

Yang Ming Marine Transport Corporation and Subsidiaries

Consolidated Financial Statements as of December 31, 2001 and 2000

Together with Independent Auditors' Report

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

March 5, 2002

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 and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements as of and for the years ended December 31, 2001 and 2000 of China Mariners' Assurance Corp., Kuang Ming Shipping Corp., Transyang Shipping Pte. Ltd., Yang Ming Line (Hong Kong) Ltd., Yangming Shipping (Singapore) Pte. Ltd., Yang Ming (M) Sdn. Bhd. and Yang Ming Shipping (B.V.I.) Inc. The investments in the shares of stock of these investee companies, either directly owned by the Corporation or owned through its wholly owned subsidiaries, are all accounted for in the accompanying financial statements using the equity method. The carrying values of these investments included in the accompanying balance sheets, amounted to NT\$765,771 thousands and NT\$725,611 thousands as of December 31, 2001 and 2000, respectively. Also, the equity in the net income from said investees amounted to NT\$20,461 thousands in 2001 and NT\$83,145 thousands in 2000. The financial statements of the said investee companies were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the investee companies mentioned above, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation and subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for the years then ended in accordance with Guidelines for Securities Issuers' Financial Reporting for Public Company and accounting principles generally accepted in the Republic of China.

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2001 and 2000

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

ASSETS	2001		2000		LIABILITIES AND STOCKHOLDERS' EQUITY	2001		2000	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,612,466	8	\$ 7,121,468	14	Short-term debts (Notes 11 and 19)	\$ 202,283	-	\$ 41,087	-
Short-term investments - net (Notes 2, 5 and 19)	1,785,007	3	1,642,839	3	Accounts payable	44,764	-	52,684	-
Accounts receivable - net of allowance for doubtful accounts of \$7,415 in 2001 and \$13,160 in 2000 (Note 2)	1,116,653	2	1,385,295	3	Payables to related parties (Note 18)	912,431	2	1,266,923	2
Receivables from related parties (Note 18)	349,116	-	458,009	1	Accrued expenses	983,675	2	1,470,315	3
Shipping fuel - net (Note 2)	568,030	1	581,427	1	Advances from customers (Note 18)	901,938	2	680,116	1
Prepaid expenses (Note 18)	358,316	-	404,802	1	Current portion of long-term debts (Notes 2, 7, 12 and 19)	3,516,720	6	2,462,907	5
Advances to shipping agents	969,577	2	420,491	1	Payables to shipping agents	3,847,622	6	2,263,468	5
Pledged time deposits (Note 19)	434,909	1	12,837	-	Other current liabilities (Notes 2 and 16)	702,215	1	875,368	2
Other current assets (Note 2)	724,962	1	378,293	-	Total Current Liabilities	11,111,648	19	9,112,868	18
Total Current Assets	10,919,036	18	12,405,461	24					
INVESTMENTS IN SHARES OF STOCK (Notes 2, 6 and 18)	5,153,767	9	4,472,358	9	LONG-TERM DEBTS - NET OF CURRENT PORTION				
PROPERTIES (Notes 2, 7 and 19)					Bank loans (Notes 12 and 19)	7,449,172	13	2,646,871	5
Cost					Bonds (Notes 12 and 19)	8,117,200	13	8,321,100	16
Land	38,901	-	38,901	-	Obligations under capital leases (Notes 2, 7 and 12)	7,063,252	12	4,492,957	9
Buildings	691,014	1	691,014	1	Total Long-Term Debts	22,629,624	38	15,460,928	30
Containers and chassis	11,659,634	20	12,507,976	25	RESERVE FOR LAND VALUE INCREMENT TAX (Note 13)	479,639	1	479,639	1
Ships	31,193,425	52	21,502,175	42	OTHER LIABILITIES (Notes 2, 14, 16, 17 and 19)	1,209,130	2	832,485	2
Leased assets	8,254,539	14	5,141,427	10	Total Liabilities	35,430,041	60	25,885,920	51
Leasehold improvements	110,219	-	110,253	-					
Miscellaneous equipment	1,484,683	3	1,246,870	3	STOCKHOLDERS' EQUITY				
Total cost	53,432,415	90	41,238,616	81	Capital stock - \$10 par value				
Accumulated depreciation	18,883,874	32	19,731,748	39	Authorized - 2,400,000 thousand shares				
Construction in progress	34,548,541	58	21,506,868	42	Issued - 1,834,316 thousand shares in 2001 and 1,780,889 thousand shares in 2000	18,343,160	31	17,808,893	35
Net Properties	34,616,856	58	23,311,047	46	Capital surplus:				
OTHER ASSETS					Paid-in capital in excess of par value	2,390,186	4	2,568,275	5
Assets leased to others - net (Notes 2, 7 and 8)	962,134	2	887,307	2	Gain on sales of properties	1,431,387	2	1,431,387	3
Non-operating assets - net (Notes 2, 7, 9 and 19)	686,171	1	768,327	2	From investments in shares of stock	7,087	-	7,082	-
Refundable deposits (Note 20)	6,454,459	11	4,831,758	9	Total capital surplus	3,828,660	6	4,006,744	8
Deferred charges - net (Note 2)	450,864	1	446,510	1	Retained earnings:				
Restricted assets (Notes 10 and 19)	-	-	3,751,751	7	Appropriated as legal reserve	906,167	2	801,973	2
Miscellaneous (Note 2)	239,785	-	55,369	-	Appropriated as special reserve	1,141,939	1	1,141,939	2
Total Other Assets	8,793,413	15	10,741,022	21	Unappropriated earnings (accumulated deficit)	(634,683)	(1)	1,051,776	2
					Total retained earnings	1,413,423	2	2,995,688	6
					Unrealized loss on investments in shares of stock	(3,172)	-	(15,386)	-
					Cumulative translation adjustments	470,960	1	248,029	-
					Total Stockholders' Equity	24,053,031	40	25,043,968	49
TOTAL ASSETS	\$ 59,483,072	100	\$ 50,929,888	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 59,483,072	100	\$ 50,929,888	100

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

(With T N Soong & Co report dated March 5, 2002)

English Translation of Financial Statements Originally Issued in Chinese

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2001 and 2000
(In Thousands of New Taiwan Dollars, Except Per Share)

	<u>2001</u>		<u>2000</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OPERATING REVENUES (Notes 2 and 18)	\$ 53,279,603	100	\$ 52,239,860	100
OPERATING COSTS (Notes 2 and 18)	<u>52,630,384</u>	<u>98</u>	<u>50,273,151</u>	<u>96</u>
GROSS INCOME	<u>649,219</u>	<u>2</u>	<u>1,966,709</u>	<u>4</u>
OPERATING EXPENSES (Note 18)				
Selling	671,529	1	746,098	2
General and administrative	<u>212,771</u>	<u>1</u>	<u>232,165</u>	<u>-</u>
Total Operating Expenses	<u>884,300</u>	<u>2</u>	<u>978,263</u>	<u>2</u>
INCOME (LOSS) FROM OPERATIONS	(<u>235,081</u>)	<u>-</u>	<u>988,446</u>	<u>2</u>
NON-OPERATING INCOME				
Interest	541,060	1	309,295	-
Foreign exchange gain - net	249,755	1	116,348	-
Gain on sale of properties and non-operating assets (Note 2)	247,635	-	991,564	2
Gain on sale of short and long-term investments	197,808	-	794,178	2
Other	<u>274,177</u>	<u>1</u>	<u>285,763</u>	<u>-</u>
Total Non-Operating Income	<u>1,510,435</u>	<u>3</u>	<u>2,497,148</u>	<u>4</u>
NON-OPERATING EXPENSES				
Interest (Note 7)	1,154,659	2	625,803	1
Equity in net loss of investee companies - net (Note 2)	266,741	1	87,367	-
Provision for losses on investments (Note 2)	214,818	1	837,478	2
Other	<u>94,661</u>	<u>-</u>	<u>136,775</u>	<u>-</u>
Total Non-Operating Expenses	<u>1,730,879</u>	<u>4</u>	<u>1,687,423</u>	<u>3</u>
INCOME (LOSS) BEFORE INCOME TAX	(455,525)	(1)	1,798,171	3
INCOME TAX EXPENSE (Notes 2 and 16)	<u>219,520</u>	<u>-</u>	<u>597,325</u>	<u>1</u>
NET INCOME (LOSS)	(<u>\$ 675,045</u>)	(<u>1</u>)	<u>\$ 1,200,846</u>	<u>2</u>

(Forward)

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NET INCOME PER SHARE

Based on weighted average number of outstanding shares of 1,834,316 thousands and 1,780,889 thousands, respectively

(\$0.37)

\$0.67

Based on 1,834,316 thousand shares representing the weighted average shares in 2000 adjusted for the related stock dividends distributed in 2001

\$0.65

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

(With T N Soong & Co report dated March 5, 2002)

English Translation of Financial Statements Originally Issued in Chinese

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2001 and 2000

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

	CAPITAL STOCK (\$10 PAR VALUE)				CAPITAL SURPLUS (Notes 2 and 15)				RETAINED EARNINGS (Notes 2, 15 and 16)				UNREALIZED LOSS ON INVESTMENT IN SHARES OF STOCKS (Note 2)	CUMULATIVE TRANSLATION ADJUSTMENTS (Note 2)	TOTAL STOCKHOLDERS' EQUITY	
	Issued		Certificates of Conversion of Bonds to Stocks	Total	Paid-in Capital in Excess of Par Value	Gain on Sales of Properties	From Investment in Shares of Stock	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)					Total
	Shares (Thousand)	Amount									(Accumulated Deficit)	Total				
BALANCE, JANUARY 1, 2000	1,679,954	\$16,799,538	\$ 1,304	\$16,800,842	\$ 3,576,326	\$ 1,273,751	\$ 4,677	\$ 4,854,754	\$ 725,451	\$ 1,141,939	\$ 765,223	\$ 2,632,613	\$ -	\$ 68,922	\$24,357,131	
Issuance of capital stock	138	1,383	(1,304)	79	(79)	-	-	(79)	-	-	-	-	-	-	-	
Earnings distribution for 1999:																
Legal reserve	-	-	-	-	-	-	-	-	76,522	-	(76,522)	-	-	-	-	
Employees' bonus	-	-	-	-	-	-	-	-	-	-	(6,886)	(6,886)	-	-	(6,886)	
Cash dividends - \$0.4 per share	-	-	-	-	-	-	-	-	-	-	(671,982)	(671,982)	-	-	(671,982)	
Stock dividends from capital surplus - 6%	100,797	1,007,972	-	1,007,972	(1,007,972)	-	-	(1,007,972)	-	-	-	-	-	-	-	
Net income in 2000	-	-	-	-	-	-	-	-	-	-	1,200,846	1,200,846	-	-	1,200,846	
Translation adjustments of foreign-currency-denominated investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	-	179,107	179,107	
Gain on sales of properties	-	-	-	-	-	157,636	-	157,636	-	-	(157,636)	(157,636)	-	-	-	
Share in changes in capital surplus reported by equity-accounted investees	-	-	-	-	-	-	2,405	2,405	-	-	(1,267)	(1,267)	-	-	1,138	
Recognition of unrealized loss on investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	(15,386)	-	(15,386)	
BALANCE, DECEMBER 31, 2000	1,780,889	17,808,893	-	17,808,893	2,568,275	1,431,387	7,082	4,006,744	801,973	1,141,939	1,051,776	2,995,688	(15,386)	248,029	25,043,968	
Earnings distribution for 2000:																
Legal reserve	-	-	-	-	-	-	-	-	104,194	-	(104,194)	-	-	-	-	
Employees' bonus	-	-	-	-	-	-	-	-	-	-	(9,476)	(9,476)	-	-	(9,476)	
Cash dividends - \$0.3 per share	-	-	-	-	-	-	-	-	-	-	(534,266)	(534,266)	-	-	(534,266)	
Stock dividends - 2%	35,618	356,178	-	356,178	-	-	-	-	-	-	(356,178)	(356,178)	-	-	-	
Stock dividends from capital surplus - 1%	17,809	178,089	-	178,089	(178,089)	-	-	(178,089)	-	-	-	-	-	-	-	
Net loss in 2001	-	-	-	-	-	-	-	-	-	-	(675,045)	(675,045)	-	-	(675,045)	
Reversal of unrealized loss on investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	12,214	-	12,214	
Translation adjustments of foreign-currency-denominated investments in shares of stock	-	-	-	-	-	-	-	-	-	-	-	-	-	222,931	222,931	
Recognition of change in proportion of investees on reduction in the carrying value of investment in shares of stock resulting from not subscribing proportionately to the additional stocks issued by the investee companies	-	-	-	-	-	-	-	-	-	-	(7,295)	(7,295)	-	-	(7,295)	
Shares in changes in capital surplus reported by equity-accounted investees	-	-	-	-	-	-	5	5	-	-	(5)	(5)	-	-	-	
BALANCE, DECEMBER 31, 2001	<u>1,834,316</u>	<u>\$18,343,160</u>	<u>\$ -</u>	<u>\$18,343,160</u>	<u>\$2,390,186</u>	<u>\$1,431,387</u>	<u>\$ 7,087</u>	<u>\$3,828,660</u>	<u>\$ 906,167</u>	<u>\$1,141,939</u>	<u>(\$ 634,683)</u>	<u>\$1,413,423</u>	<u>(\$ 3,172)</u>	<u>\$470,960</u>	<u>\$24,053,031</u>	

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

(With T N Soong & Co report dated March 5, 2002)

English Translation of Financial Statements Originally Issued in Chinese

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2001 and 2000

(In Thousands of New Taiwan Dollars)

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net (loss) income	(\$ 675,045)	\$ 1,200,846
Adjustments to reconcile consolidated net (loss) income with net cash provided by operating activities:		
Depreciation	3,176,962	2,765,568
Amortization	241,535	282,254
Gain on sale of short and long-term investments	(197,808)	(794,178)
Net gain on sale of properties and non-operating assets	(246,983)	(988,994)
Provision for pension cost	79,049	73,092
Provision for losses on short-term investments	23,532	736,317
Provision for losses on shipping fuel	4,729	10,179
Equity in net loss of investee companies - net	266,741	87,367
Provision for losses on investments in shares of stock	191,286	101,161
Cash dividends received on equity-accounted investments	27,409	26,071
Deferred income taxes	225,643	564,504
Other	(53,227)	(44,615)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Short-term investments	3,200	(239,192)
Accounts receivable	274,387	(258,356)
Receivables from related parties	108,893	(236,933)
Shipping fuel	8,668	(116,146)
Prepaid expenses	46,486	183,488
Advances to shipping agents	(549,086)	677,948
Pledged time deposits	(422,072)	(12,837)
Other current assets	(350,285)	108,447
Increase (decrease) in:		
Accounts payable	(7,920)	(13,702)
Accrued expenses	(486,640)	177,297
Payables to related parties	(354,492)	687,741
Payables to shipping agents	1,584,154	644,160
Advances from customers	221,822	(248,499)
Other current liabilities	(144,993)	136,513
Net Cash Provided by Operating Activities	<u>2,995,945</u>	<u>5,509,501</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments in shares of stock	(1,088,822)	(1,695,541)
Proceeds from disposal of investments in shares of stock	-	115,808
Acquisition of properties	(11,700,301)	(3,707,567)
Proceeds from sale of properties and non-operating assets	1,002,264	4,233,200
Increase in refundable deposits	(1,289,893)	(4,079,678)

(Forward)

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Increase in deferred charges	(\$ 246,171)	(\$ 293,233)
Decrease (increase) in restricted assets	3,751,751	(594,485)
Decrease (increase) in other assets	(<u>184,416</u>)	<u>307</u>
Net Cash Used in Investing Activities	(<u>9,755,588</u>)	(<u>6,021,189</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term debts	161,196	36,049
Proceeds from long-term debts	6,950,688	7,958,773
Payment of long-term debts	(1,688,663)	(2,211,000)
Payment on obligations under capital leases	(435,245)	(171,787)
Increase in deferred income	-	15,777
Decrease (increase) in other liabilities	(3,329)	33,228
Cash dividends paid and payment of bonus to employees	(<u>543,742</u>)	(<u>678,868</u>)
Net Cash Provided by Financing Activities	<u>4,440,905</u>	<u>4,982,172</u>
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(<u>190,264</u>)	<u>23,044</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(2,509,002)	4,493,528
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>7,121,468</u>	<u>2,627,940</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 4,612,466</u>	<u>\$ 7,121,468</u>
SUPPLEMENTAL INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 962,588</u>	<u>\$ 780,750</u>
Income tax paid	<u>\$ 42,112</u>	<u>\$ 14,864</u>
Non-cash investing and financing activities:		
Reclassification of investments in shares of stock into short-term investments	<u>\$ -</u>	<u>\$ 126,730</u>
Reclassification of short-term investments into investments in shares of stock	<u>\$ -</u>	<u>\$ 233</u>
Current portion of long-term debts	<u>\$ 3,516,720</u>	<u>\$ 2,462,907</u>
Cash paid for additions to properties:		
Cost of properties acquired	\$14,543,011	\$ 7,730,629
Increase in obligations under capital leases	(2,799,046)	(3,855,688)
Increase in payable to equipment suppliers	(<u>43,664</u>)	(<u>167,374</u>)
	<u>\$11,700,301</u>	<u>\$ 3,707,567</u>
Proceeds from sale of properties and non-operating assets:		
Total contracted selling prices	\$ 1,002,264	\$ 4,290,717
Payment of land value increment tax	<u>-</u>	(<u>57,517</u>)
	<u>\$ 1,002,264</u>	<u>\$ 4,233,200</u>

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

(With T N Soong & Co report dated March 5, 2002)

English Translation of Financial Statements Originally Issued in Chinese

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts are in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

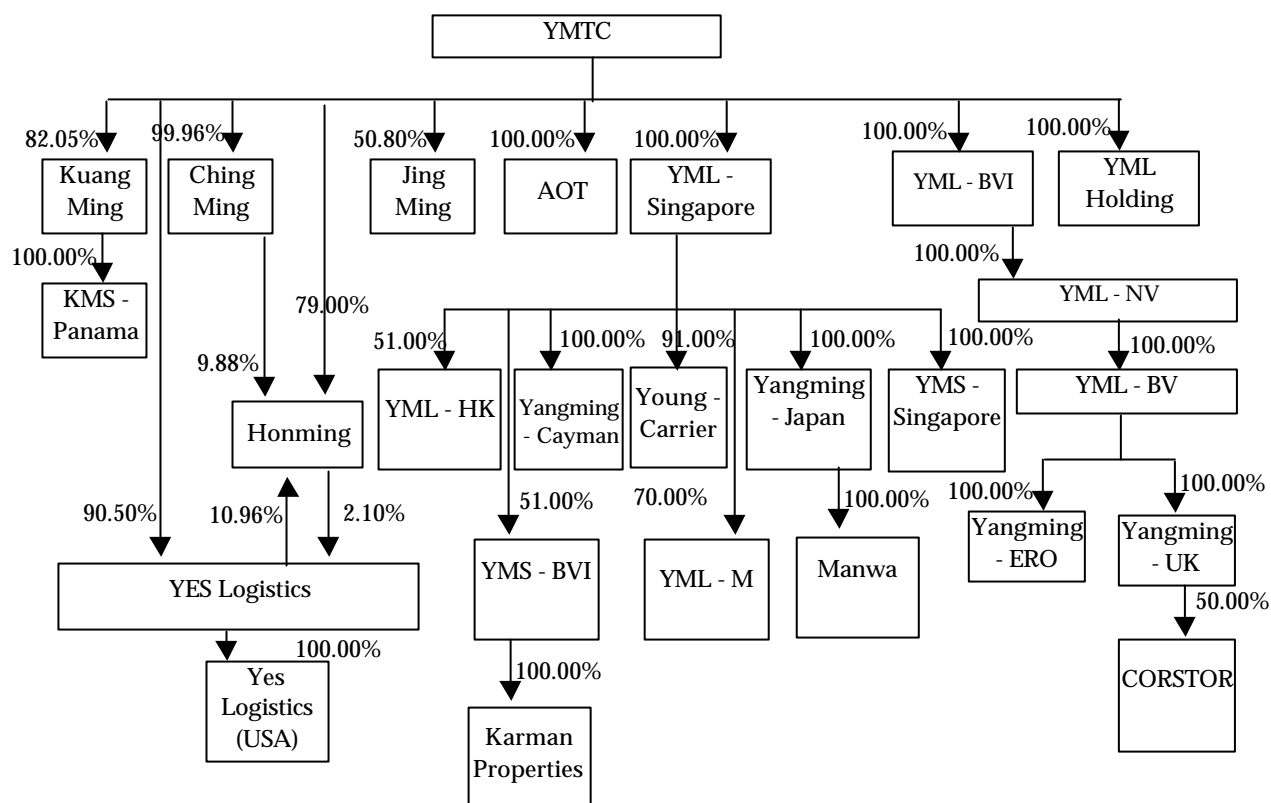
1. GENERAL

Yang Ming Marine Transport Corporation (YMTC) was majority-owned by the Ministry of Transportation and Communications (MOTC) until February 15, 1996 when it reduced its holdings in YMTC simultaneous to the listing of its shares of stock in the Taiwan Stock Exchange. As of December 31, 2001, MOTC owned 42.62% of the outstanding capital stock of YMTC. YMTC and All Oceans Transportation Inc. (AOT), Yangming [UK] Ltd. (Yangming-UK), Yang Ming Shipping Europe GmbH (Yangming-ERO) provide marine cargo transportation services, maintaining, leasing and selling of old vessels, containers and chassis. Furthermore, YMTC also acts as shipping agent and manages ships owned by others.

The other majority owned subsidiaries of YMTC, namely, 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) are primarily investment holding companies.

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

The intercompany relationships and percentages of ownership as of December 31, 2001 are shown below:



2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group, which conform to Guidelines for Securities Issuers' Financial Reporting for Public Company and generally accepted accounting principles in the Republic of China, are summarized below.

Consolidation

The consolidated financial statements include the accounts of YMTC and its majority owned subsidiaries (direct ownership or ownership through other subsidiaries) whereby the individual total assets or total operating revenues of such majority owned subsidiaries exceeds 10% of the unconsolidated total assets and operating revenues, respectively, of YMTC or their immediate parent company (referred to as "10% rule subsidiaries"). Majority owned subsidiaries are also included in consolidated when its individual total assets or sales are more than 3% of those of the YMTC or their immediate parent company if the combined total assets or operating revenues are more than 30% of the unconsolidated total assets or operating revenues of YMTC or their immediate parent company.

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 ruling at 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 years.

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

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

The consolidated financial statements include the accounts of YMTC, AOT and the consolidated accounts of YML - BVI. The consolidated accounts of YML-BVI include the accounts of YML-NV, YML-BV, Yangming-UK and Yangming-ERO.

The total assets and operating revenues of Ching Ming, Kuang Ming, KMS-Panama, YES Logistics, Yes Logistics (USA), Honming, Jing Ming, YML-Singapore, YML-HK, YMS-BVI, Yangming-Cayman, Young-Carrier, YML-M, Yangming-Japan, Manwa, YMS-Singapore, Karman Properties, YML Holding and CORSTOR were each less than 10% of the unconsolidated total assets or total operating revenues, respectively, of YMTC or their immediate parent companies. Also, the combined total assets and operating revenues of the foregoing companies were also less than 30% of those of YMTC or their immediate parent companies. Accordingly, the accounts of the said subsidiaries are excluded from the consolidated financial statements.

Cash equivalents

Commercial paper and repurchased bonds with remaining maturities of not more than three months is classified as cash equivalents.

Short-term investments

Short-term investments are carried at cost less allowance for decline in value. Costs of investments sold are determined using the first-in, first-out method.

Allowance for doubtful receivables

Allowance for doubtful receivables is provided based on a review of the collectibility of individual receivables.

Shipping fuel

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

Investments in shares of stock and deferred income

Investments in shares of stock of companies wherein the Group owned at least 20% of their outstanding common stock (except those included in consolidation) and wherein it exercises significant influence over their operating and financial policy decisions are accounted for using the equity method. Under this method: (a) the investment is initially carried at cost; and (b) the difference between the cost of the investment and the Group's equity in the net assets of the investee company at the acquisition date is amortized over five years. The investment carrying values are then subsequently adjusted with the Group's proportionate share in the net income or net loss of the investee companies and the amortization mentioned earlier. Any cash dividends received are recognized as reduction in the carrying value of the investments. Any stock dividends received are recorded as an increase in the number of shares held but not recognized as investment income. The Group's equity in the net income or net loss of an investee company whose financial statement for the current year is not available is recognized using the latest available financial statements and the equity interest of the Group as of the latest balance sheet date presented.

The equity in the net income or net loss in investees that also have investments in YMTC is computed using the treasury stock method.

Gain on sale of listed stocks to investees accounted for using the equity method is deferred and credited to income when realized through a subsequent sale to third parties.

Other investments in shares of stock are carried at cost plus the par value of the stock dividends received prior to 1989. An allowance is recognized for the decline in the market value of listed stocks or stocks traded over the counter with the corresponding amount debited to stockholders' equity. Also, the carrying amount of the investment with no quoted market price is reduced to recognize the other than temporary decline in its value with the corresponding losses charged to current income. Cash dividends received in the year when the investment is made are accounted for as reduction in the carrying value of investment while cash dividends received in subsequent years are recognized as investment income. No investment income is recognized on stock dividends received.

Listed stocks reclassified from long-term to short-term investments or from short-term to long-term are restated at market value if such value is lower than carrying value, with the loss charged to current income.

Costs of investments sold are determined using the weighted-average method.

Properties and assets leased to others

Properties and assets leased to others are stated at cost. Major renewals and betterment are capitalized, while maintenance and repairs are expensed currently.

The initial estimate of the service lives of the properties is as follows: Buildings, 36 to 55 years; containers and chassis, 6 to 8 years; ships, 3 to 20 years; leased assets, 5 to 25 years; leasehold improvements, 5 years; miscellaneous equipment, 3 to 20 years. The foregoing service lives plus one year to represent the estimated salvage value are used to depreciate the properties using the straight-line method. The salvage values of properties that are still being used by the Group are depreciated over the remaining service lives.

Upon sale or disposal of items of properties and assets leased to others, the related cost and accumulated depreciation are removed from the accounts, and resulting gain or loss is credited or charged to income. Any gain on sales of properties in YMTC, generated prior to January 1, 2001 (less applicable income tax) is reclassified to capital surplus at year-end.

Containers, chassis and ships under capital leases and corresponding obligations are recorded, at the inception of the lease, at the lower of the: (a) fair market value of leased assets, or (b) present value of the sum of the minimum lease payable and the bargain purchase options.

Non-operating assets

Non-operating assets are stated at net realizable value.

Deferred charges

Deferred charges, which consisted of spare parts of ship, ship-overhaul costs and bond issuance expenses, are capitalized and amortized using the straight-line method over periods ranging from 2.5 years to 12.0 years.

Pension

Pension cost of YMTC is based on actuarial calculations. Unrecognized net transition assets, prior service cost and actuarial gains or losses are amortized using the straight-line method over the average remaining service lives of employees.

Pension cost of Yangming - UK consists of actual contributions.

The other consolidated subsidiaries don't have any pension plan.

Unrealized gain (loss) on sale and leaseback

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

Operating revenues

Cargo revenues are recognized using on the completion of voyage method. Rental revenues on ships leased to others are recognized over the terms of the lease.

Income tax

Deferred income taxes are recognized for tax effects of temporary differences, unused tax credits, and operating loss carryforwards. Valuation allowance is provided for deferred income tax assets that are not expected to be realized. Deferred tax liabilities and assets are classified as current or noncurrent based on the classification of the related assets or liabilities for financial reporting. A deferred tax liability or asset that is not related to an asset or liability for financial reporting is classified according to the expected reversal date of the temporary difference.

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

Income taxes (10%) on undistributed earnings are recorded as expense in the year when the stockholders have resolved that the earnings shall be retained.

Foreign-currency transactions

Foreign-currency transactions (except derivatives financial instrument) are recorded in functional currency of each company at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled are credited or charged to income in the period of settlement. At year-end, the balances of foreign-currency assets and liabilities are restated based on prevailing exchange rates and the resulting differences are recorded as follows:

- a. Investments in shares of stock accounted for using the equity method - classified as foreign exchange translation adjustments under stockholders' equity;

- b. Investments in shares of stock accounted for using the cost method - similarly accounted for as (a) above when the restated balances are lower than their carrying amounts, otherwise, these are not adjusted;
- c. Other assets and liabilities - credited or charged to income.

Foreign-currency options

Amounts received on options written are recognized as liabilities and amounts paid on options bought are treated as assets. Contracts outstanding as of the balance sheet dates are marked to market with the unrealized gains or losses arising from changes in market values recognized in current income. The carrying amounts (either asset or liability) of the options are credited or charged to income once the options are exercised.

Exchange rate swap contracts

Exchange rate swap contracts consisted of foreign currency spot and forward contracts. Forward contracts outstanding as of the balance sheet dates are marked to market with the unrealized gains or losses arising from changes in market values recognized in current income. The carrying amounts (either asset or liability) of the contracts are credited or charged to income once the options are exercised.

Foreign-currency forward contracts

The foreign currency amounts of forward exchange contracts (the "contracts") are recorded in New Taiwan dollars as receivable and/or payable using the spot rates on the inception dates of the contracts (the "inception dates"). The premium or discount, computed using the foreign currency amount of the contract multiplied by the difference between the contracted forward rate and the spot rates at the inception dates of the contract is also recognized. The premiums or discount is amortized using the straight-line method over the term of the forward contract with the amortization charged to income. On the balance sheet dates, the gains or losses on the contracts, computed by multiplying the foreign currency amount of the contracts by the difference between the spot rates at the balance sheet dates and the spot rates at the inception dates (or the spot rates last used to measure a gain or loss on that contract for an earlier period), are charged to income.

The balances of the receivables and payables under the forward contracts are netted, and the resulting net amount is classified either as an asset or a liability.

Reclassifications

Certain accounts for 2000 have been reclassified to conform to the classifications for 2001.

3. ELIMINATED MATERIAL INTERCOMPANY TRANSACTIONS

<u>Company</u>	<u>Eliminated Account</u>	<u>Amount</u>	<u>Parties</u>
<u>2001</u>			
YMTC	Long-term receivables from related parties	\$4,796,317	AOT
	Operating costs	630,026	AOT
	Receivables from related parties	318,032	AOT
	Interest income	217,478	AOT
	Prepaid expenses	153,961	AOT
	Unrealized gain on sale and leaseback	1,150	AOT
	Payables to related parties	88,789	AOT
	Operating costs	228,888	YML-BVI
	Operating revenues	1,390,243	Yangming - UK
	Operating costs	106,062	Yangming - UK
	Receivables from related parties	134,768	Yangming - UK
	Payables to related parties	638,249	Yangming - UK
	Operating costs	207,078	Yangming - ERO
	Receivables from related parties	95,442	Yangming - ERO
	Payables to related parties	103,202	Yangming - ERO
AOT	Payable to equipment contractor	4,796,317	YMTC
	Operating revenues	630,550	YMTC
	Payables to related parties	318,032	YMTC
	Interest expenses	217,478	YMTC
	Advance from customers	153,961	YMTC
	Accumulated depreciation	1,119	YMTC
	Operating costs	524	YMTC
	Properties - ships	2,269	YMTC
	Receivables from related parties	88,789	YMTC
	Operating revenues	416,674	Yangming - UK
YML - BVI	Payables to related parties	13	YML - BV
	Receivables from related parties	838	YML - NV
	Advance from customers	14,700	Yangming - UK
	Operating revenues	494,032	Yangming - UK
	Operating revenues	228,888	YMTC
YML - NV	Payables to related parties	838	YML - BVI
	Receivables to related parties	5,587	YML - BV
YML - BV	Receivables from related parties	13	YML - BVI
	Payables to related parties	5,587	YML - NV

(Forward)

Yangming -	Operating revenues	\$ 106,062	YMTC
UK	Operating costs	1,390,243	YMTC
	Receivables from related parties	638,249	YMTC
	Payables to related parties	134,768	YMTC
	Prepaid expenses	14,700	YML - BVI
	Operating costs	494,032	YML - BVI
	Operating costs	416,674	AOT
Yangming -	Operating revenues	207,078	YMTC
ERO	Payables to related parties	95,442	YMTC
	Receivables from related parties	103,202	YMTC

4. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Cash:		
Petty cash and cash on hand	\$ 2,131	\$ 2,956
Checking deposits	102,789	509,099
Demand deposits	739,729	1,094,799
Time deposits – interest of from 1.76% to 3.95% in 2001 and from 4.18% to 6.75% in 2000	<u>1,967,817</u>	<u>4,446,336</u>
	2,812,466	6,053,190
Cash equivalents:		
Repurchased bonds – yield of from 1.8% to 1.95%	1,800,000	-
Commercial paper – yield of from 4.65% to 5.65%	<u>-</u>	<u>1,068,278</u>
	<u>\$4,612,466</u>	<u>\$7,121,468</u>

5. SHORT-TERM INVESTMENTS

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Marketable equity securities	\$1,570,442	\$1,580,470
Mutual fund beneficiary certificates	943,314	737,586
Convertible bonds – interest of from 5% to 9%	<u>31,100</u>	<u>61,100</u>
	2,544,856	2,379,156
Less - allowance for decline in value	<u>759,849</u>	<u>736,317</u>
	<u>\$1,785,007</u>	<u>\$1,642,839</u>

6. INVESTMENTS IN SHARES
OF STOCK

	December 31			
	2001		2000	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Equity method (unlisted stocks)				
Yang Ming Line (Singapore) Pte. Ltd.	\$1,049,606	100.00	\$ 896,609	100.00
YES Logistics Corp.	427,460	90.50	416,760	87.98
Ching Ming Investment Corp.	384,215	99.96	832,330	99.96
Honming Terminal & Stevedoring Co., Ltd.	366,273	79.00	180,640	79.00
Kuang Ming Shipping Corp.	285,250	82.05	298,719	82.05
China Mariners' Assurance Corp.	221,045	22.71	197,901	19.70
Transyang Shipping Pte. Ltd.	65,943	24.99	34,268	30.00
Jing Ming Transport Co., Ltd.	56,087	50.80	53,279	50.80
Yang Ming Line Holding Co.	43,233	100.00	40,195	100.00
CORSTOR	<u>25</u>	50.00	<u>25</u>	50.00
	<u>2,899,137</u>		<u>2,950,726</u>	
Cost method				
<u>Listed common stock</u>				
Senao International Co., Ltd.	\$ 96,000	1.83	\$ -	-
Hotung Investment Holdings Ltd.	40,268	0.70	40,268	0.70
Data Corp.	430	0.01	-	-
Less - allowance for decline in value	<u>-</u>		<u>12,359</u>	
	<u>136,698</u>		<u>27,909</u>	
<u>Unlisted common stock</u>				
United Venture Capital Corp.	80,000	9.04	80,000	9.04
Grand Orient Security Corp.	70,000	6.51	95,000	6.51
Taiwan Nano Electro-optical Technology Co., Ltd.	61,953	9.09	50,000	9.37
U-Tech Media Corp.	46,125	1.20	81,125	1.21
Ritek Photonics Corp.	45,000	2.00	-	-
SF Technology Venture Capital Corp.	40,000	7.24	40,000	7.24
Kingmax Technology Corp.	24,000	1.40	24,000	1.40
Ascentek Venture Capital Corp.	20,080	2.14	-	-
Forwin Securities Corp.	20,000	2.00	55,000	2.00
Yes Mobile Taiwan Inc.	6,000	1.00	6,000	1.00
Imaging Quality Technology Inc.	4,000	3.09	10,000	3.09
Senao International Co., Ltd.	-	-	96,000	1.85
Yieh United Steel Corp.	-	0.16	30,400	0.16
Digital United Holding Limited	-	0.46	15,045	0.46
Data Corp.	-	-	430	0.01

(Forward)

CTX Corp.	\$	-	0.06	\$	233	0.06
Argo System Inc.		-	8.00		-	8.00
A-trend Technology Co., Ltd.		-	1.04		-	1.04
International Strategies Holding Corp.		-	0.60		-	0.60
Minchali Metal Industry Co., Ltd.		-	0.26		-	-
		<u>417,158</u>			<u>583,233</u>	
<u>Unlisted preferred stock</u>						
New Century Infocomm Co., Ltd.		864,000	1.68		864,000	1.68
Penguin Computing Inc.		15,395	0.97		15,395	0.97
Arescom Inc.		15,395	0.27		15,395	0.38
Prominent Communication Inc.		-	1.52		<u>15,700</u>	1.58
		<u>894,790</u>			<u>910,490</u>	
		<u>1,448,646</u>			<u>1,521,632</u>	
<u>Deposit on subscriptions</u>						
Chunghwa Investment Co., Ltd.		800,000			-	
Taipei Port Container Terminal Co., Ltd.		<u>5,984</u>			-	
		<u>805,984</u>			-	
		<u>\$5,153,767</u>			<u>\$4,472,358</u>	

As of December 31, 2000, the combined equity interest of YMTC and its subsidiaries in China Mariners' Assurance Corp. (CMA) exceeds 20% of its outstanding common stock thereby allowing them to exercise significant influence over the financial and operating policy decisions of CMA. In view of the foregoing, the investment in CMA is accounted for using the equity method.

As permitted by the Securities and Future Commission, starting from January 1, 2000, the YMTC's equity in the net income or net loss of Transyang Shipping is recognized using the financial statements of the immediately preceding year and the equity interest of the Corporation as of the latest balance sheet date presented since the financial statement covering similar year as that of the Corporation is not available in time.

The carrying values of the investments in shares of stock accounted for using the equity method are based on audited financial statements except CORSTOR. Management believes that the possible adjustments on the financial statements of CORSTOR are not significant.

Information on the investments accounted for using the cost method is as follows:

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Listed stocks (based on market value)	\$ 159,818	\$ 27,909
Equity in net assets pertaining to unlisted stocks (mainly based on unaudited financial statements)	<u>1,169,137</u>	<u>1,074,630</u>
	<u>\$1,328,955</u>	<u>\$1,102,539</u>

7. PROPERTIES

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Accumulated depreciation		
Buildings	\$ 47,093	\$ 34,728
Containers and chassis	5,445,847	7,550,778
Ships	12,113,556	11,349,587
Leased assets	764,402	384,840
Leasehold improvements	29,914	11,783
Miscellaneous equipment	<u>483,062</u>	<u>400,032</u>
	<u>\$18,883,874</u>	<u>\$19,731,748</u>

YMTC leases containers and chassis under agreements that qualify as capital leases. The terms of the leases ranged from five years to eight years for containers and seven years for chassis. The annual rent payable under the agreements is US\$6,222 thousands. YMTC has option to purchase at the end of the lease term all leased containers at bargain purchase prices of US\$1. The annual rent payable of chassis leased are based on contract terms, and at the end of the lease terms, all leased chassis will be transferred to YMTC at no additional cost. YML-BVI leases three ships for twenty-five years under agreements that qualify as capital leases. As of December 31, 2001 and 2000, the details of these leases are as follows:

	<u>December 31</u>			
	<u>2001</u>		<u>2000</u>	
	U.S. Dollars (Thousand)	New Taiwan Dollars (Thousand)	U.S. Dollars (Thousand)	New Taiwan Dollars (Thousand)
Total leases payables (undiscounted)	\$415,751	\$14,551,284	\$289,147	\$ 9,541,873
Less - unamortized interest expense	(202,980)	(7,104,295)	(144,132)	(4,756,074)
	<u>\$212,771</u>	<u>\$ 7,446,989</u>	<u>\$145,015</u>	<u>\$ 4,785,799</u>

Depreciation expenses for the years ended December 31, 2001 and 2000 aggregated to \$3,169,627 and \$2,758,367, respectively. Costs of properties included capitalized interest of \$12,296 and \$2,266 for the years ended December 31, 2001 and 2000. The annual interest rates for capitalization were 6.02% in 2001 and 5.895% to 6.020% in 2000.

Insurance coverage on properties, assets leased to others and non-operating assets as of December 31, 2001 amounts to \$37,700,000.

8. ASSETS LEASED TO OTHERS	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Cost		
Land	\$ 615,323	\$ 533,195
Buildings	<u>408,263</u>	<u>408,207</u>
	1,023,586	941,402
Accumulated depreciation	<u>61,452</u>	<u>54,095</u>
	<u>\$ 962,134</u>	<u>\$ 887,307</u>

Depreciation expenses for the years ended December 31, 2001 and 2000 aggregated to \$7,300 and \$6,636, respectively.

9. NON-OPERATING ASSETS - NET	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Cost		
Land	\$ 685,722	\$ 767,850
Buildings	<u>6,265</u>	<u>6,337</u>
	691,987	774,187
Accumulated depreciation	<u>5,816</u>	<u>5,860</u>
	<u>\$ 686,171</u>	<u>\$ 768,327</u>

10. RESTRICTED ASSETS

The composition and nature of restriction on these assets are as follows: (a) proceeds from issuance of capital stocks - specifically earmarked to finance the acquisition container ships and (b) proceeds from issuance of bonds - earmarked to finance the acquisition containers, cranes and for the repayment of foreign unsecured convertible bonds. The proceeds mentioned above have been fully used in 2001.

11. SHORT-TERM DEBTS

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Commercial paper issued. This is due in February 2002 and was issued at 3.13% discount.	\$ 199,400	\$ -
Bank overdraft - interest of from 4.75% to 6.68% in 2001, and from 6.85% to 9.5% in 2000.	<u>2,883</u>	<u>41,087</u>
	<u>\$ 202,283</u>	<u>\$ 41,087</u>

As of December 31, 2001, YMTC has unused credit lines aggregating \$3,629,455 that were available for issuance of commercial paper and other short-term debts.

12. LONG-TERM DEBTS

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
<u>December 31, 2001</u>			
Secured bank loans	\$ 832,983	\$ 6,084,172	\$ 6,917,155
Unsecured bank loans	-	1,365,000	1,365,000
Domestic:			
Unsecured bonds	-	6,500,000	6,500,000
Secured bonds	2,300,000	700,000	3,000,000
Unsecured convertible bonds - domestic	-	917,200	917,200
Capital leases (Note 7)	<u>383,737</u>	<u>7,063,252</u>	<u>7,446,989</u>
	<u>\$ 3,516,720</u>	<u>\$22,629,624</u>	<u>\$26,146,344</u>
<u>December 31, 2000</u>			
Secured bank loans	\$ 655,115	\$ 2,646,871	\$ 3,301,986
Domestic:			
Unsecured bonds	510,000	5,400,000	5,910,000
Secured bonds	1,000,000	2,000,000	3,000,000
Unsecured convertible bonds:			
Domestic	-	921,100	921,100
Foreign	4,950	-	4,950
Capital leases (Note 7)	<u>292,842</u>	<u>4,492,957</u>	<u>4,785,799</u>
	<u>\$ 2,462,907</u>	<u>\$15,460,928</u>	<u>\$17,923,835</u>

Secured bank loans

Bank loans are payable at varying amounts until March 2009, and bear interest at an annual rate ranging from 2.58% to 3.10% in 2001 and from 5.5% to 7.6% in 2000.

Unsecured bank loans

Unsecured bank loans, which is due October 2006, are repayable in eight consecutive semi-annual installments starting February 2003, and bear interest at an annual rate of 2.99% to 4.26% that is compounded semiannually.

Domestic unsecured bonds

YMTC issued domestic unsecured bonds with face value of \$3,000,000 on June 1, 2000 (the "June 2000 Bonds") and with face value of \$2,400,000 on November 20, 2000 (the "November 2000 Bonds"). The June 2000 Bonds consist of "Type A" bonds with face value of \$1,200,000 and "Type B" bonds with face value of \$1,800,000. The face value representing 33%, 33% and 34% of the aggregate face value of the Type A bonds is payable on June 1, 2005, 2006 and 2007, respectively. It also bears annual interest rate of 5.7%. The face value representing 33%, 33% and 34% of the aggregate face value of the Type B bonds are payable on June 1, 2008, 2009 and 2010, respectively, and bear annual interest rate of 6.09%. The face value representing 20%, 40% and 40% of the November 2000 Bonds are payable on November 20, 2010, 2011 and 2012, respectively, and bear annual interest rate of 6.02%.

YMTC issued domestic unsecured bonds with an aggregate face value of \$1,100,000 on July 16, 2001. The face value representing 20%, 40% and 40% of the bonds are payable on July 2006, 2007 and 2008, respectively and bear annual interest rate of 4.49%.

Domestic secured bonds

On June 30, 1999, YMTC issued three-year domestic secured bonds with an aggregate face value of \$1,000,000. The bonds are classified as "Type A" and "Type B". The Type A bonds bear 5.8841% annual interest, while Type B bond bears 5.8% interest compounded semiannually. The bonds may either be redeemed at maturity or, starting June 30, 2001, the bondholders can exercise their option to have YMTC to redeem the bonds at prices stipulated in the "Principal Terms and Conditions of Offering and Issuance of Domestic Secured Bonds".

YMTC also issued on July 20, 1999 domestic secured bonds with face value of \$1,300,000 that matures on July 20, 2002 and, on November 25, 1999, issued similar type of bond with face value of \$700,000 that matures on November 25, 2004. The former bears annual interest rate of 5.72% that is compounded semi-annually while the latter bears annual interest rate of 5.75%.

Domestic unsecured convertible bonds

These bonds were issued on August 2, 1997 by YMTC and have face value of \$2,500,000. Such bonds, which matures in 2004, bears annual interest rate of 4.5% that is payable every June 27. The modes of settling bonds are as follows:

- a. Redemption by the holders in lump-sum upon maturity at face value plus accrued interest;
- b. Conversion by the holders, starting September 2, 1997, into its capital stock of YMTC at the prevailing conversion price (\$15.66 dollars per share as of December 31, 2001), and
- c. Redemption by YMTC, under certain conditions, at varying prices prior to their maturity.

As of December 31, 2001, bonds with face value of \$1,578,900 have been converted into 73,284 thousand shares of capital stock.

Foreign unsecured convertible bonds

These bonds with an aggregate face value of US\$160,000 thousands were issued on October 6, 1994 by YMTC in London, England. The said bonds, which matured and were redeemed in 2001, bear annual interest rate of 2.5%. Such interest, net of applicable ROC withholding tax which is currently 20%, is payable every October 6. The modes of settling the bonds are as follows:

- a. Redemption the option by the holders in lump-sum upon maturity at face value plus accrued interest;
- b. Redemption at the option of the holders at 123.16% of par value on October 6, 1999. The redemption premium is being amortized as interest expense using the effective interest method over the period from issuance to redemption date;
- c. Conversion by the holders, starting July 8, 1995, into capital stock of YMTC at the prevailing conversion price;
- d. Redemption at option of YMTC, under certain conditions, and at varying prices starting October 6, 1997; and
- e. Redemption at the option of YMTC at face value of the bonds, upon consent of the trustee, if YMTC incurs additional income tax resulting from amendments of ROC tax laws and regulations.

Unless allowed under ROC laws and regulations, the aforementioned foreign bonds cannot be sold to any ROC persons (natural or juridical) or within the territory of the ROC. Proceeds from the issuance of the bonds were used to finance the acquisition of four 3,500 TEU container ships. As of December 31, 2001, bonds with aggregate face value of US\$7,861 thousands have been converted to 7,275 thousand shares of stock of YMTC.

As of December 31, 2001, the Corporation and subsidiaries have unused credit lines of about \$742,000 available for bank loans.

13. RESERVE FOR LAND VALUE INCREMENT TAX

This pertains to land owned by China Merchants Stean Navigation Company (CMSNC) that was transferred to the YMTC upon their merger.

14. UNREALIZED GAIN ON SALE AND LEASEBACK	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Chassis	\$ 54,556	\$ -
Containers	36,252	63,189
Vessel Ming Zenith	21,014	40,411
Vessel Ming North	<u>12,068</u>	<u>13,217</u>
	<u>\$ 123,890</u>	<u>\$ 116,817</u>

These properties have been sold and then leased back. The resulting gains on the sale have been deferred (included in "other liabilities" account in the balance sheets) and amortized over the period of expected term of the lease or estimated service lives.

15. STOCKHOLDERS' EQUITY

On November 14, 1996, YMTC issued 10 million units of Global Depositary Receipts (GDR), representing 100 million shares of stock, at an issue price of US\$11.64 per unit. The GDRs can not be converted into the Corporation's capital stock. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the stocks represented by the GDRs.

YMTC can not use for any purpose its share in the changes of the capital surplus reported by its equity-accounted investees. All other components of capital surplus, under the regulations, can only be used to offset a deficit. In addition, only the capital surplus attributable to paid-in capital in excess of par value can be transferred to capital. Capitalization of paid-in capital in excess of par value is conducted by issuing new shares to stockholders in proportion to their holdings, and is restricted to once a year and to a prescribed amount. Capital surplus attributable to gain on disposal of properties before December 31, 2000 can be reclassified to retained earnings when such reclassification is approved by the stockholders in the 2002 Annual General Shareholders' Meeting with such reclassification given effect to in the 2002 financial statements.

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

- a. 10% legal reserve;
- b. 10% special reserve, as needed; and
- c. Dividends and bonus, while the employee's bonus shall not be less than 1% and the remuneration of directors and supervisors shall not be more than 2%.

The Articles of Incorporation provides that YMTC declares at least 50% of the distributable earnings as dividend. Further, it also states that at least 20% of the amount declared as dividends, shall be in the form of cash to enable YMTC to finance its capital expenditure and working capital requirements.

Under the regulation, YMTC should appropriate special reserve equal to the debit balance of any stockholders' equity item (other than the deficit). The balance of the reserve is adjusted based on the debit balance of such items as at the end of YMTC's current financial reporting year.

Under the Company Law, the foregoing appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of YMTC's outstanding capital stock. This reserve can only be used to offset a deficit, or when reaching 50% of the aggregated par value of YMTC's outstanding capital stock, up to 50% of the reserve can be declared as stock dividend.

Under the Integrated Income Tax System that became effective on July 1, 1998, non-corporate shareholders are entitled to tax credit for the income tax paid by the company on earnings generated also starting 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 shareholder. The maximum credit available for allocation to each shareholder cannot exceed the balance shown in the ICA on the date of distribution of dividends.

16. INCOME TAX

- a. Income tax expense consisted of:

	<u>Year Ended December 31</u>	
	<u>2001</u>	<u>2000</u>
Income tax (gain) expense - current	(\$ 6,123)	\$ 34,242
Income tax expense - deferred	(1,484)	499,890
Change in adjustment of valuation allowance	227,127	64,614
Income tax on interest income on short-term commercial paper	-	1,135
Adjustments of prior years' taxes	<u>-</u>	<u>(2,556)</u>
	<u>\$ 219,520</u>	<u>\$ 597,325</u>

- b. Deferred income tax assets (liabilities) as of December 31, 2001 and 2000 consist of the following:

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Current (included in other current liabilities)		
Unrealized foreign exchange gain	(\$ 47,822)	(\$ 118,794)
Loss carryforwards	39,470	-
Investment tax credits	3,668	-
Other	7,747	6,895
Allowance for deferred income tax assets	<u>(43,138)</u>	<u>-</u>
	<u>(\$ 40,075)</u>	<u>(\$ 111,899)</u>

(Forward)

Non-current (included in other liabilities):		
Loss carryforwards	\$ 261,384	\$ 297,290
Differences in estimated service lives of containers	(198,411)	(150,921)
Cumulative equity in net income of investee companies	(310,546)	(238,175)
Deferred pension cost	56,713	36,116
Investment tax credits	27,293	5,603
Allowance for deferred income tax assets	(<u>248,602</u>)	(<u>64,614</u>)
	(<u>\$ 412,169</u>)	(<u>\$ 114,701</u>)

The income tax rate for recognition of deferred income taxes as of December 31, 2001 and 2000 was 25%.

c. Integrated income tax system information:

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Balance of ICA - YMTC	<u>\$ 14,909</u>	<u>\$ 20,505</u>

The applicable tax credit ratio on earnings as of December 31, 2000 distributed in 2001 was 2.90%. The tax credits allocable to stockholders are based on the balance of ICA on the dividends distribution date.

As of December 31, 2001 and 2000, the total of the balances of special reserve and unappropriated retained earnings that generated before June 30, 1998 aggregated to \$1,141,939.

Unused operating loss carryforwards and investment tax credits available for offsetting against future income tax as of December 31, 2001 are as follow:

<u>Year of Expiry</u>	<u>Loss Carryforwards</u>	<u>Investment Tax Credits</u>
2001	\$ -	\$ 907
2002	39,470	2,761
2003	261,384	22,503
2004	<u>-</u>	<u>4,790</u>
	<u>\$300,854</u>	<u>\$ 30,961</u>

d. Net operating incomes from the following ships are exempt from income tax:

	<u>Tax-Exemption Period</u>
Ming East and Ming South	July 1, 1998 to June 30, 2002

Income tax returns of YMTC have been examined by the tax authorities through the year ended June 30, 1998, while that of its subsidiaries (Yangming-UK and Yangming-ERO) have been examined by their respective local tax authorities through the year ended December 31, 1999.

The tax authorities have assessed the YMTC's income tax returns for the year ended June 30, 1995 for \$38,556 related to the redemption premium of the foreign unsecured convertible bond. The redemption premium were amortized and recognized as interest expense in the financial statements and in the income tax returns using the effective interest rate method. The tax authorities ruled that such interest expenses are deductible only when actually paid by YMTC. YMTC is contesting the assessment by filing a lawsuit in court. Management did not recognize the liabilities because it believed that it is possible to win the lawsuit.

17. PENSION PLAN

YMTC adopted three pension plans when it was privatized on February 15, 1996. These plans are as follows:

- a. Pension plan for on-shore employees. The benefit under this plan is based on length of service and average monthly salary, excluding bonus and allowances, before retirement. The pension fund, into which YMTC contributes 3% of salaries every month, is administered by the employees pension fund committee and deposited in its name with the Central Trust of China.
- b. Pension plan for crews of ships. The benefit under this plan is based on length of service and level of salary, excluding bonus and allowance, at the time of retirement. The plan is not funded by YMTC.
- c. Pension plan for retired employees of CMSNC. The benefit under such plan is based on length of service and level of salary, excluding bonus and allowance, at the time of retirement.

The service periods of on-shore employees and crews of ships before privatization can be used to qualify for retirement, but are not considered in the calculations of benefits.

Certain information on pension is as follows:

	<u>Year Ended December 31</u>	
	<u>2001</u>	<u>2000</u>
a. Components of net pension costs:		
Service cost	\$ 105,216	\$ 100,704
Interest cost	25,097	19,788
Expected return on plan assets	(4,767)	(4,046)
Amortization of net transition assets	(14,171)	(14,171)
Amortization of prior service cost	436	436
Amortization of net loss	<u>3,330</u>	<u>1,532</u>
	<u>\$ 115,141</u>	<u>\$ 104,243</u>

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
b. Reconciliation of funded status of the pension plan to accrued pension cost at end of year		
Benefit obligation:		
Vested benefit obligation	\$ 130,366	\$ 128,355
Non-vested benefit obligation	<u>210,935</u>	<u>147,730</u>
Accumulated benefit obligation	341,301	276,085
Additional benefits based on future salaries	<u>138,767</u>	<u>148,436</u>
Projected benefit obligation (PBO)	480,068	424,521
Plan assets at fair value	(<u>88,976</u>)	(<u>72,448</u>)
Unfunded PBO	391,092	352,073
Unrecognized net transition assets	38,249	52,420
Unrecognized prior service cost	(6,107)	(6,543)
Unrecognized net gain (loss)	<u>28,401</u>	<u>(21,748)</u>
 Accrued pension cost (included in other liabilities)	 <u>\$ 451,635</u>	 <u>\$ 376,202</u>
c. Vested benefits	<u>\$ 165,195</u>	<u>\$ 174,599</u>
	 <u>Year Ended December 31</u>	
	<u>2001</u>	<u>2000</u>
d. Assumptions used		
Discount rate	5.00%	6.00%
Rate of increase in compensation	3.25%	4.25%
Expected rate of return on plan assets	5.00%	6.00%
e. Changes in pension fund		
Contributions	<u>\$ 14,201</u>	<u>\$ 13,771</u>
Payment of benefits	<u>\$ 21,891</u>	<u>\$ 17,380</u>

Yangming-UK has a defined contribution pension plan covering certain employees. The pension costs in 2001 and 2000 of \$2,285 and \$2,075, respectively, represents the amount contributed.

18. RELATED PARTY TRANSACTIONS

The Corporation and subsidiaries engage in significant transactions with related parties. Such transactions for the years ended December 31, 2001 and 2000 and the balances, except those mentioned in Note 20, are summarized in Schedule A and Schedule B.

The transactions with related parties were conducted under contract terms.

19. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2001</u>	<u>2000</u>
Pledged time deposits	\$ 434,909	\$ 12,837
Properties – net	14,167,966	12,146,357
Non-operating assets – net	<u>89,230</u>	<u>89,230</u>
	<u>\$14,692,105</u>	<u>\$12,248,424</u>

20. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as of December 31, 2001, are as follows:

- a. Obligations to provide crews to four ships of Chinese Petroleum Corporation under contracts that will expire on various dates before November 2003. The daily compensation under the contracts is \$578.
- b. Leases of office premises, ships and container yard under agreements that will expire on various dates before December 2008. The total rents were \$4,887,972 for the year ended December 31, 2001, and future minimum rentals are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$1,546,232
2003	816,153
2004	702,462
2005	553,554
2006	11,893

The rent payable after 2006 amounts to \$8,837, and the present value of which based on annual interest rate of 2.5% is \$7,620.

- c. Leases of ships, containers and chassis under capital lease agreements expiring on various dates before April 2026. Rentals for the year ended December 31, 2001 were about \$680,203 (deducted from leases payable), and future minimum rentals are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$ 744,347
2003	686,999
2004	654,995
2005	642,915
2006	895,536

Rentals after 2006 amount to \$10,911,486, with present value of about \$5,074,539 based on annual interest rate of 2.5%.

- d. YMTC's ship construction contracts aggregating to about US\$21,150,000. As of December 31, 2001, future obligation of the contract is US\$19,035,000.
- e. On December 23, 1998, YML-BVI entered into an agreement with Hill Samuel Finance Ltd. for capital lease of three 5,500 TEU of container ships constructed by Korea's Hyundai Heavy Industries Co. for twenty-five year. The contract is guaranteed by the stand by L/C issued by Halifax plc and Canadian Imperial Bank of Commerce (CIBC). YML-BVI provided same amount of deposit to CIBC as collateral (included in refundable deposits).
- f. Guaranty on loan obtained by YML-BVI, AOT and Solar International Shipping Agency, Inc. amounting to US\$115,609,000, US\$82,626,000 and US\$1,500,000, respectively.
- g. In 2001, 54 former crews of ships, who retired after YMTC's privatization, sued YMTC and claimed \$126,362 as additional severance benefits computed using the Labor Standard Law instead of the Rules of Privatization for the Government-Owned Corporation. The Taipei District Court has decided in favor of YMTC. Nevertheless, those plaintiffs appealed to higher court. No liability was accrued since management believed the appeal would not prosper.

21. FINANCIAL INSTRUMENTS

- a. YMTC has used currency swap contracts to manage the effects of the exchange rate fluctuations on net assets or liabilities denominated in foreign currency. Information regarding the contracts is as follow:

- 1) Open contracts and credit risk as of December 31, 2001

<u>Type of Transaction</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Exchange rate swap	EUR\$14,940,000	\$742	\$742

YMTC recognized gains on those contracts amounting to \$24,733 for the year ended December 31, 2001.

YMTC is exposed to credit risks when the counterparts fail to fulfill the contracts. As YMTC only engages with selected trustworthy financial institutions, no significant losses are anticipated from the defaults of counter parties.

- 2) Market risk

YMTC is exposed to market risk arising from foreign exchange risk fluctuations on the forward contracts.

3) Liquidity risk, cash-flow risk and future cash demand

The exchange rate swap contracts are settled by net amount and the expected cash demand is not material. Management believes that YMTC has enough operating capital to meet its cash demand.

4) The purpose of derivative financial instruments held or issued and the strategies to meet the purpose

YMTC's entry into exchange rate swap contracts is to manage risks associated with exchange rates fluctuations on net assets or liabilities denominated in foreign currency, rather to trade for profit. Moreover, the effectiveness of those instruments used is evaluated periodically.

- b. YMTC has entered into forward exchange options contracts to hedge the effect of exchange rate fluctuations on net assets or liabilities denominated in foreign currency. It realized exchange gain on those contracts amounting to \$458 for the year ended December 31, 2001, and there are no such contracts outstanding as of December 31, 2001.
- c. YMTC has written foreign currency put options that it entered into for trading purpose on which it realized losses amounting to \$3,408 for the year ended December 31, 2000. YMTC did not enter into any foreign currency put options in 2001.
- d. YMTC has entered into forward exchange contracts to hedge the effect of exchange rate fluctuations on net assets or liabilities denominated in foreign currency. It realized exchange losses on those contracts amounting to \$2,661 for the year ended December 31, 2000. YMTC did not enter into any forward exchange contracts in 2001.
- e. The fair values of the Corporation and subsidiaries' financial instruments are as follows:

	December 31			
	2001		2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Non-derivative instruments</u>				
<u>Assets</u>				
Short-term financial instruments				
Cash and cash equivalents	\$ 4,612,466	\$ 4,612,466	\$ 7,121,468	\$ 7,121,468
Short-term investments	1,785,007	1,785,007	1,642,839	1,642,839
Accounts receivable	1,116,653	1,116,653	1,385,295	1,385,295
Receivables from related parties	349,116	349,116	458,009	458,009
Advances to shipping agents	969,577	969,577	420,491	420,491
Pledged time deposits	434,909	434,909	12,837	12,837
Investment in shares of stock	5,153,767	5,153,767	4,472,358	4,472,358

(Forward)

Liabilities

Short-term financial instruments				
Short-term debts	\$ 202,283	\$ 202,283	\$ 41,087	\$ 41,087
Accounts payable	44,764	44,764	52,684	52,684
Payables to related parties	912,431	912,431	1,266,923	1,266,923
Accrued expenses	983,675	983,675	1,470,315	1,470,315
Payables to shipping agents	3,847,622	3,847,622	2,263,468	2,263,468
Bank loans	8,282,155	8,282,155	3,301,986	3,301,986
Bonds	10,417,200	11,218,098	9,836,050	9,887,070
Obligations under capital leases	7,446,989	7,446,989	4,785,799	4,785,799

Derivatives

Exchange rate swap contracts	742	742	-	-
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The methods and assumptions applied in estimating fair values are as follows:

- 1) The carrying values of short-term financial instruments approximate fair values because of the short maturity of these instruments.
- 2) Fair values of short-term investments and investments in shares of stock are based on market prices or, if market prices are unavailable, upon the costs of investments.
- 3) Fair values of long-term receivable, bank loans, bonds, and obligations under capital leases payable are based on market prices or, if market prices are unavailable, upon present values of expected cash inflows or outflows. Discount rate used in determining the present values is based on rate of bank loans that YMTC can obtain under similar conditions.
- 4) Fair values of derivatives are calculated based on quoted forward exchange rates, obtained from Reuter's New Agency or Associated Press, with respective remaining contract periods.

22. ADDITIONAL DISCLOSURE

Except those mentioned in Note 21 and schedule C to H, there are no additional disclosures required by the SFC for YMTC, investees and investment in Mainland China.

23. SEGMENT AND GEOGRAPHIC INFORMATION

- a. The Corporation and subsidiaries operate in a single business, namely, marine cargo transportation.
- b. Geographic area information is summarized in the accompanying Schedule I.

c. Cargo transportation revenues

<u>Line Service</u>	<u>Year Ended December 31</u>			
	<u>2001</u>		<u>2000</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
U.S. Western coast line	\$14,610,081	27	\$14,709,049	28
European line	10,354,023	19	11,641,516	22
U.S. Eastern coast line	7,974,466	15	8,134,177	16
Asia line	5,801,944	11	5,524,701	11

d. No single customer accounts for more than 10% of total operating revenues.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED PARTY TRANSACTIONS
For the Years Ended December 31, 2001 and 2000
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Operating Revenues				Operating Costs								Operating Expenses	
		Rental of Containers		Ship Management		Haulage		Tally		Commission		Insurance		Insurance	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2001															
Kuang Ming Shipping Corp.	A	\$ 24,111	70	\$ 26,289	11	\$ -	-	\$ -	-	\$ 141,877	5	\$ -	-	\$ -	-
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	264,776	2	380,980	13	-	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	283,436	2	-	-	-	-	-	-	-	-
China Mariners' Assurance Corp.	A	-	-	-	-	-	-	-	-	-	-	51,262	24	2,837	9
Yangming (Japan) Co., Ltd.	B	-	-	-	-	-	-	-	-	126,806	4	-	-	-	-
Young-Carrier Company Ltd.	B	-	-	-	-	-	-	-	-	309,861	10	-	-	-	-
Yangming (Cayman) Ltd.	B	-	-	-	-	170,331	C	2	-	-	-	-	-	-	-
Yang Ming Line (Hong Kong) Limited	B	-	-	-	-	-	-	-	-	289,079	10	-	-	-	-
Yangming Shipping (Singapore) Pte. Ltd.	B	-	-	-	-	-	-	-	-	73,927	2	-	-	-	-
Kuang Ming Shipping (Panama)	B	-	-	-	-	18,495	D	-	-	-	-	-	-	-	-
Yang Ming (M) Sdn. Bhd.	B	-	-	-	-	-	-	-	-	26,188	1	-	-	-	-
		<u>\$ 24,111</u>	<u>70</u>	<u>\$ 26,289</u>	<u>11</u>	<u>\$ 737,038</u>	<u>6</u>	<u>\$ 380,980</u>	<u>13</u>	<u>\$ 967,738</u>	<u>32</u>	<u>\$ 51,262</u>	<u>24</u>	<u>\$ 2,837</u>	<u>9</u>
2000															
Kuang Ming Shipping Corp.	A	\$ 34,555	9	\$ 20,760	11	\$ -	-	\$ -	-	\$ 254,402	8	\$ -	-	\$ -	-
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	609,774	4	190,584	6	-	-	-	-	-	-
China Mariners' Assurance Corp.	A	-	-	-	-	-	-	-	-	-	-	1,506	1	1,458	4
Yangming (Japan) Co., Ltd.	B	-	-	-	-	-	-	-	-	101,461	3	-	-	-	-
Young-Carrier Company Ltd.	B	-	-	-	-	-	-	-	-	218,851	7	-	-	-	-
Yangming (Cayman) Ltd.	B	-	-	-	-	160,064	1	-	-	-	-	-	-	-	-
Yang Ming Line (Hong Kong) Limited.	B	-	-	-	-	-	-	-	-	408,282	13	-	-	-	-
Yangming Shipping (Singapore) Pte. Ltd.	B	-	-	-	-	-	-	-	-	71,962	2	-	-	-	-
Kuang Ming Shipping (Panama)	B	-	-	-	-	15,442	-	-	-	-	-	-	-	-	-
Yang Ming (M) Sdn. Bhd.	B	-	-	-	-	-	-	-	-	32,672	1	-	-	-	-
		<u>\$ 34,555</u>	<u>9</u>	<u>\$ 20,760</u>	<u>11</u>	<u>\$ 785,280</u>	<u>5</u>	<u>\$ 190,584</u>	<u>6</u>	<u>\$1,087,630</u>	<u>34</u>	<u>\$ 1,506</u>	<u>1</u>	<u>\$ 1,458</u>	<u>4</u>

Notes:

- A. Investee accounted for using the equity method.
B. Investee of a wholly-owned subsidiary, accounted for using the equity method.
C. Lease of one ship from Yangming (Cayman) Ltd. under an agreement that expires on December 31, 2001, the rent payment is payable every three months.
D. Lease of one ship from Kuang Ming Shipping (Panama) under an agreement that expires on December 31, 2005, the rent payment is payable semi-monthly.
E. In August and October 2001, YMTC acquired Ching Ming Investment Corp.'s shareholdings in three companies amounting to \$76,968.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

RELATED PARTY ACCOUNT BALANCES
December 31, 2001 and 2000
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Prepaid Expenses	Payables to Related Parties						Advances from Customers		
		Accounts Receivable		Other Receivable		Total			Accrued Expense	Payable to Shipping Agents		Total					
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount			%
2001																	
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 7,932	2	\$ 7,932	2	\$ -	-	\$ -	-	\$ 90,471	10	\$ 90,471	10	\$ 122,225	15
Honming Terminal & Stevedoring Co., Ltd.	A	-	-	-	-	-	-	6,359	2	10,230	1	-	-	10,230	1	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	35,430	4	-	-	35,430	4	-	-
Yangming (Japan) Co., Ltd.	B	97,861	28	-	-	97,861	28	-	-	-	-	398,108	44	398,108	44	32,849	4
Young-Carrier Company Ltd.	B	188,321	54	-	-	188,321	54	-	-	-	-	135,072	15	135,072	15	-	-
Yang Ming Line (Hong Kong) Limited.	B	13,490	4	-	-	13,490	4	-	-	-	-	126,815	14	126,815	14	64,080	7
Yangming Shipping (Singapore) Pte. Ltd.	B	16,851	5	-	-	16,851	5	-	-	-	-	76,721	8	76,721	8	11,138	1
Yang MingLine (M) Sdn. Bhd	B	20,266	6	-	-	20,266	6	-	-	-	-	39,428	4	39,428	4	993	-
Others		1,874	-	2,521	1	4,395	1	-	-	156	-	-	-	156	-	299	-
		<u>\$ 338,663</u>	<u>97</u>	<u>\$ 10,453</u>	<u>3</u>	<u>\$ 349,116</u>	<u>100</u>	<u>\$ 6,359</u>	<u>2</u>	<u>\$ 45,816</u>	<u>5</u>	<u>\$ 866,615</u>	<u>95</u>	<u>\$ 912,431</u>	<u>100</u>	<u>\$ 231,584</u>	<u>27</u>
2000																	
Kuang Ming Shipping Corp.	A	\$ 34,192	7	\$ 31,264	7	\$ 65,456	14	\$ -	-	\$ -	-	\$ 58,765	5	\$ 58,765	5	\$ 182,721	14
Honming Terminal & Stevedoring Co., Ltd	A	-	-	-	-	-	-	-	-	9,135	-	-	-	9,135	-	-	-
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	23,138	2	-	-	23,138	2	-	-
China Mariners' Assurance Corp.	A	-	-	-	-	-	-	2,885	1	-	-	-	-	-	-	-	-
Yangming (Japan) Co., Ltd.	B	54,560	12	-	-	54,560	12	-	-	-	-	984,457	78	984,457	78	-	-
Young-Carrier Company Ltd.	B	238,415	52	-	-	238,415	52	-	-	-	-	-	-	-	-	2,923	-
Yang Ming Line (Hong Kong) Limited.	B	69,851	15	-	-	69,851	15	-	-	-	-	139,592	11	139,592	11	95,573	8
Yangming Shipping (Singapore) Pte. Ltd.	B	20,815	5	-	-	20,815	5	-	-	-	-	42,484	3	42,484	3	19,053	2
Yang MingLine (M) Sdn. Bhd	B	3,991	1	-	-	3,991	1	-	-	-	-	9,352	1	9,352	1	3,153	-
Others		3,346	1	1,575	-	4,921	1	-	-	-	-	-	-	-	-	-	-
		<u>\$ 425,170</u>	<u>93</u>	<u>\$ 32,839</u>	<u>7</u>	<u>\$ 458,009</u>	<u>100</u>	<u>\$ 2,885</u>	<u>1</u>	<u>\$ 32,273</u>	<u>2</u>	<u>\$ 1,234,650</u>	<u>98</u>	<u>\$ 1,266,923</u>	<u>100</u>	<u>\$ 303,423</u>	<u>24</u>

Notes:

A. Investee accounted for using the equity method.

B. Investee of a wholly-owned subsidiary, accounted for using the equity method.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
December 31, 2001
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Name	Counter-Party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing (Note A)	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Receivables from related parties	\$ 1,487,349 Note D	\$ -	8%	2	\$ 228,888	Acquisition of container ships	\$ -	-	\$ -	\$ 1,834,316 Note B	\$ 3,688,632 Note C

Notes: A. Nature of Financing:

1. With which the Corporation has transactions.

2. There is a need for short-term financing.

B. Computed at 20% capital stock of the

C. Computed at 10% capital stock of the Corporation.

D. US\$42,496,000 translated into New Taiwan Dollars using exchange rate of US\$1:NT\$35.

E. In consolidation, the intercompany accounts and transactions have been eliminated.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

December 31, 2001

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Endorsement/Guarantee Provider	Counter-Party		Limits on Each Counter-party's Endorsement/Guarantee Amounts (Note A)	Maximum Balance for the Period	Ending Balance	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable (Note B)
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Investees accounted for using the equity method	\$ 9,171,580	\$ 4,497,031 (Note C)	\$ 4,046,328 (Note D)	\$ -	16.82%	\$ 18,343,160
		All Oceans Transportation, Inc.	Investees accounted for using the equity method	9,171,580	3,232,575 (Note E)	2,891,904 (Note F)	-	12.02%	18,343,160
		Solar International Shipping Agency Inc.	Shipping agent	9,171,580	52,500 (Note G)	52,500 (Note G)	-	0.22%	18,343,160
		Yangming (UK) Ltd.	Investees accounted for using the equity method	9,171,580	9,000	9,000	-	0.04%	18,343,160

Notes:

- A. Computed 50% capital stock of the Corporation.
- B. Computed capital stock of the Corporation.
- C. US\$128,487,000 translated into New Taiwan dollars using exchange rate of US\$1:NT\$35.
- D. US\$115,609,000 translated into New Taiwan dollars using exchange rate of US\$1:NT\$35.
- E. US\$92,359,000 translated into New Taiwan dollars using exchange rate of US\$1:NT\$35.
- F. US\$82,626,000 translated into New Taiwan dollars using exchange rate of US\$1:NT\$35.
- G. US\$1,500,000 translated into New Taiwan dollars using exchange rate of US\$1:NT\$35.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

December 31, 2001

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2001				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Marine Transport Corporation	<u>Common stock</u>							
	Ritek Corporation	-	Short-term investment	7,874,100	\$ 731,463	0.47	\$ 280,349	
	Sunplus Technology Co., Ltd.	-	Short-term investment	1,269,000	130,691	0.23	127,655	
	United Microelectronics Corp.	-	Short-term investment	1,242,000	104,243	0.01	59,438	
	Chung Hwa Picture Tubes Ltd.	-	Short-term investment	2,954,129	75,768	0.07	67,732	
	Asustek Computer Inc.	-	Short-term investment	289,000	64,402	0.01	43,797	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Short-term investment	537,600	55,020	-	45,018	
	Elan Microelectronics Corp.	-	Short-term investment	2,239,250	50,962	0.76	97,269	
	Macronix International Co., Ltd.	-	Short-term investment	780,000	49,362	0.02	20,280	
	Dbtel Incorporated	-	Short-term investment	477,960	39,932	0.09	9,818	
	Compal Electronics, Inc.	-	Short-term investment	477,500	39,509	0.02	19,825	
	Twinhead International Corp.	-	Short-term investment	796,400	29,788	0.15	5,047	
	Orient Semiconductor Electronics, Limited	-	Short-term investment	598,098	24,063	0.05	6,448	
	Polaris Securities Co., Ltd.	-	Short-term investment	412,081	23,620	0.04	6,145	
	Advanced Semiconductor Engineering, Inc.	-	Short-term investment	307,710	18,332	0.01	9,285	
	Inventec Corporation	-	Short-term investment	240,000	16,474	0.01	5,843	
	Winbond Electronics Corp.	-	Short-term investment	239,597	15,959	0.01	4,495	
	Yageo	-	Short-term investment	462,471	15,337	0.02	11,062	
	Gigastorage Corporation	-	Short-term investment	495,000	14,972	0.20	7,999	
	Delpha Construction Co., Ltd.	-	Short-term investment	376,310	14,523	0.09	502	
	Universal Scientific Industrial Co., Ltd.	-	Short-term investment	166,600	12,517	0.02	3,575	
	Prodisc Technology Inc.	-	Short-term investment	133,000	10,830	0.03	4,785	
	Mosel Vitelic Inc.	-	Short-term investment	165,000	9,438	0.01	2,067	
	Aurora Corporation	-	Short-term investment	132,000	7,459	0.02	1,378	
	Siliconware Precision Industries Co., Ltd.	-	Short-term investment	65,995	3,992	-	1,800	
	Micro-star International Co., Ltd.	-	Short-term investment	25,000	3,907	0.01	3,660	
	Hua Nan Financial Holdings Co., Ltd.	-	Short-term investment	57,750	2,529	-	1,170	
	Taiwan Mask Corp.	-	Short-term investment	23,865	2,135	0.01	563	
	Cheng Loong Corp.	-	Short-term investment	80,112	1,479	0.01	358	
	Weltrend Semiconductor, Inc.	-	Short-term investment	19,200	1,329	0.01	875	
	Silicon Integrated Systems Corp.	-	Short-term investment	3,427	234	-	183	
	Taiwan Fu Hsing Industrial Co., Ltd.	-	Short-term investment	4,076	173	-	107	
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Investee accounted for using the equity method	Investment in shares of stock	67,505,031	2,585,536	100.00	2,585,536	All be eliminated
	Yang Ming Line (Singapore) Pte Ltd.	Investee accounted for using the equity method	Investment in shares of stock	28,400,000	1,049,606	100.00	1,049,606	
All Oceans Transportation, Inc.	Investee accounted for using the equity method	Investment in shares of stock	1,000	644,212	100.00	644,212	All be eliminated	
YES Logistics Corp.	Investee accounted for using the equity method	Investment in shares of stock	45,251,100	427,460	90.50	427,460		
Ching Ming Investment Corp.	Investee accounted for using the equity method	Investment in shares of stock	149,946,800	384,215	99.96	384,215		
Honming Terminal & Stevedoring Co., Ltd.	Investee accounted for using the equity method	Investment in shares of stock	31,600,000	366,273	79.00	366,273		
Kuang Ming Shipping Corp.	Investee accounted for using the equity method	Investment in shares of stock	25,846,760	285,250	82.05	285,250		
China Mariners' Assurance Corp.	Investee accounted for using the equity method	Investment in shares of stock	24,982,219	221,045	22.71	221,045		
Transyang Shipping Pte. Ltd.	Investee accounted for using the equity method	Investment in shares of stock	686	65,943	24.99	65,943		
Jing Ming Transportation Co., Ltd.	Investee accounted for using the equity method	Investment in shares of stock	4,577,464	56,087	50.80	56,087		
Yang Ming Line Holding Co.	Investee accounted for using the equity method	Investment in shares of stock	3,000	43,233	100.00	43,233		
Senao International Co., Ltd.	-	Investment in shares of stock	2,956,800	96,000	1.83	111,835		

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2001				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note A)	
	Hotung Investment Holding Ltd.	-	Investment in shares of stock	8,861,600	\$ 40,268	0.70	\$ 47,578	
	Data Corp.	-	Investment in shares of stock	35,680	430	0.01	405	
	United Venture Capital Corp.	-	Investment in shares of stock	8,000,000	80,000	9.04	80,656	
	Grand Orient Security Corp.	-	Investment in shares of stock	9,500,000	70,000	6.51	71,047	
	Taiwan Nano Electro-optical Technology Co., Ltd.	-	Investment in shares of stock	4,546,871	61,953	9.09	37,477	
	U-Tech Media Corp.	-	Investment in shares of stock	1,609,500	46,125	1.20	46,161	
	Ritek Photonics Corp.	-	Investment in shares of stock	3,000,000	45,000	2.00	35,213	
	SF Technology Venture Capital Corp.	-	Investment in shares of stock	4,000,000	40,000	7.24	42,808	
	Kingmax Technology Corp.	-	Investment in shares of stock	1,534,944	24,000	1.40	22,178	
	Ascentek Venture Capital Corp.	-	Investment in shares of stock	2,000,000	20,080	2.14	20,476	
	Forwin Securities Corp.	-	Investment in shares of stock	4,000,000	20,000	2.00	21,015	
	Yes Mobile Taiwan Inc.	-	Investment in shares of stock	200,000	6,000	1.00	2,128	
	Imaging Quality Technology Inc.	-	Investment in shares of stock	1,000,000	4,000	3.09	2,565	
	Yieh United Steel Corp.	-	Investment in shares of stock	2,090,000	-	0.16	-	
	Digital United Holdings Ltd.	-	Investment in shares of stock	300,000	-	0.46	-	
	Argo System Inc.	-	Investment in shares of stock	8,000,000	-	8.00	-	
	A-trend Technology Co., Ltd.	-	Investment in shares of stock	1,877,325	-	1.04	-	
	Minchali Metal Industry Co., Ltd.	-	Investment in shares of stock	700,000	-	0.26	-	
	CTX Corp.	-	Investment in shares of stock	333,000	-	0.06	-	
	International Strategies Holding Corp.	-	Investment in shares of stock	62,500	-	0.60	-	
	<u>Preferred stock</u>							
	New Century InfoComm Co., Ltd.	-	Investment in shares of stock	80,000,000	864,000	1.68	791,719	
	Penguin Computing, Inc.	-	Investment in shares of stock	218,340	15,395	0.97	544	
	Arescom Inc.	-	Investment in shares of stock	100,000	15,395	0.27	150	
	Prominent Communications, Inc.	-	Investment in shares of stock	285,714	-	1.52	-	
	<u>Mutual fund</u>							
	Fuh-hwa Bond Fund	-	Short-term investment	27,778,748	321,100	-	335,409	
	Phoenix	-	Short-term investment	16,412,646	220,414	-	225,313	
	Entrust Kirin Bond Fund	-	Short-term investment	9,511,416	95,500	-	95,831	
	Core Pacific China Trust Fund	-	Short-term investment	9,000,000	90,000	-	60,480	
	Tiim High Yield Fund	-	Short-term investment	5,000,000	50,000	-	55,682	
	Apollo Fund	-	Short-term investment	5,000,000	50,000	-	28,900	
	Tiim Bond Fund	-	Short-term investment	3,867,395	50,000	-	50,000	
	High Yield	-	Short-term investment	2,524,686	26,000	-	29,827	
	Nitc Value Fund	-	Short-term investment	2,000,000	20,000	-	12,040	
	Fuh-hwa Albatross Fund	-	Short-term investment	1,016,651	10,300	-	10,367	
	Truswell Fund	-	Short-term investment	1,000,000	10,000	-	6,260	
	<u>Convertible bonds</u>							
	China Airlines Ltd. Convertible Bond-I	-	Short-term investment	160,000	16,000	-	18,741	
	Chang Ku A-Life Technology Co., Ltd. Convertible Bond- II	-	Short-term investment	100,000	10,000	-	1,376	
	Microtek International, Inc. Convertible Bond-I	-	Short-term investment	50,000	5,100	-	6,253	
	<u>Deposit on subscriptions</u>							
	Chunghwa Investment Co., Ltd.	-	Investment in shares of stock	-	800,000	-	-	
	Taipei Port Container Terminal Co., Ltd.	-	Investment in shares of stock	-	5,984	-	-	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2001				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>Common stocks</u> Yang Ming Line N.V.	Investee accounted for using the equity method	Investment in shares of stock	1,500,000	(80,016)	100.00	(80,016)	All be eliminated
Yang Ming Line N.V.	<u>Common stocks</u> Yang Ming Line B.V.	Investee accounted for using the equity method	Investment in shares of stock	1,000	(84,240)	100.00	(84,240)	All be eliminated
Yang Ming Line B.V.	<u>Common stocks</u> Yangming (UK) Ltd.	Investee accounted for using the equity method	Investment in shares of stock	900,000	(85,294)	100.00	(85,294)	All be eliminated
	Yang Ming Shipping Europe GmbH	Investee accounted for using the equity method	Investment in shares of stock	(Note B)	19,444	100.00	19,444	All be eliminated
Yangming (UK) Ltd.	<u>Common stocks</u> Corstor Ltd.	Investee accounted for using the equity method	Investment in shares of stock	(Note C)	25	50.00	(142)	

Notes:

A. Market values are based on average closing prices in December 2001 or the net value of the fund on December 31, 2001. If market prices are unavailable, upon the net asset value of investees.

B. Authorized DMS1,600,000; issued DMS800,000.

C. Issued GBPS1,000.

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
For the Year Ended December 31, 2001
(Amounts in Thousands of New Taiwan Dollars)

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 stocks</u> Honming Terminal & Stevedoring Co., Ltd.	Investment in share of stock	Honming Terminal & Stevedoring Co., Ltd.	Investee accounted for using equity method	15,010,000	\$ 180,640	16,590,000	\$ 207,896 (Note A)	-	\$ -	\$ -	\$ 22,263 (Note B)	31,600,000	\$ 366,273
	<u>Mutual fund</u>													
	United Taiwan Bond Fund	Short-term investment	-	-	28,519,150	368,411	72,975,034	975,000	101,494,184	1,367,813	1,343,411	24,402	-	-
	Cash reserves	Short-term investment	-	-	-	-	35,831,554	373,000	35,831,554	377,069	373,000	4,069	-	-
	Tiim Bond Fund	Short-term investment	-	-	-	-	111,670,970	1,398,000	107,803,575	1,365,759	1,348,000	17,759	3,867,395	50,000
	President Home Run Bond Fund	Short-term investment	-	-	-	-	14,006,436	172,000	14,006,436	175,425	172,000	3,425	-	-
	Phoenix	Short-term investment	-	-	-	-	124,869,681	1,651,000	108,457,035	1,466,370	1,430,586	35,784	16,412,646	220,414
	Prudential Financial Return Fund	Short-term investment	-	-	-	-	70,903,465	873,000	70,903,465	885,919	873,000	12,919	-	-
	Sheng Hua 1699 Bond Fund	Short-term investment	-	-	-	-	102,529,028	1,125,000	102,529,028	1,141,882	1,125,000	16,882	-	-
	Forever Fund	Short-term investment	-	-	-	-	136,026,858	1,743,500	136,026,855	1,762,701	1,743,500	19,201	-	-
	Dashin Bond Fund	Short-term investment	-	-	-	-	99,250,841	1,129,000	99,250,841	1,140,188	1,129,000	11,188	-	-
	Shinkong Chi-Shin Fund	Short-term investment	-	-	-	-	36,073,032	461,000	36,073,032	468,506	461,000	7,506	-	-
	Ta Chong Bond Fund	Short-term investment	-	-	-	-	19,079,426	218,000	19,079,426	220,496	218,000	2,496	-	-
	CP Bond Fund	Short-term investment	-	-	-	-	8,307,235	113,000	8,307,235	114,597	113,000	1,597	-	-
	The Increment Fund	Short-term investment	-	-	-	-	17,034,923	232,000	17,034,923	236,734	232,000	4,734	-	-
	Asia Pacific Fund	Short-term investment	-	-	-	-	51,801,657	581,000	51,801,657	590,355	581,000	9,355	-	-
	Fubon Ju-I Fund	Short-term investment	-	-	-	-	32,821,560	467,000	32,821,560	467,967	467,000	967	-	-
	Fuh-hwa Bond Fund	Short-term investment	-	-	7,863,844	88,100	19,914,904	233,000	-	-	-	-	27,778,748	321,100
	Fubon Ju-I II Fund	Short-term investment	-	-	-	-	22,346,954	289,530	22,346,954	290,474	289,530	944	-	-
	The Wan Pao Fund	Short-term investment	-	-	-	-	33,038,723	446,000	33,038,723	452,914	446,000	6,914	-	-
	The High Yield Fund	Short-term investment	-	-	-	-	34,869,862	448,000	34,869,862	454,155	448,000	6,155	-	-
	Kwang Hua Bond Fund	Short-term investment	-	-	-	-	22,187,501	295,000	22,187,501	298,084	295,000	3,084	-	-
	ABN AMRO Taiwan Bond Fund	Short-term investment	-	-	-	-	16,261,284	165,000	16,261,284	166,636	165,000	1,636	-	-
	Fuh-hwa Albatross Fund	Short-term investment	-	-	-	-	25,271,155	253,000	24,254,504	247,000	242,700	4,301	1,016,651	10,300
	Bartis Bond Fund	Short-term investment	-	-	-	-	10,094,664	111,600	10,094,664	112,602	111,600	1,002	-	-
	Polaris De-li Fund	Short-term investment	-	-	-	-	10,914,225	148,000	10,914,225	149,965	148,000	1,965	-	-
	Shinkong Chi-shun Fund	Short-term investment	-	-	-	-	9,291,423	124,000	9,291,423	124,875	124,000	875	-	-
	The First Global Fixed Income Fund	Short-term investment	-	-	-	-	10,020,664	152,000	10,020,664	153,068	152,000	1,068	-	-
	<u>Deposit on subscriptions</u> Chunghwa Investment Co., Ltd.	Investment in share of stock	Chunghwa Investment Co., Ltd.	-	-	-	-	800,000	-	-	-	-	-	800,000

Notes:

- A. Including acquisition of \$165,900 and investment income of \$41,996.
- B. Including cash dividends of \$22,120, unrealized loss on investments of \$132 and translation adjustments on foreign currency by \$11.

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, 2001

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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	\$ 5,114,349 C	-	-	-	\$ -	\$ -
	Young-Carrier Co., Ltd.	B	188,321	-	-	-	167,264	-
	Yangming (UK) Ltd.	B	134,768 C	-	-	-	11,903	-

Notes:

- A. Investee accounted for using the equity method.
- B. Investee of a wholly-owned subsidiaries accounted for using the equity method.
- C. In consolidation, the intercompany accounts and transactions have been eliminated.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 For the Year Ended December 31, 2001
 (Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note E)		Balance as of December 31, 2001			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2000	Dec. 31, 2001	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Marine Transportation Corp.	Yang Ming Line (B.V.I.) Holding Co., Ltd. (Note G)	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 2,136,925	\$ 2,136,925	67,505,031	100.00	\$ 2,585,536	\$ 227,878	\$ 227,878	Subsidiary of the Corporation
	Yang Ming Line (Singapore) Pte Ltd.	Singapore	Investment, shipping service, chartering, sales and purchase of ships and forwarding agency	569,686	569,686	28,400,000	100.00	1,049,606	116,225 (Note A)	116,225	Subsidiary of the Corporation
	Ching Ming Investment Corp.	Taipei	Investment	1,499,468	1,499,468	149,946,800	99.96	384,215	(411,144)	(440,820)	Subsidiary of the Corporation
	All Oceans Transportation, Inc. (Note G)	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	644,212	(73,894)	(73,894)	Subsidiary of the Corporation
	YES Logistics Corp.	Keelung	Warehouse operation and forwarding agency	451,944	439,910	45,251,100	90.50	427,460	(1,765)	(1,486)	Subsidiary of the Corporation
	Kuang Ming Shipping Corp.	Taipei	Shipping service, shipping agency and forwarding agency	89,920	89,920	25,846,760	82.05	285,250	(17,370)	(13,456)	Subsidiary of the Corporation
	China Mariners' Assurance Corp.	Taipei	Insurance business	230,317	210,602	24,982,219	22.71	221,045	5,523	3,429	Exercised significant influence on the Company
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung	Terminal operation and stevedoring	316,000	150,100	31,600,000	79.00	366,273	54,294	41,996	Subsidiary of the Corporation
	Jing Ming Transportation Co., Ltd. Yang Ming Line Holding Co.	Kaohsiung Wilmington, USA	Container transportation Investment, shipping agency, forwarding agency and shipping managers	35,560 82	35,560 82	4,577,464 3,000	50.80 100.00	56,087 43,233	16,085 582	8,097 582	Subsidiary of the Corporation Subsidiary of the Corporation
Transyang Shipping Pte. Ltd.	Singapore	Shipping service, chartering, sales and purchase of ships, forwarding agency and shipping agency	24,842	16,686	686	24.99	65,943	62,306	18,692	(Note D)	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung	Terminal operation and stevedoring	39,500	39,500	3,950,000	9.88	45,966	54,294	-	Subsidiary of the Corporation
	China Mariners' Assurance Corp.	Taipei	Insurance business	28,372	28,372	2,727,096	2.48	26,360	5,523	-	Exercised significant influence on the Company
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V. (Note G)	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(80,016) (Note F)	(125,455)	-	Subsidiary of a wholly-owned subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V. (Note G)	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(84,240) (Note F)	(125,333)	-	Subsidiary of a wholly-owned subsidiary
Yang Ming Line B.V.	Yangming (UK) Ltd. (Note G)	London U.K.	Shipping agency, forwarding agency and shipping managers	42,408	27,293	900,000	100.00	(85,294) (Note F)	(101,070)	-	Subsidiary of a wholly-owned subsidiary
	YANG MING Shipping Europe GmbH (Note G)	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	14,448	14,448	(Note B)	100.00	19,444	(25,649)	-	Subsidiary of a wholly-owned subsidiary
Yangming (UK) Ltd.	CORSTOR Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	25	727	-	Subsidiary of a wholly-owned subsidiary

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note E)		Balance as of December 31, 2001			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2000	Dec. 31, 2001	Shares	Percentage of Ownership	Carrying Value			
Yang Ming Line (Singapore) Pte. Ltd.	Young-Carrier Co., Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,229	\$ 3,229	910,000	91.00	\$ 139,004	\$ 93,123	\$ -	- Subsidiary of a wholly-owned subsidiary
	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	121,778	92,420	-	- Subsidiary of a wholly-owned subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo Japan	Shipping service, chartering, sales and purchase of ships and forwarding agency	36,235	36,235	3,000	100.00	38,067	(10,374)	-	- Subsidiary of a wholly-owned subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(88)	(73,614)	-	- Subsidiary of a wholly-owned subsidiary
	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	(Note F) 23,424	1,316	-	- Subsidiary of a wholly-owned subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	5,784	5,784	700,000	70.00	9,926	1,195	-	- Subsidiary of a wholly-owned subsidiary
	Yangming (Cayman) Ltd.	Cayman Islands	Lease of ships	629	629	20,000	100.00	216	(231)	-	- Subsidiary of a wholly-owned subsidiary
Yangming (Japan) Co., Ltd.	Wanwa & Co., Ltd.	Japan	Shipping agency and shipping managers	2,666	-	200	100.00	2,666	(122)	-	- Subsidiary of a wholly-owned subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karman Properties Limited	Hong Kong	Properties agency	4	-	1,000	100.00	(4,179)	(4,043)	-	- Subsidiary of a wholly-owned subsidiary
Kuang Ming Shipping Corp.	China Mariners' Assurance Corp.	Taipei	Insurance business	22,414	22,414	1,914,500	1.74	22,414	5,523	-	- Exercised significant influence on the Company
	Kuang Ming Shipping Corp.(Panama)	Panama	Forwarding agency	30,887	30,887	49,500	100.00	45,435	8,252	-	- Subsidiary of a wholly-owned subsidiary
Honming Terminal & Stevedoring Co., Ltd.	China Mariners' Assurance Corp.	Taipei	Insurance business	13,200	13,200	1,200,000	1.09	11,957	5,523	-	- Exercised significant influence on the Company
	YES Logistics Corp.	Keelung	Warehouse operation and forwarding agency	10,523	10,000	1,052,300	2.10	10,057	(1,765)	-	- Subsidiary of the Corporation
YES Logistics Corp.	YES Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	3,313	3,313	100,000	100.00	2,918	(562)	-	- Subsidiary of a wholly-owned subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung	Terminal operation and stevedoring	43,824	-	4,382,370	10.96	44,575	54,294	-	- Subsidiary of the Corporation

Notes:

- A. Net income was adjusted to conform to the ROC GAAP.
- B. Authorized DMS1,600,000; Issued DMS800,000.
- C. Authorized and issued GBPS1,000.
- D. As permitted by the Securities and Future Commission (SFC), starting from January 1, 2000, the YMTC's equity in the net income or net loss of Transyang Shipping is recognized using the financial statements of the immediately preceding year and the equity interest of the YMTC as of the latest balance sheet date presented since the financial statement covering similar year as that of the YMTC is not available in time.
- E. Translated in the New Taiwan Dollars based on historical rates of investments.
- F. Investees had negative net worth generated from operation, and accordingly, the carrying value of the investments were written-off and recognized as liabilities.
- G. In consolidation, the carry value of investments, investment income and the net value of investee have been eliminated.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

GEOGRAPHIC AREA INFORMATION
For the Years Ended December 31, 2001 and 2000
(In Thousands of New Taiwan Dollars)

	2001					2000						
	Domestic Area	Africa	Europe	Oceania	Adjustment and Eliminations	Combined (Note A)	Domestic Area	Africa	Europe	Oceania	Adjustment and Eliminations	Combined (Note A)
Sales to customers	\$44,021,276	\$ 73,803	\$ 9,172,077	\$ 12,447	\$ -	\$53,279,603	\$49,159,433	\$ 29,221	\$ 3,041,062	\$ 10,144	\$ -	\$52,239,860
Intracompany sales (Note B)	<u>1,390,243</u>	<u>1,047,224</u>	<u>313,140</u>	<u>722,920</u>	<u>(3,473,527)</u>	-	<u>1,416,403</u>	<u>1,330,480</u>	<u>798,208</u>	<u>75,357</u>	<u>(3,620,448)</u>	-
Total revenues	<u>\$45,411,519</u>	<u>\$ 1,121,027</u>	<u>\$ 9,485,217</u>	<u>\$ 735,367</u>	<u>(\$ 3,473,527)</u>	<u>\$53,279,603</u>	<u>\$50,575,836</u>	<u>\$ 1,359,701</u>	<u>\$ 3,839,270</u>	<u>\$ 85,501</u>	<u>(\$ 3,620,448)</u>	<u>\$52,239,860</u>
Segment operating income (Note C)	<u>(\$ 625,508)</u>	<u>\$ 218,913</u>	<u>(\$ 138,577)</u>	<u>\$ 522,862</u>	<u>\$ -</u>	<u>(\$ 22,310)</u>	<u>\$ 837,680</u>	<u>\$ 269,680</u>	<u>\$ 56,330</u>	<u>\$ 56,921</u>	<u>\$ -</u>	<u>\$ 1,220,611</u>
Equity in net loss of investee companies - net												(266,741)
General income - net												1,200,956
General expenses (Note D)												(212,771)
Interest expense												<u>(1,154,659)</u>
Income (loss) before income tax												<u>(\$ 455,525)</u>
Identifiable assets (Note E)	<u>\$38,689,949</u>	<u>\$ 9,108,652</u>	<u>\$ 1,541,874</u>	<u>\$12,643,046</u>	<u>(\$ 6,351,048)</u>	\$55,632,473	<u>\$32,503,786</u>	<u>\$ 3,263,355</u>	<u>\$ 984,489</u>	<u>\$ 8,921,693</u>	<u>(\$ 2,247,919)</u>	\$43,425,404
Investments in shares of stock												2,899,137
General assets												<u>951,462</u>
Total assets												<u>\$59,483,072</u>

Notes:

- A. The Corporation operates principally in four geographic areas, namely, Republic of China (domestic), Africa, Europe and Oceania.
- B. Revenues from inter-division goods and services.
- C. Representing revenues minus costs and operating expenses. Operating expenses include costs and expenses that are directly identifiable to a geographic area, excluding general and administrative expenses and interest expense.
- D. Representing general, administrative and selling expenses which can not be allocated to each division.
- E. Representing tangible assets that are used by the geographic area directly, excluding.
 - a. Assets maintained for general corporate purpose.
 - b. Advances or loans to, or investments in, another geographic area.
 - c. Investments in shares of stock under equity method.