,440)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(845,056)	-	-	-	-	-	-	(845,056)
Change from investments in associates and joint ventures accounted for using equity method	-	(29)	-	-	(1,362)	-	-	-	-	-	-	(1,391)
Net loss for the year ended December 31, 2016	-	-	-	-	(878,354)	-	-	-	-	-	-	(878,354)
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(8,484)	(904,708)	(398,105)	(320)	54	(1,303,079)	-	(1,311,563)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	(886,838)	(904,708)	(398,105)	(320)	54	(1,303,079)	-	(2,189,917)
Cancelation of treasury shares	(129,610)	(110,232)	-	-	(237,851)	-	-	-	-	-	477,693	-
Dividends claimed after over five years by stockholders	-	(9)	-	-	-	-	-	-	-	-	-	(9)
BALANCE AT DECEMBER 31, 2016	$ 8,450,557	$ 115,140	$ 7,060,448	$ 337,186	$ 7,519,741	$ 1,000,343	$ 66,929	$ 133	$ 4	$ 1,067,409	$ -	$ 24,550,481

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars, Note 6)

			Retained Earnings			Other Equity						
	Common Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Revaluation Increment	Cash Flow Hedges	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2015	$ 271,095	$ 7,121	$ 213,892	$ 37,775	$ 315,380	$ 997	$ 45,698	$ 1,765	$ -	$ 48,460	$ -	$ 893,723
Appropriation of 2014 earnings												
Legal reserve	-	-	6,346	-	(6,346)	-	-	-	-	-	-	-
Special reserve	-	-	-	(26,151)	26,151	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(57,506)	-	-	-	-	-	-	(57,506)
Change from investments in associates and joint ventures accounted for using equity method	-	1	-	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2015	-	-	-	-	25,115	-	-	-	-	-	-	25,115
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	142	57,076	(29,895)	(1,688)	(2)	25,491	-	25,633
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	25,257	57,076	(29,895)	(1,688)	(2)	25,491	-	50,748
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(14,552)	(14,552)
Dividends claimed after over five years by stockholders	-	-	-	-	-	-	-	-	-	-	-	-
Changes in translation adjustments	(9,704)	(255)	(7,656)	(1,352)	(11,290)	(36)	(1,636)	(63)	-	(1,735)	-	(31,992)
BALANCE AT DECEMBER 31, 2015	261,391	6,867	212,582	10,272	291,646	58,037	14,167	14	(2)	72,216	(14,552)	840,422
Appropriation of 2015 earnings												
Legal reserve	-	-	2,556	-	(2,556)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(26,203)	-	-	-	-	-	-	(26,203)
Change from investments in associates and joint ventures accounted for using equity method	-	-	-	-	(42)	-	-	-	-	-	-	(42)
Net loss for the year ended December 31, 2016	-	-	-	-	(27,236)	-	-	-	-	-	-	(27,236)
Other comprehensive income for the year ended December 31, 2016, net of income tax	-	-	-	-	(263)	(28,054)	(12,344)	(10)	2	(40,406)	-	(40,669)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	(27,499)	(28,054)	(12,344)	(10)	2	(40,406)	-	(67,905)
Cancelation of treasury shares	(4,019)	(3,418)	-	-	(7,375)	-	-	-	-	-	14,812	-
Dividends claimed after over five years by stockholders	-	-	-	-	-	-	-	-	-	-	-	-
Changes in translation adjustments	4,661	121	3,791	183	5,199	1,036	252	-	-	1,288	(260)	14,983
BALANCE AT DECEMBER 31, 2016	$ 262,033	$ 3,570	$ 218,929	$ 10,455	$ 233,170	$ 31,019	$ 2,075	$ 4	$ -	$ 33,098	$ -	$ 761,255

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (853,168)	$ 725,311
Adjustments for:		
Depreciation expenses	2,249,488	2,278,587
Finance costs	535,133	461,525
Dividend income	(301,374)	(498,757)
Unrealized (gain) loss on foreign currency exchange	(276,251)	509,935
Interest income	(248,866)	(294,851)
Loss (gain) on disposal of property, plant and equipment, net	215,258	(192,882)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	100,594	(381,334)
Share of the profit of associates and joint ventures	49,377	(102,246)
Other non-cash items	(26,113)	(122,282)
Impairment loss recognized on available-for-sale financial assets	24,673	46,042
Recognition (reversal) of provision for doubtful accounts	(1,191)	9,383
Impairment loss recognized on transportation equipment	-	16,343
Gain on disposal of investment, net	-	(267,305)
Changes in operating assets and liabilities		
Financial assets held for trading	676,507	695,852
Trade receivables	48,562	157,146
Other receivables	(16,337)	(15,198)
Fuel inventory	53,148	51,468
Other current assets	66,121	(6,035)
Financial liabilities held for trading	(41,687)	137,469
Trade payables	104,437	(41,213)
Other payables	(121,760)	(83,807)
Other current liabilities	(133,490)	154,988
Net defined benefit liabilities	(89,712)	(33,333)
Cash generated from operations	2,013,349	3,204,806
Interest received	214,976	381,218
Dividends received	301,374	498,757
Interest paid	(539,007)	(440,581)
Income tax paid	(100,597)	(279,051)
Net cash generated from operating activities	1,890,095	3,365,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayment for equipment	(1,689,932)	(4,719,574)
Proceeds from disposal of property, plant and equipment	726,667	314,708
Acquisition of associates	(480,000)	(760,000)
Purchase of property, plant and equipment	(208,475)	(1,683,251)
Increase in financing provided - related parties	(75,496)	(59,352)
Purchase of available-for-sale financial assets	(18,351)	(2,942,876)

(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

	2016	2015
Decrease in refundable deposits	$ 8,038	$ 15,696
Proceeds on sale of available-for-sale financial assets	-	3,074,266
Net cash used in investing activities	(1,737,549)	(6,760,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	11,849,158	8,708,213
Repayments of long-term borrowings	(8,126,618)	(4,980,736)
Repayments of short-term borrowings	(4,530,000)	(450,000)
Repayment of bond payables	(1,000,000)	-
Dividends paid to owners of the Company	(845,065)	(1,887,638)
(Repayments) proceeds from short-term bills payable	(37,863)	63,020
Decrease in obligation under capital lease	-	(753,610)
Payments for buy-back ordinary shares	-	(477,693)
Net cash (used in) generated from financing activities	(2,690,388)	221,556
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(297,312)	495,408
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,835,154)	(2,678,270)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,375,872	19,054,142
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 13,540,718	$ 16,375,872

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars, Note 6)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (26,455)	$ 22,096
Adjustments for:		
Depreciation expenses	69,752	69,417
Finance costs	16,593	14,060
Dividend income	(9,345)	(15,194)
Unrealized (gain) loss on foreign currency exchange	(8,566)	15,535
Interest income	(7,717)	(8,983)
Loss (gain) on disposal of property, plant and equipment, net	6,675	(5,876)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	3,119	(11,617)
Share of the profit of associates and joint ventures	1,531	(3,115)
Other non-cash items	(810)	(3,725)
Impairment loss recognized on available-for-sale financial assets	765	1,403
Recognition (reversal) of provision for doubtful accounts	(37)	286
Impairment loss recognized on transportation equipment	-	498
Gain on disposal of investment, net	-	(8,143)
Changes in operating assets and liabilities		
Financial assets held for trading	20,977	21,199
Trade receivables	1,506	4,787
Other receivables	(507)	(463)
Fuel inventory	1,648	1,568
Other current assets	2,050	(184)
Financial liabilities held for trading	(1,293)	4,188
Trade payables	3,238	(1,256)
Other payables	(3,776)	(2,553)
Other current liabilities	(4,139)	4,722
Net defined benefit liabilities	(2,782)	(1,015)
Cash generated from operations	62,427	97,635
Interest received	6,666	11,614
Dividends received	9,345	15,194
Interest paid	(16,713)	(13,422)
Income tax paid	(3,119)	(8,501)
Net cash generated from operating activities	58,606	102,520
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayment for equipment	(52,401)	(143,780)
Proceeds from disposal of property, plant and equipment	22,532	9,587
Acquisition of associates	(14,884)	(23,153)
Purchase of property, plant and equipment	(6,464)	(51,280)
Increase in financing provided - related parties	(2,341)	(1,808)
Purchase of available-for-sale financial assets	(569)	(89,653)

(Continued)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of U.S. Dollars, Note 6)

	2016	2015
Decrease in refundable deposits	$ 249	$ 478
Proceeds on sale of available-for-sale financial assets	-	93,656
Net cash used in investing activities	(53,878)	(205,953)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	367,416	265,292
Repayments of long-term borrowings	(251,988)	(151,736)
Repayments of short-term borrowings	(140,465)	(13,709)
Repayment of bond payables	(31,008)	-
Dividends paid to owners of the Company	(26,203)	(57,506)
(Repayments) proceeds from short-term bills payable	(1,174)	1,920
Decrease in obligation under capital lease	-	(22,958)
Payments for buy-back ordinary shares	-	(14,552)
Net cash (used in) generated from financing activities	(83,422)	6,751
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(323)	(6,461)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,017)	(103,143)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	498,884	602,027
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 419,867	$ 498,884

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

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

U-Ming Marine Transport Corporation (the Company) was incorporated in the Republic of China (ROC) in August 1968. The Company and its subsidiaries not only own and manage ships that transport dry bulk cargoes, principally cement, oil, coal, iron ore and grain, but also do the investment business. The Company's shares have been listed on the Taiwan Stock Exchange since December 8, 1990. The consolidated financial statements are presented in the Company's financial currency, New Taiwan dollars and translated to U.S. dollars on the basis stated in Note 6 for the convenience of readers.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 6, 2017.

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

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

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

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

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

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

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

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

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

- IFRS 9 "Financial Instruments"

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

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

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

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

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

Impairment of financial assets

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

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

Transition

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Refer to Note 12 and Tables 8 and 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Fuel inventory

Fuel inventory is the stock of fuel, which is stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The replacement cost is used to determine the net realizable value, as fuel inventory is for operation instead of sales. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of those associates. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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

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

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

i. Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the coverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading, and are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 24.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

Cash equivalents include time deposits, government bonds investments and commercial papers investments, with original maturities within 12 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables, other receivables and long-term receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading, and are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 24.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

k. Hedge accounting

Investee company of associate of the Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship; when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

l. Provisions

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

Where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract, the present obligations arising under onerous contracts are recognized and measured as provisions.

m. Revenue recognition

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

1) Rendering of services

Freight revenue is recognized by reference to the stage of completion of the contract, which is the proportion of the voyage periods.

2) Dividend and interest income

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

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

n. Leasing

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

<u>The Group as lessee</u>

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Revenue recognition

Freight revenue is recognized by reference to the stage of completion of the contract, which is the proportion of the actual voyage made to the whole voyage agreed in the contract. If the actual voyage duration differ from which is stated in the contract, revenue recognition might be affected. Management believe the proper estimation have been used and the Group's accounting policies for revenue and deferred revenue recognition are consistently applied from prior period to the current period.

b. Income taxes

Tax credit for the overseas subsidiary's earnings, which was deemed after-tax, used in the income tax returns was applied by the Group. The grant of tax credit depended on the decision of tax authority in accordance with tax law in different jurisdictions. Due to the uncertainty involved in the final decision of the tax authority, the result may cause significant impact on the amount of current tax and deferred tax recognized in financial statements.

As of December 31, 2016 and 2015, due to the unpredictability of future profit streams, no deferred tax asset has been recognized on tax losses. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material adjustment of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such an adjustment takes place.

c. Fair value measurements and valuation processes

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group determines whether to engage third party qualified appraisers and applies the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities and market prices or rates and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. The Group updates inputs regularly to confirm the appropriateness of fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 24.

d. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expenses and the liabilities.

e. Residual values of property, plant and equipment

The Group uses fair value of scrap as residual values of transportation equipment, and assesses the fair value of scrap at the end of the reporting period.

Changes in market conditions will affect the fair value and may have a material impact on the amount of depreciation expenses and transportation equipment.

f. Impairment of property, plant and equipment

The impairment of transportation was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell and their value in use. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

6. TRANSLATION INTO U.S. DOLLARS

The consolidated financial statements are originally stated in New Taiwan dollars. The translations of New Taiwan dollars into U.S. dollars are included solely for the convenience of the reader, using the exchange rate of NT$32.25 to US$1.00 and NT$32.825 to US$1.00 published by the Bank of Taiwan as of December 31, 2016 and 2015, respectively. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been or could in the future be, converted into U.S. dollars at these rates or any other exchange rate.

7. CASH AND CASH EQUIVALENTS

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Cash on hand	$ 2,451	$ 76	$ 1,319	$ 40
Checking accounts and demand deposits	141,363	4,384	185,359	5,647
Cash equivalents				
Time deposits	13,147,370	407,670	16,189,194	493,197
Commercial papers	249,534	7,737	-	-
	$ 13,540,718	$ 419,867	$ 16,375,872	$ 498,884

The market rate intervals of time deposits at the end of the reporting period were as follows:

	December 31	
	2016	2015
Time deposits	0.86%-1.88%	0.46%-4.5%

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Financial assets held for trading				
Derivative financial assets (not under hedge accounting)				
Cross-currency swap contracts (a)	$ 177,265	$ 5,496	$ 601,310	$ 18,319
Interest rate swap contracts (b)	41,791	1,296	30,641	932
	219,056	6,792	631,951	19,251
Non-derivative financial assets				
Beneficiary certificates - open-end funds	18,513	574	159,294	4,853
Domestic quoted shares	-	-	223,425	6,807
	18,513	574	382,719	11,660
Financial assets at FVTPL - current	$ 237,569	$ 7,366	$ 1,014,670	$ 30,911
Financial liabilities held for trading				
Derivative financial liabilities (not under hedge accounting)				
Cross-currency swap contracts (a)	$ 117,298	$ 3,637	$ 142,810	$ 4,351
Interest rate swap contracts (b)	2,680	83	18,855	574
Financial liabilities at FVTPL - current	$ 119,978	$ 3,720	$ 161,665	$ 4,925

a. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2016			
NTD948,000/USD30,000	2017.02.06	(0.005%)	3-month LIBOR: 0.8809%
NTD1,272,000/USD40,000	2017.02.21	(0.026%)	3-month LIBOR: 0.9087%
NTD957,000/USD30,000	2017.02.24	(0.07%)	3-month LIBOR: 0.9248%
NTD2,237,900/USD70,000	2017.03.07	(0.65%)	3-month LIBOR: 0.9464%
NTD1,118,250/USD35,000	2017.03.20	(0.89%)	3-month LIBOR: 0.9932%
NTD958,500/USD30,000	2017.03.20	(0.89%)	3-month LIBOR: 0.9932%
NTD516,800/USD16,000	2017.03.29	(1.00%)	3-month LIBOR: 0.9971%

(Continued)

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
NTD946,800/USD30,000	2017.11.09	(0.04%)	3-month LIBOR: 0.8823%
NTD895,160/USD28,000	2017.12.06	(0.39%)	3-month LIBOR: 0.9481%
NTD637,600/USD20,000	2017.12.13	(0.32%)	3-month LIBOR: 0.9565%
NTD637,600/USD20,000	2017.12.13	(0.32%)	3-month LIBOR: 0.9565%
NTD1,216,000/USD38,000	2017.12.18	(0.50%)	3-month LIBOR: 0.9932%
USD24,915/AUD30,018	2022.03.21	3-month LIBOR plus 1%	3-month AUD BBR-BBSW plus 1%
USD23,800/AUD34,643	2024.01.22	3-month LIBOR plus 1.05%	3-month AUD BBR-BBSW plus 1.05%
<u>December 31, 2015</u>			
NTD1,540,000/USD50,000	2016.05.04	0.13%	3-month LIBOR: 0.3341%
NTD1,525,000/USD50,000	2016.05.20	0.10%	3-month LIBOR: 0.3776%
NTD899,000/USD29,000	2016.06.03	0.05%	3-month LIBOR: 0.4222%
NTD1,085,000/USD35,000	2016.06.14	0.059%	3-month LIBOR: 0.5020%
NTD992,000/USD32,000	2016.06.21	0.045%	3-month LIBOR: 0.5695%
NTD1,023,000/USD33,000	2016.06.24	(0.005%)	3-month LIBOR: 0.5944%
NTD633,000/USD20,000	2016.08.09	(0.23%)	3-month LIBOR: 0.3414%
NTD1,974,000/USD60,000	2016.08.25	(0.21%)	3-month LIBOR: 0.4067%
NTD682,500/USD21,000	2016.08.26	(0.29%)	3-month LIBOR: 0.4117%
NTD978,000/USD30,000	2016.09.07	(0.26%)	3-month LIBOR: 0.4620%
NTD1,316,400/USD40,000	2016.09.30	(0.17%)	3-month LIBOR: 0.3255%
NTD975,000/USD30,000	2016.11.04	(0.11%)	3-month LIBOR: 0.3366%
USD32,390/AUD39,023	2022.03.21	3-month LIBOR plus 1%	3-month AUD BBR-BBSW plus 1%
USD32,760/AUD47,686	2023.11.20	3-month LIBOR plus 1.05%	3-month AUD BBR-BBSW plus 1.05%

(Concluded)

The Group entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of U.S. dollar and Australian dollar denominated loans. The Group did not apply hedge accounting.

b. At the end of the reporting period, outstanding interest rate swap contracts were as follows:

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
<u>December 31, 2016</u>			
USD11,340	2022.07.20	1.36%	3-month LIBOR: 0.8812%
USD10,920	2022.09.20	1.43%	3-month LIBOR: 0.9973%
USD19,425	2022.10.25	1.18%	3-month LIBOR: 0.8818%
USD21,499	2023.04.24	1.27%	3-month LIBOR: 0.8818%
USD12,285	2023.06.05	1.90%	3-month LIBOR: 0.9417%
USD13,230	2023.08.30	1.85%	3-month LIBOR: 0.9351%
USD26,950	2023.10.30	1.89%	3-month LIBOR: 0.8904%
USD31,238	2024.01.16	1.68%	3-month LIBOR: 0.8775%
USD11,616	2021.03.19	1.115%	3-month LIBOR: 0.9973%

(Continued)

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2015			
USD13,230	2022.07.20	1.36%	3-month LIBOR: 0.3317%
USD12,740	2022.09.20	1.43%	3-month LIBOR: 0.5695%
USD22,663	2022.10.25	1.18%	3-month LIBOR: 0.3199%
USD24,806	2023.04.24	1.27%	3-month LIBOR: 0.3204%
USD14,175	2023.06.05	1.90%	3-month LIBOR: 0.4222%
USD15,120	2023.08.30	1.85%	3-month LIBOR: 0.4117%
USD30,800	2023.10.30	1.89%	3-month LIBOR: 0.3219%
USD35,403	2024.01.16	1.68%	3-month LIBOR: 0.3206%
USD14,197	2021.03.19	1.115%	3-month LIBOR: 0.5695%

The Group entered into interest rate swap contracts to exchange floating interest rate with fixed interest rate to manage the risk of interest rate fluctuations from the outstanding loans with floating interest rates. The Group did not apply hedge accounting.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Current				
Domestic investments				
Listed shares	$ 4,661,769	$ 144,551	$ 4,878,830	$ 148,632
Foreign investments				
Open-end beneficiary certificates	3,316,896	102,850	3,506,326	106,819
Listed shares	271,810	8,428	307,276	9,360
	3,588,706	111,278	3,813,602	116,179
	$ 8,250,475	$ 255,829	$ 8,692,432	$ 264,811
Non-current				
Domestic investments				
Listed shares	$ 134	$ 4	$ 125	$ 4

Some of the foreign listed companies that the Group had equity investments faced financial difficulties or suffered prolonged decline in market value. As a result, the Group recognized impairment loss of NT$24,673 thousand (US$765 thousand) and NT$46,042 thousand (US$1,403 thousand) during 2016 and 2015, respectively.

Refer to Note 25 for information relating to transactions with related parties.

Refer to Note 26 for information relating to available-for-sale financial assets pledged as collateral or for security.

10. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Domestic unlisted stocks	$ 892,943	$ 27,688	$ 892,943	$ 27,203
Classified according to financial asset measurement categories				
Available-for-sale financial assets	$ 892,943	$ 27,688	$ 892,943	$ 27,203

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

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Trade receivables				
Trade receivables	$ 449,918	$ 13,951	$ 498,480	$ 15,187
Less: Allowance for impairment loss	64,270	1,993	66,628	2,030
	$ 385,648	$ 11,958	$ 431,852	$ 13,157
Other receivables				
Interest receivables	$ 104,138	$ 3,229	$ 70,248	$ 2,140
Other	66,958	2,076	50,621	1,542
	$ 171,096	$ 5,305	$ 120,869	$ 3,682

Trade Receivables

The Group receives freight charges that amount to 90% to 95% of total contract price within 3 to 8 days from completion of loading, and settles demurrage with customer upon completion of each voyage period. The outstanding period of demurrage depends on progress of settlement, normally longer than the outstanding period of freight charge. Since the transaction involves receiving of freight charge that is 90% to 95% of total contract price, trade receivables are individually assessed for recoverability and impairment. The Group also evaluates any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 365 days.

The trade receivables balances that were past due at the end of the reporting period were demurrage, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable.

The aging of receivables was as follows:

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
0-30 days	$ 336,575	$ 10,436	$ 373,643	$ 11,384
31-90 days	35,472	1,100	20,724	631
91-180 days	11,840	367	47,029	1,433
181-365 days	646	20	160	5
Above 366 days	65,385	2,028	56,924	1,734
	$ 449,918	$ 13,951	$ 498,480	$ 15,187

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

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

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
181-365 days	$ 646	$ 20	$ 160	$ 5
Above 366 days	1,115	35	-	-
	$ 1,761	$ 55	$ 160	$ 5

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

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

	Individually Assessed for Impairment			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Balance at the beginning of the year	$ 66,628	$ 2,030	$ 79,377	$ 2,508
Add: Impairment losses (reversed) recognized on receivables	(1,191)	(37)	9,383	286
Less: Amounts written off during the period as uncollectable	-	-	(24,559)	(748)
Foreign exchange translation gains and losses	(1,167)	-	2,427	(16)
Balance at the end of the year	$ 64,270	$ 1,993	$ 66,628	$ 2,030

The Group recognized impairment loss on trade receivables amounting to NT$64,270 thousand (US$1,993 thousand) and NT$66,628 thousand (US$2,030 thousand) as of December 31, 2016, and 2015, respectively. These amounts mainly related to customers that were in liquidation or in severe financial difficulties. The Group did not hold any collateral over these balances.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Business	% of Ownership December 31 2016	2015	Remark
The Company	U-Ming Marine Transport (Singapore) Private Limited (U-Ming Singapore)	Transport	100	100	-
	U-Ming Marine Transport (Hong Kong) Ltd. (U-Ming Hong Kong)	Transport	100	100	-
	Yue-Li Investment Corporation (Yue-Li)	Investment	68	68	-
	Yue-Tung Investment Corporation (Yue-Tung)	Investment	74	74	-
U-Ming Singapore	Falcon Investment Private Limited (Falcon)	Investment	100	100	-
	Eagle Investment Private Limited (Eagle)	Transport	100	100	-
	Yue-Li Investment Corporation (Yue-Li)	Investment	32	32	-
	Yue-Tung Investment Corporation (Yue-Tung)	Investment	26	26	-
U-Ming Hong Kong	Overseas Shipping Pte. Ltd. (OSPL)	Transport	100	100	-
	Alliance Maritime Pte. Ltd.	Transport	-	-	-
	U-Ming Marine (Xiamen) International Ship Management Co., Ltd. (U-Ming Xiamen)	Transport	100	100	-

b. Subsidiaries excluded from the consolidated financial statements: None.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2016 NT$	2016 US$ (Note 6)	2015 NT$	2015 US$ (Note 6)
Associates that are not individually material	$ 2,447,985	$ 75,907	$ 1,977,723	$ 60,251

The Group’s equities in certain associates were less than 20%, but the equity method was used because of the Group’s significant influence on them.

The Group holds 50% of the issued share capital of some associates, but classified them as the Group’s associates because the Group neither participated in operation nor had control over them.

The Group’s share of losses of an associate is limited to its interest in that associate which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate.

Refer to Note 25 for information of the Group participated in the capital increase of Global Energy Maritime Co., Ltd.

The Group’s associate, Welwin Shipping Ltd. was liquidated on January 2015.

Except for Global Energy Maritime Co., Ltd. and Opas Fund Segregated Portfolio Company, investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements that have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Transportation	Leased Assets	Miscellaneous	Total
New Taiwan dollars					
Cost					
Balance at January 1, 2015	$ 1,092	$ 38,346,719	$ 1,867,350	$ 45,918	$ 40,261,079
Additions	-	1,681,719	-	1,532	1,683,251
Disposals	-	(853,862)	(1,872,601)	-	(2,726,463)
Reclassified from prepayment for equipment	-	6,368,439	-	-	6,368,439
Derecognition by replacement	-	(290,947)	-	-	(290,947)
Effect of foreign currency exchange differences	-	1,456,638	5,251	283	1,462,172
Balance at December 31, 2015	$ 1,092	$ 46,708,706	$ -	$ 47,733	$ 46,757,531
Accumulated depreciation and impairment					
Balance at January 1, 2015	$ -	$ 14,250,640	$ -	$ 37,645	$ 14,288,285
Depreciation	-	2,124,915	150,633	3,039	2,278,587
Disposals	-	(761,325)	(150,633)	-	(911,958)
Impairment losses recognized in profit or loss	-	16,343	-	-	16,343
Derecognition by replacement	-	(290,947)	-	-	(290,947)
Effect of foreign currency exchange differences	-	408,493	-	184	408,677
Balance at December 31, 2015	$ -	$ 15,748,119	$ -	$ 40,868	$ 15,788,987
Carrying amounts at December 31, 2015	$ 1,092	$ 30,960,587	$ -	$ 6,865	$ 30,968,544
Cost					
Balance at January 1, 2016	$ 1,092	$ 46,708,706	$ -	$ 47,733	$ 46,757,531
Additions	-	205,793	-	2,682	208,475
Disposals	-	(7,762,485)	-	(1,383)	(7,763,868)
Reclassified from prepayment for equipment	-	814,900	-	-	814,900
Derecognition by replacement	-	(200,884)	-	-	(200,884)
Effect of foreign currency exchange differences	-	(720,488)	-	(380)	(720,868)
Balance at December 31, 2016	$ 1,092	$ 39,045,542	$ -	$ 48,652	$ 39,095,286
Accumulated depreciation and impairment					
Balance at January 1, 2016	$ -	$ 15,748,119	$ -	$ 40,868	$ 15,788,987
Depreciation	-	2,246,346	-	3,142	2,249,488
Disposals	-	(6,856,404)	-	(1,367)	(6,857,771)
Derecognition by replacement	-	(200,884)	-	-	(200,884)
Effect of foreign currency exchange differences	-	(200,190)	-	(275)	(200,465)
Balance at December 31, 2016	$ -	$ 10,736,987	$ -	$ 42,368	$ 10,779,355
Carrying amounts at December 31, 2016	$ 1,092	$ 28,308,555	$ -	$ 6,284	$ 28,315,931

(Continued)

	Land	Transportation	Leased Assets	Miscellaneous	Total
U.S. dollars (Note 6)					
Cost					
Balance at January 1, 2015	$ 35	$ 1,211,587	$ 59,000	$ 1,450	$ 1,272,072
Additions	-	51,233	-	47	51,280
Disposals	-	(26,013)	(57,048)	-	(83,061)
Reclassified from prepayment for equipment	-	194,012	-	-	194,012
Derecognition by replacement	-	(8,864)	-	-	(8,864)
Effect of foreign currency exchange differences	(2)	1,007	(1,952)	(43)	(990)
Balance at December 31, 2015	$ 33	$ 1,422,962	$ -	$ 1,454	$ 1,424,449
Accumulated depreciation and impairment					
Balance at January 1, 2015	$ -	$ 450,258	$ -	$ 1,189	$ 451,447
Depreciation	-	64,735	4,589	93	69,417
Disposals	-	(23,193)	(4,589)	-	(27,782)
Impairment losses recognized in profit or loss	-	498	-	-	498
Derecognition by replacement	-	(8,864)	-	-	(8,864)
Effect of foreign currency exchange differences	-	(3,674)	-	(37)	(3,711)
Balance at December 31, 2015	$ -	$ 479,760	$ -	$ 1,245	$ 481,005
Carrying amount at December 31, 2015	$ 33	$ 943,202	$ -	$ 209	$ 943,444
Cost					
Balance at January 1, 2016	$ 33	$ 1,422,962	$ -	$ 1,454	$ 1,424,449
Additions	-	6,381	-	83	6,464
Disposals	-	(240,697)	-	(43)	(240,740)
Reclassified from prepayment for equipment	-	25,268	-	-	25,268
Derecognition by replacement	-	(6,229)	-	-	(6,229)
Effect of foreign currency exchange differences	1	3,029	-	15	3,045
Balance at December 31, 2016	$ 34	$ 1,210,714	$ -	$ 1,509	$ 1,212,257
Accumulated depreciation and impairment					
Balance at January 1, 2016	$ -	$ 479,760	$ -	$ 1,245	$ 481,005
Depreciation	-	69,654	-	98	69,752
Disposals	-	(212,602)	-	(42)	(212,644)
Derecognition by replacement	-	(6,229)	-	-	(6,229)
Effect of foreign currency exchange differences	-	2,347	-	13	2,360
Balance at December 31, 2016	$ -	$ 332,930	$ -	$ 1,314	$ 334,244
Carrying amount at December 31, 2016	$ 34	$ 877,784	$ -	$ 195	$ 878,013

(Concluded)

For the years ended December 31, 2015, due to the decline in bulk cargo market, the estimated future cash flows expected to arise from the vessel was decreased. The Group carried out a review of the recoverable amount of the vessel and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of NT$16,343 thousand (US$498 thousand).

The transportation and leased assets are depreciated on a straight-line basis, and the miscellaneous assets are depreciated on a fixed-percentage-on-declining-balance method over the estimated useful lives as follows:

Transportation	1-18 years
Leased assets	4 years and 7 months
Miscellaneous	1-10 years

The Group renegotiated the finance lease contract of vessel with the lessor in December 2014 and terminated the contract in June 2015 with the leased assets purchased by the subsidiary U-Ming Marine Transport (Singapore). The average lease term for the contract have average lease term of 5 years, fixed interest rates underlying all obligations under finance leases were 0.25% per annum. The lease had no terms of renewal or bargain purchase options. The Group's finance leases payable were secured by the title to the leased assets. Assets and liabilities related to the lease were derecognized as the Group terminated the lease contract.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 26.

The prepayments for equipment are for the transportation carriers under construction, which will be transferred to property, plant and equipment once the construction is completed and the carriers are ready to provide service. The carrying amounts of prepayments for equipment include capitalized interests related to borrowings, of which the information is as follows:

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Capitalized interest	$ 7,161	$ 222	$ 4,699	$ 143
Capitalization rate	1.56%-2.08%		1.45%-1.82%	

15. BORROWINGS

a. Short-term loans

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Secured borrowings (Note 26)				
Bank loans	$ -	$ -	$ 700,000	$ 21,325
Unsecured borrowings				
Credit borrowings	3,100,000	96,124	6,430,000	195,887
	$ 3,100,000	$ 96,124	$ 7,130,000	$ 217,212
Interest rate	0.97%-1.02%		1.1%-1.65%	

b. Short-term bills payable

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Face value (Note 26)	$ 2,359,000	$ 73,147	$ 2,396,500	$ 73,008
Less: Unamortized discount	1,843	57	1,480	45
	$ 2,357,157	$ 73,090	$ 2,395,020	$ 72,963

Outstanding short-term bills payable as follows:

December 31, 2016

Promissory Institutions	Nominal Amount		Discount Amount		Carrying Value		Interest Rate
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)	
Commercial paper							
China Bills Financial Corporation	$ 530,000	$ 16,434	$ (619)	$ (20)	$ 529,381	$ 16,414	0.968%-0.998%
Mega Bills Finance Co., Ltd.	500,000	15,504	(201)	(6)	499,799	15,498	0.918%
International Bills Financial Corporation	429,000	13,302	(462)	(14)	428,538	13,288	0.968%
Grand Bills Financial Corporation	400,000	12,403	(85)	(3)	399,915	12,400	0.968%
Shanghai Commercial & Savings Bank, Ltd.	300,000	9,302	(396)	(12)	299,604	9,290	0.945%
Taiwan Finance Corporation	200,000	6,202	(80)	(2)	199,920	6,200	0.968%
	$ 2,359,000	$ 73,147	$ (1,843)	$ (57)	$ 2,357,157	$ 73,090	

December 31, 2015

Promissory Institutions	Nominal Amount		Discount Amount		Carrying Value		Interest Rate
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)	
Commercial paper							
Mega Bills Finance Co., Ltd.	$ 826,000	$ 25,164	$ (344)	$ (10)	$ 825,656	$ 25,154	1.14%-1.15%
China Bills Financial Corporation	537,500	16,375	(433)	(14)	537,067	16,361	1.15%
International Bills Financial Corporation	433,000	13,191	(327)	(10)	432,673	13,181	1.15%
Grand Bills Financial Corporation	400,000	12,185	(175)	(5)	399,825	12,180	1.14%
Taiwan Finance Corporation	200,000	6,093	(201)	(6)	199,799	6,087	1.15%
	$ 2,396,500	$ 73,008	$ (1,480)	$ (45)	$ 2,395,020	$ 72,963	

c. Long-term borrowings

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Secured bank loans (1) (Note 26)	$ 13,674,970	$ 424,030	$ 15,095,360	$ 459,874
Unsecured bank loans (2)	11,304,281	350,521	6,934,323	211,251
	24,979,251	774,551	22,029,683	671,125
Less: Current portion	4,139,537	128,358	3,581,707	109,115
Long-term borrowings	$ 20,839,714	$ 646,193	$ 18,447,976	$ 562,010

1) Secured bank loans are mainly for the purpose of construction of vessels, and are secured by the related vessels under construction as collaterals. The final repayment of those borrowings will be in 1 year and 1 month to 9 years with a floating interest rate of 1.40%-2.71% and 0.85%-2.38% as of December 31, 2016 and 2015, respectively. The Group entered into interest rate swap contracts to exchange floating interest rate with fixed interest rate to manage the risk of interest rate fluctuations of the above outstanding loans. (Refer to Note 8).

2) Unsecured bank loans are for the purpose of general operation, and will be repayable in the next 2 months to 5 years with interest rate of 0.93%-1.99% and 1.15%-2.01% as of December 31, 2016 and 2015, respectively.

16. BONDS PAYABLE

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Secured domestic bonds	$ 992,704	$ 30,781	$ 1,992,420	$ 60,699
Less: Current portion	992,704	30,781	1,000,000	30,465
	$ -	$ -	$ 992,420	$ 30,234

On August 22, 2012, the Group issued the third secured domestic bonds with a total face value of NT$2,000,000 thousand (US$62,016 thousand) at par value of NT$1,000 thousand (US$31 thousand) in a 5-year maturity. The principal will be repaid in two equal payments at the end of the fourth and fifth year. Simple interest is paid annually with a rate of 1.32% based on the outstanding balance.

17. OTHER PAYABLES

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Remuneration to directors and supervisors	$ 132,786	$ 4,117	$ 141,355	$ 4,306
Material consumption and repair	111,582	3,459	138,528	4,220
Salaries or bonus	67,698	2,099	78,766	2,400
Employees' bonuses	59,968	1,859	74,188	2,260
Port charge	34,890	1,082	52,736	1,607
Interest	34,450	1,068	37,489	1,142
Others	220,371	6,835	263,482	8,027
	$ 661,745	$ 20,519	$ 786,544	$ 23,962

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, U-Ming Singapore and U-Ming Hong Kong adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in Singapore and Xiamen are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

The employees of Yue-Li and Yue-Tung are the same as the employees of the Company. Therefore, Yue-Li and Yue-Tung do not have separate pension plan.

The Group operates defined benefit plans for qualified employees of U-Ming Singapore and U-Ming Hong Kong.

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

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Present value of defined benefit obligation	$ 320,937	$ 9,951	$ 360,814	$ 10,992
Fair value of plan assets	(62,774)	(1,946)	(21,423)	(653)
Net defined benefit liability	$ 258,163	$ 8,005	$ 339,391	$ 10,339

Movements in net defined benefit liability were as follows:

New Taiwan dollars

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 400,821	$ (23,425)	$ 377,396
Current service cost	7,203	-	7,203
Net interest expense (income)	6,519	(410)	6,109
Recognized in profit or loss	13,722	(410)	13,312
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(186)	(186)
Actuarial (gain) loss - changes in demographic assumptions	11,994	-	11,994

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Actuarial (gain) loss - changes in financial assumptions	$ 8,826	$ -	$ 8,826
Actuarial (gain) loss - experience adjustments	(25,306)	-	(25,306)
Recognized in other comprehensive income	(4,486)	(186)	(4,672)
Contributions from the employer	-	(3,533)	(3,533)
Benefits paid	(53,336)	6,131	(47,205)
Exchange differences on foreign plans	4,093	-	4,093
Balance at December 31, 2015	360,814	(21,423)	339,391
Current service cost	7,162	-	7,162
Past service cost	524	-	524
Net interest expense (income)	4,486	(290)	4,196
Recognized in profit or loss	12,172	(290)	11,882
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(76)	(76)
Actuarial (gain) loss - changes in demographic assumptions	9,335	-	9,335
Actuarial (gain) loss - changes in financial assumptions	6,183	-	6,183
Actuarial (gain) loss - experience adjustments	(6,958)	-	(6,958)
Recognized in other comprehensive income	8,560	(76)	8,484
Contributions from the employer	-	(41,745)	(41,745)
Benefits paid	(58,642)	760	(57,882)
Exchange differences on foreign plans	(1,967)	-	(1,967)
Balance at December 31, 2016	$ 320,937	$ 62,774	$ 258,163

(Concluded)

U.S. dollars (Note 6)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 12,664	$ (740)	$ 11,924
Current service cost	219	-	219
Net interest expense (income)	199	(12)	187
Recognized in profit or loss	418	(12)	406
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6)	(6)
Actuarial (gain) loss - changes in demographic assumptions	365	-	365

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Actuarial (gain) loss - changes in financial assumptions	$ 269	$ -	$ 269
Actuarial (gain) loss - experience adjustments	(770)	-	(770)
Recognized in other comprehensive income	(136)	(6)	(142)
Contributions from the employer	-	(108)	(108)
Benefits paid	(1,625)	187	(1,438)
Exchange differences on foreign plans	(329)	26	(303)
Balance at December 31, 2015	10,992	(653)	10,339
Current service cost	222	-	222
Past service cost	16	-	16
Net interest expense (income)	139	(9)	130
Recognized in profit or loss	377	(9)	368
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2)	(2)
Actuarial (gain) loss - changes in demographic assumptions	289	-	289
Actuarial (gain) loss - changes in financial assumptions	192	-	192
Actuarial (gain) loss - experience adjustments	(216)	-	(216)
Recognized in other comprehensive income	265	(2)	263
Contributions from the employer	-	(1,294)	(1,294)
Benefits paid	(1,818)	24	(1,794)
Exchange differences on foreign plans	135	(12)	123
Balance at December 31, 2016	$ 9,951	$ (1,946)	$ 8,005

(Concluded)

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

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

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

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

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

	December 31	
	2016	**2015**
Discount rate(s)	1.00%	1.25%
Expected rate(s) of salary increase - crew	1.50%	1.50%
Expected rate(s) of salary increase - staff	3.00%	3.00%

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

	December 31			
	2016		**2015**	
	NT$	**US$ (Note 6)**	**NT$**	**US$ (Note 6)**
Discount rate(s)				
0.25% increase	$ (6,552)	$ (203)	$ (6,382)	$ (194)
0.25% decrease	$ 6,823	$ 212	$ 6,607	$ 201
Expected rate(s) of salary increase				
0.25% increase	$ 6,615	$ 205	$ 6,435	$ 196
0.25% decrease	$ (6,386)	$ (198)	$ (6,249)	$ (190)

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

	December 31			
	2016		**2015**	
	NT$	**US$ (Note 6)**	**NT$**	**US$ (Note 6)**
The expected contributions to the plan for the next year	$ 11,798	$ 366	$ 41,717	$ 1,271
The average duration of the defined benefit obligation	12.04 years		8.33 years	

19. EQUITY

a. Common share capital

	December 31	
	2016	**2015**
Number of shares authorized (in thousands)	880,000	880,000
Number of shares issued and fully paid (in thousands)	845,056	858,017

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Shares authorized	$ 8,800,000	$ 272,868	$ 8,800,000	$ 268,088
Shares issued	$ 8,450,557	$ 262,033	$ 8,580,167	$ 261,391

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

b. Capital surplus

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (Note)				
Conversion of bonds	$ 93,474	$ 2,898	$ 93,474	$ 2,848
Donations	16,223	503	16,232	495
Excess of merger	5,428	168	5,428	165
Treasury share transactions	-	-	110,232	3,358
May not be used for any purpose				
Share of change in capital surplus of associates or joint venture	15	1	44	1
	$ 115,140	$ 3,570	$ 225,410	$ 6,867

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

The excess of merger recognized from the Company's acquisition of China Fortune Marine Transport Corporation in 1993 was due to the excess of proceeds over the par value of the new shares issued to acquire China Fortune Marine Transport Corporation.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 8, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the Articles), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company has a profit at the end of a fiscal year, the Company shall make up losses of previous years after paying business income taxes based on Law and, if there is any remaining profit, a legal reserve of 10% of the balance shall be appropriated as legal reserve. In addition, after appropriation of special reserve based on provision in law, together with the accumulated undistributed earnings of the previous year, the total shall be the profit that is available for allocation. However, depending on the condition of the business, part of the profit shall be retained, to be allocated in proportion to all shares. In case of an increase in the capital of the Company, the stockholders bonus for the new shares for the same year shall be decided by the stockholders' meeting.

Dividends distributed to stockholders consideration shall be given to the business perspective of the Company, the life cycle of various products or service provided, capital requirement in the future and the effect of possible changes of tax laws respectively. And distributed under the objective of maintaining a stable dividend policy. For issue of dividend, except save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, the cash dividend shall not be lower than 10% of stockholders bonus of that year.

For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, please refer to d. employee benefits expense in Note 20.

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

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

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

The appropriations of earnings for 2015 and 2014 approved in the shareholders' meetings on June 8, 2016 and June 10, 2015, respectively, were as follows:

	Appropriation of Earnings				Dividend Per Share (NT$)	
	2015		2014			
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	2015	2014
Legal reserve	$ 82,440	$ 2,556	$ 208,312	$ 6,346		
Reversal of special reserve	-	-	(858,397)	(26,151)		
Cash dividends	845,056	26,203	1,887,636	57,506	$1.0	$2.2
	$ 927,496	$ 28,759	$ 1,237,551	$ 37,701		

The appropriations of profit and loss and cash dividends from legal reserve of NT$633,792 thousand (US$19,652 thousand) for 2016 had been proposed by the Company's board of directors on March 6, 2017.

The appropriations of profit and loss and cash dividends from legal reserve for 2016 are subject to the resolution of the shareholders' meeting to be held on June 13, 2017.

d. Treasury shares

Purpose of Buy-back	For Cancellation (In Thousands of Shares)
Number of shares at January 1, 2016	12,961
Decrease during the year	(12,961)
Number of shares at December 31, 2016	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

20. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Other operating revenue

Since the businesses of the Company and subsidiaries differ, the operating income in their individual financial statements also differs. Thus, the net operating income of Yue-Li, Yue-Tung and Falcon presented as other operating revenue in the consolidated comprehensive income statements was as follows:

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Sale of investments	$ 668,405	$ 20,725	$ 1,382,233	$ 42,109
Less: Cost of investments sold	692,566	21,475	1,394,156	42,472
Loss on sale of investments, net	(24,161)	(750)	(11,923)	(363)
Dividend income	150,496	4,667	202,073	6,156
Other investment income	-	-	597	18
	$ 126,335	$ 3,917	$ 190,747	$ 5,811

b. Finance costs

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Interest on bank loans/commercial papers/bonds	$ 535,133	$ 16,593	$ 461,525	$ 14,060

c. Depreciation

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Property, plant and equipment	$ 2,249,488	$ 69,752	$ 2,278,587	$ 69,417

(Continued)

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
An analysis by function				
Operating costs	$ 2,246,346	$ 69,654	$ 2,275,548	$ 69,324
Operating expenses	3,142	98	3,039	93
	$ 2,249,488	$ 69,752	$ 2,278,587	$ 69,417

(Concluded)

d. Employee benefits expense

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Short-term benefits				
Salary expenses	$ 1,085,678	$ 33,664	$ 1,121,628	$ 34,170
Insurance expenses	34,097	1,057	33,857	1,031
	1,119,775	34,721	1,155,485	35,201
Post-employment benefits				
Defined contribution plans	20,748	644	17,194	524
Defined benefit plans (Note 18)	11,882	368	13,312	406
	32,630	1,012	30,506	930
Other employee benefits	87,342	2,709	92,077	2,805
Total employee benefits expense	$ 1,239,747	$ 38,442	$ 1,278,068	$ 38,936
An analysis by function				
Operating costs	$ 1,106,234	$ 34,302	$ 1,131,729	$ 34,478
Operating expenses	133,513	4,140	146,339	4,458
	$ 1,239,747	$ 38,442	$ 1,278,068	$ 38,936

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

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting in June 2016, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on March 6, 2017 and March 11, 2016, respectively, were as follows:

	For the Year Ended December 31					
	2016			2015		
		Cash Amount			Cash Amount	
	Accrual Rate	NT$	US$ (Note 6)	Accrual Rate	NT$	US$ (Note 6)
Employees' compensation	-	$ -	$ -	1%	$ 7,146	$ 222
Remuneration of directors and supervisors	-	-	-	1%	7,146	222

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

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

The bonus to employees and the remuneration of directors and supervisors for 2014 approved in the shareholders' meeting on June 10, 2015 and the amounts recognized in the financial statements were as follows:

	For the Year Ended December 31, 2015			
	Bonus to Employees		Remuneration of Directors and Supervisors	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Amounts approved in shareholders' meetings	$ 19,262	$ 597	$ 19,262	$ 597
Amounts recognized in respective financial statements	$ 21,888	$ 679	$ 21,888	$ 679

The differences were adjusted to profit and loss for the year ended December 31, 2015.

Information on the bonus to employees and remuneration of directors and supervisors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Foreign exchange gains	$ 1,116,960	$ 34,634	$ 1,287,605	$ 39,226
Foreign exchange losses	(995,717)	(30,875)	(1,741,531)	(53,055)
	$ 121,243	$ 3,759	$ (453,926)	$ (13,829)

21. INCOME TAXES

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

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Current tax				
In respect of the current year	$ 22,443	$ 696	$ 24,771	$ 755
Income tax on unappropriated earnings	238	7	88,910	2,708
Adjustments for prior years	294	9	38,291	1,166
	22,975	712	151,972	4,629
Deferred tax				
In respect of the current year	2,211	69	(251,058)	(7,648)
Income tax expense (benefit) recognized in profit or loss	$ 25,186	$ 781	$ (99,086)	$ (3,019)

A reconciliation of accounting profit and income tax (benefit) expenses was as follows:

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Profit (loss) before tax	$ (853,168)	$ (26,455)	$ 725,311	$ 22,096
Income tax expense (benefit) calculated at the statutory rate	$ (105,616)	$ (3,275)	$ 178,412	$ 5,436
Non-deductible expenses in determining taxable income	109,120	3,384	2,714	83
Deferred tax effect of earnings of subsidiaries	66,982	2,077	(220,624)	(6,721)
Tax-exempt income	(45,233)	(1,403)	(186,004)	(5,667)
Unrecognized loss carryforwards	(588)	(18)	(765)	(23)
Adjustments for prior years' tax	294	9	38,291	1,166
Income tax on unappropriated earnings	238	7	88,910	2,708
Others (temporary differences)	(11)	-	(20)	(1)
Income tax expense (benefit) recognized in profit or loss	$ 25,186	$ 781	$ (99,086)	$ (3,019)

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Current tax liabilities				
Income tax payable	$ 103,920	$ 3,222	$ 181,542	$ 5,531

The tax authorities assessed the Company's application of a tax treaty on the cash dividends from overseas investment in the fourth quarter of 2015. Therefore, the Company reversed income tax payable of 2011 to 2013 which were assessed by the tax authorities.

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2016

New Taiwan dollars

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Defined benefit plans	$ 33,419	$ (10,638)	$ 22,781
Unrealized exchange losses	73,533	(60,080)	13,453
Property, plant and equipment	485	(493)	(8)
Deferred revenue	88	(88)	-
	$ 107,525	$ (71,299)	$ 36,226

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Investments accounted for using equity method	$ 368,504	$ 3,000	$ 371,504
Financial Instruments at fair value through profit or loss	102,223	(72,088)	30,135
	$ 470,727	$ (69,088)	$ 401,639

U.S. dollars (Note 6)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Changes in Translation Adjustment	Closing Balance
Temporary differences				
Defined benefit plans	$ 1,018	$ (330)	$ 18	$ 706
Unrealized exchange losses	2,240	(1,863)	40	417
Property, plant and equipment	15	(15)	-	-
Deferred revenue	3	(3)	-	-
	$ 3,276	$ (2,211)	$ 58	$ 1,123

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Changes in Translation Adjustment	Closing Balance
Temporary differences				
Investments accounted for using equity method	$ 11,227	$ 93	$ 200	$ 11,520
Financial Instruments at fair value through profit or loss	3,114	(2,235)	55	934
	$ 14,341	$ (2,142)	$ 255	$ 12,454

For the year ended December 31, 2015

New Taiwan dollars

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Current Tax	Closing Balance
Temporary differences				
Unrealized exchange losses	$ 100,650	$ (27,117)	$ -	$ 73,533
Defined benefit plans	38,340	(4,921)	-	33,419
Property, plant and equipment	657	(172)	-	485
Deferred revenue	149	(61)	-	88
	$ 139,796	$ (32,271)	$ -	$ 107,525

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Current Tax	Closing Balance
Temporary differences				
Investments accounted for using equity method	$ 429,688	$ (261,600)	$ 200,416	$ 368,504
Financial Instruments at fair value through profit or loss	123,952	(21,729)	-	102,223
	$ 553,640	$ (283,329)	$ 200,416	$ 470,727

U.S. dollars (Note 6)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Current Tax	Changes in Translation Adjustment	Closing Balance
Temporary differences					
Unrealized exchange losses	$ 3,180	$ (827)	$ -	$ (113)	$ 2,240
Defined benefit plans	1,211	(150)	-	(43)	1,018
Property, plant and equipment	21	(5)	-	(1)	15
Deferred revenue	5	(2)	-	-	3
	$ 4,417	$ (984)	$ -	$ (157)	$ 3,276

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Current Tax	Changes in Translation Adjustment	Closing Balance
Temporary differences					
Investments accounted for using equity method	$ 13,576	$ (7,970)	$ 6,106	$ (485)	$ 11,227
Financial Instruments at fair value through profit or loss	3,917	(662)	-	(141)	3,114
	$ 17,493	$ (8,632)	$ 6,106	$ (626)	$ 14,341

d. Unused carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Loss carryforwards				
Expire in 2019	$ 488,047	$ 15,133	$ 491,509	$ 14,974
Expire in 2021	184,807	5,731	184,807	5,630
	$ 672,854	$ 20,864	$ 676,316	$ 20,604

e. Integrated income tax

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Unappropriated earnings				
Generated on and after January 1, 1998	$ 7,519,741	$ 233,170	$ 9,573,288	$ 291,646
Imputation credit accounts	$ 664,589	$ 20,607	$ 583,368	$ 17,772

	For the Year Ended December 31	
	2016 (Expected)	2015
Creditable ratio for distribution of earnings	8.84%	7.47%

f. Income tax assessments

The tax returns through 2013 of the Company have been assessed by the tax authorities. The tax returns through 2014 of subsidiaries have been assessed by tax authorities.

22. EARNINGS (LOSS) PER SHARE

The earnings (losses) and weighted-average number of ordinary shares outstanding in the computation of earnings (losses) per share were as follows:

a. Net profit (losses) for the year

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Earnings (losses) used in the computation of basic earnings (losses) per share	$ (878,354)	$ (27,236)	$ 824,397	$ 25,115
Effect of potentially dilutive ordinary shares:				
Employee's compensation			-	-
Earnings used in the computation of diluted EPS			$ 824,397	$ 25,115

b. Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2016	2015
Weighted average number of ordinary shares used in computation of basic earnings (losses) per share	845,056	855,201
Effect of potentially dilutive ordinary shares:		
Employee's compensation		490
Weighted average number of ordinary shares used in the computation of diluted EPS		855,691

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity.) Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair value could not be assessed reliably.

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

1) Fair value hierarchy

December 31, 2016 New Taiwan dollars	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 219,056	$ -	$ 219,056
Non-derivative financial assets held for trading	18,513	-	-	18,513
	$ 18,513	$ 219,056	$ -	$ 237,569
Available-for-sale financial assets				
Securities in ROC				
Listed equity securities	$ 4,661,903	$ -	$ -	$ 4,661,903
Securities in other countries				
Mutual funds	-	3,316,896	-	3,316,896
Listed equity securities	271,810	-	-	271,810
	$ 4,933,713	$ 3,316,896	$ -	$ 8,250,609
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 119,978	$ -	$ 11,978
U.S. dollars (Note 6)				
Financial assets at FVTPL				
Derivative instruments	$ -	$ 6,792	$ -	$ 6,792
Non-derivative financial assets held for trading	574	-	-	574
	$ 574	$ 6,792	$ -	$ 7,366
Available-for-sale financial assets				
Securities in ROC				
Listed equity securities	$ 144,555	$ -	$ -	$ 144,555
Securities in other countries				
Mutual funds	-	102,850	-	102,850
Listed equity securities	8,428	-	-	8,428
	$ 152,983	$ 102,850	$ -	$ 255,833
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 3,720	$ -	$ 3,720

December 31, 2015

New Taiwan dollars	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 631,951	$ -	$ 631,951
Non-derivative financial assets held for trading	382,719	-	-	382,719
	$ 382,719	$ 631,951	$ -	$ 1,014,670
Available-for-sale financial assets				
Securities in ROC				
Listed equity securities	$ 4,878,955	$ -	$ -	$ 4,878,955
Securities in other countries				
Mutual funds	-	3,506,326	-	3,506,326
Listed equity securities	307,276	-	-	307,276
	$ 5,186,231	$ 3,506,326	$ -	$ 8,692,557
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 161,665	$ -	$ 161,665

U.S. dollars (Note 6)	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 19,251	$ -	$ 19,251
Non-derivative financial assets held for trading	11,660	-	-	11,660
	$ 11,660	$ 19,251	$ -	$ 30,911
Available-for-sale financial assets				
Securities in ROC				
Listed equity securities	$ 148,636	$ -	$ -	$ 148,636
Securities in other countries				
Mutual funds	-	106,819	-	106,819
Listed equity securities	9,360	-	-	9,360
	$ 157,996	$ 106,819	$ -	$ 264,815
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 4,925	$ -	$ 4,925

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

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

Financial Instruments	**Valuation Techniques and Inputs**
Derivatives - cross-currency swap	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates and interest rate at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - interest rate swap	Discounted cash flow. Future cash flows are estimated based on observable forward interest rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties.
Mutual funds	Measured the fair value of investment portfolio based on the market price of equity securities.

c. Categories of financial instruments

	December 31			
	2016		**2015**	
	NT$	**US$ (Note 6)**	**NT$**	**US$ (Note 6)**
Financial assets				
Fair value through profit or loss	$ 237,569	$ 7,366	$ 1,014,670	$ 30,911
Available-for-sale financial assets (1)	9,143,552	283,521	9,585,500	292,018
Loans and receivables (2)	15,090,665	467,927	17,920,195	545,931
Financial liabilities				
Fair value through profit or loss	119,978	3,720	161,665	4,925
Amortized cost (3)	32,290,100	1,001,243	34,428,473	1,048,849

1) The balances included the carrying amount of held-for-trading financial assets measured at cost.

2) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, refundable deposits and long-term receivables.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payable, other payable and bonds payable.

d. Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, derivative financial instruments, accounts receivable, accounts payable, bonds payable and borrowings. The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

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

a) Cross-currency swap contracts to mitigate the exchange rate risk and interest rates risk arising from the Company's foreign currency denominated loans due to foreign operations and the subsidiaries' bank loans;

b) Interest rate swaps to mitigate the risk of rising interest rates from bank loans.

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

a) Foreign currency risk

The Group is exposed to foreign currencies arising from engagement in foreign-currency transactions and investments and borrowings. The Group used cross-currency swap contracts to hedge against adverse risks pertaining to exchange rates, maturing the terms of foreign currency denominated borrowings to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 28.

<u>Sensitivity analysis</u>

The Group was mainly exposed to USD, RMB and AUD.

The following table details the Group's sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency denominated loan due to foreign operations, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with New Taiwan dollars strengthen 10% against the relevant currency. For a 10% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD (i)			
	For the Year Ended December 31			
	2016		**2015**	
	NT$	**US$ (Note 6)**	**NT$**	**US$ (Note 6)**
Profit or loss	$ 1,247,555	$ 38,684	$ 1,411,252	$ 42,993

	RMB (ii)			
	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Profit or loss	$ (70)	$ (2)	$ (103,822)	$ (3,163)

	AUD (iii)			
	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Profit or loss	$ 70,088	$ 2,173	$ 93,731	$ 2,855

i. This was mainly attributable to the exposure to the Company's USD denominated loans due to foreign operations.

ii. This was mainly attributable to the exposure to the Group's RMB denominated time deposits.

iii. This was mainly attributable to the exposure to the Group's AUD denominated bank loans.

The Group's sensitivity to RMB decreased during the current period mainly due to lower RMB denominated time deposit.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and cross-currency swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Fair value interest rate risk				
Financial assets	$ 13,424,967	$ 416,278	$ 16,207,401	$ 493,752
Financial liabilities	9,549,142	296,097	13,716,763	417,875
Cash flow interest rate risk				
Financial assets	125,448	3,890	174,473	5,315
Financial liabilities	21,879,970	678,449	19,830,360	604,124

The Group was exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Group aims to keep borrowings at fixed rates. In order to achieve this result, the Group entered into cross-currency swap contracts and interest rate swaps to hedge its exposures to changes in cash flow of the borrowings. The critical terms of these cross-currency swap contracts and interest rate swaps are similar to those of hedged borrowings. The Group's cash flow interest rate risk was mainly concentrated in the fluctuation of LIBOR arising from the Group's New Taiwan dollars and USD denominated borrowings.

The Group was also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and pay-fixed/receive-floating interest rate swaps. It is the Group's policy to keep its borrowings at fixed rate of interests so as to minimize the cash flow interest rate risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2016 and 2015 would decrease/increase by NT$108,773 thousand (US$3,373 thousand) and NT$98,279 thousand (US$2,994 thousand), respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and open-end beneficiary certificates. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments quoted in the Taiwan Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2016 and 2015 would have increased/decreased by NT$1,851 thousand (US$57 thousand) and NT$38,272 thousand (US$1,166 thousand), respectively, as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by NT$825,061 thousand (US$25,583 thousand) and NT$869,256 thousand (US$26,482 thousand), respectively, as a result of the changes in fair value of available-for-sale shares.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets and the amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group's concentration of credit risk was related to the customers whose balances of trade receivables are top five of the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored. When the counterparties are associates, the Company will consider them as similar nature of the counterparties. In the year of 2016 and 2015, the case of concentrations of the credit risk of any counterparty did not exceed 1% of the total monetary assets.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2016 and 2015, the Group had available unutilized short-term bank loan facilities were NT$14,810,175 thousand (US$459,230 thousand) and NT$8,048,098 thousand (US$245,182 thousand), respectively.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

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

December 31, 2016

	On Demand or Within 1 Year		1-5 Years		More Than 5 Years	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Nonderivative financial liabilities						
Non-interest bearing	$ 860,988	$ 26,697	$ -	$ -	$ -	$ -
Floating interest rate	3,541,548	109,815	16,522,871	512,337	2,975,571	92,266
Fixed interest rate	6,525,402	202,338	3,131,838	97,111	-	-
	$ 10,927,938	$ 338,850	$ 19,654,709	$ 609,448	$ 2,975,571	$ 92,266

December 31, 2015

	On Demand or Within 1 Year		1-5 Years		More Than 5 Years	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Nonderivative financial liabilities						
Non-interest bearing	$ 881,350	$ 26,850	$ -	$ -	$ -	$ -
Floating interest rate	3,653,098	111,290	12,334,741	375,773	4,896,985	149,185
Fixed interest rate	10,796,475	328,910	3,022,829	92,089	-	-
	$ 15,330,923	$ 467,050	$ 15,357,570	$ 467,862	$ 4,896,985	$ 149,185

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

The amount of floating interest rate instruments of the nonderivative financial assets and liabilities will vary due to the difference between floating interest rate and the expected interest rate on balance sheet dates.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2016

	On Demand or Within 1 Year		1-5 Years		More Than 5 Years	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Net settled						
Interest rate swap	$ (3,048)	$ (95)	$ (60,203)	$ (1,867)	$ (52,792)	$ (1,637)
Gross settled						
Cross-currency swap						
Inflows	$ 12,819,959	$ 397,518	$ 1,153,466	$ 35,766	$ 364,746	$ 11,310
Outflows	(12,602,019)	(390,760)	(1,118,105)	(34,670)	(303,296)	(9,405)
	$ 217,940	$ 6,758	$ 35,361	$ 1,096	$ 61,450	$ 1,905

December 31, 2015

	On Demand or Within 1 Year		1-5 Years		More Than 5 Years	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Net settled						
Interest rate swap	$ (5,818)	$ (177)	$ (115,427)	$ (3,516)	$ (159,633)	$ (4,863)
Gross settled						
Cross-currency swap						
Inflows	$ 14,325,530	$ 436,421	$ 1,417,396	$ 43,180	$ 744,650	$ 22,685
Outflows	(13,793,473)	(420,212)	(1,357,435)	(41,354)	(723,568)	(22,043)
	$ 532,057	$ 16,209	$ 59,961	$ 1,826	$ 21,082	$ 642

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Operating revenue

Account Items	Related Parties Categories	For the Year Ended December 31			
		2016		2015	
		NT$	US$ (Note 6)	NT$	US$ (Note 6)
Freight revenue	Investors that have significant influence over the Group	$ 754,535	$ 23,397	$ 978,187	$ 29,800
	Related party in substance	65,734	2,038	199,188	6,068
		$ 820,269	$ 25,435	$ 1,177,375	$ 35,868

Freight rates are based on each vessel's route, port call and loading/unloading rate, plus a markup to be negotiated on the basis of conditions and the specifications of bulk cement carriers. With the exception of the above charters, the terms of the transactions with related parties are generally the same as those for unrelated parties.

b. Purchases

Account Items	Related Parties Categories	For the Year Ended December 31			
		2016		2015	
		NT$	US$ (Note 6)	NT$	US$ (Note 6)
Freight costs	Investors that have significant influence over the Group	$ 701	$ 22	$ -	$ -
	Related party in substance	20,682	641	31,381	956
		$ 21,383	$ 663	$ 31,381	$ 956

Freight costs included the expenses in the repair of vessels provided by substantive related parties to the Group and demurrage.

c. Receivables from related parties (excluding loans to related parties)

Account Items	Related Parties Categories	December 31			
		2016		2015	
		NT$	US$ (Note 6)	NT$	US$ (Note 6)
Trade receivables from related parties	Investors that have significant influence over the Group	$ 42,589	$ 1,320	$ 81,852	$ 2,494
	Related party in substance	11,956	371	-	-
		$ 54,545	$ 1,691	$ 81,852	$ 2,494

No guarantees have been given or received for receivables from related parties. No bad debt expenses were recognized on the amounts owed by related parties for the years ended December 31, 2016 and 2015.

The revolving funds for ships deposited in the Group from Asia Cement are recognized as temporary receipts. As of December 31, 2016 and 2015, the amount were NT$15,000 thousand (US$465 thousand).

d. Payables to related parties (excluding loans from related parties)

Account Items	Related Parties Categories	December 31			
		2016		2015	
		NT$	US$ (Note 6)	NT$	US$ (Note 6)
Trade payables - related parties	Related party in substance	$ 7,161	$ 222	$ -	$ -

e. Prepayments

Account Items	Related Parties Categories	December 31			
		2016		2015	
		NT$	US$ (Note 6)	NT$	US$ (Note 6)
Prepaid expenses	Related party in substance	$ 29,785	$ 924	$ 41,773	$ 1,273

f. Financial assets acquired

For the year ended December 31, 2015

Related Party Categories	Account Items	Number of Shares (In Thousand)	Underlying Assets	Acquired Price	
				NT$	US$ (Note 6)
Related party in substance	Available-for-sale financial assets - current	72	Opas Fund Segregated Portfolio Tranche	$ 2,856,510	$ 87,022

The nature of transaction between the Group and OPAS Fund Company is investment. The Group invested through OPAS Fund Company's platform in order to obtain or dispose the overseas funds of OPAS Fund Segregated Portfolio Tranche. The decisions about the overseas fund portfolio were made and managed by the investment committee composed of investors including the Group.

g. Financial assets disposed

For the year ended December 31, 2015

Related Party Categories	Account Items	Number of Shares (In Thousand)	Underlying Assets	Disposed Price		Gain (Loss) on Disposal	
				NT$	US$ (Note 6)	NT$	US$ (Note 6)
Related party in substance	Available-for-sale financial assets - current	65	Opas Fund Segregated Portfolio Tranche	$ 2,784,945	$ 84,842	$ 189,516	$ 5,774

h. Loans to related parties

For information about loans to related parties, refer to Table 1.

i. Endorsements and guarantees

For information about endorsements and guarantees, refer to Table 2.

j. Other transactions with related parties

In July 2016 and July 2015, the Group participated in the issuance of new shares of Global Energy Maritime Co., Ltd. and obtained 48,000 thousand shares for NT$480,000 thousand (US$14,884 thousand) and 76,000 thousand shares for NT$760,000 thousand (US$23,153 thousand). The Group has no power to govern the operation of Global Energy Maritime Co., Ltd.; therefore it is classified as associate of the Group.

k. Others

The Group leased office from related party in substance and investors with significant influence over the Group; the rent expense recognized were NT$20,926 thousand (US$649 thousand) and NT$20,846 thousand (US$635 thousand) for the years ended December 31, 2016 and 2015. In addition, the amount of refundable deposits for lease were NT$4,573 thousand (US$142 thousand) as of December 31, 2016 and 2015. As the Company is in substance the director of the related party, remuneration of directors recognized were respectively NT$7,050 thousand (US$219 thousand) and NT$8,000 thousand (US$244 thousand) for the years ended December 31, 2016 and 2015.

l. Compensation of key management personnel

	For the Year Ended December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Short-term employee benefits	$ 24,061	$ 746	$ 36,646	$ 1,116
Post-employment benefits	2,782	86	3,738	114
	$ 26,843	$ 832	$ 40,384	$ 1,230

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collaterals for certain short-term bills payable, bank loans, and cash deposit of Taiwan Power Company:

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Property, plant and equipment (transportation)	$ 26,050,529	$ 807,768	$ 27,296,035	$ 831,562
Available-for-sale financial assets - current	1,825,742	56,612	1,810,928	55,169
Pledge deposits (classified as refundable deposits)	28,062	871	18,206	555
	$ 27,904,333	$ 865,251	$ 29,125,169	$ 887,286

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

1) The Group chartered several bulk carriers from other companies, from which revenues were NT$510,485 thousand (US$15,829 thousand) and NT$132,959 thousand (US$4,051 thousand) in 2016 and 2015, respectively.

2) The Company has entered into the agreement with Taiwan Power Company (TPC) to provide operation services for two ships of TPC - Taipower Prosperity Ⅴ and Taipower Prosperity Ⅶ through 2017.

3) U-Ming Singapore entered into the shipbuilding contracts with Oshima Shipbuilding Co., Ltd. and Shanghai Waigaoqiao Shipbuilding Co., Ltd. for them to construct 7 bulk carriers for US$135,150 thousand and US$93,600 thousand, respectively. The total contract price is US$228,750 thousand. As of December 31, 2016, U-Ming Singapore had paid US$65,380 thousand.

4) The Company had provided commitment letters to Chinatrust Commercial Bank for the credit line of subsidiaries Yue-Li and Yue-Tung for NT$100,000 thousand (US$3,101 thousand) and NT$50,000 thousand (US$1,550 thousand), respectively. According to the commitment letters, the Company had provided the sustainability plan of investment ratio and arrangement of borrowers' repayment obligation. The Company had not provided any guarantee and obligation to the commitment items.

b. Contingencies

The Group had financial guarantees given to banks in respect of banking facilities to associates and related parties in substance. As of December 31, 2016 and 2015, the financial guarantees amount were NT$354,100 thousand (US$10,980 thousand) and NT$429,078 thousand (US$13,072 thousand), respectively, and the borrowers from bank have utilized NT$248,867 thousand (US$7,717 thousand) and NT$336,054 thousand (US$10,238 thousand). Zero amounts were recognized as liability on the consolidated financial statements.

Collision between the Group's vessel - Asia Cement No. 2 and fishing boat No. CT3-6123 happened in offshore area of Zhuwei, Taiwan on September 18, 2015. The collision did not result in damage to Asia Cement No. 2 and its crew, but the fishing boat was capsized. The captain and crew of Asia Cement No. 2 are under investigation by the Coast Guard Administration and Maritime and Port Bureau. The Group had reached a settlement with some bereaved family, and expected to claim insurance coverage once the remaining settlement is completed. The Group believes its loss, if any, will be covered by insurance; thus, no related liability was recognized.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
USD	$ 963	32.25 (USD:NTD)	$ 31,041
USD	738	6.9370 (USD:RMB)	23,804
			$ 54,845
Non-monetary items			
HKD	38,210	0.1289 (HKD:USD)	$ 158,878

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount (In NTD)
Financial liabilities			
Monetary items			
USD	$ 388,539	32.25 (USD:NTD)	$ 12,530,396
AUD	30,094	0.7222 (AUD:USD)	700,878
SGD	900	0.6912 (SGD:USD)	20,057
EUR	446	1.0512 (EUR:USD)	15,136
JPY	44,983	0.0085 (JPY:USD)	12,397
			$ 13,278,864

(Concluded)

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount (In NTD)
Financial assets			
Monetary items			
RMB	$ 207,851	0.1540 (RMB:USD)	$ 1,038,217
USD	925	32.825 (USD:NTD)	30,358
USD	677	6.4936 (USD:RMB)	22,232
			$ 1,090,807
Non-monetary items			
HKD	39,487	0.1290 (HKD:USD)	$ 167,228
Financial liabilities			
Monetary items			
USD	431,534	32.825 (USD:NTD)	$ 14,165,108
AUD	39,071	0.7308 (AUD:USD)	937,314
SGD	469	0.7083 (SGD:USD)	10,909
			$ 15,113,331

For the years ended December 31, 2016 and 2015, realized and unrealized foreign exchange gain/loss were gain NT$121,243 thousand (US$3,759 thousand) and loss NT$453,926 thousand (US$13,829 thousand), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 4)

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

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)

9) Trading in derivative instruments. Please refer to Note 8

10) Intercompany relationships and significant intercompany transactions. (Table 7)

11) Information on investees. (Table 8)

b. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriated investment income, and limit on the amount of investment in the mainland China area. (Table 9)

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

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were marine transportation department and investment department.

a. Segment revenues and results

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

	Segment Revenues				Segment Profits			
	For the Year Ended December 31				For the Year Ended December 31			
	2016		2015		2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Marine transportation	$ 6,391,062	$ 198,172	$ 7,733,341	$ 235,593	$ (590,487)	$ (18,310)	$ (122,621)	$ (3,736)
Investment	126,335	3,917	190,747	5,811	123,498	3,829	187,720	5,719
	$ 6,517,397	$ 202,089	$ 7,924,088	$ 241,404	(466,989)	(14,481)	65,099	1,983
Non-operating income and expenses					(386,179)	(11,974)	660,212	20,113
Profit (loss) before income tax					$ (853,168)	$ (26,455)	$ 725,311	$ 22,096

Reporting income is generated from transaction with external parties. There is no inter-segment transaction for the years ended December 31, 2016 and 2015, respectively.

Segment revenue represents the revenue earned by each segment. The amount is to provide the management basis to allocate resources to segments and to evaluate the performances.

b. Segment total assets and liabilities

	December 31			
	2016		2015	
	NT$	US$ (Note 6)	NT$	US$ (Note 6)
Segment assets				
Marine transportation	$ 50,921,627	$ 1,578,965	$ 56,662,963	$ 1,726,214
Investment	3,846,312	119,265	4,183,802	127,457
Others	3,341,062	103,599	2,870,791	87,458
Consolidated total assets	$ 58,109,001	$ 1,801,829	$ 63,717,556	$ 1,941,129
Segment liabilities				
Marine transportation	$ 33,498,157	$ 1,038,702	$ 35,954,042	$ 1,095,325
Investment	60,363	1,872	176,660	5,382
Consolidated total liabilities	$ 33,558,520	$ 1,040,574	$ 36,130,702	$ 1,100,707

c. Geographical information

In the nature of marine transport business, the freighters operate across global seas. Therefore, the disclosure of revenue and non-current assets information by geography is not applicable.

d. Information about major customers

Single customers contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31					
	2016			2015		
	NT$	US$ (Note 6)	%	NT$	US$ (Note 6)	%
Customer A	$ 1,097,832	$ 34,041	17	$ 1,356,817	$ 41,335	17
Customer B	754,535	23,397	12	978,187	29,800	12
Customer C	732,980	22,728	11	720,219	21,941	9

TABLE 1

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	U-Ming Transport (Singapore) Private Limited	U-Ming Marine Transport Corporation	Other receivable - related parties	Y	$ 12,577,500	$ 11,771,250	$ 11,513,250	1.057% -1.192%	Short-term financing	$ -	Short-term financing	$ -	-	$ -	30% of net worth of subsidiary $11,799,818	40% of net worth of subsidiary $15,733,091
		Winyield Investment Ltd.	Long-term receivable - related parties	Y	799,944	799,944	771,887 (Note b)	-	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $11,799,818	40% of net worth of subsidiary $15,733,091
		Eagle Investment Private Limited	Other receivable - related parties	Y	290,250	225,750	225,750	0.92%	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $11,799,818	40% of net worth of subsidiary $15,733,091
		Cape Asia Newbuildings (III) Ltd.	Long-term receivable - related parties	Y	169,314	169,314	169,312	-	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $11,799,818	40% of net worth of subsidiary $15,733,091
		Cape Asia Ltd.	Long-term receivable - related parties	Y	3,225	3,225	3,225	-	Short-term financing	-	Operational revolving fund	-	-	-	30% of net worth of subsidiary $11,799,818	40% of net worth of subsidiary $15,733,091
2	U-Ming Transport (Hong Kong) Ltd.	U-Ming Marine Transport Corporation	Other receivable - related parties	Y	1,290,000	1,290,000	967,500	1.138% -1.196%	Short-term financing	-	Short-term financing	-	-	-	30% of net worth of subsidiary $2,430,779	40% of net worth of subsidiary $3,241,039

Note a: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016.

Note b: Share of the loss of associate under equity method NT$50,191 thousand offset against long-term receivable- related parties do not include in this amount.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	U-Ming Transport (Singapore) Private Limited	U-Ming Marine Transport Corporation	Other receivable - related parties	Y	$ 390,000	$ 365,000	$ 357,000	1.057% -1.192%	Short-term financing	$ -	Short-term financing	$ -	-	$ -	30% of net worth of subsidiary $365,886	40% of net worth of subsidiary $487,848
		Winyield Investment Ltd.	Long-term receivable - related parties	Y	24,804	24,804	23,934 (Note)	-	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $365,886	40% of net worth of subsidiary $487,848
		Eagle Investment Private Limited	Other receivable - related parties	Y	9,000	7,000	7,000	0.92%	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $365,886	40% of net worth of subsidiary $487,848
		Cape Asia Newbuildings (III) Ltd.	Long-term receivable - related parties	Y	5,250	5,250	5,250	-	Short-term financing	-	Purchasing equipment of transportation and operational revolving fund	-	-	-	30% of net worth of subsidiary $365,886	40% of net worth of subsidiary $487,848
		Cape Asia Ltd.	Long-term receivable - related parties	Y	100	100	100	-	Short-term financing	-	Operational revolving fund	-	-	-	30% of net worth of subsidiary $365,886	40% of net worth of subsidiary $487,848
2	U-Ming Transport (Hong Kong) Ltd.	U-Ming Marine Transport Corporation	Other receivable - related parties	Y	40,000	40,000	30,000	1.138% -1.196%	Short-term financing	-	Short-term financing	-	-	-	30% of net worth of subsidiary $75,373	40% of net worth of subsidiary $100,497

Note: Share of the loss of associate under equity method US$1,556 thousand offset against long-term receivable- related parties do not include in this amount.

TABLE 2

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period (Note)	Ending Balance (Note)	Actual Borrowing Amount (Note)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Amount to Net Equity in Latest Financial Statement	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship										
0	U-Ming Marine Transport Corporation	U-Ming Transport (Singapore) Private Limited	A subsidiary	50% of net worth of the Company $12,275,240	$ 4,234,632	$ 3,065,487	$ 3,065,487	$ -	12.49%	100% of net worth of the Company $24,550,481	Y	-	-
		Overseas Shipping Pte. Ltd.	An indirect subsidiary	50% of net worth of the Company $12,275,240	445,050	309,600	309,600	-	1.26%	100% of net worth of the Company $24,550,481	Y	-	-
1	U-Ming Transport (Singapore) Private Limited	Winyield Investment Ltd.	An investee accounted for using equity method by subsidiary	50% of net worth of the Company $19,666,364	307,318	237,820	237,820	-	0.60%	100% of net worth of the Company $39,332,728	-	-	-
		U-Ming Marine Transport Corporation	The parent company	50% of net worth of the subsidiary $19,666,364	2,580,000	2,580,000	-	-	6.56%	100% of net worth of the subsidiary $39,332,728	-	Y	-
2	Yue-Li Investment Corporation	Da Ju Fiber Co., Ltd.	An investee accounted for using financial assets carried at cost - noncurrent by subsidiary	50% of net worth of the subsidiary $1,020,449	116,280	116,280	11,047	-	5.70%	100% of net worth of the subsidiary $2,040,899	-	-	-

Note: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Amount to Net Equity in Latest Financial Statement	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship										
0	U-Ming Marine Transport Corporation	U-Ming Transport (Singapore) Private Limited	A subsidiary	50% of net worth of the Company $380,628	$ 131,306	$ 95,054	$ 95,054	$ -	12.49%	100% of net worth of the Company $761,255	Y	-	-
		Overseas Shipping Pte. Ltd.	An indirect subsidiary	50% of net worth of the Company $380,628	13,800	9,600	9,600	-	1.26%	100% of net worth of the Company $761,255	Y	-	-
1	U-Ming Transport (Singapore) Private Limited	Winyield Investment Ltd.	An investee accounted for using equity method by subsidiary	50% of net worth of the Company $609,810	9,529	7,374	7,374	-	0.60%	100% of net worth of the Company $1,219,619	-	-	-
		U-Ming Marine Transport Corporation	The parent company	50% of net worth of the subsidiary $609,810	80,000	80,000	-	-	6.56%	100% of net worth of the subsidiary $1,219,619	-	Y	-
2	Yue-Li Investment Corporation	Da Ju Fiber Co., Ltd.	An investee accounted for using financial assets carried at cost - noncurrent by subsidiary	50% of net worth of the subsidiary $31,642	3,606	3,606	343	-	5.70%	100% of net worth of the subsidiary $63,284	-	-	-

TABLE 3

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note		
				Shares/Units (Thousand)	Carrying Value	Percentage of Ownership (%)	Fair Value (Note c)	Shares (Thousand) Provided as Pledge or Mortgage (Note b)	Value of Pledged or Mortgaged Asset	Limit
U-Ming Marine Transport Corporation	Common stocks									
	Far Eastern New Century Corporation	The chairman is the same	Available-for-sale financial assets - current	31,180	$ 754,567	1	$ 754,567	10,000	$ 242,000	(Note a)
	Far Eastern International Bank	The chairman of the Company is its vice-chairman	Same as above	73,080	665,029	2	665,029	-	-	-
	Asia Cement Corporation	The major stockholder	Same as above	1,793	47,245	-	47,245	1,500	39,525	(Note a)
	Far EasTone Telecommunications Co., Ltd.	The chairman is the same	Same as above	331	23,998	-	23,998	-	-	-
	Oriental Union Chemical Corp.,	The chairman is the same	Same as above	99	2,284	-	2,284	-	-	-
	Far Eastern Department Stores Ltd.	The chairman is the same	Same as above	4	70	-	70	-	-	-
	Yue Yuan Investment Corporation	An investee accounted for using equity method by major stockholder	Financial assets carried at cost - noncurrent	91,487	344,296	18	781,150	-	-	-
Yue-Li Investment Corporation	Common stocks									
	Far Eastern International Bank	The chairman of the parent company is its vice-chairman	Available-for-sale financial assets - current	136,467	1,241,846	4	1,241,846	94,166	856,909	(Note a)
	Asia Cement Corporation	The major stockholder of the parent company	Same as above	8,622	227,192	-	227,192	8,550	225,293	(Note a)
	Far Eastern New Century Corporation	The chairman of the parent company is the same	Same as above	7,064	170,944	-	170,944	6,000	145,200	(Note a)
	Oriental Union Chemical Corp.	The chairman of the parent company is the same	Same as above	4,862	112,307	1	112,307	2,000	46,200	(Note a)
	CSBC Corporation, Taiwan	None	Same as above	5,246	72,399	1	72,399	-	-	-
	Far Eastern Department Stores Ltd.	The chairman of the parent company is the same	Same as above	1,769	28,304	-	28,304	-	-	-
	Everest Textile Co., Ltd.	The chairman of the parent company is its director	Same as above	5	85	-	85	-	-	-
	Far EasTone Telecommunications Co., Ltd.	The chairman of the parent company is the same	Available-for-sale financial assets - noncurrent	2	134	-	134	-	-	-
	Da Ju Fiber Co., Ltd.	The Company is its director	Financial assets carried at cost - noncurrent	21,490	102,647	19	380,411	-	-	-
Yue-Tung Investment Corporation	Beneficiary certificates									
	DWS Global BioInnovation Fund	None	Financial assets at fair value through profit or loss - current	1,855	18,513	-	18,513	-	-	-
	Common stocks									
	Far Eastern International Bank	The chairman of the parent company is its vice-chairman	Available-for-sale financial assets - current	121,063	1,101,674	4	1,101,674	11,282	102,670	(Note a)
	Far Eastern New Century Corporation	The chairman of the parent company is the same	Same as above	4,057	98,183	-	98,183	4,000	96,800	(Note a)
	Asia Cement Corporation	The major stockholder of the parent company	Same as above	2,985	78,667	-	78,667	2,700	71,145	(Note a)
	Far EasTone Telecommunications Co., Ltd.	The chairman of the parent company is the same	Same as above	510	36,975	-	36,975	-	-	-
	Ding Shen Investment Co., Ltd.	The Company is its director	Financial assets carried at cost - noncurrent	39,600	396,000	18	364,672	-	-	-
	Yue Yuan Investment Corporation	An investee accounted for using equity method by major stockholder of the parent company	Same as above	9,537	50,000	2	81,430	-	-	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note		
				Shares/Units (Thousand)	Carrying Value	Percentage of Ownership (%)	Fair Value (Note c)	Shares (Thousand) Provided as Pledge or Mortgage (Note b)	Value of Pledged or Mortgaged Asset	Limit
U-Ming Transport (Singapore) Private Limited	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche A	Related party in substance	Available-for-sale financial assets - current	57	$ 1,766,611	-	$ 1,766,611	-	$ -	-
	Common stocks									
	Hutchison Port Holdings Trust	None	Available-for-sale financial assets - current	8,050	112,932	-	112,932	-	-	-
U-Ming Transport (Hong Kong) Ltd.	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche B	Related party in substance	Available-for-sale financial assets - current	24	1,117,084	-	1,117,084	-	-	-
	Opas Fund Segregated Portfolio Tranche C	Related party in substance	Same as above	8	273,687	-	273,687	-	-	-
Falcon Investment Private Limited	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche B	Related party in substance	Available-for-sale financial assets - current	3	159,514	-	159,514	-	-	-
	Common stocks									
	Asia Cement (China) Holdings Corporation	The major stockholder of parent company is the same	Available-for-sale financial assets - current	21,342	158,878	-	158,845	-	-	-
	China Sanshui Cement Group Ltd.	None	Same as above	1,691	-	-	-	-	-	-

Note a: They cannot be traded in pledged period.

Note b: They are pledged as collateral for issuing commercial paper and credit line of bank loans.

Note c: Fair value are determined as follows: (a) listed stock closing price on December 31, 2016; (b) the equities in net assets of unlisted stocks are based on latest financial statements.

Note d: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016.

(Concluded)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note		
				Shares/Units (Thousand)	Carrying Value	Percentage of Ownership (%)	Fair Value (Note c)	Shares (Thousand) Provided as Pledge or Mortgage (Note b)	Value of Pledged or Mortgaged Asset	Limit
U-Ming Marine Transport Corporation	Common stocks									
	Far Eastern New Century Corporation	The chairman is the same	Available-for-sale financial assets - current	31,180	$ 23,397	1	$ 23,397	10,000	$ 7,504	(Note a)
	Far Eastern International Bank	The chairman of the Company is its vice-chairman	Same as above	73,080	20,621	2	20,621	-	-	-
	Asia Cement Corporation	The major stockholder	Same as above	1,793	1,465	-	1,465	1,500	1,225	(Note a)
	Far EasTone Telecommunications Co., Ltd.	The chairman is the same	Same as above	331	744	-	744	-	-	-
	Oriental Union Chemical Corp.,	The chairman is the same	Same as above	99	71	-	71	-	-	-
	Far Eastern Department Stores Ltd.	The chairman is the same	Same as above	4	2	-	2	-	-	-
	Yue Yuan Investment Corporation	An investee accounted for using equity method by major stockholder	Financial assets carried at cost - noncurrent	91,487	10,676	18	24,222	-	-	-
Yue-Li Investment Corporation	Common stocks									
	Far Eastern International Bank	The chairman of the parent company is its vice-chairman	Available-for-sale financial assets - current	136,467	38,507	4	38,507	94,166	26,571	(Note a)
	Asia Cement Corporation	The major stockholder of the parent company	Same as above	8,622	7,045	-	7,045	8,550	6,986	(Note a)
	Far Eastern New Century Corporation	The chairman of the parent company is the same	Same as above	7,064	5,301	-	5,301	6,000	4,502	(Note a)
	Oriental Union Chemical Corp.	The chairman of the parent company is the same	Same as above	4,862	3,482	1	3,482	2,000	1,432	(Note a)
	CSBC Corporation, Taiwan	None	Same as above	5,246	2,245	1	2,245	-	-	-
	Far Eastern Department Stores Ltd.	The chairman of the parent company is the same	Same as above	1,769	878	-	878	-	-	-
	Everest Textile Co., Ltd.	The chairman of the parent company is its director	Same as above	5	3	-	3	-	-	-
	Far EasTone Telecommunications Co., Ltd.	The chairman of the parent company is the same	Available-for-sale financial assets - noncurrent	2	4	-	4	-	-	-
	Da Ju Fiber Co., Ltd.	The Company is its director	Financial assets carried at cost - noncurrent	21,490	3,183	19	11,796	-	-	-
Yue-Tung Investment Corporation	Beneficiary certificates									
	DWS Global BioInnovation Fund	None	Financial assets at fair value through profit or loss - current	1,855	574	-	574	-	-	-
	Common stocks									
	Far Eastern International Bank	The chairman of the parent company is its vice-chairman	Available-for-sale financial assets - current	121,063	34,160	4	34,160	11,282	3,184	(Note a)
	Far Eastern New Century Corporation	The chairman of the parent company is the same	Same as above	4,057	3,044	-	3,044	4,000	3,002	(Note a)
	Asia Cement Corporation	The major stockholder of the parent company	Same as above	2,985	2,439	-	2,439	2,700	2,206	(Note a)
	Far EasTone Telecommunications Co., Ltd.	The chairman of the parent company is the same	Same as above	510	1,147	-	1,147	-	-	-
	Ding Shen Investment Co., Ltd.	The Company is its director	Financial assets carried at cost - noncurrent	39,600	12,279	18	11,308	-	-	-
	Yue Yuan Investment Corporation	An investee accounted for using equity method by major stockholder of the parent company	Same as above	9,537	1,550	2	2,525	-	-	-

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note		
				Shares/Units (Thousand)	Carrying Value	Percentage of Ownership (%)	Fair Value (Note c)	Shares (Thousand) Provided as Pledge or Mortgage (Note b)	Value of Pledged or Mortgaged Asset	Limit
U-Ming Transport (Singapore) Private Limited	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche A	Related party in substance	Available-for-sale financial assets - current	57	$ 54,779	-	$ 54,779	-	$ -	-
	Common stocks									
	Hutchison Port Holdings Trust	None	Available-for-sale financial assets - current	8,050	3,502	-	3,502	-	-	-
U-Ming Transport (Hong Kong) Ltd.	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche B	Related party in substance	Available-for-sale financial assets - current	24	34,639	-	34,639	-	-	-
	Opas Fund Segregated Portfolio Tranche C	Related party in substance	Same as above	8	8,486	-	8,486	-	-	-
Falcon Investment Private Limited	Beneficiary certificates									
	Opas Fund Segregated Portfolio Tranche B	Related party in substance	Available-for-sale financial assets - current	3	4,946	-	4,946	-	-	-
	Common stocks									
	Asia Cement (China) Holdings Corporation	The major stockholder of parent company is the same	Available-for-sale financial assets - current	21,342	4,926	-	4,925	-	-	-
	China Sanshui Cement Group Ltd.	None	Same as above	1,691	-	-	-	-	-	-

Note a: They cannot be traded in pledged period.

Note b: They are pledged as collateral for issuing commercial paper and credit line of bank loans.

Note c: Fair value are determined as follows: (a) listed stock closing price on December 31, 2016; (b) the equities in net assets of unlisted stocks are based on latest financial statements.

(Concluded)

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousand)	Amount (Note)	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (Thousand)	Amount (Note)
U-Ming Marine Transport Corporation	Stock Global Energy Maritime Co., Ltd.	An investee accounted for using equity method	Issuance of new capital	Associates	152,400	$ 1,491,290	48,000	$ 480,000	-	$ -	$ -	$ -	200,400	$ 2,032,376

Note: The beginning and ending balance include the adjustment accounted for using equity method.

TABLE 4-1

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousand)	Amount (Note)	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (Thousand)	Amount (Note)
U-Ming Marine Transport Corporation	Stock Global Energy Maritime Co., Ltd.	An investee accounted for using equity method	Issuance of new capital	Associates	152,400	$ 45,432	48,000	$ 14,884	-	$ -	$ -	$ -	200,400	$ 63,019

Note: The beginning and ending balance include the adjustment accounted for using equity method.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts (Payable) or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
U-Ming Marine Transport Corporation	Asia Cement Corporation	The major shareholder	Sale	$ (631,741)	(53)	Upon completion of loading, within a month	ad hoc basis	ad hoc basis	$ 41,332	79	-
	U-Ming Transport (Singapore) Private Limited	Subsidiary	Sale	(107,153)	(9)	-	-	-	168	-	-
U-Ming Transport (Singapore) Private Limited	Asia Cement Corporation	The major shareholder of the parent company	Sale	(122,715)	(3)	Upon completion of loading, within 8 days	-	-	1,257	1	-
	U-Ming Marine Transport Corporation	The parent company	Purchase	107,153	2	-	-	-	(168)	-	-
	U-Ming Transport (Hong Kong) Ltd.	The parent company is the same	Purchase	134,127	3	-	-	-	(57,846)	-	-
U-Ming Transport (Hong Kong) Ltd.	U-Ming Transport (Singapore) Private Limited	The parent company is the same	Sale	(134,127)	(27)	-	-	-	57,846	95	-

Note: The foreign-currency amounts of original investment amount and carrying value were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016; the foreign-currency amount of net income was translated into New Taiwan dollars at average exchange rate of US$1=NT$32.263 for the year ended December 31, 2016.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts (Payable) or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
U-Ming Marine Transport Corporation	Asia Cement Corporation	The major shareholder	Sale	$ (19,589)	(53)	Upon completion of loading, within a month	ad hoc basis	ad hoc basis	$ 1,282	79	-
	U-Ming Transport (Singapore) Private Limited	Subsidiary	Sale	(3,323)	(9)	-	-	-	5	-	-
U-Ming Transport (Singapore) Private Limited	Asia Cement Corporation	The major shareholder of the parent company	Sale	(3,805)	(3)	Upon completion of loading, within 8 days	-	-	39	1	-
	U-Ming Marine Transport Corporation	The parent company	Purchase	3,323	2	-	-	-	(5)	-	-
	U-Ming Transport (Hong Kong) Ltd.	The parent company is the same	Purchase	4,159	3	-	-	-	(1,794)	-	-
U-Ming Transport (Hong Kong) Ltd.	U-Ming Transport (Singapore) Private Limited	The parent company is the same	Sale	(4,159)	(27)	-	-	-	1,794	95	-

TABLE 6

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
U-Ming Transport (Singapore) Private Limited	U-Ming Marine Transport Corporation	The parent company	Other receivable - related parties $11,523,479	-	$ -	-	$ -	$ -
	Winyield Investment Ltd.	An investee accounted for using equity method by subsidiary	Long-term receivable - related parties $721,694	-	-	-	-	-
	Eagle Investment Private Limited	A subsidiary	Other receivable - related parties $225,975	-	-	-	-	-
	Cape Asia Newbuildings (III) Ltd.	An investee accounted for using equity method by subsidiary	Long-term receivable - related parties $169,311	-	-	-	-	-
U-Ming Transport (Hong Kong) Ltd.	U-Ming Marine Transport Corporation	The parent company	Other receivable - related parties $967,908	-	-	-	-	-

Note: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016.

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
U-Ming Transport (Singapore) Private Limited	U-Ming Marine Transport Corporation	The parent company	Other receivable - related parties $357,317	-	$ -	-	$ -	$ -
	Winyield Investment Ltd.	An investee accounted for using equity method by subsidiary	Long-term receivable - related parties $22,378	-	-	-	-	-
	Eagle Investment Private Limited	A subsidiary	Other receivable - related parties $7,007	-	-	-	-	-
	Cape Asia Newbuildings (III) Ltd.	An investee accounted for using equity method by subsidiary	Long-term receivable - related parties $5,250	-	-	-	-	-
U-Ming Transport (Hong Kong) Ltd.	U-Ming Marine Transport Corporation	The parent company	Other receivable - related parties $30,013	-	-	-	-	-

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousand Dollars)

Number	Company Name	Counterparty	Relationship (Note)	Transactions Details				
				Accounts	Amount (New Taiwan Dollars)	Amount (U.S. Dollars, Note 6)	Trading Terms	Percentage to Consolidated Total Operating Revenues or Total Assets
0	U-Ming Marine Transport Corporation	U-Ming Transport (Singapore) Private Limited	1	Freight revenue	$ 107,153	$ 3,323	-	2
			1	Other revenue	14,472	449	-	-
			1	Other receivable	16,579	514	-	-
			1	Prepaid expense	19,973	619	-	-
		U-Ming Transport (Hong Kong) Ltd.	1	Freight revenue	11,060	343	-	-
1	U-Ming Transport (Singapore) Private Limited	U-Ming Marine Transport Corporation	2	Freight revenue	11,460	355	-	-
			2	Interest revenue	71,594	2,220	-	1
			2	Other receivable	11,523,479	357,317	-	20
		U-Ming Transport (Hong Kong) Ltd.	3	Freight revenue	32,318	1,002	-	-
		Eagle Investment Private Limited	3	Other receivable	225,975	7,007	-	-
2	U-Ming Transport (Hong Kong) Ltd.	U-Ming Marine Transport Corporation	2	Other receivable	967,908	30,013	-	2
		U-Ming Transport (Singapore) Private Limited	3	Freight revenue	134,127	4,159	-	2
			3	Trade receivable	57,846	1,794	-	-
3	Eagle Investment Private Limited	Falcon Investment Private Limited	3	Freight revenue	25,824	801	-	-
4	U-Ming Marine (Xiamen) International Ship Management Co., Ltd.	U-Ming Transport (Singapore) Private Limited	3	Freight revenue	38,093	1,181	-	1

Note a: 1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

TABLE 8

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2016	Original Investment Amount December 31, 2015	As of December 31, 2016 Shares (Thousand)	As of December 31, 2016 Percentage of Ownership	As of December 31, 2016 Carrying Amount	Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
U-Ming Marine Transport Corporation	U-Ming Transport (Singapore) Private Limited	Singapore	Transport	$ 2,649,382	$ 2,649,382	150,146	100	$ 39,332,728	$ (912,953)	$ (912,953)	A subsidiary
	U-Ming Transport (Hong Kong) Ltd.	Hong Kong	Transport	121,923	121,923	27,000	100	8,102,597	188,272	188,272	A subsidiary
	Yue-Li Investment Corporation	Taipei	Investment	1,500,000	1,500,000	150,000	68	1,391,476	73,679	50,236	A subsidiary
	Yue-Tung Investment Corporation	Taipei	Investment	1,360,400	1,360,400	136,040	74	1,640,118	49,716	36,559	A subsidiary
	Global Energy Maritime Co., Ltd.	Taipei	Transport	2,004,000	1,524,000	200,400	40	2,032,376	80,671	33,734	An investee accounted for using equity method
Yue-Tung Investment Corporation	Yue Ding Enterprise Corporation	Taipei	Bulk and retail sale of decorations and commodity	186,080	186,080	23,667	25	310,470	49,446	Not applicable	An investee accounted for using equity method
	Ding Ding Consultation Corporation	Taipei	Consultant	50,000	50,000	1,714	40	33,298	7,920	Not applicable	An investee accounted for using equity method
U-Ming Transport (Singapore) Private Limited	Cape Asia Newbuildings (II) Ltd.	Marshall Islands	Transport	2	2	-	17	380	(42)	Not applicable	An investee accounted for using equity method
	Cape Asia Newbuildings (III) Ltd.	Marshall Islands	Transport	2	2	-	17	69,858	(94,133)	Not applicable	An investee accounted for using equity method
	Cape Asia Ltd.	Hong Kong	Transport	3	3	-	17	7	(8)	Not applicable	An investee accounted for using equity method
	Winyield Investment Ltd.	Hong Kong	Transport	-	-	-	50	-	(115,154)	Not applicable	An investee accounted for using equity method
	Eagle Investment Private Limited	British Virgin Islands	Transport	-	-	-	100	50,431	17,364	Not applicable	An indirect subsidiary
	Falcon Investment Private Limited	British Virgin Islands	Investment	661,080	661,080	-	100	402,831	(20,036)	Not applicable	An indirect subsidiary
	Yue-Li Investment Corporation	Taipei	Investment	700,000	700,000	70,000	32	649,423	73,679	Not applicable	A subsidiary
	Yue-Tung Investment Corporation	Taipei	Investment	489,600	489,600	48,960	26	590,269	49,716	Not applicable	A subsidiary
U-Ming Transport (Hong Kong) Ltd.	Overseas Shipping Pte. Ltd.	Marshall Islands	Transport	474,692	474,692	-	100	1,773,649	273,594	Not applicable	An indirect subsidiary
Falcon Investment Private Limited	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	1,624	1,624	-	33	1,596	33	Not applicable	An investee accounted for using equity method

Note: The foreign currency amounts of carrying value were translated into New Taiwan dollars at the prevailing exchange rate of US$1=NT$32.25 as of December 31, 2016, the foreign currency amount of net income was translated into New Taiwan dollars at an average exchange rate of US$1=NT$32.263 for the year ended December 31, 2016.

TABLE 8-1

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of U.S. Dollars, Note 6)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2016	December 31, 2015	Shares (Thousand)	Percentage of Ownership	Carrying Amount			
U-Ming Marine Transport Corporation	U-Ming Transport (Singapore) Private Limited	Singapore	Transport	$ 82,151	$ 82,151	150,146	100	$ 1,219,619	$ (28,309)	$ (28,309)	A subsidiary
	U-Ming Transport (Hong Kong) Ltd.	Hong Kong	Transport	3,781	3,781	27,000	100	251,243	5,838	5,838	A subsidiary
	Yue-Li Investment Corporation	Taipei	Investment	46,512	46,512	150,000	68	43,147	2,258	1,558	A subsidiary
	Yue-Tung Investment Corporation	Taipei	Investment	42,183	42,183	136,040	74	50,856	1,542	1,134	A subsidiary
	Global Energy Maritime Co., Ltd.	Taipei	Transport	62,140	47,256	200,400	40	63,019	2,501	1,046	An investee accounted for using equity method
Yue-Tung Investment Corporation	Yue Ding Enterprise Corporation	Taipei	Bulk and retail sale of decorations and commodity	5,770	5,770	23,667	25	9,627	1,533	Not applicable	An investee accounted for using equity method
	Ding Ding Consultation Corporation	Taipei	Consultant	1,550	1,550	1,714	40	1,032	246	Not applicable	An investee accounted for using equity method
U-Ming Transport (Singapore) Private Limited	Cape Asia Newbuildings (II) Ltd.	Marshall Islands	Transport	-	-	-	17	12	(1)	Not applicable	An investee accounted for using equity method
	Cape Asia Newbuildings (III) Ltd.	Marshall Islands	Transport	-	-	-	17	2,166	(2,919)	Not applicable	An investee accounted for using equity method
	Cape Asia Ltd.	Hong Kong	Transport	-	-	-	17	-	-	Not applicable	An investee accounted for using equity method
	Winyield Investment Ltd.	Hong Kong	Transport	-	-	-	50	-	(3,571)	Not applicable	An investee accounted for using equity method
	Eagle Investment Private Limited	British Virgin Islands	Transport	-	-	-	100	1,564	538	Not applicable	An indirect subsidiary
	Falcon Investment Private Limited	British Virgin Islands	Investment	20,499	20,499	-	100	12,491	(621)	Not applicable	An indirect subsidiary
	Yue-Li Investment Corporation	Taipei	Investment	21,705	21,705	70,000	32	20,137	2,285	Not applicable	A subsidiary
	Yue-Tung Investment Corporation	Taipei	Investment	15,181	15,181	48,960	26	18,303	1,542	Not applicable	A subsidiary
U-Ming Transport (Hong Kong) Ltd.	Overseas Shipping Pte. Ltd.	Marshall Islands	Transport	14,719	14,719	-	100	54,997	8,484	Not applicable	An indirect subsidiary
Falcon Investment Private Limited	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	50	50	-	33	49	1	Not applicable	An investee accounted for using equity method

U-MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016
					Outward	Inward						
U-Ming Marine (Xiamen) International Ship Management Co., Ltd.	Transport	$ 29,579 (US$ 1,000)	(Note a)	$ 29,579 (US$ 1,000)	$ -	$ -	$ 29,579 (US$ 1,000)	$ 593 (US$ 18)	100	$ 593 (US$ 18)	$ 29,427 (US$ 912)	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$29,579 (US$1,000)	$29,579 (US$1,000)	$14,730,289 (US$456,753)

Note a: The investment was made by investing an existing company U-Ming Transport (Hong Kong) Ltd. which was incorporated in the area other than Taiwan and Mainland China and invested the target company in Mainland China.

Note b: The investment gain (loss) recognized was based on the financial statements which had been audited by accountant.