

**Yang Ming Marine Transport Corporation  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2008 and 2007 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated balance sheets of Yang Ming Marine Transport Corporation (the "Corporation") and its subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2008 and 2007 of subsidiaries, Yang Ming Line (Singapore) Pte. Ltd., Yang Ming Line Holding Co. and Ming Giant (Shanghai) International Logistics Co., Ltd. which were included in the accompanying consolidated financial statements. The combined total assets of these subsidiaries were 3.7% (NT\$4,193,754 thousand) and 3.8% (NT\$4,321,088 thousand) of the total consolidated assets as of December 31, 2008 and 2007, respectively. The combined total operating revenues of these subsidiaries were 0.5% (NT\$703,508 thousand) and 0.6% (NT\$772,693 thousand) of the consolidated revenue in 2008 and 2007, respectively. Also, we did not audit the financial statements of West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited and Formosa International Development Corporation as of and for the year ended December 31, 2008, and those of West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Netherlands) B.V., Yang Ming (Vietnam) Corp., Corstor Ltd., Chang Ming Logistics Company Limited and Formosa International Development Corporation as of and for the year ended December 31, 2007, in which the Corporation and consolidated subsidiaries have equity-method investments. As shown in the accompanying balance sheets, the carrying values of these investments were 0.9% (NT\$1,053,108 thousand) and 0.9% (NT\$1,022,512 thousand) of the total consolidated assets as of December 31, 2008 and 2007, respectively. The equity in these investees' net income was 1.6% (NT\$16,312 thousand) and 1.1% (NT\$82,113 thousand) of the consolidated income before income tax in 2008 and 2007, respectively. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and investees included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yang Ming Marine Transport Corporation and its subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As stated in Note 3, as of July 1, 2008, the Corporation adopted the amendments to the ROC Statement of Financial Accounting Standards (SFAS) No. 34 “Financial Instruments: Recognition and Measurement” that require the reclassification of certain financial instruments when they meet specified conditions.

March 11, 2009

Notice to Readers

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

*For the convenience of readers, the 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 auditors’ report and consolidated financial statements shall prevail.*

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2008 AND 2007**

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

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Notes 2 and 4)	\$ 8,033,608	7	\$ 9,605,600	9	Short-term debts (Note 14)	\$ 991,804	1	\$ 100,962	-
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	558,359	1	2,413,912	2	Notes payable	124,269	-	185,292	-
Available-for-sale financial assets - current (Notes 2, 3 and 6)	999,179	1	561,136	1	Financial liabilities at fair value through profit or loss - current (Notes 2, 3 and 5)	145,134	-	1,944	-
Held-to-maturity financial assets - current (Notes 2 and 7)	5,902	-	9,570	-	Payable to related parties (Note 24)	241,426	-	238,501	-
Notes receivable, net (Note 2)	163,805	-	131,943	-	Income tax payable (Notes 2 and 19)	130,346	-	986,588	1
Accounts receivable, net of allowance for doubtful accounts of \$74,303 thousand and \$72,459 thousand at December 31, 2008 and 2007 (Note 2)	2,495,287	2	4,851,269	4	Accrued expenses	4,664,756	4	8,841,348	8
Accounts receivable from related parties (Note 24)	26,620	-	122,711	-	Payable for equipment	3,840,036	3	1,116,334	1
Shipping fuel, net (Note 2)	2,342,358	2	4,560,873	4	Advances from customers	2,110,581	2	2,046,528	2
Prepaid expenses	1,313,238	1	959,310	1	Current portion of long-term interest-bearing debts (Notes 2, 10, 15 and 23)	4,290,256	4	2,400,616	2
Advances to shipping agents	297,563	-	281,813	-	Payable to shipping agents	2,758,617	3	3,066,295	3
Deferred income tax assets - current (Notes 2 and 20)	232,974	-	41,064	-	Other current liabilities (Note 2)	263,797	-	421,324	-
Other current assets (Notes 2, 20 and 25)	562,488	1	523,505	-					
Total current assets	<u>17,031,381</u>	<u>15</u>	<u>24,062,706</u>	<u>21</u>	Total current liabilities	<u>19,561,022</u>	<u>17</u>	<u>19,405,732</u>	<u>17</u>
<b>LONG-TERM INVESTMENTS (Notes 2, 3, 6, 8, 9 and 26)</b>					<b>LONG-TERM DEBTS, NET OF CURRENT PORTION</b>				
Available-for-sale financial assets - noncurrent	2,875,472	3	4,047,709	4	Hedging derivative financial liabilities - noncurrent (Notes 2, 3 and 23)	-	-	2,871	-
Financial assets measured at cost - noncurrent	908,877	1	845,891	1	Bonds (Notes 2 and 14)	17,122,000	15	18,706,000	17
Hedging derivative financial assets - noncurrent	23,607	-	9,172	-	Long-term debts (Notes 14 and 24)	18,465,404	16	12,580,791	11
Investments accounted for using equity method	2,850,704	2	2,356,413	2	Capital lease obligations (Notes 2, 10 and 14)	5,432,721	5	7,325,155	6
Cash surrender value of life insurance	19,307	-	11,396	-					
Total long-term investments	<u>6,677,967</u>	<u>6</u>	<u>7,270,581</u>	<u>7</u>	Total long-term debts	<u>41,020,125</u>	<u>36</u>	<u>38,614,817</u>	<u>34</u>
<b>PROPERTIES (Notes 2, 10, 25 and 16)</b>					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)</b>	<u>479,639</u>	<u>1</u>	<u>479,639</u>	<u>1</u>
Cost					<b>OTHER LIABILITIES</b>				
Land	471,453	1	470,774	-	Accrued pension liabilities (Notes 2 and 18)	1,270,296	1	1,151,018	1
Buildings	1,172,813	1	1,181,824	1	Deferred income tax liabilities - noncurrent (Notes 2 and 20)	2,156,771	2	2,229,688	2
Containers and chassis	23,566,163	21	22,523,772	20	Unrealized gain on sale and leaseback (Notes 2 and 17)	585,452	1	7,874	-
Ships	53,248,815	47	51,399,695	46	Others (Notes 2, 9 and 17)	161,516	-	163,932	-
Leased assets	8,132,791	7	7,956,260	7					
Leasehold improvements	225,931	-	168,964	-	Total other liabilities	<u>4,174,035</u>	<u>4</u>	<u>3,552,512</u>	<u>3</u>
Miscellaneous equipment	3,848,349	4	3,766,492	3	Total liabilities	<u>65,234,821</u>	<u>58</u>	<u>62,052,700</u>	<u>55</u>
Total cost	90,666,315	81	87,467,781	77	<b>YANG MING'S EQUITY</b>				
Accumulated depreciation	<u>28,033,604</u>	<u>25</u>	<u>28,555,660</u>	<u>25</u>	Capital stock - \$10 par value				
Construction in progress	62,632,711	56	58,912,121	52	Authorized - 3,000,000 thousand shares at December 31, 2008 and 2007				
	<u>14,583,790</u>	<u>13</u>	<u>9,291,610</u>	<u>8</u>	Issued - 2,562,466 thousand shares and 2,328,698 thousand shares at December 31, 2008 and 2007	<u>25,624,665</u>	<u>23</u>	<u>23,286,982</u>	<u>21</u>
Net properties	<u>77,216,501</u>	<u>69</u>	<u>68,203,731</u>	<u>60</u>	Capital surplus				
<b>OTHER ASSETS</b>					Paid-in capital in excess of par value	7,499,701	7	7,491,127	7
Assets leased to others, net (Notes 2 and 11)	4,059,378	4	4,067,471	4	Treasury stock transactions	1,480,009	1	1,480,009	1
Nonoperating assets, net (Notes 2, 12 and 25)	218,058	-	230,766	-	From long-term equity-method investment	8,872	-	8,872	-
Refundable deposits (Notes 10 and 25)	5,910,650	5	8,365,116	8	Total capital surplus	<u>8,988,582</u>	<u>8</u>	<u>8,980,008</u>	<u>8</u>
Deferred charges, net (Note 2)	256,174	-	257,054	-	Retained earnings				
Advances on long-term rent agreements (Note 13)	942,628	1	292,190	-	Legal reserve	3,814,813	3	3,212,821	3
Miscellaneous (Note 25)	386,231	-	197,457	-	Special reserve	2,067,513	2	2,067,513	2
Total other assets	<u>11,773,119</u>	<u>10</u>	<u>13,410,054</u>	<u>12</u>	Unappropriated earnings	6,074,029	6	10,889,712	9
					Total retained earnings	<u>11,956,355</u>	<u>11</u>	<u>16,170,046</u>	<u>14</u>
					Other items of stockholders' equity				
					Cumulative translation adjustments	447,853	-	100,131	-
					Net loss not recognized as pension cost	(36,590)	-	(38,967)	-
					Unrealized loss on financial instruments	25,832	-	1,935,242	2
					Total other items of stockholders' equity	<u>437,095</u>	<u>-</u>	<u>1,996,406</u>	<u>2</u>
					Total controlling interest	47,006,697	42	50,433,442	45
					<b>MINORITY INTEREST</b>	<u>457,450</u>	<u>-</u>	<u>460,930</u>	<u>-</u>
					Total stockholders' equity	<u>47,464,147</u>	<u>42</u>	<u>50,894,372</u>	<u>45</u>
<b>TOTAL</b>	<u>\$ 112,698,968</u>	<u>100</u>	<u>\$ 112,947,072</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 112,698,968</u>	<u>100</u>	<u>\$ 112,947,072</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 137,817,302	100	\$ 133,801,232	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>130,361,653</u>	<u>95</u>	<u>121,938,446</u>	<u>91</u>
GROSS INCOME	<u>7,455,649</u>	<u>5</u>	<u>11,862,786</u>	<u>9</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling	5,218,572	4	5,265,376	4
General and administrative	<u>824,635</u>	<u>-</u>	<u>873,501</u>	<u>-</u>
Total operating expenses	<u>6,043,207</u>	<u>4</u>	<u>6,138,877</u>	<u>4</u>
OPERATING INCOME	<u>1,412,442</u>	<u>1</u>	<u>5,723,909</u>	<u>5</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of properties	1,364,016	1	2,113,625	2
Investment income recognized under equity method (Notes 2 and 9)	716,195	1	281,560	-
Dividends	253,401	-	27,465	-
Interest	552,147	1	634,453	1
Rent	157,578	-	122,375	-
Investment gain	-	-	337,713	-
Valuation gain on financial instruments, net (Notes 2 and 5)	-	-	148,083	-
Foreign exchange gain, net (Note 2)	-	-	114,016	-
Others	<u>256,818</u>	<u>-</u>	<u>354,663</u>	<u>-</u>
Total nonoperating income and gains	<u>3,300,155</u>	<u>3</u>	<u>4,133,953</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 10 and 24)	1,431,263	1	1,663,331	1
Valuation of allowance for loss on shipping fuel	680,320	1	-	-
Foreign exchange loss, net (Note 2)	564,675	1	-	-
Valuation loss on financial assets, net (Notes 2 and 5)	330,737	-	-	-
Investment loss	318,620	-	-	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	117,064	-	390	-
Impairment loss on financial assets measured at cost (Notes 2 and 8)	69,670	-	671,792	1
Others	<u>200,868</u>	<u>-</u>	<u>149,124</u>	<u>-</u>
Total nonoperating expenses and losses	<u>3,713,217</u>	<u>3</u>	<u>2,484,637</u>	<u>2</u>

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# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 999,380	1	\$ 7,373,225	6
INCOME TAX EXPENSE (Notes 2 and 20)	<u>423,800</u>	<u>1</u>	<u>1,309,855</u>	<u>1</u>
CONSOLIDATED NET INCOME	<u>\$ 575,580</u>	<u>-</u>	<u>\$ 6,063,370</u>	<u>5</u>
ATTRIBUTABLE TO:				
Controlling interest	\$ 547,293	-	\$ 6,020,284	5
Minority interest	<u>28,287</u>	<u>-</u>	<u>43,086</u>	<u>-</u>
	<u>\$ 575,580</u>	<u>-</u>	<u>\$ 6,063,370</u>	<u>5</u>
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.75</u>	<u>\$ 2.36</u>
Diluted	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)**

	Capital Stock (\$10 Par Value)		Capital Surplus (Notes 2 and 19)			Other Items of Stockholders' Equity (Notes 2, 3 and 19)						Total Stockholders' Equity	
	Capital Stock (\$10 Par Value)		Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Retained Earnings (Notes 2 and 19)			Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments		Minority Interest
	Shares (Thousands)	Amount				Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2007	2,289,835	\$ 22,898,344	\$ 7,286,090	\$ 1,480,009	\$ 8,876	\$ 3,098,505	\$ 2,074,929	\$ 5,954,764	\$ 168,626	\$ (96,743)	\$ (35,588)	\$ 372,209	\$ 43,210,021
Effect of changes in consolidated entities since 2007	-	-	-	-	-	-	-	-	-	-	-	18,614	18,614
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	1,152	1,152
Appropriation of 2006 earnings													
Legal reserve	-	-	-	-	-	114,316	-	(114,316)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(7,416)	7,416	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(58,478)	-	-	-	-	(58,478)
Cash dividends - \$0.32 per share	-	-	-	-	-	-	-	(735,682)	-	-	-	-	(735,682)
Stock dividends - \$0.08 per share	18,392	183,920	-	-	-	-	-	(183,920)	-	-	-	-	-
Consolidated net income in 2007	-	-	-	-	-	-	-	6,020,284	-	-	-	43,086	6,063,370
Changes in stockholders' equity accounted for using equity method	-	-	-	-	(4)	-	-	(356)	-	-	108,467	-	108,107
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	(68,495)	-	-	38,140	(30,355)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	1,821,734	-	1,821,734
Changes in unrealized gain on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	40,629	-	40,629
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	57,776	-	-	57,776
Domestic convertible bonds converted into capital stock and capital surplus	20,471	204,718	205,037	-	-	-	-	-	-	-	-	-	409,755
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(12,271)	(12,271)
BALANCE, DECEMBER 31, 2007	2,328,698	23,286,982	7,491,127	1,480,009	8,872	3,212,821	2,067,513	10,889,712	100,131	(38,967)	1,935,242	460,930	50,894,372
Effect of changes in consolidated entities since 2008	-	-	-	-	-	-	-	-	-	-	-	4,411	4,411
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	1,431	1,431
Appropriation of 2007 earnings													
Legal reserve	-	-	-	-	-	601,992	-	(601,992)	-	-	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(102,876)	-	-	-	-	(102,876)
Cash dividends - \$1.0 per share	-	-	-	-	-	-	-	(2,329,054)	-	-	-	-	(2,329,054)
Stock dividends - \$1.0 per share	232,905	2,329,054	-	-	-	-	-	(2,329,054)	-	-	-	-	-
Consolidated net income in 2008	-	-	-	-	-	-	-	547,293	-	-	-	28,287	575,580
Reclassification of financial assets at July 1, 2008	-	-	-	-	-	-	-	-	-	-	(157,445)	-	(157,445)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	(235)	(303,842)	-	(304,077)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	347,722	-	-	(15,989)	331,733
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(1,461,102)	-	(1,461,102)
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	12,979	-	12,979
Recognition of minimum accrued pension liability	-	-	-	-	-	-	-	-	-	2,612	-	-	2,612
Cash dividends received by minority interest	-	-	-	-	-	-	-	-	-	-	-	(21,620)	(21,620)
Domestic convertible bonds converted into capital stock and capital surplus	863	8,629	8,574	-	-	-	-	-	-	-	-	-	17,203
BALANCE, DECEMBER 31, 2008	<u>2,562,466</u>	<u>\$ 25,624,665</u>	<u>\$ 7,499,701</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,814,813</u>	<u>\$ 2,067,513</u>	<u>\$ 6,074,029</u>	<u>\$ 447,853</u>	<u>\$ (36,590)</u>	<u>\$ 25,832</u>	<u>\$ 457,450</u>	<u>\$ 47,464,147</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 575,580	\$ 6,063,370
Depreciation	5,836,158	5,542,101
Amortization	206,203	310,629
Allowance for doubtful accounts	61,718	41,727
Provision for pension cost	103,933	101,374
Provision for (reversal of) allowance for loss on shipping fuel	680,320	(56,776)
Gain (loss) on disposal of financial instruments	318,620	(337,714)
Gain on disposal of properties, net	(1,364,016)	(2,108,865)
Investment income recognized under equity method	(716,195)	(281,560)
Cash dividends received on equity-method investee companies	182,913	6,422
Deferred income taxes	(271,788)	(85,940)
Valuation gain (loss) on financial instruments	330,737	(147,693)
Valuation loss on financial liabilities	117,064	-
Impairment loss on financial assets measured at cost	69,670	671,792
Others	(93)	(8,265)
Net changes in operating assets and liabilities		
Financial assets held for trading	(167,629)	(461,964)
Notes receivable	(31,862)	(121,004)
Accounts receivable	2,426,081	(1,771,397)
Accounts receivable from related parties	97,529	345,016
Shipping fuel	1,538,195	(2,120,534)
Prepaid expenses	(351,718)	(275,223)
Advances to shipping agents	(15,750)	(127,896)
Other current assets	(30,436)	(109,152)
Financial liabilities held for trading	155,988	1,555
Notes payable	(61,023)	164,165
Payables to related parties	(39,731)	(23,644)
Income tax payable	(857,366)	667,463
Accrued expenses	(4,314,714)	3,250,171
Advances from customers	64,053	441,026
Payables to shipping agents	(307,678)	1,205,502
Other current liabilities	(149,338)	165,579
Advances on long-term rent agreements	<u>41,105</u>	<u>12,004</u>
Net cash provided by operating activities	<u>4,126,530</u>	<u>10,952,269</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets designated as at fair value through profit or loss	-	32,600
Acquisition of available-for-sale financial assets	(11,565,566)	(9,565,269)
Proceeds from disposal of available-for-sale financial assets	11,684,735	14,391,983
Proceeds of cash dividends from available-for-sale financial assets	18,984	129,039
Proceeds from disposal of held-to-maturity financial assets	20,968	-
Acquisition of investments accounted for using equity method	-	(256,656)

(Continued)



# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

	2008	2007
Acquisition of financial assets measured at cost	\$ (150,000)	\$ (90,000)
Proceeds from disposal of long-term investment	-	1,500
Proceeds from capital reduction of investments in share of stock	-	146,316
Acquisition of properties and assets leased to others	(22,344,215)	(18,576,772)
Proceeds from disposal of properties and nonoperating assets	11,670,270	3,409,138
Increase in cash surrender value of life insurance	(7,911)	(4,594)
Increase in deferred charges	(221,625)	(160,276)
Decrease (increase) in refundable deposits	365,425	(362,586)
Decrease in restricted assets	-	124,205
Decrease (increase) in other assets	(217,345)	14,271
Effect of first time consolidation of certain subsidiaries	<u>52,825</u>	<u>136,261</u>
Net cash used in investing activities	<u>(10,693,455)</u>	<u>(10,630,840)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term debts	890,842	20,970
Repayment of principal of bonds	(1,076,933)	(3,848,000)
Proceeds from long-term borrowing	8,333,185	8,626,895
Repayments of principal of long-term borrowing	(986,440)	(733,419)
Payment of capital lease obligations	(112,830)	(50,070)
Increase (decrease) in other liabilities	2,045	(5,737)
Increase in minority interest	1,431	1,666
Increase (decrease) in guarantee deposits	(5,018)	1,746
Cash dividend and employees' bonus paid by Yang Ming	(2,431,460)	(794,253)
Cash dividend paid to minority interest by subsidiaries	<u>(21,620)</u>	<u>(12,271)</u>
Net cash provided by financing activities	<u>4,593,202</u>	<u>3,207,527</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>401,731</u>	<u>(77,860)</u>
NET (DECREASE) INCREASE IN CASH	(1,571,992)	3,451,096
CASH, BEGINNING OF YEAR	<u>9,605,600</u>	<u>6,154,504</u>
CASH, END OF YEAR	<u>\$ 8,033,608</u>	<u>\$ 9,605,600</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,611,755	\$ 1,654,520
Less: Capitalized interest	<u>161,670</u>	<u>78,975</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,450,085</u>	<u>\$ 1,575,545</u>
Income tax paid	<u>\$ 1,592,942</u>	<u>\$ 637,502</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

	2008	2007
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Reclassification of nonoperating assets into assets leased to others	\$ -	\$ 42,328
Reclassification of properties into assets leased to others	\$ 21,219	\$ 257,364
Reclassification of construction in progress to advances on long-term rent agreement	\$ 691,543	\$ -
Current portion of interest-bearing long-term debts	\$ 4,290,256	\$ 2,400,616
Domestic unsecured convertible bonds converted into capital stock and capital surplus	\$ 17,203	\$ 409,755
<b>CASH PAID FOR ACQUISITION OF PROPERTIES AND ASSET LEASED TO OTHERS</b>		
Increase in properties and assets leased to others	\$ 25,067,917	\$ 18,145,260
Decrease (increase) in payables for equipment	(2,723,702)	431,512
Cash paid	<u>\$ 22,344,215</u>	<u>\$ 18,576,772</u>

### SUPPLEMENTARY INFORMATION ON A SUBSIDIARY ACQUISITION:

In January 2008, Yang Ming Marine Transport Corp. obtained the control of Yang Ming (Netherlands) B.V.; the fair value of total assets and total liabilities at the time of acquisition was as follows:

Cash	\$ 52,825
Accounts receivable, net	118,437
Other receivable	1,438
Prepaid expenses	2,210
Other current assets	8,545
Properties, net	13,150
Payables to related parties	(42,656)
Income tax payable	(1,124)
Accrued expenses	<u>(138,122)</u>
	14,703
Percentage of ownership	<u>70%</u>
	<u>\$ 10,292</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

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In January 2007, Yang Ming Marine Transport Corp. obtained the control of Yang Ming Italy S.p.A.; the fair value of total assets and total liabilities at the time of acquisition was as follows:

Cash	\$ 136,261
Accounts receivable	3,686
Other receivable	64,071
Deferred income tax assets	1,639
Prepaid expenses	408
Properties, net	8,124
Deferred charges	2,482
Accrued expenses	(152,501)
Income tax payable	(6,852)
Accrued pension liabilities	(13,779)
Other current liabilities	(6,259)
Other liabilities	<u>(410)</u>
	36,870
Percentage of ownership acquired	<u>50%</u>
	<u>\$ 18,435</u>

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

(With Deloitte & Touche audit report dated March 11, 2009)

(Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2008 and 2007**

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

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### **1. ORGANIZATION AND OPERATIONS**

Yang Ming Marine Transport Corporation (the "Corporation" or YMTC), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. Of the Corporation's outstanding capital stock, the MOTC owned 35.51% at December 31, 2008 and 35.52% at December 31, 2007.

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

To conform with the project of spinning off the tramp department, the board of directors of YMTC made a resolution to establish the Kuang Ming (Liberia) Corp. by investing NT\$1,060,904 thousand. And Corporation spun off Kuang Ming (Liberia) Corp. into Kuang Ming Shipping Corp. after the invested fund, owned by Kuang Ming (Liberia) Corp., obtained the assets, liabilities and operations of All Oceans Transportation Inc.

YMTC and Yangming (UK) Ltd. (Yangming-UK) provide marine cargo transportation services; maintain, lease and sell old vessels, containers and chassis; and act as a shipping agent and manage ships owned by others.

All Oceans Transportation Inc. (AOT) and Yang Ming (Liberia) Corp. (Yang Ming-Liberia) provide lease vessels and containers chassis.

Kuang Ming Shipping Corp. (Kuang Ming), Kuang Ming Shipping Corp. (Panama) (KMS-Panama) and Kuang Ming (Liberia) Corp. provide are leasing out and transportation vessels of tramp department and containers chassis.

Yang Ming Shipping Europe GmbH (Yangming-ERO), Yang Ming Italy S.p.A. (Yang Ming-Italy), Yang Ming Naples S.r.l. (Yang Ming-Naples), Yang Ming (Belgium) N.V. (Yang Ming-Belgium), Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands), Young-Carrier Company Limited (Young-Carrier), Yang Ming Shipping (BVI) Inc. (YMS-BVI), Yangming (Japan) Co., Ltd. (Yangming-Japan), Yang Ming Line (Hong Kong) Ltd. (YML-HK), Yangming Shipping (Singapore) Pte. Ltd. (YMS-Singapore), Yang Ming Line (M) Sdn. Bhd. (YML-M), Yang Ming Line (India) Pvt. Ltd. (YML-India), Yang Ming Anatolia Shipping Agency S.A., Yang Ming (Korea) Co., Ltd. (Yang Ming-Korea), Manwa & Co., Ltd. (Japan) (Manwa) and Yang Ming (America) Co. (Yang Ming-America) act as a shipping agent and forwarding agencies.

Yes Logistics Corp. (Yes Logistics), Yes Logistics Corp. USA (Yes-USA), Golden Logistics Corp. (Golden), Yes Logistic UK Limited (Yes-UK), Golden Logistics USA Corporation (Golden-USA), Yes Logistics Europe GmbH (Yes-ERO), Yes Logistics Company Ltd. (Yes-HK), Yes Logistics (Netherlands) B.V. (Yes-Netherlands B.V.), Golden Logistics (Qingdao) Corp., Star Logistics Corp. and Burger Yes B.V. provide forwarding agency, warehouse operation and logistics management.

Ming Giant (Shanghai) International Logistics Company Limited (Ming Giant-Shanghai), established in 2006, provides warehouse operation and forwarding agency for land, air and marine transportation. The company signed an engagement with the municipal government of Shanghai about “The contract for assignment of the right to the use of state-owned land of Shanghai” on December 20, 2007. The term with respect to the assigned right to the use of the land is 50 years from the date the contract was signed.

Kao Ming Container Terminal Corp., which are engaged in the building and operation, terminal operation and stevedoring and warehouse operation of Kaohsiung harbor intercontinental container center has a contract namely ‘First stage of Kaohsiung harbor intercontinental container center construction and operation project’ with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the building and operation periods.

Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI), Yang Ming Line N.V. (YML-NV) and Yang Ming Line B.V. (YML-BV), Ching Ming Investment Corp. (Ching Ming), Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore), Yang Ming Line Holding Co. (YML Holding), and Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore) are primarily investment holding companies.

Honming Terminal & Stevedoring Co., Ltd. (Honming), Jing Ming Transportation Co., Ltd. (Jing Ming), Triumph Logistics, Inc., Olympic Container Terminal LLC, Topline Transportation Inc., Coastal Tarheel Express, Inc. and Transcont Intermodal Logistics, Inc. provide trucking transportation and stevedoring service.

Karlman Properties Limited provide properties agency. Sunbright Insurance Pte. Ltd. provide insurance services for the Group.

Sino International United Petroleum Group Co., Ltd. (Sino) trades in the petroleum and liquefied petroleum gas. The Company had been liquidated on June 30, 2008.

YMTC and the consolidated subsidiaries are hereinafter referred to as the “Group.”

The intercompany relationships and percentages of ownership as of December 31, 2008 and 2007 are summarized in the accompanying Schedule A.

As of December 31, 2008 and 2007, the Group had 4,660 and 4,135 employees, respectively.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China (“ROC”). Under the guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the amounts of the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of properties, income tax, pension cost, unsettled litigation cost, payables to shipping agents and bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

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

The Group's significant accounting policies are summarized as follows:

### **Consolidation**

As required by the revised ROC Statement of Financial Accounting Standards No. 7 "Consolidated Financial Statements," consolidated financial statements should include the accounts of YMTC and its direct and indirect subsidiaries or other investees in which YMTC has controlling interests.

In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries are translated from their respective functional currencies into New Taiwan dollars as follows:

- a. All assets and liabilities - at the exchange rate prevailing on the balance sheet dates;
- b. Share capital, retained earnings and/or accumulated deficit - at their historical rates of exchange; and
- c. All items in the statement of income - at the average rate of exchange for the year.

The resulting translation gains and losses are accounted for as cumulative translation adjustments.

All significant intercompany accounts and transactions have been eliminated in the consolidation.

The 2007 consolidated financial statements included the accounts of YMTC, AOT, YML-BVI, YML-NV, YML-BV, Yang Ming Belgium, Yang Ming-Italy, Yangming-UK and Yangming-ERO, Yes-ERO, Ching Ming, Yang Ming-Liberia, Kuang Ming, KMS-Panama, Yang Ming-Naples, Yes Logistics, Yes-USA, Yes-Singapore, Yes-HK, Yes-UK, Yes-Netherlands B.V., Golden USA, Ming Giant-Shanghai, Yang Ming-Korea, Sino, Topline Transportation Inc., Coastal Tarheel Express, Inc., Golden Logistics (Qingdao Corp.), Star Logistics Corp. and Burger Yes B.V., Golden, Honming, Jing Ming, Kao Ming, YML-Singapore, YML-India, YML-HK, YMS-BVI, Karlman Properties, Yangming-Cayman, Young-Carrier, YML-M, Yangming-Japan, Manwa, YMS-Singapore, YML Holding, Yang Ming-America, Triumph Logistics, Inc., Olympic Container Terminal LLC and Transcont Intermodal Logistics, Inc.

In addition to the above entities, the 2008 consolidated financial statements included Yang Ming (Netherlands) B.V. (Yang Ming-Netherlands), Sunbright Insurance Pte. Ltd., Kuang Ming (Liberia) Corp. and Yang Ming Anatolia Shipping Agency S.A. Yangming (Cayman) Ltd. and Sino had been liquidated in September 2007 and June 2008, respectively.

The financial statements of some immaterial consolidated entities as of and for the year ended December 31, 2008 and 2007 (Yes-ERO, Burger Yes B.V., Yes-UK and Golden-USA) were unaudited. YMTC's management believed that unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

Because of appointing CEO in Yang Ming-Netherlands in January 2008, the Corporation had controlling interest on Yang Ming-Netherlands. Accordingly to the reason above, Yang Ming-Netherlands became subsidiary of the Corporation in January 2008 and should be consolidated.

Because of appointing CEO in Yang Ming Italy S.p.A. in January 2007, the Corporation had controlling interest on Yang Ming Italy S.p.A. Additionally, the Corporation also had controlling interest on Yang Ming (Naples) S.r.l. because of Yang Ming Italy S.p.A. owning more than fifty percent of shares in Yang Ming (Naples) S.r.l. According to the reason above, Yang Ming Italy S.p.A and Yang Ming (Naples) S.r.l. became subsidiaries of the Corporation in January 2007 and should be consolidated.

YMTC does not have controlling interest on Corstor Ltd.; thus the Corstor's accounts were not consolidated.

## **Current/Noncurrent Assets and Liabilities**

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

## **Financial Assets at Fair Value through Profit or Loss**

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

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

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

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

Hybrid contracts containing one or more embedded derivatives are designated as financial assets at fair value through profit or loss.

## **Available-for-sale Financial Assets**

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

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

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

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

### **Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts**

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

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships and containers leased to others and ship management revenues are recognized in the month the services are rendered. Forwarder revenues are recognized after the goods are packed for shipment. The revenues from cargo arrangement services which are incomes from logistic service and shipping service are recognized after the completion of service. Warehouse rental revenues are recognized in the period the services are rendered.

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

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Group assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

### **Shipping Fuel**

Shipping fuel is carried at the lower of aggregate cost (weighted-average method) or market value. Market value is based on replacement cost.

### **Held-to-maturity Financial Assets**

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. Held-to-maturity financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. All regular way purchases or sales of financial assets are accounted for using a trade date basis.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

### **Financial Asset Measured at Cost**

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost.



The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets.

An impairment loss is recognized where there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

### **Investments Accounted for Using Equity Method**

Investments in companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Corporation's proportionate share in the investee's equity was amortized by the straight-line method over 5 years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, and the excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The excess of the fair value of the net identifiable assets acquired over the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

When the Group subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Group records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

When the Group's share in losses of an equity-method investee equals its investment in that investee plus any advances made to the investee, the Group discontinues applying the equity method. The Group continues to recognize its share in losses of the investee if (a) the Group commits to provide further financial support to the investee or (b) the losses of the investee are considered to be temporary and sufficient evidence shows imminent return to profitability. If the investee subsequently reports profits, such profits are first attributed to the Group to the extent of the excess losses previously borne by the Group.

### **Cash Surrender Value of Life Insurance**

Annual insurance premium paid for the incremental bonus life insurance of which the Corporation is the beneficiary includes a savings component that is recognized as cash surrender value of life insurance (under Long-term Investment) and recorded as deduction of insurance expenses or other income.

### **Spin-off**

The Group had spun off the assets, liabilities and operations of its tramp business department into a subsidiary in exchange for all of the subsidiary's newly issued shares. The cost of the shares received is equal to the net book value of the spun-off assets minus the spun-off liabilities without recognizing any exchange gain. If the recoverable amount of the spun-off assets is estimated to be less than its carrying amount, the carrying amount of the spun-off assets will be reduced to its recoverable amount. The Corporation will recognize the recoverable amount as the cost of the shares received.

## **Properties and Assets Leased to Others**

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

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

Depreciation is provided on a straight-line method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 40 to 55 years; containers and chassis, 6 to 8 years; ships, 7 to 20 years; leased assets, 4 to 25 years; leasehold improvements, 2 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

## **Nonoperating Assets**

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

## **Impairment of Assets**

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

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

For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

## **Deferred Charges**

Deferred charges refer to ship-overhaul costs, computer software, and bond issuance expenses. These are capitalized and amortized using the straight-line method over periods ranging from 2.5 years to 12 years.

## **Convertible Bonds**

The entire proceeds from convertible bonds issued on or before December 31, 2005 were accounted for as a liability. The difference between the agreed redemption price and the face value of the bonds is accrued using the effective interest method over the year from the issue date of the bonds to the date the put option becomes exercisable. Bond issuance expenses are recognized as deferred charges and amortized over the term of the convertible bonds.

The conversion of bonds into common shares is accounted for using the book value method, whereby the difference between the book value of the bonds (net of any unamortized premiums or discounts, accrued interest, and unamortized transaction costs) and the par value of the common shares issued is recorded as capital surplus.

## **Pension**

YMTC, AOT, Ching Ming, Kuang Ming, Yes Logistics, Honming, and Jing Ming have pension plans for all regular employees.

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

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

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

## **Unrealized Gain (Loss) on Sale and Leaseback**

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

## **Income Tax**

The intra-period allocation methods are used for income taxes. Deferred income taxes are recognized for the tax effects of temporary differences, unused income tax credits, and operating loss carryforwards. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures are recognized using the flow-through method.

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

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

## **Foreign Currencies**

Non-derivative foreign-currency transactions are recorded in respective functional currencies of consolidated subsidiaries at the rates of exchange in effect when the transactions occur.

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

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

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

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

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

### **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

- a. Fair value hedge

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

- b. Cash flow hedge

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

### **Reclassifications**

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2007 have been reclassified to be consistent with the presentation of consolidated financial statements as of and for the year ended December 31, 2008.

### 3. CHANGES IN ACCOUNTING PRINCIPLES

#### Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052 that requires the Group to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of NT\$45,529 thousand in net income and a decrease in after income tax basic earnings per share of NT\$0.02 for the year ended December 31, 2008.

#### Accounting for Financial Instruments

On July 1, 2008, the Group adopted the newly amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The amendments to SFAS 34 mainly deal with the reclassification of financial assets at fair value through profit or loss if certain conditions are met. The adoption of SFAS No. 34 resulted in increase of NT\$490,360 thousand in net income and increase in after income tax basic earnings per share of NT\$0.19 for the year ended December 31, 2008. Please see Note 23 for relevant information regarding reclassifications of financial instruments.

### 4. CASH

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Cash		
Petty cash and cash on hand	\$ 6,724	\$ 21,792
Checking accounts and demand deposits	4,637,725	4,561,404
Time deposits: Interest - 0.15%-8.50% in 2008 and 0.35%-8.50% in 2007	<u>3,389,159</u>	<u>5,022,404</u>
	<u>\$ 8,033,608</u>	<u>\$ 9,605,600</u>

As of December 31, 2008 and 2007, time deposits with maturity of over one year amounted to \$8,909 thousand and \$747 thousand, respectively.

The overseas deposits of YMTC as of December 31, 2008 and 2007 are summarized in the accompanying Schedules B and C.

### 5. FINANCIAL INSTRUMENTS AT FVTPL

a. Financial assets and liabilities at FVTPL as follow:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
<u>Financial assets held for trading</u>		
Mutual funds	\$ 286,481	\$ 1,503,450
Quoted stocks	146,209	894,461
Oil swap option	125,669	-
Oil swap	-	14,136
Convertible bonds	<u>-</u>	<u>1,865</u>
	<u>\$ 558,359</u>	<u>\$ 2,413,912</u>

(Continued)

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
<u>Financial liabilities held for trading</u>		
Oil swap option	\$ 145,134	\$ 461
Oil swap	<u>-</u>	<u>1,483</u>
	<u>\$ 145,134</u>	<u>\$ 1,944</u>
		(Concluded)

Foreign exchange forward contracts and options are held mainly to hedge the exchange rate risks arising from net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions entered into by YMTC is based on forecasted cash flows, and the risk of the transaction can be controlled by YMTC.

The purpose of holding the short crude oil swap and oil swap option is for spread trading. By shorting the swap YMTC can hedge some energy fund investment risk, and make possible profit when the convergence of the two price series appears. YMTC's purpose for trading oil swap and oil swap option is to reduce the cost burden from oil price increase.

Derivates that held by YMTC do not meet the criteria for hedge accounting; therefore, they are treated as financial assets or liabilities.

There were no outstanding foreign exchange contracts and options of YMTC as of December 31, 2008.

Outstanding oil swap and oil swap option contracts as of December 31, 2008 were as follows:

	<b>Due Date</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Oil swap option	2009.04.30	US\$ 44,340 thousand	\$ 125,669 thousand
Oil swap option	2009.04.30	US\$ 59,205 thousand	(145,134) thousand

As of December 31, 2008, the oil swap option settled amounted to \$88,062 thousand and were recognized as other current liabilities.

Outstanding oil swap option contracts as of December 31, 2007 were as follows:

	<b>Due Date</b>	<b>Unit (Barrel)</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Oil swap	2008.01.18-2008.03.18	65,000	US\$ 5,777 thousand	\$ 14,136 thousand
	2008.01.18	15,000	US\$ 1,380 thousand	(1,483) thousand
	<b>Due Date</b>		<b>Notional Amount</b>	<b>Fair Value</b>
Oil swap option	2008.01.31-2008.02.28		US\$ 1,670 thousand	\$ (145) thousand
Oil swap option	2008.01.31		US\$ 980 thousand	(316) thousand

Net losses arising from financial assets held for trading were \$764,320 thousand (including realized settlement losses of \$433,583 thousand and valuation losses of \$330,737 thousand) for the year ended December 31, 2008; net gains were \$376,898 thousand (including realized settlement gains of \$228,795 thousand and valuation gains of \$148,103 thousand) for the year ended December 31, 2007.

Net gains arising from financial liabilities held for trading were \$12,798 thousand (including realized settlement gains of \$129,862 thousand and valuation losses of \$117,064 thousand) for the year ended December 31, 2008; net losses were \$390 thousand (valuation losses) for the year ended December 31, 2007.

b. Financial assets designated as at FVTPL

The Group uses interest-linked notes and credit-linked structured time deposit for trading purposes to earn higher interest income. The Group chooses commodities highly correlated to interest rates.

Net gains were \$1,325 thousand (including valuation losses of \$20 thousand and interest revenue of \$1,345 thousand) for the year ended December 31, 2007.

**6. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<u>December 31</u>	
	<b>2008</b>	<b>2007</b>
Domestic quoted stocks	\$ 3,407,158	\$ 4,047,709
Bond fund	467,493	561,136
Less: Reclassified into current assets	<u>(999,179)</u>	<u>(561,136)</u>
	<u>\$ 2,875,472</u>	<u>\$ 4,047,709</u>

**7. HELD-TO-MATURITY FINANCIAL ASSETS**

	<u>December 31</u>	
	<b>2008</b>	<b>2007</b>
Bond - Via Source	\$ 5,902	\$ 9,570
Less: Reclassified into noncurrent assets	<u>-</u>	<u>-</u>
	<u>\$ 5,902</u>	<u>\$ 9,570</u>

YML-Singapore invested US\$500 thousand in 6-year Via Source Bond which will mature on February 15, 2008 with interest rate of 9% per annum. The counterparty bought US\$299 thousand as of December 31, 2008; because the reinsurance company couldn't compensate on time, Via Source applied for an arbitration. YML-Singapore shall receive US\$180 thousand based on the forecast of Via Source. The difference, US\$91 thousand, had been recognized as impairment loss, NT\$2,870 thousand, in 2008.

## 8. FINANCIAL ASSET MEASURED AT COST

	December 31			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 316,640	10.00	\$ 166,640	10.00
China Technology Venture Capital Corp.	30,000	8.96	30,000	8.96
United Venture Capital Corp.	26,352	9.04	52,352	9.04
Kingmax Technology Corp.	21,835	1.38	21,835	1.38
Ascentek Venture Capital Corp.	9,856	2.14	14,056	2.14
SF Technology Venture Capital Corp.	8,968	7.24	8,968	7.24
United Raw Material Solutions Inc.	<u>2,953</u>	2.76	<u>5,898</u>	2.76
	<u>416,604</u>		<u>299,749</u>	
Domestic unquoted preferred stocks				
New Century Infocomm Co., Ltd.	<u>427,789</u>	1.68	<u>481,644</u>	1.68
Overseas unquoted common stocks				
Antwerp International Terminal	58,978	16.33	58,978	16.33
B2B.Com Holdings Ltd.	5,043	8.00	5,043	8.00
Zoll Pool Hafen Hamburg	463	6.00	477	6.00
Yangtze River Express Airlines Company Limited	<u>-</u>	12.00	<u>-</u>	12.00
	<u>64,484</u>		<u>64,498</u>	
	<u>\$ 908,877</u>		<u>\$ 845,891</u>	

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

Because of deterioration in operations of investee companies, New Century Infocomm Co. Ltd. and United Raw Material Solutions Inc., and capital reduction of United Venture Capital Corp., the Group recognized impairment losses of \$66,800 thousand in 2008. In 2007, the Group recognized impairment losses of \$671,792 thousand because of deterioration in operations of Yangtze River Express Airlines Company Limited and the capital reduction of New Century Infocomm Co. Ltd. and SF Technology Venture Capital Corp.

## 9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Transyang Shipping Pte. Ltd.	\$ 856,048	49.00	\$ 203,708	49.00
Chunghwa Investment Co., Ltd.	739,517	40.00	857,570	40.00
West Basin Container Terminal LLC	502,036	40.00	490,568	40.00
Chang Ming Logistics Company Limited	249,968	49.00	225,681	49.00
Formosa International Development Corporation	224,743	30.00	241,022	30.00
Yunn Wang Investment Co., Ltd.	202,032	49.75	272,623	49.75
United Terminal Leasing LLC	64,618	40.00	45,847	40.00

(Continued)



	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Yang Ming (Vietnam) Corp.	\$ 11,742	49.00	\$ 9,070	49.00
Yang Ming (Netherlands) B.V.	-	60.00	10,292	70.00
Corstor Ltd.	<u>(559)</u>	50.00	<u>32</u>	50.00
	2,850,145		2,356,413	
Add: Reclassification of the credit of investments accounted for using equity method to other liabilities	<u>559</u>		<u>-</u>	
	<u>\$ 2,850,704</u>		<u>\$ 2,356,413</u>	

(Concluded)

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

<b>Investee</b>	<b>Years Ended December 31</b>	
	<b>2008</b>	<b>2007</b>
Transyang Shipping Pte. Ltd.	\$ 757,372	\$ 137,775
United Terminal Leasing LLC	17,441	4,970
Yang Ming (Vietnam) Corp.	8,457	4,662
West Basin Container Terminal LLC	4,910	76,715
Chang Ming Logistics Company Limited	4,834	(1,242)
Chunghwa Investment Co., Ltd.	(61,453)	59,997
Formosa International Development Corporation	(18,613)	(12,158)
Others	<u>3,247</u>	<u>10,841</u>
	<u>\$ 716,195</u>	<u>\$ 281,560</u>

The carrying amounts of the investments accounted for using the equity method and the related net income or losses of equity method investees were determined based on the audited financial statements of the investees as of and for the same periods as the Group.

The Group did not provide endorsement and guarantee to Nexus International Express, Inc., so the investor's equity in the investee was reduced to zero and additional losses were not recognized. Nexus International Express, Inc. had been liquidated in October 2007.

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of YMTC resolved to increase the capital investment by €12620 thousand in Yang Ming Line (Singapore) Pte. Ltd. Due to March 11, 2009, the investment fund is still not remitted by YMTC.

## 10. PROPERTIES

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Accumulated depreciation		
Buildings	\$ 214,804	\$ 188,092
Containers and chassis	12,502,218	10,253,609
Ships	8,932,302	12,418,134
Leased assets	3,882,946	3,491,755
Leasehold improvements	153,332	136,682
Miscellaneous equipments	<u>2,348,002</u>	<u>2,067,388</u>
	<u>\$ 28,033,604</u>	<u>\$ 28,555,660</u>

Information about capitalized interest on properties was as follows:

	<b>Years Ended December 31</b>	
	<b>2008</b>	<b>2007</b>
Capitalized interest	\$ 161,670	\$ 78,975
Capitalization rated	3.365%-3.472%	3.20%-3.472%

YMTC leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 26. The terms of the leases were from nine years to ten years for containers and eight years for chassis. The annual rent payable on leased containers under the agreements is US\$1,072 thousand. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The annual rent payable on leased chassis is based on contract terms, and, at the end of the lease terms, the ownership of all the leased chassis will be transferred to YMTC at no additional cost.

YML-BVI leases ships under 25-year capital lease agreements. The lease contracts were secured by standby letters credit issued by the Bank of Scotland and the Canadian Imperial Bank of Commerce (CIBC). YML-BVI deposited a portion of its lease payments in the Bank of Scotland and CIBC as collaterals (included in refundable deposits).

The details of these leases as of December 31, 2008 and 2007 were as follows:

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>	<b>U.S. Dollars (Thousands)</b>	<b>New Taiwan Dollars (Thousands)</b>
Total capital lease obligations (undiscounted)	\$ 292,588	\$ 9,614,458	\$ 421,982	\$ 13,689,090
Less: Unamortized interest expense	<u>122,831</u>	<u>4,036,227</u>	<u>185,628</u>	<u>6,021,767</u>
	<u>\$ 169,757</u>	<u>\$ 5,578,231</u>	<u>\$ 236,354</u>	<u>\$ 7,667,323</u>

## 11. ASSETS LEASED TO OTHERS, NET

	<u>December 31</u>	
	2008	2007
Cost		
Land	\$ 2,944,499	\$ 2,944,499
Buildings	<u>1,264,890</u>	<u>1,243,575</u>
	4,209,389	4,188,074
Less: Accumulated impairment - land	10,507	10,507
Accumulated impairment - buildings	2,832	2,832
Accumulated depreciation - buildings	<u>136,672</u>	<u>107,264</u>
	<u>\$ 4,059,378</u>	<u>\$ 4,067,471</u>

Up to December 31, 2008, future rental payments receivable were summarized as follows:

<b>Fiscal Year</b>	<b>Year Ended December 31</b>
2009	\$ 101,814
2010	35,275
2011	23,093
2012	10,828
2013	3,542

## 12. NONOPERATING ASSETS, NET

	<u>December 31</u>	
	2008	2007
Cost		
Land	\$ 217,715	\$ 217,715
Buildings	<u>4,188</u>	<u>16,896</u>
	221,903	234,611
Accumulated depreciation - buildings	<u>3,845</u>	<u>3,845</u>
	<u>\$ 218,058</u>	<u>\$ 230,766</u>

## 13. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in building and operating the First and Second Logistics Centers of the Kaohsiung Third Container Center. The transferring procedures of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October, 2007 and the use of the center commenced in 2008. Owing to the remaining issues regarding the time frame for free tenancy, the Corporation reclassified the original investment of \$691,543 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

## 14. SHORT-TERM LOANS

	<u>December 31</u>	
	2008	2007
Unsecured bank loans - interest of 1.84%-2.91% in 2008 and 2.50%-2.53% in 2007	\$ 991,804	\$ 100,962

## 15. LONG-TERM DEBTS

	Current	Long-term	Total
<u>December 31, 2008</u>			
Long-term secured bank loans	\$ 2,559,635	\$ 18,460,384	\$ 21,020,019
Long-term loans from related parties	-	2,543	2,543
Long-term secured loans	1,111	2,477	3,588
Domestic unsecured bonds	1,584,000	17,122,000	18,706,000
Capital leases	<u>145,510</u>	<u>5,432,721</u>	<u>5,578,231</u>
	<u>\$ 4,290,256</u>	<u>\$ 41,020,125</u>	<u>\$ 45,310,381</u>
<u>December 31, 2007</u>			
Long-term secured bank loans	\$ 963,043	\$ 12,574,494	\$ 13,537,537
Long-term loans from related parties	-	2,912	2,912
Long-term secured loans	1,176	3,385	4,561
Domestic unsecured bonds	1,034,000	18,706,000	19,740,000
Domestic unsecured convertible bonds	59,400	-	59,400
Interest premium - domestic unsecured convertible bonds	829	-	829
Capital leases	<u>342,168</u>	<u>7,325,155</u>	<u>7,667,323</u>
	<u>\$ 2,400,616</u>	<u>\$ 38,611,946</u>	<u>\$ 41,012,562</u>

### Long-term Secured Bank Loans

On May 30, September 26 and December 30, 2008, YMTC mortgaged ships as collaterals for both the eight-year secured loan of \$3,000,000 thousand and the five-year secured loan of \$1,000,000 thousand. Also, YMTC mortgaged the ships of a subsidiary, All Oceans Transportation, Inc., as collaterals for the seven-year secured loan of \$4,500,000 thousand on December 30, 2008. As of December 31, 2008, the eight-year and the five-year loans had been fully drawn and the seven-year loan had been drawn up to \$2,000,000 thousand. The eight-year loan will be fully repaid by May 30, 2016. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 14 equal installments. The five-year loan will be fully repaid by May 30, 2013. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 8 equal installments. The seven-year loan will be fully repaid by December 30, 2015. The loan will be repayable after 18 months from the date the loan was obtained and every six months thereafter in 12 equal installments. The interest rates are the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rates ranged from 2.31% to 2.78% on December 31, 2008.

YMTC mortgaged assets leased to others as collaterals for the seven-year secured loan of \$1,500,000 thousand. As of December 31, 2008, the loan was fully obtained and will be fully repaid by May 30, 2015. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter in 12 equal installments of \$50,000 thousand and final payment for the remaining amount. The interest rates are the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rates ranged from 2.25% to 2.36% on December 31, 2008.

On December 27, 2005, Yang Ming-Liberia provided four 8,200 TEU ships as collaterals for the eight-year secured loan of US\$221,760 thousand from Mega International Commercial Bank. The loan was fully obtained and will be fully paid by August 22, 2014. The interest rates are at 3-month or 6-month LIBOR plus spread. The interest rates ranged from 3.3125% to 5.0625% and 5.375% to 5.8750% for the years ended December 31, 2008 and 2007. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter at 15 equal installments of US\$3,696 thousand. In 2008 and 2007, the loan amounts of US\$170,016 thousand and US\$199,584 thousand were not paid and US\$29,568 thousand and US\$29,568 thousand to be paid in 2008 and 2007 were classified as current portion of long-term secured bank loans.

On August 8, 2007, Yang Ming-Liberia provided five 5,551 TEU ships as collaterals for the seven-year secured loan of US\$215,000 thousand from Cathay United Bank. The loan will be fully paid by August 8, 2014. The interest rates are at 3-month or 6-month LIBOR plus spread. The interest rates ranged from 1.7325% to 5.14031% and 5.13031% to 5.62344% for the year ended December 31, 2007. The loan will be repayable after one and a half years from the date the loan was obtained and every six months thereafter at 12 equal installments of US\$17,200 thousand. As of December 31, 2008, the principal of the loan was not started to be repaid and there was US\$34,400 thousand classified as current portion of long-term secured bank loans.

Karlman Properties provided real estates in Hong Kong as collaterals for the fifteen-year secured loan of HK\$16,000 thousand from Shanghai Commercial Bank maturing on May 21, 2016 with interest rate of 3.25% per annum. The loan will be repayable from the date the loan was obtained and every month thereafter at 180 equal installments. The unpaid loan amounted to HK\$8,303 thousand and HK\$9,471 thousand at December 31, 2008 and 2007 with current portion of HK\$1,007 thousand and HK\$927 thousand, respectively.

Jing Ming provided its land as collateral for the fifteen-year secured loan of \$50,000 thousand from Bank of Taiwan. The interest is paid monthly in the first two years after the loan was obtained, and paid quarterly thereafter. The interest rate is 2.53% in the first two years and 2.73% thereafter. Jing Ming will pay the principal in equal installments from August, 2008 and had paid off the debt by the end of 2008.

On October 28, 2008, Kuang Ming (Liberia) Corp. provided a ship used in that providing bulk-carrier services as collateraled for the seven-year secured loan of US\$25,356 thousand from Mega International Commercial Bank. The loan will be fully paid by October 28, 2015. The interest rates is the at average US dollar rate of 6-month Reuters plus 0.75% annual rate. The interest rate was 3.5625% for the year ended December 31, 2008. The loan will be repayable after one year from the date the loan was obtained and every six months thereafter at 13 equal installments of US\$1,950 thousand. As of December 31, 2008, the principal of the loan was not started to be repaid and US\$1,950 thousand was classified as current portion of long-term secured bank loans.

### **Long-term Secured Loans**

In order to purchase transportation facility, Young-Carrier Company Limited mortgaged the same facility for HK\$1,363 thousand which is amortized over 60 installments. The mortgage will be lifted by December, 2011 with interest rate between 6.3%-7.3%. As of December 31, 2008 and 2007, the mortgage amounted HK\$846 thousand and HK\$1,091 thousand was not paid. HK\$262 thousand and HK\$273 thousand classified as current portion of long-term secured loans.

## Domestic Unsecured Bonds

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$1,800,000 thousand on June 1, 2000 (the "June 2000 Bonds"); \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$1,100,000 thousand on July 16, 2001 (the "July 2001 Bonds"), \$1,600,000 thousand on June 18, 2004 (the "June 2004 Bonds"), \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds") \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms are as follows:

June 2000 Bonds: Repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest. The Corporation had paid \$594,000 thousand as of December 31, 2008.

November 2000 Bonds: Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest.

July 2001 Bonds: Repayments: 20% - July 16, 2006, 40% - July 16, 2007, and 40% - July 16, 2008; 4.49% annual interest. The Corporation had repaid residual amount as of December 31, 2008.

June 2004 Bonds: Type A - Aggregate face value of \$600,000 thousand and maturity on June 18, 2011; 2.46% annual interest.

Type B - Aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at USD 6-month LIBOR rate (the target rate) when the target rate is smaller than 1.15%; at 4.4% when the target rate is between 1.15% and 3.5%; at 6% less the target rate when the target rate is greater than 3.5%. The interest rate should not be smaller than 0% and will be reset quarterly.

Type C - Aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at 4.5% interest multiplied by a ratio (interest-bearing days per month divided by interest-bearing days per year) when USD 6-month LIBOR rate (the target rate) is between a certain interest range; at 0% when the target rate is out of the interest range.

October 2004 Bonds: Type A, B, D, E, G, H, I - Aggregate face value of \$500,000 thousand and maturity from October 8 to October 20 in 2011; 3.30% annual interest.

Type C - Aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest.

Type F - Aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest.

December 2004 Bonds: Aggregate face value of \$2,500,000 thousand and maturity from December 8 to 14 in 2011; 2.99% annual interest.

October 2006 Bonds: Type A - Aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest.

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

### Domestic Unsecured Convertible Bonds

On August 7, 2003, the Corporation issued five-year domestic unsecured bonds (the “2003 Convertible Bonds”) with an aggregate face value of \$8,000,000 thousand and 0% interest. The bonds are classified as “Type A” (with aggregate face value of \$3,000,000 thousand) and “Type B” (with aggregate face value of \$5,000,000 thousand). Bond settlement is as follows:

- a. Lump-sum payment to the holders upon maturity (in 2008) at 101.256% of the face value;
- b. Conversion by the holders, from November 2003 to 10 days before the due date, into the Corporation’s common shares at the prevailing conversion price;
- c. Reselling to the Corporation by the holders before maturity. The reselling of Type A bonds starts from August 7, 2005 at face value while that of Type B bonds starts from August 7, 2006 at 100.451% of the face value; or
- d. Redemption by the Corporation, under certain conditions, at face value before bond maturity.

As of December 31, 2008, the 2003 Convertible Bonds with aggregate face value of \$7,895,200 thousand had been converted into 313,780 thousand common shares of the Corporation, and bonds with aggregate face value of \$62,400 thousand had been sold to the Corporation by the holders. The Corporation had repaid residual amount \$42,400 thousand on the maturity date.

### Long-term Payable to Related Parties

Refer to the Note 24 to financial statements.

### Capital Lease

Refer to the Note 10 to financial statements.

## 16. RESERVE FOR LAND VALUE INCREMENT TAX

The reserve for land value increment tax resulted from YMTC’s merger with China Merchants Steam Navigation Company.

## 17. UNREALIZED GAIN ON SALE AND LEASEBACK

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Vesser YM Uberty	\$ 549,790	\$ -
YM Enhancer	35,568	-
Chassis	<u>94</u>	<u>7,874</u>
	<u>\$ 585,452</u>	<u>\$ 7,874</u>

The above properties had been sold and then leased back by YMTC. The resulting gains on the sale were deferred (included in “other liabilities” in the balance sheets) and amortized over the expected term of the lease or estimated service lives, whichever was shorter.

The subsidiary, All Oceans Transportation, Inc. reacquired Ming North in March 2007. Therefore, the related unrealized gain on sale and leaseback was reclassified to deferred gain (included in “other liabilities - others”).

## 18. PENSION PLAN

### a. Pension plan of YMTC

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

Pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Benefits are based on service years and average basic salary of the six months before retirement. The pension fund, to which YMTC contributes amounts equal to 13% of salaries every month, is administered by each company’s pension reserve fund supervisory committee and deposited in the name of each company’s committee in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as survivor entity.)

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

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

Pension plan is a defined contribution type scheme under the Act for onshore employees and shipping crews. Starting on July 1, 2005, YMTC makes monthly contributions to the employees’ individual pension accounts in the Bureau of Labor Insurance at 6% of employees’ salaries every month.

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

### b. Pension plan of subsidiaries

Ching Ming, Honming, Jing Ming, Kuang Ming and Yes Logistics have a defined contribution plan under the Act. Starting on July 1, 2005 the above subsidiaries make monthly contributions to the employees’ individual pension accounts in the Bureau of Labor Insurance at 6% of employees’ salaries every month.

Under the Labor Standards Law, the above subsidiaries have a defined benefit pension plan. Benefits are based on service years and average basic salary of the six months before retirement. Honming, Jing Ming and Yes Logistics contribute amounts equal to 8%, 10% and 6% of salaries and wages every month, to each pension fund, which is administered by each pension plan committee and deposited in each Committee’s name in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as survivor entity.)



Yang Ming (America) Corporation has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide Medical care covered by this agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new taft-hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. In 2008, the contribution made to the OCU trust was calculated based on \$4.5 per working hour. In addition to the \$4.05 per hour contribution, the company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years. As of December 31, 2008, the balance of the accrued expense is \$216,254 thousand.

Some consolidated subsidiaries, which are mainly for investment holding purpose, have either very few or no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs. Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

c. Information of the pension cost under the Act

The pension costs under the defined contribution plan amounted to \$240,099 thousand and \$180,536 thousand for the years ended December 31, 2008 and 2007, respectively.

d. Combined information on the defined benefit pension plan under the Labor Standards Law

Under Statement of Financial Accounting Standards No. 18, "Accounting for Pensions," pension cost should be recognized using the actuarial method. YMTC and certain subsidiaries have pension information as follows:

1) Net periodic pension cost was as follows:

	<b><u>Years Ended December 31</u></b>	
	<b>2008</b>	<b>2007</b>
Service cost	\$ 130,149	\$ 143,708
Interest cost	56,389	59,612
Expected return on plan assets	(16,623)	(12,874)
Amortization of net transition assets or obligation	3,596	3,389
Amortization of prior service cost	(85)	14,580
Amortization of net loss	<u>19,991</u>	<u>21,249</u>
Net pension cost	<u>\$ 193,417</u>	<u>\$ 229,664</u>



b. Capital surplus

Under the Company Law, capital surplus may only be used to offset a deficit. In addition, only the capital surplus from the issue of stock in excess of par value and treasury stock transactions may be transferred to capital. For this capitalization, new shares should be issued to stockholders in proportion to their holdings once a year and capitalized amounts should be within certain limits. Also, the control surplus from long-term investments may not be used for any purposes.

c. Appropriation of earnings and dividend policy

YMTC's Articles of Incorporation provide that the following should be appropriated from the annual net income, less any losses of prior years:

- 1) 10% as legal reserve;
- 2) 10% as special reserve, as needed; and
- 3) Dividends and at least 1% as bonus to employees and up to 2% as remuneration to directors and supervisors.

The Articles of Incorporation provide that YMTC shall declare at least 50% of the distributable earnings as dividends. Further, at least 20% of the amount declared as dividends should be in the form of cash to enable YMTC to finance its capital expenditure and working capital requirements.

For the year ended December 31, 2008, the bonus to employees of NT\$59,261 thousand, representing 1% of distributable retained earnings, was estimated based on past experiences. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

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

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals YMTC's paid-in capital. This reserve may only be used to offset a deficit. When the reserve reaches 50% of YMTC's paid-in capital, up to 50% thereof can be capitalized.

Under the Integrated Income Tax System, which took effect on July 1, 1998, noncorporate ROC resident stockholders are entitled to tax credit on income tax paid by YMTC on earnings generated from July 1, 1998. An imputation credit account (ICA) is maintained by YMTC to monitor the balance of such income tax and the tax credits allocated to each stockholder. The maximum credit available for allocation to each stockholder cannot exceed the ICA balance on the date of dividend distribution.

The stockholders resolved to appropriate the 2007 and 2006 earnings on June 18, 2008 and June 27, 2007, respectively, as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>For Year</u>	<u>For Year</u>	<u>2007</u>	<u>2006</u>
	<u>2007</u>	<u>2006</u>		
Legal reserve	\$ 601,992	\$ 114,316		
Special reserve	-	(7,416)		
Bonus to employees	102,876	58,478		
Cash dividends	2,329,054	735,682	\$1.00	\$0.32
Stock dividends	2,329,054	183,920	1.00	0.08

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System Website of the Taiwan Stock Exchange.

Because of the conversion of the 2006 convertible bonds, the actual cash dividends and stock dividends per share in 2006 were NT\$0.31953484 and NT\$0.07988370, respectively.

Had YMTC recognized bonus to employees as expense in 2007 and 2006, the primary and diluted income tax earnings per share in 2007 would have declined from NT\$2.60 to NT\$2.56 and from NT\$2.58 to NT\$2.54, and in 2006 would have declined from NT\$0.50 to NT\$0.47 and NT\$0.50 to NT\$0.47, respectively.

## 20. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax at the statutory rate and income tax expense was as follows:

	<u>Years Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Income tax expense at statutory rate	\$ 368,817	\$ 2,094,325
Tax effect on adjusting items:		
Permanent differences	(344,599)	(1,060,846)
Temporary differences	186,070	326,771
Loss carryforwards used	17,821	(189,133)
Others	108	(8,581)
Additional 10% income tax on undistributed earnings	67,567	8,242
Additional income tax under the AMT	<u>91,638</u>	<u>11,704</u>
Income tax payable - current	387,422	1,182,482
Overseas income tax	188,885	113,621
Deferred income tax expenses		
Temporary differences	(171,739)	(220,445)
Loss carryforwards	(17,821)	189,133
Adjustment in valuation allowance	-	(13,257)
Adjustment of prior years' taxes	<u>37,053</u>	<u>58,321</u>
Income tax expense - current	<u>\$ 423,800</u>	<u>\$ 1,309,855</u>

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

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Current (included in other current assets)		
Deferred income tax assets		
Unrealized loss shipping fuel valuation losses	\$ 151,942	\$ -
Unrealized foreign exchange loss	62,386	36,866
Unrealized loss on financial instruments	4,895	-
Others	<u>18,847</u>	<u>7,910</u>
	<u>238,070</u>	<u>44,776</u>
Deferred income tax liabilities		
Unrealized foreign exchange gain	(1,690)	-
Others	<u>(3,405)</u>	<u>(3,712)</u>
	<u>(5,095)</u>	<u>(3,712)</u>
	<u>\$ 232,975</u>	<u>\$ 41,064</u>
Noncurrent		
Deferred income tax assets		
Deferred pension cost	\$ 221,479	\$ 188,771
Investments loss recognized on overseas equity-method investments	38,857	63,574
Impairment loss on financial assets measured at cost	2,500	2,250
Loss carryforward	18,177	-
Others	22,285	6,106
Less: Valuation allowance	<u>(28,639)</u>	<u>(13,440)</u>
	<u>274,659</u>	<u>247,261</u>
Deferred income tax liabilities		
Investments gain recognized on overseas equity-method investments	(2,292,927)	(2,055,411)
Differences in estimated service lives of properties	(132,601)	(419,963)
Unrealized gain on financial instruments	<u>(5,902)</u>	<u>(1,575)</u>
	<u>(2,431,430)</u>	<u>(2,476,949)</u>
	<u>\$ (2,156,771)</u>	<u>\$ (2,229,688)</u>

The above deferred income taxes were computed at the 25% income tax rate of YMTC and subsidiaries in ROC. The deferred income taxes of other subsidiaries were computed at the local statutory rate.

c. Information about integrated income tax was as follows:

	<b>December 31, 2008</b>	<b>Estimated Ratio of 2008</b>	<b>Actual Ratio of 2007</b>
Balance of the imputation credit account (ICA)			
YMTC	\$ <u>870,836</u>	16.09%	13.98%
Kuang Ming	\$ <u>53,839</u>	20.97%	20.57%
Ching Ming	\$ <u>682</u>	-	12.38%
Honming	\$ <u>11,556</u>	33.39%	33.33%
Jing Ming	\$ <u>13,034</u>	33.37%	33.39%
Yes Logistics	\$ <u>8,926</u>	-	-

Yes Logistics and Ching Ming had no unappropriated earnings as of December 31, 2008. Thus, the ICA balance will be accumulated until dividend distribution in the future.

For distribution of earnings generated after June 30, 1998, the ratio for the imputation credits allocated to shareholders of YMTC and subsidiaries in ROC are based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

- d. As of December 31, 2008 and 2007, the balances of YMTC's unappropriated retained earnings generated before June 30, 1998 aggregated \$2,064,438 thousand.
- e. Investment tax credits information

The unused investment tax credits as of December 31, 2008 are summarized as follows:

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
<u>Yes Logistics</u>				
Statute for Upgrading Industries	Training	\$86	\$-	2012

Income tax return of YMTC through 2005 had been assessed by the tax authorities.

## 21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2008			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 1,683,298	\$ 2,909,839	\$ -	\$ 4,593,137
Insurance	37,844	331,517	-	369,361
Pension	106,327	327,189	-	433,516
Others	100,686	342,596	-	443,282
Depreciation	5,598,464	208,286	29,408	5,836,158
Amortization	189,382	14,094	2,727	206,203
	<u>\$ 7,716,001</u>	<u>\$ 4,133,521</u>	<u>\$ 32,135</u>	<u>\$ 11,881,657</u>
	Year Ended December 31, 2007			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 1,723,356	\$ 3,389,461	\$ -	\$ 5,112,817
Insurance	37,934	329,261	-	367,195
Pension	120,597	289,603	-	410,200
Others	103,590	201,508	-	305,098
Depreciation	5,294,313	218,839	28,949	5,542,101
Amortization	277,513	22,235	3,908	303,656
	<u>\$ 7,557,303</u>	<u>\$ 4,450,907</u>	<u>\$ 32,857</u>	<u>\$ 12,041,067</u>

## 22. EARNINGS PER SHARE

	<b>Years Ended December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
Basic EPS	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.75</u>	<u>\$ 2.36</u>
Diluted EPS	<u>\$ 0.31</u>	<u>\$ 0.21</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

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

	<b>Amount (Numerator)</b>		<b>Capital Stock (Denominator) (in Thousand Shares)</b>	<b>Net Income Per Share (Dollars)</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>		<b>Income Before Income Tax</b>	<b>Net Income</b>
<u>Year ended December 31, 2008</u>					
Basic EPS	\$ 791,375	\$ 547,293	2,562,170	<u>\$ 0.31</u>	<u>\$ 0.21</u>
Impact of dilutive potential common shares					
Bonus to employees	-	-	5,867		
Domestic unsecured convertible bonds	<u>78</u>	<u>58</u>	<u>297</u>		
Diluted EPS	<u>\$ 791,453</u>	<u>\$ 547,351</u>	<u>2,568,334</u>	<u>\$ 0.31</u>	<u>\$ 0.21</u>
<u>Year ended December 31, 2007</u>					
Basic EPS	\$ 7,005,088	\$ 6,020,284	2,549,977	<u>\$ 2.75</u>	<u>\$ 2.36</u>
Impact of dilutive potential common shares					
Domestic unsecured convertible bonds	<u>666</u>	<u>499</u>	<u>14,908</u>		
Diluted EPS	<u>\$ 7,005,754</u>	<u>\$ 6,020,783</u>	<u>2,564,885</u>	<u>\$ 2.73</u>	<u>\$ 2.35</u>

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2007 to decrease from NT\$2.60 to NT\$2.36 and from NT\$2.58 to NT\$2.35, respectively.

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

## 23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	December 31			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 558,359	\$ 558,359	\$ 2,413,912	\$ 2,413,912
Available-for-sale financial assets - current	999,179	999,179	561,136	561,136
Held-to-maturity financial assets - current	5,902	5,902	9,570	9,570
Available-for-sale financial assets - noncurrent	2,875,472	2,875,472	4,047,709	4,047,709
Financial asset measured at cost - noncurrent	908,877	-	845,891	-
Investments accounted for using equity method	2,850,704	-	2,356,413	-
Cash surrender value of life insurance	19,307	19,307	11,396	11,396
Hedging derivative financial assets - noncurrent	23,607	23,607	9,172	9,172
Refundable deposits	5,910,650	5,910,650	8,365,116	8,365,116
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	145,134	145,134	1,944	1,944
Hedging derivative financial liability - noncurrent	-	-	2,871	2,871
Long-term loans	21,026,150	21,026,150	13,545,010	13,545,010
Bonds	18,706,000	18,949,368	19,800,229	20,218,813
Capital leases	5,578,231	5,578,231	7,667,323	7,667,323

Place of transaction:

	December 31			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial assets</u>				
Overseas (including foreign institutions in Taiwan)	\$ 149,276	\$ 149,276	\$ 23,308	\$ 23,308
<u>Financial liabilities</u>				
Overseas (including foreign institutions in Taiwan)	145,134	145,134	4,815	4,815



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

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

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

- 3) Financial assets measured at cost and investments accounted for using equity method are investments in unlisted stocks which had no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair value. Therefore, no fair value is presented.
- 4) Fair values of long-term bank loans, long-term receivable from related parties and capital lease obligations are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) The fair value of refundable deposit (or deposits received) is estimated by the book value because the amount in the future is close to the book value.
- 6) The fair value of bonds is market value.

c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	Quoted Price		Estimated Price	
	December 31	December 31	December 31	December 31
	2008	2007	2008	2007
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 432,690	\$ 2,399,776	\$ 125,669	\$ 14,136
Available-for-sale financial assets - current	999,179	561,136	-	-
Held-to-maturity financial assets - current	-	-	5,902	9,570
Available-for-sale financial assets - noncurrent	2,875,472	4,047,709	-	-
Hedging derivative financial assets - noncurrent	-	-	23,607	9,172
				(Continued)

	Quoted Price		Estimated Price	
	December 31		December 31	
	2008	2007	2008	2007
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	\$ -	\$ -	\$ 145,134	\$ 1,944
Hedging derivative financial liabilities - noncurrent	-	-	-	2,871
				(Concluded)

- d. Net gain (loss) on changes of the fair value determined using valuation technique was \$(73,201) thousand and \$13,727 thousand for the years ended December 31, 2008 and 2007.
- e. Financial assets and liabilities affected by interest rate were as follows:

	December 31			
	2008		2007	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 3,327,024	\$ 19,305,571	\$ 5,033,839	\$ 19,324,488
Cash flow risk	9,780,132	26,996,614	12,012,890	21,789,036

- f. Information about financial risks

1) Market risk

Financial instruments held by the Group are mainly quoted stocks and mutual funds. Although these financial instruments are subject to fluctuation of market price, the Group evaluates the performance of the investment periodically.

For the years ended December 31, 2008 and 2007, the interest rate swap contracts held by YMTC were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. YMTC and subsidiaries use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, YMTC and subsidiaries hedges most of the risks in the market. In addition, YMTC and subsidiaries evaluate the hedging effectiveness of the contracts periodically. YMTC evaluates the market value risk periodically according to Guidelines for Handling Acquisition and Disposal of Assets by Public Companies. The Corporation prevents the risk of derivative instruments affecting the operation of the Group, hence, it sets up the limit in amount for making contracts and the limit in amount for the acceptable loss.

The contract will be settled at net or nominal amounts. Thus the change of fair value of this contract due to change of market interest rate should not cause additional risk for YMTC.

Further, YMTC's observance of proper procedures when buying contracts for trading purposes as well as setting up break-even points helps YMTC avoid losses that could significantly impact its operations.

YMTC and subsidiaries use credit-linked instruments for trading purposes to earn higher interest income. YMTC and subsidiaries choose commodities highly correlated to interest rates. YMTC's observance of proper procedures when buying contracts for trading purposes helps control the market risk.

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

YMTC's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. The gains or losses derived from the derivative transactions will be offset by the gains or losses from the related underlying assets. To control the risk of the derivative transactions, YMTC sets maximum loss limit on its foreign exchange derivative trading and periodically evaluates the market risk of the outstanding contracts.

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

## 2) Credit risk

YMTC and its subsidiaries are exposed to credit risk on counter-parties' default on contracts. YMTC's and its subsidiaries' maximum exposure to credit risk is equal to book value, exclusive of the fair value of the collaterals. YMTC conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

## 3) Liquidity risk

YMTC entered into interest rate swaps to hedge cash flow risks for the years ended December 31, 2008 and 2007. The interest rate swap contracts are settled at net amounts; thus, and the expected cash demand is not significant.

YMTC and its subsidiaries invested in marketable equity securities, mutual funds and bonds fund that have quoted prices in an active market and could be sold immediately at prices close to fair value.

YMTC and its subsidiaries also invested in listed common stock, stock with no quoted market prices and equity instruments with no quoted prices in an active market; thus, these investments could expose YMTC to material liquidity risks.

## 4) Cash flow risk on interest rate

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

g. Cash flow hedge

YMTC uses interest rate swap contracts to hedge future cash flows:

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		December 31					
		2008		2007			
Notional Amount	Fair Value	Notional Amount	Fair Value				
Bonds with floating interest rate	Interest rate swap	\$ (500,000)	\$ 6,062	\$ (500,000)	\$ 9,172	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Bonds with floating interest rate	Interest rate swap	(500,000)	17,545	(500,000)	(2,871)	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011

h. Reclassifications

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

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 2,377,600	\$ 1,118,330
Available-for-sale financial assets - current	<u>611,000</u>	<u>1,870,270</u>
	<u>\$ 2,988,600</u>	<u>\$ 2,988,600</u>

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

The carrying amounts and fair values of the reclassified financial assets as at December 31, 2008 were as follows:

	Book Value	Fair Value
Available-for-sale financial assets - current	\$ 774,568	\$ 774,568

The changes in fair value of the reclassified financial assets recognized in profit and loss or shareholders' equity were as follows:

	Year Ended December 31, 2008				Year Ended December 31, 2007	
	Before Reclassifications	Recognized in Shareholders' Equity	After Reclassifications	Recognized in Shareholders' Equity	Recognized in Profit and Loss	Recognized in Shareholders' Equity
Held for trading financial assets - current	\$ (748,594)	\$ -	\$ (258,234)	\$ -	\$ 18,816	\$ -
Available-for-sale financial assets - current	-	-	11,515	(501,875)	-	-

The changes in fair value recognized in profit and loss or shareholders' equity from the reclassification date to December 31, 2008 and pro forma information assuming no reclassifications were made were as follows:

	<u>Amounts Recorded</u>		<u>Pro Forma</u>
	<u>Recognized in Profit and Loss</u>	<u>Recognized in Shareholders' Equity</u>	<u>Information Assuming No Reclassifications Recognized in Profit and Loss</u>
Available-for-sale financial assets - current	\$ 11,515	\$ (501,875)	\$ (490,360)

## 24. RELATED-PARTY TRANSACTIONS

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

- a. The Group's related parties and their relationships were as follows:

<u>Related Party</u>	<u>Relationship with the Group</u>
Yang Ming (Vietnam) Corp.	Equity-method investee
West Basin Container Terminal LLC	Equity-method investee
Yang Ming (Netherlands) B.V.	Equity-method investee (had been a subsidiary of YMTC from January 2008)
Transyang Shipping Ptd. Ltd.	Equity-method investee
Nexus International Express, Inc.	Equity-method investee (had been liquidated in October 2007)
Yang Ming Cultural Foundation	YMTC's donation is equal to foundation's capital
Leader Container Transportation Co., Ltd.	The Company's supervisor is Jing Ming's Chairman
Marine Container Service India P. Ltd.	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Bay Container Terminal PVT Ltd.	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Unicorn Enterprises	The Company is a major shareholder of Yang Ming Line (India) Pvt. Ltd.
Taiwan Navigation Co., Ltd.	More than half of the directors are identical

- b. Except as disclosed in Note 26, Schedules D and E, the following is a summary of significant related-party transactions

<u>For the year ended</u>	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenues				
Marine Container Service India P. Ltd.	\$ 23,355	-	\$ 37,014	-
Taiwan Navigation Co., Ltd.	1,333	-	-	-
Leader Container Transportation Co., Ltd.	51	-	238	-
	<u>\$ 24,739</u>	<u>-</u>	<u>\$ 37,252</u>	<u>-</u>

	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Operating costs</b>				
West Basin Container Terminal LLC	\$ 2,308,668	2	\$ 2,742,194	2
Leader Container Transportation Co., Ltd.	346,959	-	396,954	-
Taiwan Navigation Co., Ltd.	109,531	-	216,366	-
Yang Ming (Vietnam) Corp.	34,356	-	36,394	-
Yang Ming (Netherlands) B.V.	-	-	118,929	-
Nexus International Express, Inc.	-	-	1,006	-
	<u>\$ 2,799,514</u>	<u>2</u>	<u>\$ 3,511,843</u>	<u>2</u>
<b>Operating expenses</b>				
Yang Ming Cultural Foundation	\$ 114,935	-	\$ 68,853	-
Marine Container Service India P. Ltd.	21,112	-	21,021	-
Unicon Enterprises	4,340	-	-	-
Bay Container Terminal PVT Ltd.	2,159	-	1,914	-
	<u>\$ 142,546</u>	<u>-</u>	<u>\$ 91,788</u>	<u>-</u>
<b><u>December 31</u></b>				
<b>Accounts receivable from related parties</b>				
Yang Ming (Vietnam) Corp.	\$ 18,051	68	\$ 46,287	38
Marine Container Service India P. Ltd.	7,538	28	-	-
West Basin Container Terminal LLC	742	3	-	-
Yang Ming (Netherlands) B.V.	-	-	75,758	62
Others	289	1	666	-
	<u>\$ 26,620</u>	<u>100</u>	<u>\$ 122,711</u>	<u>100</u>
<b>Payable to related parties</b>				
Yang Ming (Vietnam) Corp.	\$ 196,666	81	\$ 88,591	37
Leader Container Transportation Co., Ltd.	36,188	15	56,470	24
Taiwan Navigation Co., Ltd.	5,915	3	14,997	6
Marine Container Service India P. Ltd.	2,523	1	3,142	1
Unicorn Enterprises	134	-	-	-
Yang Ming (Netherlands) B.V.	-	-	74,988	32
Bay Container Terminal PVT Ltd.	-	-	308	-
Nexus International Express, Inc.	-	-	5	-
	<u>\$ 241,426</u>	<u>100</u>	<u>\$ 238,501</u>	<u>100</u>

The financing provided by the related parties were as follows:

	<b>Maximum Balance for the Period</b>	<b>Ending Balance</b>	<b>Interest Rate</b>	<b>Interest Expense</b>	<b>Interest Payable</b>	<b>Pledged</b>
<u>2008</u>						
Long-term debts						
Marine Container Services India P. Ltd.	\$ <u>2,648</u>	\$ <u>2,543</u>	12%	\$ <u>340</u>	\$ <u>-</u>	None
<u>2007</u>						
Long-term debts						
Marine Container Services India P. Ltd.	\$ <u>4,370</u>	\$ <u>2,912</u>	12%	\$ <u>675</u>	\$ <u>-</u>	None

c. Compensation of directors, supervisors and management personnel:

	<b>Years Ended December 31</b>	
	<b>2008</b>	<b>2007</b>
Salaries	\$ 22,345	\$ 14,548
Incentives	17,839	11,230
Bonus	<u>919</u>	<u>778</u>
	<u>\$ 41,013</u>	<u>\$ 26,556</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

The terms of related party transactions were determined in accordance with YMTC's "Agency Accounting Procedure" or commercial practices in related parties' countries.

The transactions with related parties were conducted under contract terms.

## 25. ASSETS PLEDGED OR MORTGAGED

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

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Properties, net	\$ 20,890,905	\$ 17,144,758
Refundable deposits	5,778,562	7,867,602
Assets leadsed to other, net	1,435,535	
Restricted time deposit (included in other current assets)	101,000	242,528
Nonoperating assets, net	89,230	89,230
Pledged time deposits (included in other assets - miscellaneous)	<u>14,750</u>	<u>33,078</u>
	<u>\$ 28,309,982</u>	<u>\$ 25,377,196</u>

## 26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 23 and Schedule E, commitments and contingent liability as of December 31, 2008 were as follows:

- a. Obligations of YMTC to provide crews to two ships of Taiwan Power Company, Ltd. under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$144 thousand for all the crews.
- b. Leases of office premises, ships and container yard of the Group under operating lease agreements that will expire on various dates until May 2030. The total rental for the year ended December 31, 2008 was \$11,836,359 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2009	\$ 10,881,653
2010	8,000,459
2011	6,375,513
2012	5,784,109
2013	5,561,232

Rentals after 2014 will be \$7,366,581 thousand. The present value of those rentals, computed at an annual interest rate of 1.42%, is \$7,210,450 thousand.

- c. Leases of containers and chassis and vessels of the Group under capital lease agreements expiring on various dates until March 2026. The total rental and interests for the year ended December 31, 2008 were about \$589,021 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2009	\$ 351,583
2010	287,184
2011	366,590
2012	377,292
2013	395,569

Rentals after 2014 will be \$7,044,435 thousand. The present value of those rentals, computed at an annual interest rate of 1.42%, is \$4,959,509 thousand.

- d. Guarantees of ship-building agreement, loans obtained and operating needs by subsidiaries and investee companies accounted for using equity method were as follows:

Company Name	Nature of Relationship	Guarantee Amount
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000 thousand
All Oceans Transportation Inc.	Subsidiary	US\$ 180,698 thousand
Yang Ming (America) Corp.	Subsidiary	US\$ 1,500 thousand
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 436,760 thousand
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 381,25 thousand
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 4,000,000 thousand
United Terminal Leasing LLC	Equity-method investee	US\$ 15,238 thousand
West Basin Container Terminal LLC	Equity-method investee	US\$ 16,264 thousand
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700 thousand



- e. Yang Ming Line (Hong Kong) guarantee of loan obtained by Karlman Properties Limited (HK\$16,000 thousand).
- f. Yes Logistics Corp. guarantee of loan obtained by Yes Logistics Company Ltd. (NT\$15,405 thousand). An equal amount of time deposit in USD was required to be pledged as collateral when Yes Logistics Company Ltd. borrowed up to the line of credit. As of December 31, 2008, the line of credit had yet to be exercised.
- g. Yang Ming Line (B.V.I.) Holding Co., Ltd. guarantee of loan obtained by Yangming (UK) Ltd. (US\$1,034 thousand).
- h. AOT guarantee of loan obtained by YMTC (US\$4,500,000 thousand) and mortgaged ships as collateral.
- i. Agreement between AOT and CSBC Corporation., Taiwan (formerly known as China Shipbuilding Corporation) to construct 18 vessels for US\$1,653,474 thousand. As of December 31, 2008, AOT had paid \$8,596,394 thousand.
- j. Kuang Ming (Liberia) Corp. bought 6 vessels under agreement that AOT signed with CSBC Corporation., Taiwan (formerly known as China Shipbuilding Corporation) for JPY24,250,000 thousand. As of December 31, 2008, AOT had paid JPY7,611,814 thousand.
- k. On October 30, 2007, Kao Ming Container Terminal Corp. had signed a contract namely “consulting service for the civil engineering of dock and container yard in the Kaohsiung harbor sixth container center proposition” with CECI Engineering Consultants, Inc., Taiwan which was responsible for the technical service of design and construction of the dock and container yard for \$126,000 thousand. As of December 31, 2008, the payment had \$22,486 thousand.
- l. On December 25, 2007 and April 2008, Kao Ming Container Terminal Corp. had signed contracts with HWA CHI Construction Co., Ltd. contracts namely “First stage of Kaohsiung harbor intercontinental container center construction and operation project” and “The contract of the First project of Kaohsiung Intercontinental Container Terminal (ICT) - setting fence project of new construction” respectively, which are projects in dock and container terminal. The total contract price is \$2,509,980 thousand and Kao Ming Container Terminal Corp. had paid \$981,214 thousand as of December 31, 2008. Kao Ming Container Terminal Corp. secured a NT\$16,200,000 thousand syndicated loan from banks on December 18, 2008 so as to fund the construction of Kaohsiung Intercontinental Container Terminal.

## 27. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Please see Schedule D attached;
- b. Endorsement/guarantee provided: Please see Schedule E attached;
- c. Marketable securities held: Please see Schedule F attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule G attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: None;

- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule I attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;
- k. Information on investment in Mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule J attached.
  - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.
- l. Significant transactions between YMTC and its subsidiaries for the years ended December 31, 2008 and 2007: Please see Schedule K.

## 28. SEGMENT INFORMATION

### a. Department Information

	<b>2008</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 130,418,787	\$ 4,370,104	\$ 3,028,411	\$ -	\$ 137,817,302
Intracompany sales	<u>20,653,985</u>	<u>40,485</u>	<u>1,844,844</u>	<u>(22,539,314)</u>	<u>-</u>
Total revenue	<u>\$ 151,072,772</u>	<u>\$ 4,410,589</u>	<u>\$ 4,873,255</u>	<u>\$ (22,539,314)</u>	<u>\$ 137,817,302</u>
Segment operating income	<u>\$ 259,416</u>	<u>\$ 1,663,430</u>	<u>\$ 315,374</u>	<u>\$ (1,143)</u>	\$ 2,237,077
Investment income recognized under equity method					716,195
General income, net					302,006
General expenses					(824,635)
Interest expense					<u>(1,431,263)</u>
Income before income tax					<u>\$ 999,380</u>

(Continued)

	<b>2008</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Identifiable assets	<u>\$ 129,201,306</u>	<u>\$ 9,220,967</u>	<u>\$ 4,804,396</u>	<u>\$ (33,982,694)</u>	\$ 109,243,975
Investments in shares of stock					2,850,704
General assets					<u>604,289</u>
Total assets					<u>\$ 112,698,968</u>
Depreciation	<u>\$ 5,514,914</u>	<u>\$ 207,258</u>	<u>\$ 113,986</u>		
Capital expenditure	<u>\$ 15,013,431</u>	<u>\$ 6,188,427</u>	<u>\$ 1,142,357</u>		

(Concluded)

	<b>2007</b>				
	<b>Marine Cargo Transportation Department</b>	<b>Tramp Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 127,293,941	\$ 2,922,272	\$ 3,585,019	\$ -	\$ 133,801,232
Intracompany sales	<u>16,896,289</u>	<u>71,164</u>	<u>1,596,133</u>	<u>(18,563,586)</u>	<u>-</u>
Total revenue	<u>\$ 144,190,230</u>	<u>\$ 2,993,436</u>	<u>\$ 5,181,152</u>	<u>\$ (18,563,586)</u>	<u>\$ 133,801,232</u>
Segment operating income	<u>\$ 5,022,413</u>	<u>\$ 1,242,725</u>	<u>\$ 332,272</u>	<u>\$ -</u>	\$ 6,597,410
Investment income recognized under equity method					281,560
General income, net					3,031,087
General expenses					(873,501)
Interest expense					<u>(1,663,331)</u>
Income before income tax					<u>\$ 7,373,225</u>
Identifiable assets	<u>\$ 121,204,219</u>	<u>\$ 3,940,859</u>	<u>\$ 4,743,946</u>	<u>\$ (19,726,588)</u>	\$ 110,162,436
Investments in shares of stock					2,356,413
General assets					<u>428,223</u>
Total assets					<u>\$ 112,947,072</u>
Depreciation	<u>\$ 5,228,102</u>	<u>\$ 223,781</u>	<u>\$ 90,218</u>		
Capital expenditure	<u>\$ 18,179,880</u>	<u>\$ 318,581</u>	<u>\$ 78,311</u>		

b. The Group's geographic area information is presented in Schedule L.

c. Cargo transport revenues

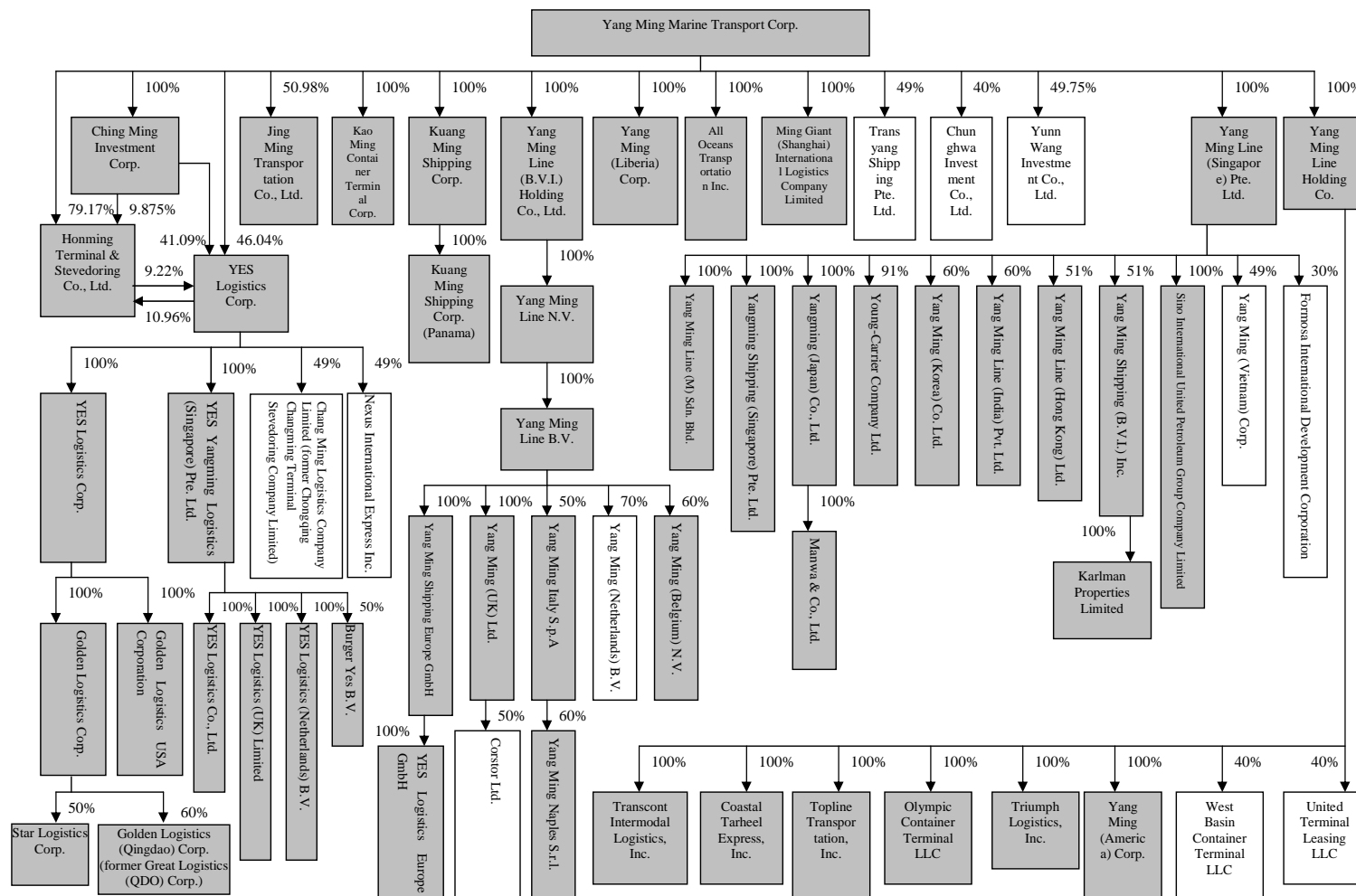
<b>Line Service</b>	<b>Year Ended December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
U.S. Western coast line	\$ 39,823,325	29	\$ 38,500,490	29
Northwest European line	26,731,208	19	22,486,376	17
U.S. Eastern coast line	18,617,341	14	18,830,133	14
Asia line	17,726,372	13	16,972,584	13
Mediterranean line	16,152,483	12	16,467,446	12

d. No single customer accounted for at least 10% of the Group's total operating revenues.



**YANG MING MARINE GROUP**

The intercompany relationships and percentages of ownership as of December 31, 2007 are shown below:



Note 1: Consolidated entities for 2007 are highlighted in above diagram.

Note 2: The Group accounted for its investments in and its equity in net income or loss of other subsidiaries excluded in the consolidated entities as "equity method investments in shares of stock" and "equity in net income of investees, net".

**SCHEDULE B****YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS  
DECEMBER 31, 2008**

<b>Country</b>	<b>Currency</b>	<b>Foreign-Currency Amount (Thousands)</b>	<b>New Taiwan Dollar Exchange Rate</b>	<b>New Taiwan Dollar Amount (Thousands)</b>
Japan	USD	\$ 9	32.8600	\$ 284
	JPY	956,761	0.3640	348,241
Hong Kong	USD	1,862	32.8600	61,184
	HKD	35,595	4.2401	150,927
United States	USD	9,352	32.8600	307,318
Belgium	EUR	4	46.3227	185
Indonesia	USD	275	32.8600	9,045
Malaysia	USD	330	32.8600	10,832
	MYR	2,605	9.4889	24,717
Britain	USD	38	32.8600	1,263
	GBP	4	47.5221	199
Germany	USD	79	32.8600	2,593
	EUR	479	46.3227	22,171
Philippines	USD	46	32.8600	1,518
	PHP	11,738	0.6930	8,134
Singapore	USD	264	32.8600	8,664
	SGD	448	22.9085	10,252
India	INR	12,878	0.6782	8,733
Thailand	THB	43,801	0.9475	41,503
Korea	USD	7	32.8600	221
	KRW	913,992	0.0262	23,943

**YANG MING MARINE TRANSPORT CORPORATION****OVERSEAS DEPOSITS OF YMTC  
DECEMBER 31, 2007**

<b>Country</b>	<b>Currency</b>	<b>Foreign-Currency Amount (Thousands)</b>	<b>New Taiwan Dollar Exchange Rate</b>	<b>New Taiwan Dollar Amount (Thousands)</b>
Japan	USD	(Note)	32.4400	\$ 2
	JPY	\$ 674,146	0.2896	195,209
Hong Kong	USD	4,413	32.4400	143,158
	HKD	7,233	4.1593	30,083
United States	USD	8,799	32.4400	285,441
Indonesia	USD	135	32.4400	4,390
Belgium	EUR	560	47.7062	26,709
Malaysia	USD	(Note)	32.4400	28
	MYR	2,282	9.8125	22,395
Britain	USD	(Note)	32.4400	28
	GBP	(Note)	64.7502	52
Germany	EUR	1,298	47.7062	61,919
Philippines	USD	(Note)	32.4400	17
	PHP	31,813	0.7874	25,049
Singapore	USD	35	32.4400	1,145
	SGD	604	22.5732	13,641
India	INR	7,619	0.8231	6,271
Thailand	THB	48,197	0.9640	46,464
Korea	KRW	1,050,989	0.0347	36,437

Note: The foreign-currency amount was less than one thousand.

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## FINANCING PROVIDED

DECEMBER 31, 2008

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note L)	Ending Balance (Note L)	Interest Rate	Nature of Financing (Note A)	In the Last Two Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	\$ 1,441,404 (US\$ 43,865,000)	\$ 722,984 (US\$ 22,002,000)	3.36%	1	\$ 3,673,432 (US\$111,790,000)	Repayment of loans	\$ -	-	\$ -	\$ 3,673,432 (Note C)	\$ 18,802,679 (Note B)
			Other receivables	22,698 (EUR 490,000)	15,129 (EUR 327,000)	6.04%	1	533,553 (EUR 11,518,000)	Improve financial structure	-	-	-	533,553 (Note C)	18,802,679 (Note B)
			Other receivables	2,358,726	2,068,819	3.36%	1	8,502,860	Acquisition of ships	-	-	-	8,502,860 (Note C)	18,802,679 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	450,182 (US\$ 13,700,000)	450,182 (US\$ 13,700,000)	2.00%	2	-	Obtain working capital	-	-	-	532,332 (Note E)	591,480 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Temporary debits	102,411 (HK\$ 24,153,000)	102,411 (HK\$ 24,153,000)	-	2	-	Acquisition of office building	-	-	-	435,937 (Note G)	544,922 (Note F)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (India) Pvt. Ltd.	Other receivables	3,943 (US\$ 120,000)	-	2.80%	2	-	Obtain working capital	-	-	-	814,161 (Note H)	1,628,322 (Note F)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line B.V.	Pament for others	25,408 (Note K)	-	1.50%	2	-	Investment in Yangming (UK) Ltd. and Yang Ming Shipping Europe GmbH	-	-	-	3,964,448 (Note G)	4,955,560 (Note F)
5	Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	Other receivables	525,760 (US\$ 16,000,000)	525,760 (US\$ 16,000,000)	2.725%	2	-	Obtain working capital	-	-	-	760,517 (Note J)	2,028,045 (Note I)

## Notes:

## A. Nature of financing:

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

B. The maximum financing amount is 40% of net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 30% of net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of net assets of the Corporation.

C. For borrowers with transactions with the Corporation, maximum financing is 50% of the amounts mentioned in Note B or of the total amount of transactions between the Corporation and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 50% of the amount mentioned in Note B.

D. Represents US\$18,000,000.

E. Represents 90% of US\$18,000,000.

F. Represents the lender's net asset value.

G. Represents 80% of the lender's net asset value.

H. Represents 50% of the lender's net asset value.

I. Represent 40% of the lender's net asset value.

J. Represent 15% of the lender's net asset value.

K. Equivalent to GBP323,000 and EUR212,000 translated into New Taiwan dollars at the exchange rate of GBP1=NT\$47.5221 and EUR1=NT\$46.3227 as of December 31, 2008.

L. United States dollars and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86 and HK\$1=NT\$4.2401 and EUR1=NT\$46.3227 as of December 31, 2008.



YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

DECEMBER 31, 2008

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note M)	Ending Balance (Note M)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming (America) Corp.	Subsidiary	\$ 37,605,358 (Note B)	\$ 49,290 (US\$ 1,500,000)	\$ 49,290 (US\$ 1,500,000)	\$ -	0.10%	\$ 47,006,697 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	37,605,358 (Note B)	5,805,817 (US\$180,698,000)	-	-	-	47,006,697 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	37,605,358 (Note B)	164,300 (US\$ 5,000,000)	164,300 (US\$ 5,000,000)	-	0.35%	47,006,697 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	37,605,358 (Note B)	14,351,933 (US\$436,760,000)	14,351,933 (US\$436,760,000)	-	30.53%	47,006,697 (Note A)
		Kuang Ming (Liberia) Corp.	Subsidiary	37,605,358 (Note B)	12,527,861 (US\$381,250,000)	12,527,861 (US\$381,250,000)	-	26.65%	47,006,697 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	37,605,358 (Note B)	4,000,000	4,000,000	-	8.51%	47,006,697 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	37,605,358 (Note B)	500,732 (US\$ 15,238,000)	500,732 (US\$ 15,238,000)	-	1.06%	47,006,697 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	37,605,358 (Note B)	534,435 (US\$ 16,264,000)	534,435 (US\$ 16,264,000)	-	1.14%	47,006,697 (Note A)
		Olympic Container Terminal LLC	Subsidiary	37,605,358 (Note B)	154,442 (US\$ 4,700,000)	154,442 (US\$ 4,700,000)	-	0.33%	47,006,697 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	473,184 (Note D)	3,417 (US\$ 104,000)	-	-	-	591,480 (Note C)
2	Yes Logistics Corp.	Yes Logistics Company, Ltd.	Subsidiary	600,000 (Note F)	506,208 (US\$ 15,405,000)	506,208 (US\$ 15,405,000)	506,208	1.08%	1,200,000 (Note E)
3	Yang Ming Line (Hong Kong) Ltd.	Karlman Properties Limited	Subsidiary	67,842 (Note H)	67,842 (HK\$16,000,000)	67,842 (HK\$16,000,000)	-	0.14%	84,802 (Note G)
4	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yangming (UK) Ltd.	Subsidiary	2,720,940 (Note J)	46,891 (US\$ 1,427,000)	33,977 (US\$ 1,034,000)	-	0.07%	3,401,175 (Note I)
5	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	28,441,982 (Note L)	4,500,000	4,500,000	4,500,000	9.57%	35,552,477 (Note K)

(Continued)

Notes:

- A. Represents 100% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the Corporation's paid-in capital.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 100% of the paid-in capital of Yes Logistics Corp.
- F. Represents 50% of the amount mentioned in Note E.
- G. Represents HK\$20,000,000.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 100% of the assets of All Oceans Transportation, Inc.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great Britain's currency and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86, GBP\$1=NT\$47.5221 and HK\$1=NT\$4.2401 on December 31, 2008.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2008

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
Yang Ming Marine Transport Corporation	<u>Common stock</u> Yang Ming Line (BVI) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 4,955,560	100.00	\$ 4,955,560	10,351	Note W
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,628,322	100.00	1,628,322	60,130,000	Note W
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	5,539,339	100.00	5,539,339	1,000	Note W
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	205,514,000	5,070,113	100.00	5,070,113	205,514,000	Note W
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	313,530	100.00	313,530	13,500	Note W
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,281,101	100.00	1,281,101	160,650,000	Note W
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	31,667,630	357,842	79.17	357,842	31,667,630	Note W
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	120,861	50.98	120,861	8,615,923	Note W
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,251,100	520,731	46.04	520,731	55,251,100	Note W
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	171,509	100.00	171,509	1	Note W
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	856,048	49.00	856,048	1,345	
	Chunghwa Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	80,000,000	739,517	40.00	739,517	80,000,000	
	Ming Giant (Shanghai) International Logistics Company Limited	Subsidiary	Investments accounted for by the equity method	(Notre H)	235,739	100.00	235,739	(Note H)	Note W
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	80,000,000	786,771	100.00	786,771	80,000,000	Note W
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	202,032	49.75	202,032	5,211,474	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset measured at cost - noncurrent	32,000,000	316,640	10.00	-	32,000,000	
	Antwerp International Terminal N.V.	-	Financial asset measured at cost - noncurrent	1,486,030	58,978	16.33	-	1,486,030	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,855,096	16.96	2,855,096	70,758,243	Note V
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	940	0.01	940	18,000	
	United Integrated Services Co., Ltd.	-	Financial assets at fair value through profit or loss - current	65,000	715	0.01	715	65,000	
	Taiwan Fire & Marine Insurance Co., Ltd.	-	Financial assets at fair value through profit or loss - current	65,000	907	0.02	907	125,000	
	Taiwan Cooperative Bank	-	Financial assets at fair value through profit or loss - current	92,305	1,532	-	1,532	92,305	
	Test-Serv Inc.	-	Financial assets at fair value through profit or loss - current	58,300	411	0.09	411	58,300	
	Chenbro Micom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	69,000	592	0.05	592	69,000	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
	Formosa Plastics Corporation	-	Available-for-sale financial assets - current	1,647,000	\$ 71,809	0.03	\$ 71,809	1,647,000	
	China Steel Corporation	-	Available-for-sale financial assets - current	790,010	18,249	0.01	18,249	790,010	
	United Microelectronics Corp.	-	Available-for-sale financial assets - current	209,000	1,553	-	1,553	209,000	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	474,300	30,118	0.02	30,118	474,300	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	457,920	8,609	0.08	8,609	457,920	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,795,500	65,536	0.02	65,536	1,795,500	
	Chi Mei Optoelectronics Corporation	-	Available-for-sale financial assets - current	210,000	2,268	-	2,268	300,000	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	766,380	24,639	0.17	24,639	781,540	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	274,860	22,539	0.22	22,539	333,860	
	Systemex Corporation	-	Available-for-sale financial assets - current	738,000	13,173	0.28	13,173	820,000	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	115,528	4,846	0.10	4,846	115,528	
	Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	226,000	15,323	-	15,323	414,000	
	<u>Exchange traded funds</u>								
	Fubon Taiwan Technology Tracker Fund	-	Financial assets at fair value through profit or loss - current	90,000	1,881	-	1,881	90,000	
	Polaris/P-shares Taiwan Electronics Tech ETF	-	Available-for-sale financial assets - current	670,000	9,219	-	9,219	670,000	
	<u>Mutual fund</u>								
	Allianz Global Investors All Seasons Return Fund of Bond Fund	-	Financial assets at fair value through profit or loss - current	2,780,000	29,075	-	29,075	2,780,000	
	BGI Liquidity First Fund (USD)	-	Financial assets at fair value through profit or loss - current	4,745	156	-	156	41,500,000	
	BGI Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	6,209	288	-	288	12,400,000	
	BGI Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	9,655	459	-	459	3,000,000	
	Allianz Glb inv Glb Eco Trends Fund	-	Available-for-sale financial assets - current	7,663,310	64,142	-	64,142	11,949,965.3	
	Paradigm Small Capital Fund	-	Available-for-sale financial assets - current	795,384	12,313	-	12,313	795,384	
	JF (Taiwan) New Silk Road Emerging Markets Fund	-	Available-for-sale financial assets - current	2,000,000	9,460	-	9,460	2,000,000	
	Allianz Global Agricultural Trends Fund	-	Available-for-sale financial assets - current	3,800,178	20,825	-	20,825	8,800,178.4	
	Yuanta Equity Hedge Strategy Fund	-	Available-for-sale financial assets - current	1,000,000	10,230	-	10,230	1,000,000	
	Polaris New Taiwan Fund	-	Available-for-sale financial assets - current	800,000	13,544	-	13,544	800,000	
	Schroders ISF Global Energy A1 Fund	-	Available-for-sale financial assets - current	72,789	45,588	-	45,588	72,789	
	Invesco Energy Fund	-	Available-for-sale financial assets - current	91,684	52,813	-	52,813	91,684	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
Ching Ming Investment Corp.	Investec Global Energy Fund	-	Available-for-sale financial assets - current	7,313	\$ 47,132	-	\$ 47,132	7,313	
	BlackRock World Energy Fund	-	Available-for-sale financial assets - current	31,635	15,791	-	15,791	31,635	
	<u>Preferred stock</u> New Century Infocomm Co., Ltd.	-	Financial asset measured at cost - noncurrent	67,368,400	427,789	1.68	-	67,368,400	
	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,950,000	44,634	9.88	44,634	3,950,000	Note W
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	49,311,077	464,774	41.09	464,774	49,311,077	Note W
	SF Technology Venture Capital Investment Corp.	-	Financial asset measured at cost - noncurrent	2,800,000	8,968	7.24	-	2,800,000	
	United Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	4,800,000	26,352	9.04	-	6,400,000	
	Ascentek Venture Capital Corp.	-	Financial asset measured at cost - noncurrent	980,000	9,856	2.14	-	1,400,000	
	China Technology Venture Capital Corporation	-	Financial asset measured at cost - noncurrent	3,000,000	30,000	8.96	-	3,000,000	
	Kingmax Technology Corp.	-	Financial asset measured at cost - noncurrent	1,644,231	21,835	1.38	-	1,644,231	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	749,000	12,920	0.01	12,920	1,547,000	
	U-Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	200,000	7,860	0.02	7,860	200,000	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	506,000	27,627	0.08	27,627	506,000	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	283,500	92,705	0.04	92,705	283,500	
	China Steel Corporation	-	Available-for-sale financial assets - current	256,000	5,914	-	5,914	300,000	
	Dynapack International Technology Corp.	-	Available-for-sale financial assets - current	46,000	2,815	0.04	2,815	46,000	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,752,750	136,975	0.04	136,975	3,752,750	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	20,377	0.12	20,377	630,000	Note V
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	111,550	7,083	0.01	7,083	111,550	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	433,800	13,947	0.09	13,947	455,800	
AU Optronics Corp.	-	Available-for-sale financial assets - current	212,892	5,258	-	5,258	212,892		
Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	412,541	8,457	0.10	8,457	412,541		
Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	18,432	4,064	-	4,064	18,432		
Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	161,000	10,336	-	10,336	170,000		
Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	92,575	2,060	0.06	2,060	92,575		
Wellypower Optronics Co., Ltd.	-	Available-for-sale financial assets - current	115,500	1,721	0.07	1,721	115,500		
Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	50,000	3,390	-	3,390	350,000		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
	Coretronic Corporation	-	Available-for-sale financial assets - current	357,956	\$ 6,121	0.05	\$ 6,121	357,956	
	Richtek Technology Corp.	-	Available-for-sale financial assets - current	37,300	4,886	0.03	4,886	37,300	
	Tainan Spinning Co., Ltd.	-	Available-for-sale financial assets - current	400,000	2,600	0.04	2,600	400,000	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	207,592	17,023	0.17	17,023	310,592	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	361,203	15,153	0.33	15,153	485,203	
	Polaris/P-shares Taiwan Electronics Tech ETF	-	Available-for-sale financial assets - current	100,000	1,376	0.09	1,376	692,000	
	Taiwan Fertilizer Co., Ltd.	-	Available-for-sale financial assets - current	100,000	5,220	0.01	5,220	100,000	
	<u>Mutual fund</u>								
	Cathay Small & Mediam Cap Fund	-	Available-for-sale financial assets - current	222,916	3,578	-	3,578	222,916	
	Fuh Hwa Small Capital Fund	-	Available-for-sale financial assets - current	422,450	8,470	-	8,470	422,450	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	4,090	-	4,090	500,000	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,408	-	1,408	200,000	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	8,299	14,556	-	14,556	8,299	
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	4,060	-	4,060	500,000	
	UPAMC Quality Growth Fund	-	Available-for-sale financial assets - current	455,374	3,711	-	3,711	1,286,142	
	SinoPac Small & Mediam Capital Fund	-	Available-for-sale financial assets - current	152,300	3,587	-	3,587	240,096	
	Grand Cathay Balance 2 Fund	-	Available-for-sale financial assets - current	295,159	4,085	-	4,085	295,159	
	SinoPac Fund	-	Available-for-sale financial assets - current	332,803	4,663	-	4,663	332,803	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	5,136	2,911	-	2,911	5,136	
	Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	945	-	945	2,254	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	1,277	474	-	474	1,277	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	852	-	852	2,477	
	AIG Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,779,107	15,994	-	15,994	1,779,107	
	Capital Strategin Growth Fund	-	Available-for-sale financial assets - current	1,000,000	5,890	-	5,890	1,000,000	
	JF (Taiwan) Japan Brilliance Fund	-	Available-for-sale financial assets - current	1,000,000	6,710	-	6,710	1,000,000	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	3,883,401	53,488	-	53,488	5,904,669	
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	1,943,605	30,972	-	30,972	1,943,605	
	PAC Africa Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	10,600	-	10,600	1,000,000	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
Yang Ming Line (Singapore) Pte. Ltd.	PAC Well Pool Fund	-	Financial assets at fair value through profit or loss - current	2,164,168	\$ 28,006	-	\$ 28,006	2,164,168	
	Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	2,523,617	30,007	-	30,007	2,523,617	
	<u>Common stock</u> Yang Ming Shipping (BVI) Inc.	Subsidiary	Investments accounted for by the equity method	510	272,432	51.00	272,432	510	Note W
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	443,449	91.00	443,449	910,000	Note W
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	74,088	100.00	74,088	3000	Note W
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	42,068	100.00	42,068	1,000,000	Note W
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	58,404	100.00	58,404	1,000,000	Note W
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	15,315	100.00	15,315	1,000,000	Note W
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(92,748)	51.00	(92,748)	510,000	Note T
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	12,208	60.00	12,208	300,000	Note W
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	18,360	60.00	18,360	60,000	Note W
	Yan Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	1,077	50.00	1,077	50,000	Note W
	Yang Ming (Vietnam) Corp.	Equity-method investee	Investments accounted for by the equity method	(Note I)	11,742	49.00	11,742	(Note I)	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note G)	224,743	30.00	74,082	(Note G)	
	Yangtze River Express Airlines Company Limited	-	Financial asset measured at cost - noncurrent	(Note O)	-	12.00	-	(Note O)	
Yangming (Japan) Co., Ltd.	<u>Global depositary receipt</u> Via Source Policy Fund	-	Financial asset held-to-maturity - current	5	5,902	-	5,902	5	
	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,237	100.00	3,237	200	Note W
Yang Ming Shipping (BVI) Inc.	<u>Common stock</u> Karlman Properties Limited	Subsidiary	Investments accounted for by the equity method	1,000	(10,835)	100.00	(10,835)	1,000	Notes D and W
Yang Ming Line (BVI) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(543,538)	100.00	(543,538)	1,500,000	Notes D and W
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(546,956)	100.00	(546,956)	2,500	Notes D and W
Yang Ming Line B.V.	<u>Common stock</u> Yangming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(715,314)	100.00	(715,314)	900,000	Notes D and W
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	117,859	100.00	117,859	(Note B)	Note W

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
Yangming (UK) Ltd.	Yang Ming (Belgium) B.V.	Subsidiary	Investments accounted for by the equity method	375	\$ 4,712	60.00	\$ 4,712	375	Note W
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note j)	13,491	60.00	13,491	(Note J)	Note W
	Yang Ming Italy S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	26,061	50.00	26,061	125,000	Note W
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note C)	(559)	50.00	(559)	(Note C)	Notes D and W
	Yes Logistics UK Limited	Subsidiary	Investments accounted for by the equity method	200	(3,711)	100.00	(3,711)	200	Notes D and W
Yang Ming Italy S.p.A.	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note K)	1,105	100.00	1,105	(Note K)	Note W
	Zoll Pool Hafen Hamburg	-	Financial asset measured at cost - noncurrent	(Note P)	463	6.00	-	(Note P)	
Yang Ming Line Holding Co.	<u>Common stock</u> Yang Ming Naples Srl	Subsidiary	Investments accounted for by the equity method	(Note L)	1,674	60.00	1,674	(Note L)	Note W
Kuang Ming Shipping Corp.	<u>Common stock</u> West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note E)	502,036	40.00	502,036	(Note E)	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	64,618	40.00	64,618	(Note F)	
	Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	66,171	100.00	66,171	5,000	Note W
	Triumph Logistics INC.	Subsidiary	Investments accounted for by the equity method	200	3,073	100.00	3,073	200	Note W
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note M)	(380,286)	100.00	(380,286)	(Note M)	Notes D and W
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	3,309	100.00	3,309	100	Note W
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	4,979	100.00	4,979	100	Note W
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	4,546	100.00	4,546	200	Note W
	Honming Terminal & Stevedoring Co., Ltd.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for by the equity method	49,500	97,270	100.00	97,270	49,500
Kuang Ming (Liberia) Corp.		Subsidiary	Investments accounted for by the equity method	1	1,356,686	100.00	1,356,686	1	Note W
<u>Mutual fund</u> Polaris/P-shares Taiwan Electronics Tech ETF		-	Financial assets at fair value through profit or loss - current	800,000	11,008	-	11,008	800,000	
	Fuh Hwa Bond Fund	-	Available-for-sale financial assets - current	103,932	1,432	-	1,432	11,870,768	
	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	11,068,800	97,462	9.22	97,462	11,068,800	Note W

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008					Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	Highest Shares/Units Held in 2008	
Yes Logistics Corp.	<u>Common stock</u> Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	4,382,370	\$ 49,892	10.96	\$ 49,892	4,382,370	Note W
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	5,460,000	127,473	100.00	127,473	5,460,000	Note W
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	703,285	(66,141)	100.00	(66,141)	703,285	Notes D and W
	B2B Com Holdings Ltd.	-	Financial asset measured at cost - noncurrent	800,000	5,043	8.00	-	800,000	
	United Raw Material Solutions Inc.	-	Financial asset measured at cost - noncurrent	295,325	2,953	2.76	-	295,325	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note Q)	249,968	49.00	249,968	(Note Q)	
	<u>Mutual fund</u> THM Bond Fund	-	Financial assets at fair value through profit or loss - current	1,009,889	14,521	-	14,521	1,009,889	
	Prudential Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	464,334	7,005	-	7,005	464,334	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	290,497	4,001	-	4,001	1,679,647	
	NAM Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss - current	129,032	65,014	-	65,014	792,129	
Yes Yangming Logistics (Singapore)	<u>Common stock</u> Yes Logistics Co., Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	(74,512)	100.00	(74,512)	1,000,000	Notes D and W
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note R)	3,169	100.00	3,169	(Note R)	Note W
	Burger YES B.V.	Subsidiary	Investments accounted for by the equity method	9,000	6,045	50.00	6,045	9,000	Note W
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note N)	104,259	100.00	104,259	(Note N)	Note W
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	1,642	100.00	1,642	100	Note W
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note U)	12,749	60.00	12,749	(Note U)	Note W
	Star Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note S)	13,428	60.00	13,428	(Note S)	Note W
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	-	Available-for-sale financial assets - current	6,000,000.03	77,645	-	77,645	6,000,000	

Notes:

- A. Market values were based on closing prices at December 31, 2008 or the net asset value of the fund on December 31, 2008, or, if market prices were unavailable, on the investees' net assets.  
B. The issued capital stock amounted to EUR818,000.  
C. This is equivalent to GBP500, and no shares were issued.  
D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.  
E. This is equivalent to US\$3,800,000, and no shares were issued.  
F. This is equivalent to US\$1,000,000, and no shares were issued.

(Continued)

- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$7,000,000, and no shares were issued.
- I. This is equivalent to US\$94,000, and no shares were issued.
- J. This is equivalent to EUR11,000, and no shares were issued.
- K. This is equivalent to EUR25,000, and no shares were issued.
- L. This is equivalent to EUR6,000, and no shares were issued.
- M. This is equivalent to US\$1,000,000, and no shares were issued.
- N. This is equivalent to US\$5,000,000, and no shares were issued.
- O. This is equivalent to US\$18,622,000, and no shares were issued. Initial investment was recognized as impairment loss, thus the carrying value decreased to zero.
- P. This is equivalent to EUR10,000, and no shares were issued.
- Q. This is equivalent to US\$6,434,000, and no shares were issued.
- R. This is equivalent to EUR30,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.
- T. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- U. This is equivalent to RMB3,000,000, and no shares were issued.
- V. More than half of the directors are identical.
- W. The balance has been eliminated in consolidation.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2008  
(In Thousands of New Taiwan Dollars, Except Shares/Units)**

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance			
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount	
Yang Ming Marine Transport Corporation	<u>Common stock</u>														
	Formosa Plastics Corporation	Available-for-sale financial asset - current	-	-	-	\$ -	2,347,000	\$ 204,350	700,000	\$ 63,798	\$ 61,820	\$ 1,978	1,647,000	\$ 109,526	
	U-Ming Marine Transport Corp.	Financial asset at fair value through profit or loss - current	-	-	-	-	1,326,000	115,586	1,326,000	119,188	115,586	3,603	-	-	
	Cathay Financial Holding Co., Ltd.	Available-for-sale financial asset - current	-	-	-	-	1,945,500	143,065	150,000	11,505	11,135	370	1,795,500	108,253	
	<u>Mutual fund</u>														
	IBT Ta Chong Bond Fund	Available-for-sale financial asset - current	-	-	-	-	121,724,660	1,625,000	121,724,660	1,626,577	1,625,000	1,577	-	-	
	Fuh Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	85,524,473	1,170,000	85,524,473	1,170,619	1,170,000	619	-	-	
	IBT 1699 Bond Fund	Available-for-sale financial asset - current	-	-	-	-	195,148,652	2,480,000	195,148,652	2,482,146	2,480,000	2,146	-	-	
	Franklin Mutual European Fund	Financial asset at fair value through profit or loss - current	-	-	-	108,820	100,000	-	-	108,820	97,294	100,000	(2,706)	-	-
	Templeton Emerging Markets Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	356,748	200,000	11,336	-	368,084	201,804	200,000	1,804	-	-
								(Note B)	(Note B)						
	UPAMC James Bond Fund	Available-for-sale financial asset - current	-	-	-	-	37,981,050	599,878	37,981,050	600,083	599,878	205	-	-	
	SinoPac Bond Fund	Available-for-sale financial asset - current	-	-	-	-	31,850,735	421,076	31,850,735	421,277	421,076	201	-	-	
	Yuanta Wan Tai Bond Fund	Available-for-sale financial asset - current	-	-	-	-	42,660,965	610,000	42,660,965	610,628	610,000	628	-	-	
	Capital Income Fund	Available-for-sale financial asset - current	-	-	-	-	66,994,715	1,025,000	66,994,715	1,025,492	1,025,000	492	-	-	
	PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	-	-	47,573,266	611,608	47,573,266	611,608	611,232	376	-	-	
	ING Taiwan Income Fund	Available-for-sale financial asset - current	-	-	-	-	30,825,193	500,000	30,825,193	500,247	500,000	247	-	-	
	Hua Nan Phoenix Bond Fund	Available-for-sale financial asset - current	-	-	-	-	8,443,723	130,000	8,443,723	130,092	130,000	93	-	-	
	Union Bond Fund	Available-for-sale financial asset - current	-	-	-	-	21,254,663	265,000	21,254,663	265,236	265,000	236	-	-	
	Jih Sun Bond Fund	Available-for-sale financial asset - current	-	-	-	-	36,107,764	505,000	36,107,764	505,485	505,000	485	-	-	
	Baring Eastern Europe Fund	Financial asset at fair value through profit or loss - current	-	-	-	22,072	100,000	-	-	22,072	102,677	100,000	2,677	-	-
	Cathay Bond Fund	Available-for-sale financial asset - current	-	-	-	-	27,777,337	329,016	27,777,337	329,142	329,016	126	-	-	
	ING Taiwan Select Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,310,607	120,000	10,310,607	120,112	120,000	112	-	-	
	Schroders ISF Global Energy A1 Fund	Available-for-sale financial asset - current	-	-	-	-	72,789	112,500	-	-	-	-	72,789	112,500	
	Invesco Energy Fund	Available-for-sale financial asset - current	-	-	-	-	91,684	112,500	-	-	-	-	91,684	112,500	
	Allianz Global Investors Global Demographic Trends Fund	Financial asset at fair value through profit or loss - current	-	-	-	10,000,000	100,000	-	-	10,000,000	70,400	100,000	(29,600)	-	-
	ABN AMRO Utilities Fund	Financial asset at fair value through profit or loss - current	-	-	-	24,331	97,320	-	-	24,331	86,930	97,320	(10,390)	-	-
	BGI Liquidity First Fund (USD)	Financial asset at fair value through profit or loss - current	-	-	-	-	262,794,745	8,635,435	262,790,000	8,635,279	8,635,279	-	4,745	156	
	BGI Liquidity First Fund (EUR)	Financial asset at fair value through profit or loss - current	-	-	-	-	43,786,209	2,028,309	43,780,000	2,028,021	2,028,021	-	6,209	288	
	BGI Liquidity First Fund (GBP)	Financial asset at fair value through profit or loss - current	-	-	-	-	6,539,655	310,779	6,530,000	310,320	310,320	-	9,655	459	
	<u>Common stock</u>														
Taipei Port Container Terminal Co., Ltd.	Financial asset carried at cost - noncurrent	-	-	-	17,000,000	166,640	15,000,000	150,000	-	-	-	-	32,000,000	316,640	
Kuang Ming (Liberia) Corp.	Investments accounted for by the equity method	-	-	-	-	-	1	1,060,904	1	1,060,904	1,060,904	-	-	-	
Kuang Ming Shipping Corp.	Investments accounted for by the equity method	-	-	-	29,184,000	823,261	176,330,000	4,246,852	-	-	-	-	205,514,000	5,070,113	
							(Note D)								
Ching Ming Investment Corp	<u>Common stock</u>														
	Cathay Financial Holding Co., Ltd.	Available-for-sale financial asset - current	-	-	1,000,000	76,855	3,652,750	248,848	900,000	71,110	69,522	1,588	3,752,750	227,823	
													(Note E)		
	<u>Mutual fund</u>														
	IBT 1699 Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	14,217,711	180,000	14,217,711	181,168	180,000	1,168	-	-	
IBT Ta Chong Equity Fund	Financial asset at fair value through profit or loss - current	-	-	3,880,690	51,166	6,621,272	88,046	10,501,962	141,156	139,212	1,944	-	-		
Fuh Hwa Bond Fund	Financial asset at fair value through profit or loss - current	-	-	-	-	10,517,140	143,386	6,633,739	90,234	89,945	289	3,883,401	53,441		
Grand Cathay Bond Fund	Available-for-sale financial asset - current	-	-	5,352,049	70,021	3,818,582	50,458	9,170,631	121,092	120,479	613	-	-		

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yang Ming Line Holding Co.	<u>Mutual fund</u> Energy Select Sector SPDR Fund (XLE)	Available-for-sale financial asset - noncurrent	-	-	-	\$ -	21,900	\$ 1,700,402.10	21,900	\$ 1,481,809.60	\$ 1,700,402.10	\$ (218,592.50)	-	\$ -
Yes Logistics Corp.	<u>Mutual fund</u> NAM Short Term Fixed Income Fund	Financial asset at fair value through profit or loss - current	-	-	228,499	110,245	924,480	438,996	1,023,947	494,054	487,776	6,278	129,032	61,465
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial asset - current	-	-	27,274,552	346,110	14,839,243.70	191,500	36,113,795.67	464,400	460,176	4,224	6,000,000.03	77,434

Notes:

- A. Carrying Value is original acquisition amount.
- B. Distribution of 11,336 unites of the fund.
- C. Spin off to Kuang Ming Shipping Corp.
- D. Composed of acquisition from the spun off project \$4,000,716 thousand, cash dividends \$(460,897) thousand, translation adjustments on investments accounted for by the equity method \$36,409 thousand and investment income \$670,624 thousand.
- E. Difference cost amount to \$28,358 thousand was caused by the reclassification of financial assets in accordance with SFAS No. 34 on July 1, 2008.

(Concluded)

**YANG 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, 2008**

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 25,390,306 (Note D)	-	\$ -	-	\$ 243,164	\$ -
	Yang Ming (Liberia) Corp.	A	1,639,208 (Note E)	-	-	-	-	-
	Yangming (UK) Ltd.	A	195,965	-	-	-	114,289	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	1,130,363 (Note G)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,045,922	-	-	-	1,045,922	-
	Yang Ming (America) Corp.	A	162,017	-	-	-	162,017	-
	Yang Ming (Korea) Co., Ltd.	A	150,184	-	-	-	150,184	-
	Yang Ming (Netherlands) B.V.	A	112,138	-	-	-	56,229	-
	Yangming (Japan) Co., Ltd.	A	167,352	-	-	-	167,352	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	1,007,806 (Note H)	-	-	-	-	-
Kuang Ming Shipping Corp.	Yang Ming (Liberia) Corp.	B	525,760 (Note I)	-	-	-	-	-
	Kuang Ming (Liberia) Corp.	C	2,695,509 (Note H)	-	-	-	-	-
Yang Ming (Japan) Co., Ltd.	Yang Ming Marine Transport Corporation	C	187,402	-	-	-	182,565	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corporation	C	963,670	-	-	-	864,063	-
Yang Ming (Netherlands) B.V.	Yang Ming Marine Transport Corporation	C	100,868	-	-	-	87,517	-
Yang Ming (Vietnam) Corp.	Yang Ming Marine Transport Corporation	C	151,456	-	-	-	121,641	-
Yangming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	931,141 (Note F)	-	-	-	97,905	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Payment made for All Oceans Transportation Inc., dividends receivable and proceeds from sale of ships.
- E. Financing providing and proceeds from sale of ship.
- F. Receivables, net of agency collections and payments.
- G. Dividends receivable.
- H. Proceeds from sale of ships.
- I. Short-term loans.

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
 YEAR ENDED DECEMBER 31, 2008  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 4,955,560	\$ (289,139)	\$ (289,139)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	1,628,322	19,628	19,628	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,281,101	(172,176)	(172,189)	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	5,539,339	870,424	870,424	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	551,944	551,944	55,251,100	46.04	520,731	(41,757)	(19,237)	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	4,143,884	143,168	205,514,000	100.00	5,070,113	675,280	670,624	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	357,842	17,244	13,463	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	120,861	27,479	13,389	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	313,530	(68,419)	(68,419)	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	856,048	1,545,657	757,372	Equity-method investee
Ching Ming Investment Corp.	Chunghwa Investment Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000,000	40.00	739,517	(151,323)	(61,453)	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	171,509	336,740	336,740	Subsidiary
	Ming Giant (Shanghai) International Logistics Company Limited	Shanghai, China	Warehouse operation and forwarding agency	231,700	231,700	(Note P)	100.00	235,739	(6,280)	(6,280)	Subsidiary
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	202,032	7,967	3,964	Equity-method investee
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	800,000	800,000	80,000,000	100.00	786,771	(11,930)	(11,930)	Subsidiary
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	44,634	17,244	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	493,111	493,111	49,311,077	41.09	464,774	(41,757)	-	Subsidiary
Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	502,036	54,505	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	64,619	43,063	-	Equity-method investee
	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	66,171	(70,037)	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	3,073	3,391	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note R)	100.00	380,286	(58,079)	-	Subsidiary
	Topline Transportation, Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	3,309	(2,739)	-	Subsidiary
	Coastal Tarheel Express, Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	4,979	2,267	-	Subsidiary
Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	4,546	2,280	-	Subsidiary	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(543,538) (Note E)	(666,473)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(546,956) (Note E)	(666,048)	-	Subsidiary
Yang Ming Line B.V.	Yangming (UK) Ltd.	London, U.K.	Investment, shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(715,314) (Note E)	(723,292)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	117,859	12,638	-	Subsidiary
	Yang Ming Italy S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	26,061	11,308	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yangming (UK) Ltd.	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	\$ 540	\$ 540	(Note I)	60.00	\$ 13,491	\$ 21,676	\$ -	Subsidiary
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	1,651	375	60.00	4,712	5,619	-	Subsidiary
	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	(559)	5,880	-	Equity-method investee
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,711)	16	-	Subsidiary
Yang Ming Italy S.p.A.	Yang Ming Naples S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,674	1,676	-	Subsidiary
Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	945	945	(Note H)	100.00	1,105	6	-	Subsidiary
Yangming Shipping (Singapore) Pte Ltd.	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	443,449	(13,317)	-	Subsidiary
	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	272,432	8,418	-	Subsidiary
Yangming (Japan) Co., Ltd.	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	74,088	62	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	-	1,000,000	100.00	42,068	8,835	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(92,748)	(5,094)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	58,404	8,467	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	15,315	(5,049)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	12,208	4,760	-	Subsidiary
	Yang Ming (Vietnam) Corp.	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	11,742	17,103	-	Equity-method investee
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	18,360	6,473	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note N)	30.00	224,743	68,670	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	-	50,000	50.00	1,077	(3,643)	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,237	(14)	-	Subsidiary
Yang Ming Shipping (B.V.I) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	1,000	100.00	(10,835)	287	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	97,270	1,676	-	Subsidiary
	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	-	1	100.00	1,356,686	260,666	-	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	110,610	110,610	11,068,800	9.22	97,462	(41,757)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp.	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	127,473	(28,580)	-	Subsidiary
	Yes Yangming Logistics (Singapore) PTE. Ltd.	Singapore	Investment and subsidiaries management	6,608	6,608	703,285	100.00	(66,141)	(52,861)	-	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	43,824	43,824	4,382,370	10.96	49,892	17,244	-	Subsidiary
Yes Logistics Corp.	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	209,726	209,726	(Note D)	49.00	249,968	9,865	-	Equity-method investee
	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	104,259	(36,313)	-	Subsidiary
Golden Logistics Corp.	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	1,642	868	-	Subsidiary
	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note Q)	60.00	12,749	(2,672)	-	Subsidiary
Star Logistics Corp.	Star Logistics Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	13,428	(1,627)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Company, Ltd.	Hong Kong	Forwarding agency	\$ 4,304	\$ 4,304	1,000,000	100.00	\$ (74,512)	\$ (52,951)	\$ -	Subsidiary
	Yes Logistics (Netherlands) B.V. Burger YES B.V.	Netherlands	Forwarding agency	1,224	1,224	(Note M)	100.00	3,169	(266)	-	Subsidiary
		Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	6,045	(4,870)	-	Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$6,434,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. This is equivalent to EUR30,000, and no shares were issued.
- N. This is equivalent to US\$7,800,000, and no shares were issued.
- O. The loss of subsidiary was recognized in proportion to the Company's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investment is not charged against the Corporation.
- P. This is equivalent to US\$7,000,000, and no shares were issued.
- Q. This is equivalent to RMB3,000,000, and no shares were issued.
- R. This is equivalent to US\$1,000,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.

(Concluded)



## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2008

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

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2008 (Note E)	Accumulated Inward Remittance of Earnings as of December 31, 2008
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 611,919 (US\$18,622,000)	\$ -	\$ -	\$ 611,919 (US\$18,622,000)	12.00%	\$ -	(Note G)	\$ -
	Ming Giant (Shanghai) International Logistics Company Limited (Note B)	Warehouse operation and forwarding agency	US\$ 7,000,000	Direct investment in Mainland China	230,020 (US\$ 7,000,000)	-	-	230,020 (US\$ 7,000,000)	100.00%	(6,280)	235,739	-
Yes Logistics Corp.	Golden Logistics Corp. (Note C)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	164,300 (US\$ 5,000,000)	-	-	164,300 (US\$ 5,000,000)	96.35%	(32,515)	100,454	-
	Chang Ming Logistics Company Limited (Note D)	Terminal operation and stevedoring	RMB 104,800,000	Investee's direct investment in Mainland China.	211,421 (US\$ 6,434,000)	-	-	211,421 (US\$ 6,434,000)	47.21%	4,657	240,837	-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 841,939 (US\$ 25,622,000)	\$ 1,696,299 (US\$ 51,622,000)	\$ 28,204,018
375,721 (US\$ 11,434,000)	469,931 (US\$ 14,301,000)	678,625 (Note F)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.  
 B. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 22, 2006.  
 C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.  
 D. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.  
 E. Calculated by the % ownership of direct or indirect investment.  
 F. It represents 60% (\$1,131,041 thousand) of the net assets of Yes Logistics Corp. as of December 31, 2008.  
 G. Impairment loss was recognized in 2007.  
 H. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.86.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)

2008

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 34,378	Conducted as agreed terms	-
				Accounts receivable from related parties	82,218	Conducted as agreed terms	-
				Operating costs	408,399	Conducted as agreed terms	-
		Yangming-UK	1	Accounts receivable from related parties	195,965	Conducted as agreed terms	-
				Payables to related parties	931,141	Conducted as agreed terms	1%
				Operating revenues	1,927,460	Conducted as agreed terms	1%
		Yes Logistics	1	Operating costs	5,148,322	Conducted as agreed terms	4%
				Operating revenues	129,362	Conducted as agreed terms	-
				Rent income	4,000	Conducted as agreed terms	-
				Operating costs	61,839	Conducted as agreed terms	-
				Accounts receivable from related parties	2,164	Conducted as agreed terms	-
				Other receivable from related parties	12,884	Conducted as agreed terms	-
				Payables to related parties	1,222	Conducted as agreed terms	-
		Kuang Ming	1	Operating revenues	175,794	Conducted as agreed terms	-
				Rent income	274	Conducted as agreed terms	-
				Other receivable from related parties	46,177	Conducted as agreed terms	-
		AOT	1	Operating costs	4,059,553	Conducted as agreed terms	3%
				Interest revenues	699,774	Conducted as agreed terms	1%
				Long-term receivables from related parties	25,390,306	Conducted as agreed terms	23%
		Honming	1	Operating costs	184,000	Conducted as agreed terms	-
		Jing Ming	1	Operating costs	840,587	Conducted as agreed terms	1%
				Payable to related parties	66,820	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,529,420	Conducted as agreed terms	1%
				Accounts receivable from related parties	162,017	Conducted as agreed terms	-
				Advances to shipping agents	102,660	Conducted as agreed terms	-
		Olympic Container Terminal LLC	1	Operating costs	446,153	Conducted as agreed terms	-
		Yangming-Japan	1	Operating costs	249,439	Conducted as agreed terms	-
				Accounts receivable from related parties	167,352	Conducted as agreed terms	-
				Payables to related parties	187,402	Conducted as agreed terms	-
		Young-Carrier	1	Operating costs	559,924	Conducted as agreed terms	-
Accounts receivable from related parties	1,045,922			Conducted as agreed terms	1%		
Payables to related parties	963,670			Conducted as agreed terms	-		
YML Holding	1	Long-term receivable from related parties	30,911	Conducted as agreed terms	-		
YML-HK	1	Operating costs	115,171	Conducted as agreed terms	-		
		Accounts receivable from related parties	47,077	Conducted as agreed terms	-		
		Payables to related parties	91,719	Conducted as agreed terms	-		

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		YMS-Singapore	1	Operating costs	\$ 78,759	Conducted as agreed terms	-
				Accounts receivable from related parties	3,559	Conducted as agreed terms	-
				Payables to related parties	19,738	Conducted as agreed terms	-
				Advances to shipping agents	2,374	Conducted as agreed terms	-
		KMS-Panama	1	Payables to related parties	30,401	Conducted as agreed terms	-
		YML-M	1	Operating costs	36,669	Conducted as agreed terms	-
				Accounts receivable from related parties	18,034	Conducted as agreed terms	-
				Other receivable from related parties	63	Conducted as agreed terms	-
				Payables to related parties	6,301	Conducted as agreed terms	-
		YML-India	1	Operating costs	5,579	Conducted as agreed terms	-
				Accounts receivable from related parties	37,750	Conducted as agreed terms	-
				Payables to related parties	19,077	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	154,698	Conducted as agreed terms	-
				Accounts receivable from related parties	150,184	Conducted as agreed terms	-
				Payables to related parties	77,904	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	182,415	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,940,090	Conducted as agreed terms	1%
				Interest revenues	60,684	Conducted as agreed terms	-
				Long-term receivables from related parties	1,639,208	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	1,130,363	Conducted as agreed terms	1%
		Ching Ming	1	Rent income	91	Conducted as agreed terms	-
		Yang Ming-Italy	1	Operating costs	89,511	Conducted as agreed terms	-
				Accounts receivable from related parties	98,029	Conducted as agreed terms	-
				Payables to related parties	45,250	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	94,306	Conducted as agreed terms	-
				Advances to shipping agents	5,893	Conducted as agreed terms	-
				Accounts receivable from related parties	64,467	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Operating costs	149,932	Conducted as agreed terms	-
				Accounts receivable from related parties	101,160	Conducted as agreed terms	-
				Other receivable from related parties	10,978	Conducted as agreed terms	-
				Payables to related parties	100,868	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	1	Operating costs	40,485	Conducted as agreed terms	-
				Interest revenues	35,438	Conducted as agreed terms	-
				Other receivable from related parties	21,436	Conducted as agreed terms	-
				Payables to related parties	30,108	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Accounts receivable from related parties	1,947	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	175,794	Conducted as agreed terms	-
				Operating revenues	-	Conducted as agreed terms	-
				Administration expenses	274	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Payables to related parties	46,177	Conducted as agreed terms	-
				Long-term receivables from related parties	525,760	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	4,059,553	Conducted as agreed terms	3%
				Interest expenses	699,774	Conducted as agreed terms	-
		Yangming-UK	3	Payables to related parties	25,390,306	Conducted as agreed terms	21%
				Operating revenues	893,600	Conducted as agreed terms	1%

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		KMS-Panama	3	Interest expenses	\$ 1,863	Conducted as agreed terms	-
		Kuang Ming (Liberia) Corp.	3	Payables to related parties	60,347	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Long-term receivables from related parties	21,385	Conducted as agreed terms	-
				Operating revenues	41,492	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	3	Interest revenues	30,233	Conducted as agreed terms	-
				Other receivable from related parties	130,637	Conducted as agreed terms	-
				Long-term receivables from related parties	883,729	Conducted as agreed terms	1%
				Payables to related parties	15,198	Conducted as agreed terms	-
				Other receivable from related parties	20,172	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	184,000	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenues	840,587	Conducted as agreed terms	1%
		Yes Logistics	3	Accounts receivable from related parties	66,820	Conducted as agreed terms	-
				Operating revenues	1,815	Conducted as agreed terms	-
				Accounts receivable from related parties	502	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,529,420	Conducted as agreed terms	1%
		Yangming-UK	3	Long-term payables to related parties	264,677	Conducted as agreed terms	-
				Operating revenues	67,582	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	129,049	Conducted as agreed terms	-
				Payables to related parties	11,932	Conducted as agreed terms	-
				Payables to related parties	6,637	Conducted as agreed terms	-
				Accounts receivable from related parties	182	Conducted as agreed terms	-
				Operating revenues	17	Conducted as agreed terms	-
				Operating costs	60620	Conducted as agreed terms	-
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	446,153	Conducted as agreed terms	-
7	Yangming-Japan	YMTC	2	Operating revenues	249,439	Conducted as agreed terms	-
				Payables to related parties	167,352	Conducted as agreed terms	-
				Accounts receivable from related parties	187,402	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	7,805	Conducted as agreed terms	-
				Payables to related parties	2,109	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	1,265	Conducted as agreed terms	-
				Operating costs	245,896	Conducted as agreed terms	-
				Payables to related parties	32,830	Conducted as agreed terms	-
8	YML Holding	YMTC	2	Payables to related parties	30,911	Conducted as agreed terms	-
9	Young-Carrier	YMTC	2	Operating revenues	559,924	Conducted as agreed terms	-
				Payables to related parties	1,045,922	Conducted as agreed terms	1%
		Yangming-UK	3	Accounts receivable from related parties	963,670	Conducted as agreed terms	-
				Operating revenues	48,121	Conducted as agreed terms	-
				Payables to related parties	155,741	Conducted as agreed terms	-
				Accounts receivable from related parties	164,648	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
10	Yangming-UK	YMTC	2	Payables to related parties	\$ 195,965	Conducted as agreed terms	-
				Accounts receivable from related parties	931,141	Conducted as agreed terms	-
				Operating costs	1,927,460	Conducted as agreed terms	1%
		Yang Ming-America	3	Operating revenues	5,148,322	Conducted as agreed terms	4%
				Operating costs	67,582	Conducted as agreed terms	-
				Payables to related parties	129,049	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	11,932	Conducted as agreed terms	-
				Operating costs	7,805	Conducted as agreed terms	-
				Accounts receivable from related parties	2,109	Conducted as agreed terms	-
		Young-Carrier	3	Payables to related parties	1,265	Conducted as agreed terms	-
				Operating costs	48,121	Conducted as agreed terms	-
				Accounts receivable from related parties	155,741	Conducted as agreed terms	-
		YML-HK	3	Payables to related parties	164,648	Conducted as agreed terms	-
				Operating costs	26,925	Conducted as agreed terms	-
				Accounts receivable from related parties	4,070	Conducted as agreed terms	-
		YMS-Singapore	3	Payables to related parties	16,160	Conducted as agreed terms	-
				Operating costs	24,182	Conducted as agreed terms	-
				Accounts receivable from related parties	879	Conducted as agreed terms	-
		YML-M	3	Payables to related parties	2,562	Conducted as agreed terms	-
				Operating costs	9,728	Conducted as agreed terms	-
				Accounts receivable from related parties	5,724	Conducted as agreed terms	-
		YML-India	3	Payables to related parties	10,136	Conducted as agreed terms	-
				Operating costs	61,518	Conducted as agreed terms	-
				Accounts receivable from related parties	43,532	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	146,145	Conducted as agreed terms	-
				Accounts receivable from related parties	8,033	Conducted as agreed terms	-
				Operating costs	649	Conducted as agreed terms	-
		Yang Ming-Korea	3	Operating costs	62,066	Conducted as agreed terms	-
				Accounts receivable from related parties	3,729	Conducted as agreed terms	-
				Payables to related parties	71	Conducted as agreed terms	-
Yang Ming-Italy	3	Operating costs	592	Conducted as agreed terms	-		
		Accounts receivable from related parties	107,610	Conducted as agreed terms	-		
		Payables to related parties	169,703	Conducted as agreed terms	-		
Yang Ming Line (Singapore) Pte. Ltd.	3	Operating costs	47,805	Conducted as agreed terms	-		
		Accounts receivable from related parties	2,698	Conducted as agreed terms	-		
		Payables to related parties	1,485	Conducted as agreed terms	-		
Yang Ming-Belgium	3	Operating costs	7,011	Conducted as agreed terms	-		
		Accounts receivable from related parties	60	Conducted as agreed terms	-		
		Payables to related parties	4,173	Conducted as agreed terms	-		
Yang Ming (Netherlands) B.V.	3	Operating costs	9,507	Conducted as agreed terms	-		
		Payables to related parties					
11	YML-HK	YMTC	2	Operating revenues	115,171	Conducted as agreed terms	-
				Payables to related parties	47,077	Conducted as agreed terms	-
				Accounts receivable from related parties	91,719	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	26,925	Conducted as agreed terms	-
				Payables to related parties	4,070	Conducted as agreed terms	-
				Accounts receivable from related parties	16,160	Conducted as agreed terms	-
		Yes Logistics	3	Operating costs	20,474	Conducted as agreed terms	-
				Payables to related parties	2,736	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
12	YMS-Singapore	YMTC	2	Operating revenues	\$ 78,759	Conducted as agreed terms	-
				Payables to related parties	3,559	Conducted as agreed terms	-
				Accounts receivable from related parties	19,738	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	24,182	Conducted as agreed terms	-
				Payables to related parties	879	Conducted as agreed terms	-
				Accounts receivable from related parties	2,562	Conducted as agreed terms	-
13	KMS-Panama	YMTC	2	Accounts receivable from related parties	30,401	Conducted as agreed terms	-
		AOT	3	Interest revenues	1,863	Conducted as agreed terms	-
				Accounts receivable from related parties	60,347	Conducted as agreed terms	-
14	YML-M	YMTC	2	Operating revenues	36,669	Conducted as agreed terms	-
				Payables to related parties	18,097	Conducted as agreed terms	-
				Accounts receivable from related parties	6,301	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	9,728	Conducted as agreed terms	-
				Payables to related parties	5,724	Conducted as agreed terms	-
				Accounts receivable from related parties	10,136	Conducted as agreed terms	-
15	Yes Logistics	YMTC	2	Operating costs	129,362	Conducted as agreed terms	-
				Administration expenses	4,000	Conducted as agreed terms	-
				Operating revenues	61,839	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	3	Payables to related parties	15,048	Conducted as agreed terms	-
				Accounts receivable from related parties	96	Conducted as agreed terms	-
				Operating revenues	245,896	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	32,830	Conducted as agreed terms	-
				Operating costs	1,815	Conducted as agreed terms	-
		Jing Ming	3	Payables to related parties	502	Conducted as agreed terms	-
				Operating revenues	20,474	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	2,736	Conducted as agreed terms	-
				Operating revenues	6,637	Conducted as agreed terms	-
		YangMing-America	3	Accounts receivable from related parties	6,637	Conducted as agreed terms	-
				Payables to related parties	182	Conducted as agreed terms	-
				Operating costs	17	Conducted as agreed terms	-
Yangming-ERO	3	Operating revenues	60,620	Conducted as agreed terms	-		
		Payables to related parties	10,089	Conducted as agreed terms	-		
		Operating costs	57,344	Conducted as agreed terms	-		
YES Logistics (UK) Limited	3	Payables to related parties	136	Conducted as agreed terms	-		
16	YML-BVI	YMTC	2	Long-term payables to related parties	1,130,363	Conducted as agreed terms	1%
		Yes Logistics	3	Accounts receivable from related parties	136	Conducted as agreed terms	-
17	Ching Ming	YMTC	2	Administration expenses	91	Conducted as agreed terms	-
18	YML-India	YMTC	2	Operating revenues	5,579	Conducted as agreed terms	-
				Accounts receivable from related parties	19,077	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	61,518	Conducted as agreed terms	-
				Payables to related parties	43,532	Conducted as agreed terms	-
				Accounts receivable from related parties	146,145	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
19	Yangming-ERO	YMTC	2	Accounts receivable from related parties	\$ 34,378	Conducted as agreed terms	-
				Payables to related parties	82,218	Conducted as agreed terms	-
				Operating revenues	408,399	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	8,033	Conducted as agreed terms	-
				Payables to related parties	649	Conducted as agreed terms	-
				Operating revenues	62,066	Conducted as agreed terms	-
		Yes Logistics	3	Accounts receivable from related parties	10,089	Conducted as agreed terms	-
				Operating revenues	57,344	Conducted as agreed terms	-
20	Yang Ming-Liberia	YMTC	2	Operating revenues	1,949,090	Conducted as agreed terms	1%
				Interest expenses	60,684	Conducted as agreed terms	-
				Long-term payables to related parties	1,639,208	Conducted as agreed terms	1%
		AOT	3	Interest expenses	30,223	Conducted as agreed terms	-
				Payables to related parties	130,637	Conducted as agreed terms	-
				Long-term payables to related parties	883,729	Conducted as agreed terms	1%
		Kuang Ming Shipping Corp.	3	Long-term payables to related parties	525,760	Conducted as agreed terms	-
				Yang Ming Line (Singapore) Pte. Ltd.	3	Payables to related parties	8,012
				Other receivable from related parties		10,634	Conducted as agreed terms
21	Yang Ming-Korea	YMTC	2	Operating revenues	154,698	Conducted as agreed terms	-
				Payables to related parties	150,184	Conducted as agreed terms	-
				Accounts receivable from related parties	77,904	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	3,729	Conducted as agreed terms	-
				Payables to related parties	71	Conducted as agreed terms	-
				Accounts receivable from related parties	592	Conducted as agreed terms	-
22	YMS-BVI	YMTC	2	Operating revenues	182,415	Conducted as agreed terms	-
23	Yang Ming-Italy	YMTC	2	Operating revenues	89,511	Conducted as agreed terms	-
				Payables to related parties	98,029	Conducted as agreed terms	-
				Accounts receivable from related parties	45,250	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	107,610	Conducted as agreed terms	-
				Payables to related parties	169,703	Conducted as agreed terms	-
				Accounts receivable from related parties	47,805	Conducted as agreed terms	-
24	Yang Ming-Belgium	YMTC	2	Operating revenues	94,306	Conducted as agreed terms	-
				Payables to related parties	70,360	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	1,485	Conducted as agreed terms	-
				Payables to related parties	7,011	Conducted as agreed terms	-
				Accounts receivable from related parties	60	Conducted as agreed terms	-
25	Yang Ming (Netherlands) B.V	YMTC	2	Operating revenues	149,932	Conducted as agreed terms	-
				Payables to related parties	112,138	Conducted as agreed terms	-
				Accounts receivable from related parties	100,868	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	4,173	Conducted as agreed terms	-
				Accounts receivable from related parties	9,507	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	96	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
26	Yang Ming Anatolia Shipping Agency S.A.	YMTC	2	Payables to related parties	\$ 1,947	Conducted as agreed terms	-
27	Kuang Ming (Liberia) Corp.	YMTC	2	Other receivable from related parties	21,436	Conducted as agreed terms	-
				Accounts receivable from related parties	30,108	Conducted as agreed terms	-
		AOL	3	Operating revenues	40,485	Conducted as agreed terms	-
				Long-term payables to related parties	21,385	Conducted as agreed terms	-
				Operating costs	41,492	Conducted as agreed terms	-
28	Kao Ming Container Terminal Corp.	Yang Ming Line (Singapore) Pte. Ltd.	3	Payables to related parties	26,625	Conducted as agreed terms	-
				Other receivable from related parties	29,255	Conducted as agreed terms	-
29	Yang Ming Line (Singapore) Pte. Ltd.	AOL	3	Accounts receivable from related parties	15,198	Conducted as agreed terms	-
				Other payables to related parties	20,172	Conducted as agreed terms	-
		Yang Ming (Liberia) Corp.	3	Accounts receivable from related parties	8,012	Conducted as agreed terms	-
				Other payables to related parties	10,634	Conducted as agreed terms	-
				Accounts receivable from related parties	26,625	Conducted as agreed terms	-
Kao Ming Container Terminal Corp.	3	Other payables to related parties	29,255	Conducted as agreed terms	-		
		Yang Ming (UK) Ltd.	3	Other payables to related parties	2,698	Conducted as agreed terms	-

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Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
0	YMTC	Yangming-ERO	1	Payables to related parties	\$ 4,705	Conducted as agreed terms	-
				Accounts receivable from related parties	202,984	Conducted as agreed terms	-
				Operating costs	396,549	Conducted as agreed terms	-
		Yangming-UK	1	Advances to shipping agents	68,549	Conducted as agreed terms	-
				Accounts receivable from related parties	124,614	Conducted as agreed terms	-
				Payables to related parties	968,959	Conducted as agreed terms	-
				Other receivable from related parties	194,460	Conducted as agreed terms	-
				Operating revenues	1,451,110	Conducted as agreed terms	1%
		Yes Logistics	1	Operating costs	2,787,097	Conducted as agreed terms	2%
				Operating revenues	270,549	Conducted as agreed terms	-
				Rent income	4,000	Conducted as agreed terms	-
				Operating costs	55,933	Conducted as agreed terms	-
				Accounts receivable from related parties	33,270	Conducted as agreed terms	-
		Kuang Ming	1	Other receivable from related parties	5,116	Conducted as agreed terms	-
				Operating revenues	44,715	Conducted as agreed terms	-
				Operating costs	14,946	Conducted as agreed terms	-
				Rent income	137	Conducted as agreed terms	-
				Accounts receivable from related parties	46,951	Conducted as agreed terms	-
				Other receivable from related parties	4,093	Conducted as agreed terms	-
				Disposal of properties	318,581	Conducted as agreed terms	-

(Continued)



Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		AOT	1	Operating costs	\$ 4,443,307	Conducted as agreed terms	3%
				Interest revenues	718,611	Conducted as agreed terms	-
				Other receivable from related parties	1,654,012	Conducted as agreed terms	1%
				Long-term receivables from related parties	21,763,729	Conducted as agreed terms	19%
				Acquisition of properties	2,287,561	Conducted as agreed terms	2%
				Disposal of properties	1,506,294	Conducted as agreed terms	1%
		Honming	1	Operating costs	190,000	Conducted as agreed terms	-
		Jing Ming	1	Operating costs	775,927	Conducted as agreed terms	-
				Payable to related parties	64,027	Conducted as agreed terms	-
				Other receivable from related parties	402	Conducted as agreed terms	-
		Yang Ming-America	1	Operating costs	1,738,860	Conducted as agreed terms	2%
				Payables to related parties	34,633	Conducted as agreed terms	-
				Accounts receivable from related parties	398,493	Conducted as agreed terms	-
				Other receivable from related parties	58,277	Conducted as agreed terms	-
		Olympic Container Terminal LLC	1	Operating costs	422,915	Conducted as agreed terms	-
		Yangming-Japan	1	Operating costs	249,781	Conducted as agreed terms	-
				Accounts receivable from related parties	145,687	Conducted as agreed terms	-
				Payables to related parties	101,238	Conducted as agreed terms	-
		Young-Carrier	1	Operating costs	587,430	Conducted as agreed terms	-
				Accounts receivable from related parties	1,318,066	Conducted as agreed terms	1%
				Payables to related parties	215,990	Conducted as agreed terms	-
		YML Holding	1	Long-term receivable from related parties	30,523	Conducted as agreed terms	-
		Yangming-Cayman	1	Operating costs	1,495	Conducted as agreed terms	-
		YML-HK	1	Operating costs	355,262	Conducted as agreed terms	-
				Accounts receivable from related parties	163,312	Conducted as agreed terms	-
				Payables to related parties	244,250	Conducted as agreed terms	-
		YMS-Singapore	1	Operating costs	78,219	Conducted as agreed terms	-
				Accounts receivable from related parties	18,656	Conducted as agreed terms	-
				Payables to related parties	21,122	Conducted as agreed terms	-
		KMS-Panama	1	Operating costs	56,218	Conducted as agreed terms	-
				Payables to related parties	30,012	Conducted as agreed terms	-
		YML-M	1	Operating costs	46,667	Conducted as agreed terms	-
				Accounts receivable from related parties	24,567	Conducted as agreed terms	-
				Other receivable from related parties	64	Conducted as agreed terms	-
				Payables to related parties	6,721	Conducted as agreed terms	-
		YML-India	1	Operating costs	10,918	Conducted as agreed terms	-
				Payables to related parties	32,364	Conducted as agreed terms	-
		Yang Ming-Korea	1	Operating costs	190,157	Conducted as agreed terms	-
				Accounts receivable from related parties	164,510	Conducted as agreed terms	-
				Payables to related parties	89,173	Conducted as agreed terms	-
		YMS-BVI	1	Operating costs	216,685	Conducted as agreed terms	-
		Yang Ming-Liberia	1	Operating costs	1,724,342	Conducted as agreed terms	1%
				Interest revenues	81,154	Conducted as agreed terms	-
				Other receivable from related parties	1,067,242	Conducted as agreed terms	1%
				Long-term receivables from related parties	1,144,787	Conducted as agreed terms	1%
		YML-BVI	1	Long-term receivables from related parties	1,225,155	Conducted as agreed terms	1%
		Ching Ming	1	Rent income	92	Conducted as agreed terms	-
				Other receivable from related parties	2,208	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming-Italy	1	Operating costs	\$ 118,582	Conducted as agreed terms	-
				Accounts receivable from related parties	92,003	Conducted as agreed terms	-
				Payables to related parties	21,341	Conducted as agreed terms	-
		Yang Ming-Belgium	1	Operating costs	49,116	Conducted as agreed terms	-
				Advances to shipping agents	37,042	Conducted as agreed terms	-
				Accounts receivable from related parties	31,074	Conducted as agreed terms	-
1	Kuang Ming	YMTC	2	Operating costs	44,715	Conducted as agreed terms	-
				Operating revenues	14,946	Conducted as agreed terms	-
				Administration expenses	137	Conducted as agreed terms	-
				Accounts receivable from related parties	2,430	Conducted as agreed terms	-
				Payables to related parties	48,614	Conducted as agreed terms	-
		AOT	3	Acquisition of properties	318,581	Conducted as agreed terms	-
				Interest expenses	867	Conducted as agreed terms	-
2	AOT	YMTC	2	Operating revenues	4,443,307	Conducted as agreed terms	3%
				Interest expenses	718,611	Conducted as agreed terms	-
				Payables to related parties	23,417,741	Conducted as agreed terms	21%
				Disposal of properties	2,287,561	Conducted as agreed terms	2%
				Acquisition of properties	1,506,294	Conducted as agreed terms	1%
		Yangming-UK	3	Operating revenues	858,881	Conducted as agreed terms	-
		Kuang Ming	3	Interest revenues	867	Conducted as agreed terms	-
		KMS-Panama	3	Interest expenses	178	Conducted as agreed terms	-
				Payables to related parties	145	Conducted as agreed terms	-
		Yang Ming-Liberia	3	Interest revenues	94,049	Conducted as agreed terms	-
				Other receivable from related parties	97,648	Conducted as agreed terms	-
				Long-term receivables from related parties	883,729	Conducted as agreed terms	-
				Payables to related parties	166	Conducted as agreed terms	-
3	Honming	YMTC	2	Operating revenues	190,000	Conducted as agreed terms	-
4	Jing Ming	YMTC	2	Operating revenues	775,927	Conducted as agreed terms	-
				Accounts receivable from related parties	64,027	Conducted as agreed terms	-
				Payables to related parties	402	Conducted as agreed terms	-
		Yes Logistics	3	Operating revenues	3,087	Conducted as agreed terms	-
				Accounts receivable from related parties	569	Conducted as agreed terms	-
5	Yang Ming-America	YMTC	2	Operating revenues	1,738,860	Conducted as agreed terms	1%
				Accounts receivable from related parties	34,633	Conducted as agreed terms	-
				Long-term payables to related parties	456,770	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	59,853	Conducted as agreed terms	-
				Accounts receivable from related parties	72,827	Conducted as agreed terms	-
				Payables to related parties	8,710	Conducted as agreed terms	-
		Yes Logistics	3	Payables to related parties	1,754	Conducted as agreed terms	-
				Accounts receivable from related parties	186	Conducted as agreed terms	-
6	Olympic Container Terminal LLC	YMTC	2	Operating revenues	422,915	Conducted as agreed terms	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
7	Yangming-Japan	YMTC	2	Operating revenues	\$ 249,781	Conducted as agreed terms	-
				Payables to related parties	145,687	Conducted as agreed terms	-
				Accounts receivable from related parties	101,238	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	7,919	Conducted as agreed terms	-
				Payables to related parties	7,003	Conducted as agreed terms	-
Accounts receivable from related parties	4,625	Conducted as agreed terms	-				
8	YML Holding	YMTC	2	Payables to related parties	30,523	Conducted as agreed terms	-
9	Young-Carrier	YMTC	2	Operating revenues	587,430	Conducted as agreed terms	-
				Payables to related parties	1,318,066	Conducted as agreed terms	1%
				Accounts receivable from related parties	215,990	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	46,967	Conducted as agreed terms	-
				Payables to related parties	134,969	Conducted as agreed terms	-
Accounts receivable from related parties	148,139	Conducted as agreed terms	-				
10	Yangming-UK	YMTC	2	Payables to related parties	387,623	Conducted as agreed terms	-
				Accounts receivable from related parties	968,959	Conducted as agreed terms	-
				Operating costs	1,451,110	Conducted as agreed terms	1%
		Yang Ming-America	3	Operating revenues	2,787,097	Conducted as agreed terms	2%
				Operating costs	59,853	Conducted as agreed terms	-
				Payables to related parties	72,827	Conducted as agreed terms	-
		Yangming-Japan	3	Accounts receivable from related parties	8,710	Conducted as agreed terms	-
				Operating costs	7,919	Conducted as agreed terms	-
				Accounts receivable from related parties	7,003	Conducted as agreed terms	-
		Young-Carrier	3	Payables to related parties	4,625	Conducted as agreed terms	-
				Operating costs	46,967	Conducted as agreed terms	-
				Accounts receivable from related parties	134,969	Conducted as agreed terms	-
		YML-HK	3	Payables to related parties	148,139	Conducted as agreed terms	-
				Operating costs	24,986	Conducted as agreed terms	-
				Accounts receivable from related parties	12,066	Conducted as agreed terms	-
		YMS-Singapore	3	Payables to related parties	34,234	Conducted as agreed terms	-
				Operating costs	26,375	Conducted as agreed terms	-
				Accounts receivable from related parties	1,104	Conducted as agreed terms	-
		YML-M	3	Payables to related parties	7,768	Conducted as agreed terms	-
				Operating costs	5,301	Conducted as agreed terms	-
				Accounts receivable from related parties	1,906	Conducted as agreed terms	-
		YML-India	3	Payables to related parties	3,422	Conducted as agreed terms	-
				Operating costs	59,666	Conducted as agreed terms	-
				Accounts receivable from related parties	45,632	Conducted as agreed terms	-
		Yangming-ERO	3	Payables to related parties	154,884	Conducted as agreed terms	-
				Payables to related parties	1,900	Conducted as agreed terms	-
				Accounts receivable from related parties	2,151	Conducted as agreed terms	-
Yang Ming-Korea	3	Operating costs	38,113	Conducted as agreed terms	-		
		Operating costs	6,461	Conducted as agreed terms	-		
		Accounts receivable from related parties	794	Conducted as agreed terms	-		
Yang Ming-Italy	3	Payables to related parties	5,385	Conducted as agreed terms	-		
		Operating costs	95,005	Conducted as agreed terms	-		
		Accounts receivable from related parties	261,990	Conducted as agreed terms	-		
Payables to related parties	73,478	Conducted as agreed terms	-				

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
		Yang Ming-Belgium	3	Operating costs Accounts receivable from related parties Payables to related parties	\$ 1,790 186 346	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
11	YML-HK	YMTC	2	Operating revenues Payables to related parties Accounts receivable from related parties	355,262 163,312 244,250	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	24,986 12,066 34,234	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
12	YMS-Singapore	YMTC	2	Operating revenues Payables to related parties Accounts receivable from related parties	78,219 18,656 21,122	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	26,375 1,104 7,768	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
13	KMS-Panama	YMTC	2	Operating revenues Accounts receivable from related parties	56,218 30,012	Conducted as agreed terms Conducted as agreed terms	- -
		AOT	3	Interest revenues Accounts receivable from related parties	178 145	Conducted as agreed terms Conducted as agreed terms	- -
14	YML-M	YMTC	2	Operating revenues Payables to related parties Accounts receivable from related parties	46,667 24,631 6,721	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	5,301 1,906 3,422	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
15	Yes Logistics	YMTC	2	Operating costs Administration expenses Operating revenues	270,549 4,000 55,933	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Jing Ming	3	Payables to related parties Operating costs Payables to related parties	38,386 3,087 569	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
		Yang Ming-America	3	Accounts receivable from related parties Payables to related parties	1,754 186	Conducted as agreed terms Conducted as agreed terms	- -
		Yangming-ERO	3	Payables to related parties	21,585	Conducted as agreed terms	-
16	YML-BVI	YMTC	2	Long-term payables to related parties	1,225,155	Conducted as agreed terms	1%
17	Ching Ming	YMTC	2	Administration expenses Payables to related parties	92 2,208	Conducted as agreed terms Conducted as agreed terms	- -
18	YML-India	YMTC	2	Operating revenues Accounts receivable from related parties	10,918 32,364	Conducted as agreed terms Conducted as agreed terms	- -
		Yangming-UK	3	Operating revenues Payables to related parties Accounts receivable from related parties	59,666 45,632 154,884	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note A)	Transaction Details			
				Financial Statement Accounts	Amount (Note B)	Payment Terms	% to Consolidated Asset/Revenue
19	Yangming-ERO	YMTC	2	Accounts receivable from related parties	\$ 4,705	Conducted as agreed terms	-
				Payables to related parties	202,984	Conducted as agreed terms	-
				Operating revenues	396,549	Conducted as agreed terms	-
		Yangming-UK	3	Accounts receivable from related parties	1,900	Conducted as agreed terms	-
				Payables to related parties	2,151	Conducted as agreed terms	-
				Operating revenues	38,113	Conducted as agreed terms	-
Yes Logistics	3	Accounts receivable from related parties	21,585	Conducted as agreed terms	-		
20	Yang Ming-Liberia	YMTC	2	Operating revenues	1,724,342	Conducted as agreed terms	1%
				Interest expenses	81,154	Conducted as agreed terms	-
				Payables to related parties	1,067,242	Conducted as agreed terms	1%
		AOT	3	Long-term payables to related parties	1,144,787	Conducted as agreed terms	1%
				Interest expenses	94,049	Conducted as agreed terms	-
				Payables to related parties	97,648	Conducted as agreed terms	-
				Long-term payables to related parties	883,729	Conducted as agreed terms	-
				Accounts receivable from related parties	166	Conducted as agreed terms	-
21	Yang Ming-Korea	YMTC	2	Operating revenues	190,157	Conducted as agreed terms	-
				Payables to related parties	164,510	Conducted as agreed terms	-
				Accounts receivable from related parties	89,173	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	6,461	Conducted as agreed terms	-
				Payables to related parties	794	Conducted as agreed terms	-
				Accounts receivable from related parties	5,385	Conducted as agreed terms	-
22	YMS-BVI	YMTC	2	Operating revenues	216,685	Conducted as agreed terms	-
23	Yang Ming-Italy	YMTC	2	Operating revenues	118,582	Conducted as agreed terms	-
				Payables to related parties	92,003	Conducted as agreed terms	-
				Accounts receivable from related parties	21,341	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	95,005	Conducted as agreed terms	-
				Payables to related parties	261,990	Conducted as agreed terms	-
				Accounts receivable from related parties	73,478	Conducted as agreed terms	-
24	Yang Ming-Belgium	YMTC	2	Operating revenues	49,116	Conducted as agreed terms	-
				Payables to related parties	68,116	Conducted as agreed terms	-
		Yangming-UK	3	Operating revenues	1,790	Conducted as agreed terms	-
				Payables to related parties	186	Conducted as agreed terms	-
				Accounts receivable from related parties	346	Conducted as agreed terms	-
25	Yangming-Cayman	YMTC	2	Operating revenues	1,495	Conducted as agreed terms	-

Note A: Related party transactions are divided into three categories as follows:

1. YMTC to its subsidiaries.
2. Subsidiaries to its parent company YMTC.
3. Among YMTC's subsidiaries.

Note B: Information on the Schedule is equivalent to the eliminated material intercompany transactions.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)

	2008						2007							
	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Asia	Africa	Europe	America	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$ 117,614,314	\$ 329,821	\$ 642,494	\$ 18,877,475	\$ 353,198	\$ -	\$ 137,817,302	\$ 114,533,464	\$ 56,587	\$ -	\$ 18,513,006	\$ 698,175	\$ -	\$ 133,801,232
Intracompany sales (Note B)	4,060,488	1,429,329	7,392,770	7,613,554	2,043,173	(22,539,314)	-	3,911,277	1,495,651	7,266,124	3,612,688	2,277,846	(18,563,586)	-
Total revenues	<u>\$ 121,674,802</u>	<u>\$ 1,759,150</u>	<u>\$ 8,035,264</u>	<u>\$ 26,491,029</u>	<u>\$ 2,396,371</u>	<u>\$ (22,539,314)</u>	<u>\$ 137,817,302</u>	<u>\$ 118,444,741</u>	<u>\$ 1,552,238</u>	<u>\$ 7,266,124</u>	<u>\$ 22,125,694</u>	<u>\$ 2,976,021</u>	<u>\$ (18,563,586)</u>	<u>\$ 133,801,232</u>
Segment operating income (Note C)	<u>\$ (297,014)</u>	<u>\$ (47,377)</u>	<u>\$ 2,460,322</u>	<u>\$ (177,498)</u>	<u>\$ 299,787</u>	<u>\$ (1,143)</u>	\$ 2,237,077	<u>\$ 2,850,380</u>	<u>\$ 51,054</u>	<u>\$ 2,062,562</u>	<u>\$ 1,219,552</u>	<u>\$ 413,862</u>	<u>\$ -</u>	\$ 6,597,410
Investment income recognized under equity method							716,195							281,560
General income, net							302,006							3,031,087
General expenses							(824,635)							(873,501)
Interest expense							(1,431,263)							(1,663,331)
Income before income tax							<u>\$ 999,380</u>							<u>\$ 7,373,225</u>
Identifiable assets (Note D)	<u>\$ 68,819,863</u>	<u>\$ 2,112,940</u>	<u>\$ 56,958,763</u>	<u>\$ 14,497,305</u>	<u>\$ 837,798</u>	<u>\$ (33,982,694)</u>	\$ 109,243,975	<u>\$ 69,955,653</u>	<u>\$ 2,255,558</u>	<u>\$ 46,208,674</u>	<u>\$ 10,205,980</u>	<u>\$ 1,263,159</u>	<u>\$ (19,726,588)</u>	\$ 110,162,436
Investments in shares of stock							2,850,704							2,356,413
General assets							604,289							428,223
Total assets							<u>\$ 112,698,968</u>							<u>\$ 112,947,072</u>

## Notes:

- A. The Group operates principally in four geographic areas, namely, Republic of China (domestic), Asia, Africa, Europe and America.
- B. Revenues from inter-division goods and services.
- C. Representing revenues minus costs and operating expenses. Operating expenses include costs and expenses that directly correspond to a geographic area, excluding general and administrative expenses and interest expense.
- D. Representing tangible assets that are used by the geographic area directly, excluding.
- Assets maintained for general corporate purposes;
  - Advances or loans to, or investments in, another geographic area; and
  - Equity-method investments in shares of stock.